



ACN 171 790 897

## NOTICE OF GENERAL MEETING

**A general meeting of the Company will be held at Suite 6, 295 Rokeby Road, Subiaco 6008 on Thursday, 12 July 2018, commencing at 10.00 am (WST).**

### ***INDEPENDENT EXPERT'S REPORT***

*Shareholders should carefully consider the Independent Expert's Report prepared for the purposes of Listing Rule 10.1. The Independent Expert's Report comments on the fairness and reasonableness of the acquisition of Andina Shares from certain Directors pursuant to the Andina Takeover, which is the subject of Resolutions 1 to 3 (inclusive).*

***The Independent Expert has determined that the acquisitions that are the subject of Resolutions 1 to 3 (inclusive) are fair and reasonable to Non-Associated Shareholders.***

*This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their stockbroker, investment advisor, accountant, solicitor or other professional advisor prior to voting.*

***Should you wish to discuss any matter please do not hesitate to contact the Company Secretary by telephone on +61 8 6555 2950.***

**Shareholders are urged to attend or vote by lodging the Proxy Form attached to the Notice.**

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# TITAN MINERALS LIMITED

ACN 171 790 897

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## NOTICE OF GENERAL MEETING

Notice is hereby given that the general meeting of shareholders of Titan Minerals Limited (**Company**) will be held at Suite 6, 295 Rokeby Road, Subiaco, 6008, on Thursday, 12 July 2018, at 10.00am (WST) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Tuesday, 10 July 2018 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 – Acquisition of Andina Shares from Mr Matthew Carr under the Andina Takeover

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to each of the other Conditional Resolutions being passed, pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, Shareholders approve the acquisition of 73,614,225 Andina Shares from Mr Matthew Carr (a Director) or his Associates under the Andina Takeover, on the terms and conditions in the Explanatory Memorandum."*

#### Independent Expert

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1.

**The Independent Expert's opinion is that the acquisition of the Andina Shares from Mr Matthew Carr pursuant to the Andina Takeover, the subject of Resolution 1, is fair and reasonable to Non-Associated Shareholders.**

A summary of the Independent's Experts Report appears in Section 3.7.

#### Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Matthew Carr or any of his Associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 2. Resolution 2 – Acquisition of Andina Shares from Mr Nicholas Rowley under the Andina Takeover

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to each of the other Conditional Resolutions being passed, pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, Shareholders approve the acquisition of 21,818,182 Andina Shares from Mr Nicholas Rowley (a Director) or his Associates under the Andina Takeover, on the terms and conditions in the Explanatory Memorandum."*

### **Independent Expert**

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1.

**The Independent Expert's opinion is that the acquisition of the Andina Shares from Mr Nicholas Rowley pursuant to the Andina Takeover, the subject of Resolution 2, is fair and reasonable to Non-Associated Shareholders.**

A summary of the Independent's Experts Report appears in Section 3.7.

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Nicholas Rowley or any of his Associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 3. Resolution 3 – Acquisition of Andina Shares from Mr Cameron Henry under the Andina Takeover

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to each of the other Conditional Resolutions being passed, pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, Shareholders approve the acquisition of 50,000 Andina Shares from Mr Cameron Henry (a Director) or his Associates under the Andina Takeover, on the terms and conditions in the Explanatory Memorandum."*

### **Independent Expert**

Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Listing Rule 10.1.

**The Independent Expert's opinion is that the acquisition of the Andina Shares from Mr Cameron Henry pursuant to the Andina Takeover, the subject of Resolution 3, is fair and reasonable to Non-Associated Shareholders.**

A summary of the Independent's Experts Report appears in Section 3.7.

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Cameron Henry or any of his Associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **4. Resolution 4 – Ratification of Issue of Tranche 1 Placement Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 233,333,333 Shares (**Tranche 1 Placement Shares**) at an issue price of \$0.030 per Share on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the Placement or an Associate of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## **5. Resolution 5 – Approval of Issue of Tranche 2 Placement Shares**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of up to 133,333,333 Shares (**Tranche 2 Placement Shares**) at an issue price of \$0.030 per Share on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the Placement, or any person who will obtain a material benefit as a result of the Placement (except a benefit solely by reason of a being Shareholder), or an Associate of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. Resolution 6 – Ratification of Issue of Performance Rights to Mr Zane Lewis

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 11,500,000 Performance Rights to Mr Zane Lewis, the secretary of the Company on the terms and conditions in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Zane Lewis or any of his associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member.

However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or
- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.

### **BY ORDER OF THE BOARD**



**Mr Zane Lewis**  
Company Secretary

Dated: 11 June 2018

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# TITAN MINERALS LIMITED

ACN 171 790 897

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## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Suite 6, 295 Rokeby Road, Subiaco, 6008 on Thursday, 12 July 2018 at 10.00 am (WST).

This Explanatory Memorandum should be read in conjunction with, and forms part of, the Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolutions 1 to 3 (inclusive) - Acquisition of Andina Shares from Messrs Carr, Rowley and Henry under the Andina Takeover
Section 4	Resolution 4 – Ratification of Issue of Tranche 1 Placement Shares
Section 5	Resolution 5 – Approval of Issue of Tranche 2 Placement Shares
Section 6	Resolution 6 – Ratification of Issue of Performance Rights to Mr Zane Lewis
Schedule 1	Definitions and Interpretation
Schedule 2	Independent Expert's Report

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is enclosed with the Notice and this Explanatory Memorandum. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;

- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

Proxy Forms must be received by the Company no later than 10.00 am (WST) on Tuesday, 10 July 2018, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### 3. Resolutions 1 to 3 (inclusive) - Acquisition of Andina Shares from Messrs Carr, Rowley and Henry under the Andina Takeover

#### 3.1 General

On 26 March 2018, the Company announced that it had entered into a bid implementation agreement (**Bid Implementation Agreement**) with Andina Resources Limited (**Andina**), under which the Company proposes to acquire all of the issued share capital in Andina through an off-market Andina Takeover under Chapter 6 of the Corporations Act (**Andina Takeover**).

The Company lodged the Bidder's Statement in relation to the Andina Takeover with ASIC on 23 May 2018 and completed dispatch of the Bidder's Statement to Andina Shareholders on 25 May 2018.

Andina was incorporated on 11 June 2009 and is an unlisted public company. Andina is a Peru focused gold toll treatment company that:

- (a) operates a carbon-in-pulp gold production plant (**Tulin Gold Plant**), located approximately 250km north of the Torrecillas gold project; and
- (b) is completing construction of a second gold plant (**Vista Gold Plant**) approximately 200km north of the Torrecillas gold project.

In addition, Andina owns the Torrecillas gold project, including the Torrecillas gold mine and the Torrecillas earn-in concessions (to which the Company has the right to earn-in to 70%).

Shareholders should refer to:

- (a) the Company's ASX announcement 'Titan to Acquire Gold Producer Andina Resources' dated 26 March 2018 for further details of the Andina Takeover and Andina; and
- (b) the Bidder's Statement dated 23 May 2018,

for further details of the Andina Takeover and Andina.

#### 3.2 Directors' Interests in Andina

The Titan Directors have the following interests in Andina Shares (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Notice:

Titan Director	Andina Shares	% of Andina
Mr Matthew Carr	73,614,225	11.11%
Mr Nicholas Rowley	21,818,182	3.29%
Mr Cameron Henry	50,000	0.01%

Titan Director	Andina Shares	% of Andina
Mr Robert Sckalor	-	-
<b>Total</b>	<b>95,482,407</b>	<b>14.41%</b>

Notes:

*Includes the 71,009,414 Andina performance rights that converted into Andina shares as a result of the Andina Takeover and Titan receiving acceptances of more than 50.1%.*

Mr Carr, as a director of both Titan and Andina, has previously informed the remainder of the Board that he was not in possession of any material information relevant to the decision of the Board in consideration of Andina Takeover (other than that which had been made available to the Board) and has abstained from taking part in the Board's discussion and voting on the Andina Takeover.

The Board established an independent committee (consisting of the Directors other than Mr Carr) to consider the Andina Takeover.

Messrs Rowley and Henry each advised the Board that the Andina Shares held by them are not material for the purposes of section 195 of the Corporations Act and therefore neither of them will have a material personal interest that precludes them from taking part in the Board discussion and from voting on the approval of the Andina Takeover.

### 3.3 Andina Takeover

#### (a) Summary of the Offer

Under the Andina Takeover, eligible Andina Shareholders will receive 1 Share for every 1.18 Andina Shares.

The Andina Takeover will extend to any Andina Shares that are issued as a result of the vesting of Andina performance rights during the offer period.

Titan and Andina have agreed to a deal protection regime including no shop and no talk rights, a right to match any superior proposal and payment of an agreed break fee in certain circumstances.

#### (b) Offer Conditions

The Andina Takeover is subject to the following conditions (**Offer Conditions**):

- (i) 90% minimum acceptance by Andina shareholders;
- (ii) all applicable regulatory approvals being obtained;
- (iii) Shareholders approving the issue of Shares as consideration for the Directors' Andina Shares for the purposes of ASX Listing Rule 10.1 (the subject matter of Resolutions 1 to 3, inclusive); and
- (iv) there no material adverse change or prescribed occurrence in relation to Andina.

### 3.4 Advantages of the Andina Takeover

The Company currently has the right to earn-in a 70% interest in the Torrecillas Gold Project. The Bid, if successful, will re-consolidate Titan's ownership of the Torrecillas Gold Project without Titan having to earn-in. The consolidation of ownership of the Torrecillas Gold Project in Titan and the acquisition of the Tulin and Vista Gold Plants has several key benefits:



- (a) the Company will be able to take advantage of the Vista Gold Plant to avoid building its own mill facilities, saving circa US\$4m in capital expenditure, and avoiding the three to four years required to achieve the gold plant licensing approvals;
- (b) ore can be transported from the Torrecillas Gold Project to the Vista Gold Plant via the Pan American Highway, which provides an efficient transport route from mine to mill;
- (c) any discovery and subsequent mining operations at the San Santiago concessions can also transport ore to the Vista Gold Plant for processing, which is located less than 100km away; and
- (d) significant administration and corporate overhead savings.

These synergies, in the view of the Directors, will cement Titan's footprint in Peru as a major gold and base metals exploration and production company.

Andina has established an experienced in country operational team having operated in Peru for over 8 years with, most importantly, a strong standing in the community. In addition, the Andina Peru management team provide a wealth of local relationships, plant and technical capabilities in both operating and exploration that will be invaluable to Titan as it expands its operations in Peru.

### 3.5 Listing Rule 10.1

Listing Rule 10.1 provides that an entity must not acquire a substantial asset from, or dispose of a substantial asset to, any related party without the approval of holders of its ordinary securities. Messrs Carr, Rowley and Henry are related parties because they are Directors.

An asset is substantial if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules. On 30 June 2016, the Company entered into a deed of company arrangement (**DOCA**) in respect of its restructure and recapitalisation. This resulted in the Company's last accounts given to ASX at the date the Company announced the Andina Takeover (being for the half-year ended 30 June 2017) providing equity interests of \$(26,903,000), 5% of which equals \$(1,345,510). The Company has subsequently released the annual report for the year ended 31 December 2017, which provides equity interests of \$1,049,000, 5% of which equals \$52,420. Accordingly, the consideration payable to each of Messrs Carr, Rowley and Henry pursuant to the Andina Takeover will result in the acquisition of a substantial asset for the purposes of Listing Rule 10.1.

Accordingly, the Company requires approval from Shareholders to acquire the Andina Shares from Messrs Carr, Rowley and Henry under the Andina Takeover.

Resolutions 1 to 3 (inclusive) seek Shareholder approval to acquire Andina Shares from Messrs Carr, Rowley and Henry for consideration of one Share for every 1.18 Andina Shares held by them in accordance with the terms of the Andina Takeover, as set out in the following table:

Director	Number of Andina Shares held	Number of Shares to be issued as consideration under the Andina Takeover <sup>1</sup>
Mr Matthew Carr	73,614,225	62,384,936
Mr Nicholas Rowley	21,818,182	18,489,985
Mr Cameron Henry	50,000	42,373
Mr Robert Sckalor	-	-
<b>Total</b>	<b>95,482,407</b>	<b>80,917,294</b>

If Messrs Carr, Rowley and Henry accept the Andina Takeover, they will be issued Shares as consideration for their Andina Shares in accordance with the payment requirements of the Corporations Act.

<sup>1</sup> Subject to rounding.

This is expected to occur at the end of the offer period (unless the offer is withdrawn or extended).

### 3.6 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Board (excluding Mr Carr, who considers it inappropriate to take part in the Board's determination as a director of both Titan and Andina) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Shares, because the exception in section 210 of the Corporations Act (arm's length terms) applies.

Any participation in the Andina Takeover by Messrs Carr, Rowley and Henry will be on the same terms as all other Andina Shareholders who are not related parties of the Company.

### 3.7 Independent Expert's Report

In order to satisfy the requirements of Listing Rule 10.10.2, and to assist Non-Associated Shareholders in considering how to vote on Resolutions 1 to 3 (inclusive), the Directors engaged RSM to prepare an Independent Expert's Report expressing an opinion as to whether the acquisition of the Andina Shares from Messrs Carr, Rowley and Henry is fair and reasonable to the Non-Associated Shareholders.

The Independent Expert's Report appears in full in Schedule 2. The Directors encourage Shareholders to read the Independent Expert's Report carefully and in full before making a decision on how to vote on the Resolutions.

In accordance with Listing Rule 10.10A.3:

- (a) the Independent Expert's Report is also accessible on the Company's website, [www.titanminerals.com.au](http://www.titanminerals.com.au); and
- (b) if requested by a Shareholder, will be sent to the Shareholder in hard copy at no cost to the Shareholder.

**The Independent Expert has concluded that the acquisition of Andina Shares from Messrs Carr, Rowley and Henry is fair and reasonable to the Non-Associated Shareholders.**

The Independent Expert based its conclusion on the following:

- (a) the fair market value of the consideration for the Andina Takeover (being the 561,656,385 Shares issued as consideration for Andina Shares);
- (b) the fair market value of Andina; and
- (c) the other factors relating to the Andina Takeover which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve Resolutions 1 to 3 (inclusive)

### 3.8 Restricted Securities

All Shares issued to Messrs Carr, Rowley and Henry as consideration for their Andina Shares will be subject to an ASX imposed escrow restriction agreement, restricting the ability to dispose of those securities for a period of 12 months.

### 3.9 Effect of Resolutions 1 to 3 (inclusive)

Resolutions 1 to 3 (inclusive) are ordinary resolutions.

Each of Resolutions 1 to 3 (inclusive) (**Conditional Resolutions**) are subject to, and conditional upon Shareholders approving each of the other Conditional Resolutions. Accordingly, if one or

more of the Conditional Resolutions is not approved by Shareholders, each of the other Conditional Resolutions will not be passed.

If the Offer Conditions are not satisfied or waived before the Andina Takeover closes, the Andina Takeover will lapse, any acceptances received by the Company will be void and the Company will not acquire any Andina Shares.

Shareholders approving the acquisition of Andina Shares for the purposes of ASX Listing Rule 10.1 is an Offer Condition. Accordingly, if the Conditional Resolutions are not passed, this Offer Condition will not be satisfied and the Andina Takeover will not proceed.

### **3.10 Directors' Recommendation**

The Directors, other than Mr Carr who abstains from making any recommendation of Resolutions 1 to 3 (inclusive), Mr Rowley in relation to Resolution 2 and Mr Henry in relation to Resolution 3, recommend that Shareholders approve Resolutions 1 to 3 (inclusive).

The Chairman intends to exercise all available proxies in favour of Resolutions 1 to 3 (inclusive).

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## **4. Resolution 4 - Ratification of Issue of Tranche 1 Placement Shares**

### **4.1 General**

On 22 May 2018, the Company announced that it had received firm commitments from institutional and sophisticated investors (**Placement Participants**) for a two tranche placement of an aggregate 366,666,666 Shares (**Placement Shares**) at \$0.030 each to raise \$11,000,000 (before costs) (**Placement**).

The Tranche 1 Placement Shares, being 233,333,333 Shares, were issued on 28 May 2018 utilising the Company's placement capacity under Listing Rule 7.1 to raise approximately \$7,000,000 (before costs).

Resolution 4 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Tranche 1 Placement Shares to the Placement Participants.

Resolution 4 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 4.

**The Board recommends that Shareholders vote in favour of Resolution 4.**

### **4.2 Listing Rules 7.1 and 7.4**

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more Equity Securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

Listing Rule 7.4 provides an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Tranche 1 Placement Shares were issued to Placement Participants within the 15% annual limit permitted by Listing Rule 7.1 without the need for Shareholder approval.

The effect of Shareholders passing Resolution 4 by ratifying the issue of Tranche 1 Placement Shares will be to restore the Company's ability to issue further Equity Securities, to the extent of 233,333,333 Equity Securities, during the next 12 months without the requirement to obtain prior Shareholder approval.

### **4.3 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Tranche 1 Placement Shares:

- (a) a total of 233,333,333 Tranche 1 Placement Shares were issued on 28 May 2018;
- (b) the Tranche 1 Placement Shares were issued at \$0.030 per Share;
- (c) the Tranche 1 Placement Shares were issued as fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the Tranche 1 Placement Shares were issued to Placement Participants, none of whom are related parties of the Company;
- (e) the Company used the proceeds from the issue of the Tranche 1 Placement Shares to finalise the acquisition of the Mirador Copper and Gold plant (detailed in the Company's announcement of 17 April 2018) and explore and develop Titan's Torrecillas and San Santiago projects in Peru, as well as for working capital; and
- (f) a voting exclusion statement is included in the Notice.

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## **5. Resolution 5 - Approval of Issue of Tranche 2 Placement Shares**

### **5.1 General**

The Company does not have sufficient capacity available under Listing Rule 7.1 to issue the Tranche 2 Placement Shares, being a further 133,333,333 Shares under the Placement.

Resolution 5 seeks Shareholder approval pursuant to Listing Rule 7.1 for the issue of the Tranche 2 Placement Shares to Placement Participants to raise approximately \$4,000,000 (before costs).

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

**The Board recommends that Shareholders vote in favour of Resolution 5.**

### **5.2 Listing Rules 7.1 and 7.4**

A summary of Listing Rule 7.1 is contained in Section 4.2.

The effect of Resolution 5 will be to allow the Company to issue the Tranche 2 Placement Shares during the period of three months after the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% annual placement capacity.

### **5.3 Specific information required by Listing Rule 7.3**

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to the issue of the Tranche 2 Placement Shares:

- (a) a maximum of 133,333,333 Shares are to be issued as Tranche 2 Placement Shares;
- (b) the Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules);
- (c) the Tranche 2 Placement Shares will be issued at \$0.030 per Share;

- (d) the Tranche 2 Placement Shares will be issued to Placement Participants, none of whom will be a related party of the Company;
- (e) the Tranche 2 Placement Shares will be issued as fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the Company's existing Shares on issue;
- (f) the Company intends to use the proceeds from the issue of the Tranche 2 Placement Shares to finalise the acquisition of the Mirador Copper and Gold plant (detailed in the Company's announcement of 17 April 2018) and explore and develop Titan's Torrecillas and San Santiago projects in Peru, as well as for working capital; and
- (g) a voting exclusion statement is included in the Notice.

## 6. Resolution 6 - Ratification of Issue of Performance Rights to Mr Zane Lewis

### 6.1 General

On 29 December 2017, the Company issued 11,500,000 Performance Rights (of various classes) to the secretary of the Company, Mr Zane Lewis, as detailed in the following table:

Class	Number
Class A Performance Rights	3,500,000
Class B Performance Rights	3,875,000
Class C Performance Rights	4,125,000
<b>Total</b>	<b>11,500,000</b>

The key milestones for the conversion of the Performance Rights into Shares (on a one-for-one basis) are as follows:

Class	Milestone	Expiry Date
A	The Shares achieving a daily VWAP of greater than \$0.05 for a period of 10 consecutive Trading Days	2 years from the date of issue
B	The Shares achieving a daily VWAP of greater than \$0.06 for a period of 10 consecutive Trading Days	
C	The Shares achieving a daily VWAP of greater than \$0.07 for a period of 10 consecutive Trading Days	

The full terms and conditions of the Performance Rights are detailed in Schedule 3.

Resolution 6 seeks the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Performance Rights to Mr Zane Lewis.

Resolution 6 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

**The Board recommends that Shareholders vote in favour of Resolution 6.**

### 6.2 Listing Rules 7.1 and 7.4

A summary of Listing Rules 7.1 and 7.4 is contained in Section 4.2.

The effect of Shareholders passing Resolution 6 by ratifying the issue of the Performance Rights to Mr Lewis will be to restore the Company's ability to issue further Equity Securities, to the extent of 11,500,000 Equity Securities, during the next 12 months without the requirement to obtain prior Shareholder approval.

### **6.3 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Company Secretary Performance Rights to Mr Lewis:

- (a) a total of 11,500,000 Performance Rights were issued on 29 December 2017;
- (b) the Performance Rights were issued for nil cash consideration;
- (c) the terms and conditions of the Performance Rights are detailed in Schedule 3;
- (d) the Performance Rights were issued to Mr Zane Lewis;
- (e) the Performance Rights are being issued as a cost effective reward to appropriately incentivise continued performance, and accordingly, no funds will be raised from the issue of the Performance Rights to Mr Lewis; and
- (f) a voting exclusion statement is included in the Notice.

## Schedule 1 – Definitions and Interpretation

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

**\$** means Australian Dollars.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Andina** has the meaning given in Section 3.1.

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

**Andina Shareholder** means a shareholder of Andina.

**Andina Takeover** has the meaning given in Section 3.1.

**Associate** has the meaning given in Division 2 of Part 1.2 of the Corporations Act.

**Bid Implementation Agreement** has the meaning given in Section 3.1.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting, or any part of the Meeting, convened by the Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

**Company** or **Titan** means Titan Minerals Limited (ACN 171 790 897).

**Conditional Resolutions** has the meaning given in Section 3.9.

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

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

**Equity Security** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum that forms part of the Notice.

**Independent Expert** means RSM, the independent expert appointed in respect of the acquisition of Andina Shares under the Andina Takeover for the purposes of Listing Rule 10.10.2.

**Independent Expert's Report** means the report issued by the Independent Expert contained in Schedule 2.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning given in the introductory paragraph of the Notice.

**Non-Associated Shareholder** means a Shareholder that is not an Associate of Messrs Carr, Rowley or Henry.

**Notice** means the notice of meeting that comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

**Offer Conditions** has the meaning given in Section 3.3(b).

**Performance Right** means a right to be issued a Share upon satisfaction of certain milestones.

**Placement** has the meaning given in Section 4.1.

**Placement Participants** has the meaning given in Section 4.1.

**Placement Shares** has the meaning given in Section 4.1.

**Proxy Form** means the proxy form attached to the Notice.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Memorandum.

**Section** means a section of this Explanatory Memorandum.

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

**Shareholder** means a shareholder of the Company.

**Tranche 1 Placement Shares** has the meaning given in Resolution 4.

**Tranche 2 Placement Shares** has the meaning given in Resolution 5.

**Tulin Gold Plant** has the meaning given in Section 3.1.

**Vista Gold Plant** has the meaning given in Section 3.1.

**VWAP** means volume weighted average price as the term is defined in the Listing Rules.

**WST** means Australian Western Standard Time, being the time in Perth, Western Australia.



## **Schedule 2 – Independent Expert's Report**



# TITAN MINERALS LIMITED

Financial Services Guide and Independent Expert's Report

12 June 2018

*We have concluded that the Proposed Transactions are fair and reasonable*

# FINANCIAL SERVICES GUIDE

12 June 2018

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

## Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

## General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

## Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## Remuneration or other benefits received by our employees

All our employees receive a salary.

## Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

## Complaints resolution

### Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
Email: [info@fos.org.au](mailto:info@fos.org.au)

## Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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12 June 2018

The Directors  
Titan Minerals Ltd  
Suite 6, 295 Rokeby Road  
Subiaco, WA, 6008

Dear Directors

## INDEPENDENT EXPERT'S REPORT ("REPORT")

### 1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Titan Minerals Limited ("Titan" or "the Company") to be held in July 2018, at which shareholder approval will be sought for (among other things) the acquisition of shares held by Titan Directors in Andina Resources Limited ("Andina") pursuant to ASX Listing Rule 10.1.
- 1.2 On 26 March 2018, the Company announced an off-market take-over bid for Andina ("Takeover Bid"). As consideration for Andina, Titan will issue approximately 561,656,385 new Titan shares ("Consideration"), comprising approximately 21.9% of Titan's share capital immediately following completion of the bid.
- 1.3 Included in the proposed Consideration are the issue of:
  - 62,384,936 Shares to Mr Matthew Carr (or his associates) as consideration for his 73,614,225 Andina Shares (Resolution 1);
  - 18,489,985 Shares to Mr Nicholas Rowley (or his associates) as consideration for his 21,818,182 Andina Shares (Resolution 2); and
  - 42,373 Andina Shares from Mr Cameron Henry (or his associates) as consideration for his 50,000 Andina Shares (Resolution 3).(combined, the "Proposed Transactions").
- 1.4 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether Resolutions 1 to 3, inclusive, are fair and reasonable to shareholders not associated with the Proposed Transactions ("Non-Associated Shareholders").

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.5 Resolutions 1 to 3 are inter-conditional and also subject to the offer conditions of the Takeover Bid being satisfied or waived before the takeover period closes, with the approval of Resolutions 1 to 3 being one of the offer conditions. Therefore, as Resolutions 1 to 3 and the conditions of the Takeover Bid are dependent on each other being passed, we consider, in substance, Resolutions 1 to 3 to be part of the same transaction (the Takeover Bid). On this basis, we have assessed whether Resolutions 1 to 3 are fair and reasonable to Non-Associated Shareholders through evaluating whether the Takeover Bid, as a whole, is fair and reasonable to the Non-Associated Shareholders.
- 1.6 The ultimate decision whether to approve the Proposed Transactions should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transactions, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

## 2. Summary and conclusion

### Opinion

2.1 In our opinion, and for the reasons set out in Sections 11 and 12 of this Report, the Proposed Transactions are fair and reasonable to the Non-Associated Shareholders of Titan.

### Approach

2.2 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities. Messrs Carr, Rowley and Henry are related parties because they are Directors.

2.3 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX". The Company's latest annual report for the year ended 31 December 2017, provides equity interests of \$1,049,000, 5% of which equals \$52,420. Accordingly, the consideration payable to each of Messrs Carr, Rowley and Henry pursuant to the Takeover Bid will result in the acquisition of a substantial asset for the purposes of Listing Rule 10.1.

2.4 ASX Listing Rule 10.10.2 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.

2.5 As the issue of Titan Shares to Messrs Carr, Rowley and Henry carry the same terms as the Consideration to be issued to all Andina shareholders under the Proposed Transactions, if the Takeover Bid is "fair" then the issue of Shares to Messrs Carr, Rowley and Henry under Resolutions 1 to 3 must also be "fair". We have, therefore, considered whether or not the Takeover Bid is "fair" to the Non-Associated Shareholders by assessing and comparing:

- The Fair Market Value of the Consideration, being 561,656,385 new Titan shares; with
- The Fair Market Value of Andina,

and, considered whether the Takeover Bid is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Takeover Bid which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transactions.

2.6 Further information of the approach we have employed in assessing whether the Proposed Transactions are "fair" and "reasonable" is set out at Section 4 of this Report.

### Fairness

2.7 Our assessed values of the Consideration and Andina are summarised in the table and figure below.

**Table 1 Assessment of fairness**

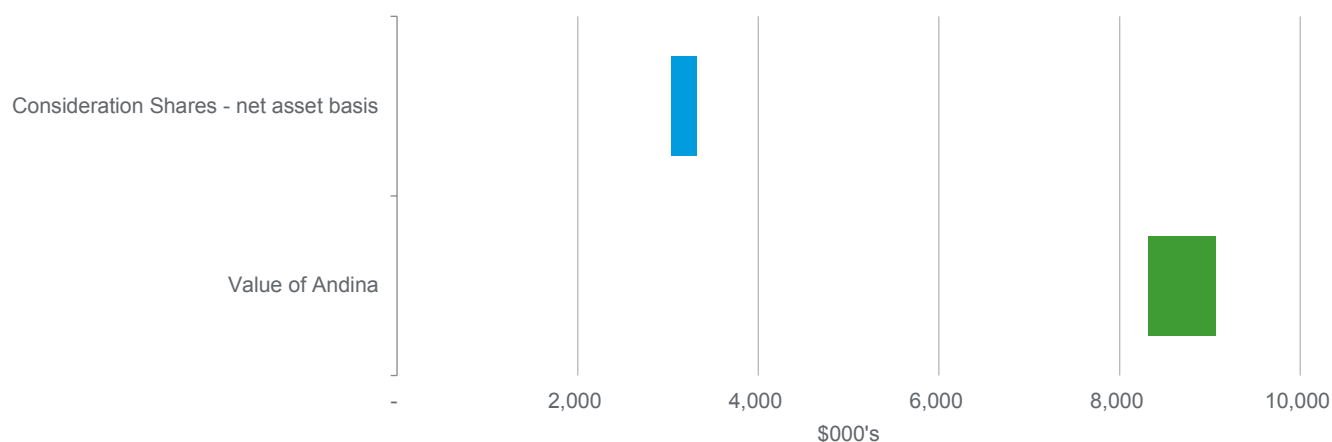
Assessment of fairness	Ref	Value	
		Low	High
Assessed Fair Value of Consideration	9.31	2,977	3,314
Assessed Fair Value of Andina	10.15	8,313	9,061

Source: RSM analysis



2.8 We have summarised the values included in the table above in the chart below.

**Figure 1 Fairness graphical representation**



Source: RSM analysis

2.9 The chart above indicates that the range of values of the Consideration is below the range of values of Andina.

2.10 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transactions to be **fair** to the Non-Associated Shareholders of Titan.

### Reasonableness

2.11 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transactions:

- The future prospects of the Company if the Proposed Transactions do not proceed; and
- Any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transactions proceeding.

2.12 If the Proposed Transactions do not proceed the Company can still earn-in up to 70% of to the Torrecillas Gold Concessions by payment of a further \$300,000 in annual fees. In addition, the board will continue exploration activities on existing projects and pursue the acquisition of two Peruvian companies as announced on 17 April 2018 to advance the Company and provide value to Shareholders.

2.13 The key advantages of the Proposed Transactions are:

Advantage	Details
The Proposed Transactions are fair	RG 111 states that if a transaction is fair it is also reasonable
The Takeover Bid will result in Titan re-consolidating its ownership of the Torrecillas Gold Project	If the Takeover Bid is successful, then Titan will not be required to spend the remaining \$300,000 in annual fees for its 70% earn-in rights to the Torrecillas Gold Project owned by Andina.
Titan will control the Vista Gold Plant, providing milling access and an efficient transport route from mine to mill	<p>Titan will be able to take advantage of the Vista Gold Plant which has been constructed by Andina to avoid building its own mill facilities or negotiating access rights for milling.</p> <p>Ore can be transported from the Torrecillas Gold Concessions to the Vista Gold Plant via the Pan American Highway, which provides an efficient transport route from mine to mill.</p> <p>Any discovery and subsequent mining operations at the San Santiago Concessions can also transport ore to the Vista Gold Plant for processing, which is located less than 100km away.</p>
The acquisition of Andina will enhance the Company's experience and local relationships in Peru	Titan will be able to leverage Andina's experienced in-country operational team and management expertise and relationships in Peru. These relationships are expected to be beneficial for onward sale of end product.
Potential increase in liquidity and ability to attract investors, as indicated by the recent \$11 million Placement in May 2018	<p>The Company's ability to raise funds and attract strategic investors may improve once the Takeover Bid is completed.</p> <p>The Takeover Bid may encourage new investors in the company which may lead to increased liquidity and greater trading depth than currently experienced by Shareholders.</p>

2.14 The key disadvantages of the Proposed Transactions are:

Disadvantage	Details
The Non-Associated Shareholders' interests in the Company will be diluted	The interest of Titan shareholders will be reduced from 100% to 78.1% following the completion of the Takeover Bid and prior to the \$11 million Placement completed in May 2018.
Risks of early stage assets being acquired, particularly the Vista Gold Plant which is yet to be commissioned.	<p>Specific risks are associated with the early-stage assets being acquired from Andina, including there being no guarantee of economic benefits to Non-Associated Shareholders.</p> <p>Construction of the Vista Gold Plant has yet to be completed by Andina and the commissioning of this plant is subject to receiving all regulatory permits and approvals.</p>
Andina will be required to divest its 65 million Titan shares following completion of the Takeover Bid	This holding will represent 2.5% of the Titan's issued shares post completion of the Takeover Bid and recent Placement; there is a potential risk that divesting the size of shares may place downward price pressure on the Titan share price.

2.15 In our opinion, the position of the Non-Associated Shareholders of Titan if the Proposed Transactions are approved is more advantageous than if the Proposed Transactions are not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transactions are **reasonable** for the Non-Associated Shareholders of Titan.

### 3. Summary of Takeover Bid

#### Overview

- 3.1 On 26 March 2018, Titan announced to the ASX that it had entered into a bid implementation agreement with Andina, by which Titan will acquire all of the issued share capital in Andina via an off-market takeover bid.
- 3.2 Under the Takeover Bid, Titan will issue approximately 561,656,385 new Titan shares, comprising approximately 21.9% of Titan's share capital immediately following completion of the bid (and subject to Shareholder approval of the issue of Tranche 2 Placement Shares announced on 22 May 2018 – Resolution 5).
- 3.3 Andina is a Peru focussed unlisted public company incorporated in Australia. Under the bid, Andina shareholders will receive 1 fully paid ordinary share in the capital of Titan for every 1.18 Andina shares held.

#### Key conditions of the Takeover Bid

- 3.4 Completion of the proposed acquisition is subject to and conditional upon a number of conditions precedent, including:
  - Titan gaining a relevant interest of 90% of the Andina shares on issue through the Takeover Bid; and
  - All relevant regulatory and Shareholder approvals being obtained, including the approval by Titan Shareholders of the Proposed Transactions.

#### Rationale for the Takeover Bid

- 3.5 Upon completion of the Takeover Bid, Titan will continue to develop its current Peruvian assets, the Torrecillas Gold Project and the San Santiago Project, in addition to operating Andina's complementary assets comprising the Tulin Gold Plant and the Vista Gold Plant.
- 3.6 Titan currently has the right to earn-in a 70% interest in the Torrecillas Gold Project. The Takeover Bid allows Titan to re-consolidate its ownership of the Torrecillas Gold Project without having to incur expenditure to earn-in.
- 3.7 Consolidating the above assets into one entity will also enable Titan to transport and mill its own ore via an efficient transport route to the Vista Gold Plant.

## Impact of Takeover Bid on Titan's capital structure

3.8 The table below sets out a summary of the capital structure of Titan prior to and post the Takeover Bid. The number of Shares to be issued to Andina Shareholders under the Takeover Bid represents approximately 21.9% of Titan's issued capital on an undiluted basis.

**Table 2 Share structure of Titan prior to and post the Takeover Bid**

	Prior to Takeover Bid		Post Takeover Bid, post Tranche 2 Placement	
<b>Shares on issue</b>				
Non-Associated Shareholders	1,868,715,356 <sup>1</sup>	100.0%	1,868,715,356	72.9%
Tranche 2 Placement Shares	-	0.0%	133,333,333 <sup>2</sup>	5.2%
Andina Shareholders	-	0.0%	561,656,385	21.9%
<b>Total undiluted shares on Issue</b>	<b>1,868,715,356</b>	<b>100.0%</b>	<b>2,563,705,074</b>	<b>100.0%</b>
<b>Performance Rights:</b>				
Performance Rights	80,500,000	100.0%	80,500,000	100.0%
<b>Total Performance Rights</b>	<b>80,500,000</b>	<b>100.0%</b>	<b>80,500,000</b>	<b>100.0%</b>
<b>Fully Diluted Position:</b>				
Non-Associated Shareholders	1,949,215,356	100.0%	1,949,215,356	73.7%
Tranche 2 Placement Shares	-	0.0%	133,333,333	5.0%
Andina Shareholders	-	0.0%	561,656,385	21.2%
<b>Total diluted shares on issue</b>	<b>1,949,215,356</b>	<b>100.0%</b>	<b>2,644,205,074</b>	<b>100.0%</b>

Source: Company

- Shares on issue includes 233,333,333 Tranche 1 Shares issued in a placement, announced to the ASX on 22 May 2018 and 1,000 Shares issued under a cleansing prospectus on 23 May 2018. A Further 133,333,333 Shares are proposed to be issued under the Placement, subject to Shareholder approval.
- The issue of the Tranche 2 Placement Shares is subject to Shareholder approval of Resolution 5.

## 4. Scope of the Report

### ASX Listing Rules

- 4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.
- 4.2 Messrs Carr, Rowley and Henry are directors of Titan and Andina Resources, and therefore, for the purposes of the ASX Listing Rules, are related parties of the Company.
- 4.3 An asset is considered substantial *"if its value; or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the entity as set out in the latest accounts given to the ASX"*. The Company's latest annual report for the year ended 31 December 2017, provides equity interests of \$1,049,000, 5% of which equals \$52,420. Accordingly, the consideration payable to each of Messrs Carr, Rowley and Henry pursuant to the Takeover Bid will result in the acquisition of a substantial asset for the purposes of Listing Rule 10.1.
- 4.4 ASX Listing Rule 10.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.1 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.
- 4.5 Accordingly, Titan is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transactions and the Company has engaged RSM, to prepare a report which sets out our opinion as to whether the Proposed Transactions are fair and reasonable to Non-Associated Shareholders.

### Basis of evaluation

- 4.6 In determining whether the Proposed Transactions are "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.
- 4.7 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a Proposed Transaction is fair and reasonable.
- 4.8 RG 111 states that the expert's report should focus on:
- the issues facing the security holders for whom the report is being prepared; and
  - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.9 RG 111 states that in relation to related party transactions the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and "reasonable" as in a control transaction.
- 4.10 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transactions are fair and reasonable to the Non-Associated Shareholders, the analysis undertaken is as follows:
- whether the value of the Consideration is less than the value of Andina – fairness; and
  - a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transactions – reasonableness.
- 4.11 The other significant factors to be considered include:
- the future prospects of the Company if the Proposed Transactions do not proceed; and
  - any other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transactions proceeding.

4.12 Our assessment of the Proposed Transactions is based on economic, market and other conditions prevailing at the date of this Report.

## 5. Profile of Titan

### Background

5.1 Titan, (formerly Minera Gold Limited) is an Australian public company listed on the ASX that engages in the exploration, development and production of gold and copper projects in Peru. The Company is currently based in Subiaco, Western Australia. We summarise the recent background of the Company below:

- On 21 August 2015 the securities of the Company were suspended from Official Quotation on the ASX Official List at the request of the Company;
- On 25 August 2015, by resolution of the directors of the Company (as at that date) pursuant to 436A of the Corporations Act, the Company was placed into voluntary administration;
- Andina Resources subsequently submitted a proposal for the restructure and recapitalisation of the Company and its assets via a deed of company arrangement (“DOCA”);
- At the reconvened second meeting of creditors held on 8 October 2015, creditors resolved in favour of the DOCA; with the deed being executed on 15 October 2015 with the voluntary administrators being appointed joint and several deed administrators;
- Titan was reinstated to Official Quotation on 17 October 2017 following the appointment of new directors, the completion of recapitalisation and effectuation of the DOCA;
- On 26 March 2018, the Company announced the Takeover Bid to the ASX;
- On 17 April 2018, the Company announced that it had executed a binding heads of agreement to acquire Peruvian companies Kairos Capital Peru S.A.C (“Kairos”) and M&S Transportes y Servicios Generales S.R.L (“Mirador”), subject to, among other things, completion of due diligence enquiries to the satisfaction of Titan (“Mirador Acquisition”);
- On 22 May 2018, the Company announced that it had received firm commitments to raise \$11 million through an oversubscribed placement of 366,666,666 shares at \$0.030 per share to institutional and sophisticated investors (“Placement”). The proceeds are to be used to finalise the Mirador Acquisition and develop Titan’s Peru projects. The Placement has been undertaken in two tranches:
  - (a) the first tranche of the Placement (“Tranche 1”), comprising 233,333,333 Shares (“Tranche 1 Placement Shares”), (\$7.0 million) was placed utilising the Company’s 15% placement capacity under Listing Rule 7.1; and
  - (b) the second tranche of the Placement (“Tranche 2”), comprising approximately 133,333,333 Shares (“Tranche 2 Placement Shares”), (\$4.0 million) is to be issued subject to Shareholder approval (Resolution 5).
- On 28 May 2018, the Company announced that the Tranche 1 Placement Shares had been issued and an additional 1,000 shares had been issued pursuant to a Cleansing Prospectus.

5.2 Titan’s key assets comprise:

- the right to earn-in a 70% interest in Andina’s advanced development and exploration gold project located 640km south of Lima, in south-eastern Peru comprising approximately 15,000 hectares of mineral concessions which contain a number of narrow vein, high-grade mineralised structures (“Torrecillas Gold Project”); and
- a copper-gold project comprising of 9,000 hectares of mineral concessions together with a beneficiation plant that currently toll-treats copper ores from nearby artisanal miners (“San Santiago Project”).

### Torrecillas Gold Project

5.3 The Torrecillas Gold Project is located in the Western Cordillera of the South American Central Andes at elevations of 2,500 to 3,200 metres above sea level and comprises 24 mining concessions and applications, comprising a total area of over 15,000 hectares.

- 5.4 Geologically, the Torrecillas Gold Project is located in the Mesozoic Coastal Batholith Belt, which extends for 1,200km along the Pacific Ocean coast of Peru. In a local perspective, Torrecillas lies within Nazca-Ocoña gold belt of southern Peru. The Nazca-Ocoña gold belt extends for approximately 350km in length and is up to 40km in width. Mineral deposits within the Nazca-Ocoña gold belt are generally characterised by narrow gold, silver and copper-bearing quartz veins of hypothermal to mesothermal affiliation. The veins typically range in width from 0.3m to 6.0m and are generally hosted by a monotonous sequence of andesitic volcanic and sedimentary units that have been intruded by late Cretaceous granitic rocks of the Coastal Batholith.
- 5.5 Whilst the vein deposits crosscut both the andesitic volcanics and granitic rocks, the highest gold grades are typically found associated with diorite, tonalite and andesite rather than granodiorite. East-west trending faults displaced by north-trending faults commonly control the vein-hosted gold mineralisation at many of the important mines nearby, including the Arirahua, Calpa and Ocoña mines.
- 5.6 The mineralised vein structures at Torrecillas consist of mesothermal, “pinch and swell”, sigmoid-type fault zones filled with ore and gangue minerals, mainly quartz, chlorite and epidote alteration with fine pyrite disseminations flanked by sericitic alteration halos. The vein structures strike in an east–west direction and dip to the north. NNW-SSE post-mineralisation faults divided and displaced the structures by 15 to 20 metres. On surface, hematite associated with erratic values of gold is an indicator and occurs down to 40 metres depth.
- 5.7 The Torrecillas Gold Project deposits have been discontinuously exploited in a small-scale, underground operation at a rate of up to 1,400 tonnes of ore per month, using a cut and fill, short-hole technique, typically applied to steeply dipping or irregular ore veins, which is very appropriate for selective ore extraction with limited ore losses and grade dilution. Mineralisation recovered during mining was processed in nearby plant facilities under a toll treatment arrangement.
- 5.8 Titan originally acquired the Torrecillas Gold Project in 2006 and, prior to entering into voluntary administration, was focused on the development of the project. However, exploration activities were limited during 2014 (due to trial mining and a focus on the three mineral vein structures in production) and Titan continued to incur operating losses in respect to the Torrecillas Gold Project. In December 2014, Titan placed the Torrecillas Gold Project on a care and maintenance program.
- 5.9 On completion of the DOCA, the Torrecillas Gold Project was transferred to Andina. Titan has a right to earn-in a 70% interest on 16 of the 24 concessions, shown in the table below (“Torrecillas Earn-in Concessions”).

**Table 3 Torrecillas Earn-in Concessions**

Code	Concession Name	Hectares
10232798	Retorno VII	500.00
010133999	Retorno VIII	700.00
010116000	Retorno IX	288.83
010118701	Retorno X	200.00
010036005	Retorno XV	500.00
010358807	Retorno XXV	200.00
010256408	Retorno XXVII	200.00
010603307	Retorno XXVI	300.00
010015811	Retorno XXXI 2011	600.00
010015711	Retorno XXXII 2011	1,000.00
010015611	Retorno XXXIII 2011	700.00
010188811	Retorno XXXIV 2011	1,000.00
010188911	Retorno XXXV 2011	900.00
010189011	Retorno XXXVI 2011	900.00
010189111	Retorno XXXVII 2011	600.00
010189211	Retorno XXXVIII 2011	800.00

Source: Company



- 5.10 Titan’s right to earn a 70% interest in the Torrecillas Earn-in Concessions will take effect upon, and be subject to, Titan paying the annual fees imposed in respect of each of the Torrecillas Earn-in Concessions during the 2017, 2018 and 2019 calendar years capped at an aggregate amount of \$450,000, of which Titan has currently paid \$150,000.
- 5.11 However, if the Proposed Transactions are completed, Titan will not need to earn its interest in the Torrecillas Earn-in Concessions, instead acquiring them through its ownership of Andina, noting the \$300,000 in annual fees will still have to be paid.

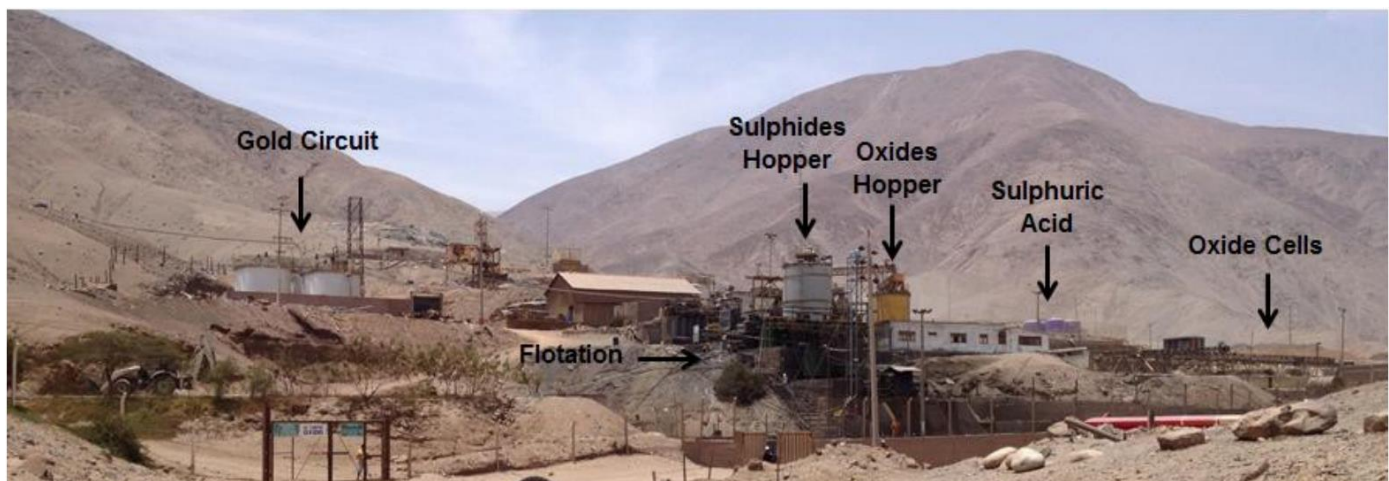
## San Santiago Project

- 5.12 The San Santiago Project is located in the Cobrepampa areas surrounding the Acari region, which has been producing copper, gold and silver for more than 40 years.

### *San Santiago Plant*

- 5.13 The San Santiago plant is fully permitted for copper with a 530 tonnes per day (“TPD”) installed processing capacity through a combination of its three circuits, comprising:
- (i) 200 TPD carbon-in-pulp (“CIP”) gold circuit;
  - (ii) 250 TPD copper sulphide circuit; and
  - (iii) 80 TPD copper oxide circuit (currently idle),
- (the “San Santiago Plant”).
- 5.14 The San Santiago Plant is permitted to operate at 350 TPD in relation to the copper circuits and is not currently permitted to process gold.
- 5.15 The San Santiago Plant (pictured below), which was permitted in 2006, is contained on seven hectares of land located in an established mining region. Importantly, the San Santiago Plant is operational, with access to:
- (i) the national grid power supply;
  - (ii) water supply from four licensed onsite bores; and
  - (iii) tailings disposal (although expansion is required).

**Figure 2 San Santiago Plant**



Source: Company

### San Santiago Concessions

- 5.16 The table below provides details of the concession names, the registration codes, hectares and the name of the entity which holds the concession (together, the “San Santiago Concessions”). The San Santiago Plant is located within the San Santiago Concessions.

**Table 4 San Santiago Concessions**

Code	Concession Name	Hectares
P540000110	San Santiago De Acari (Beneficiation Concession)	300.00
010226104	Virgen Del Carmen 2004 P	99.7012
010227907	Don Ivan 31N-1	10.1777
010485706	Don Tomasito De Acari	1,000.00
540002311	Camila VII	900.0000
10102504	Virgen Del Carmen I 2004	116.6853
10139104	Virgen Del Carmen 2004 A	800.001
10164804	Virgen Del Carmen 2004 H	0.8911
10164004	Virgen Del Carmen 2004 L	9.9867
10163804	Virgen Del Carmen 2004 M	6.0000
10163904	Virgen Del Carmen 2004 N	9.4151
10277904	Virgen Del Carmen 2004 S	9.9856
10277804	Virgen Del Carmen 2004 T	43.863
10199506	Virgen Del Carmen 2006 A	998.7285
10164704	Virgen Del Carmen 2004 J	4.9936
10278004	Virgen Del Carmen 2004 R	21.2957
10164204	Virgen Del Carmen 2004 Q	27.6826
10087805	Virgen Del Carmen 2005a	88.7535
10142605	Virgen Del Carmen 2005 B	75.9339
10000226y01	Acari Trigesimo	579.2593
O10341005	Virgen Del Carmen 2005 C	399.4930
O10138807	Virgen Del Carmen 2007 A	251.0145

Source: Company

- 5.17 The San Santiago Concessions are located in the Marcona Iron Oxide-Copper-Gold (“IOCG”) province, one of the biggest sources of iron ore in the central Andes and host to numerous large copper-rich IOCG deposits. The project area lies within the Acari-Cobrepampa district of the province, which comprises copper-silver-gold mineralised vein systems.
- 5.18 Within the area of the San Santiago Concessions, there are three small-scale copper deposits - Purisima and the smaller Brasil and Decimo Quinto. These provide feed for the flotation circuit of the San Santiago Plant and have contributed to existing copper oxide ore stockpiles. Currently, these deposits are the subject of artisanal mining. These three targets feature similar geological settings, containing repeat parallel vein systems. The majority of the tenure has already been mapped and sampled in detail.

### Mirador Acquisition

- 5.19 On 17 April 2018, Titan announced the proposed Mirador Acquisition. The terms of the consideration were later amended and announced to the ASX on 12 June 2018. The major assets held by Kairos and Mirador include:
- (i) the 100% owned Mirador processing plant located in Chimbote, Peru (“Mirador Plant”); and
  - (ii) six 100% owned mineral concessions (“Mirador Concessions”).

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

*About the Mirador Processing Plant*

- 5.21 The Mirador Plant is a hybrid conventional style processing facility comprising of a sulphide flotation circuit with current capacity at 150 TPD and a 50 TPD CIP gold circuit configured to treat gold oxide ore. The Mirador Plant is currently undergoing expansion to double capacity of both the sulphide flotation and CIP circuits to 300 TPD and 100 TPD respectively. This will allow flexibility to be able to ensure the 'dual train' facility can produce up to the permitted capacity with various tonnage configurations on both streams. As part of an overall engineering review, several potential improvements have already been noted to increase plant efficiency and recoveries within the circuits.
- 5.22 Further expansion plans due to be completed during 2019 will render the capacity of the CIP circuit at 200 TPD which, after application and granting of an upgraded permitting approval, will enable both circuits to be operated at full throughput capacity.

*Material Terms of the Mirador Acquisition*

- 5.23 Titan proposes to acquire 100% of Kairos and Mirador from Kairos Capital Holding Limited, Mr Wong Sang Moon and Mr Gyo Hee Kim (Mirador Vendors), subject to completion of satisfactory due diligence and the satisfaction (or waiver) of agreed conditions precedent:
- (i) Titan has paid a non-refundable deposit of US\$100,000 in connection with the Mirador Acquisition;
  - (ii) Kairos, Mirador and the Mirador Vendors have agreed to not, and to ensure that their respective related bodies corporate and representatives do not, solicit, encourage or otherwise engage in discussions in respect of a competing proposal with any third party;
  - (iii) completion of the Mirador Acquisition is conditional on the satisfaction (or waiver by Titan) of, among other things:
    - a. completing its due diligence enquiries in respect of Kairos, Mirador and the Mirador Plant and being satisfied, in its sole and absolute discretion, with the results of the due diligence;
    - b. Titan undertaking an equity capital raising to raise a minimum of US\$3,000,000;
    - c. Titan obtaining all requisite regulatory and shareholder approvals, waivers and confirmations; and
    - d. no material adverse change occurring in respect of Kairos or Mirador; and
  - (iv) in the event that Titan proceeds to complete the Mirador Acquisition, the Mirador Vendors will receive, in aggregate:
    - a. US\$2,000,000 cash;
    - b. 131,768,112 Titan Shares at the time of completion, which will be subject to voluntary escrow.
- 5.24 On 22 May 2018, Titan announced that due diligence on the Mirador Acquisition had been completed and the Company was working towards completing the transaction in early July 2018. The \$11.0 million placement satisfies one of the transaction conditions precedent.

## Directors and management

5.25 The directors and key management of Titan are summarised in the table below.

**Table 5 Titan Directors**

Name	Title	Experience
<b>Mr Matthew Carr</b>	Executive Director	Mr Carr is the founder of a private equity company that focuses on property backed investment and Security. He is also the Non-Executive Chairman of Andina Resource Limited.
<b>Mr Nicholas Rowley</b>	Non-Executive Chairman Director	Mr Rowley has over 10 years' experience in the financial services industry where he gained exposure in corporate advisory, M&A transactions and equity markets. He has also advised on the equity financings of numerous ASX and TSX listed companies predominantly in the mining and resources sector
<b>Mr Robert Sckalor</b>	Non-Executive Director	Mr Sckalor has 30 years' experience working in legal and financial markets and has worked on capital market and financial transactions. He is the founder of a private equity and venture related investment company that he founded while in London.
<b>Mr Cameron Henry</b>	Non-Executive Director	Mr Henry has a project development and operational background, specialising in minerals processing and oil and gas projects across the globe. He has been a member of the Australian Institute of Company Directors for over five years.
<b>Mr Zane Lewis</b>	Company Secretary	Mr Lewis has over 20 years corporate advisory experience with various ASX and AIM listed companies and is a fellow of Chartered Secretaries Australia.

Source: Company

## Financial information of Titan

- 5.26 The information in the following section provides a summary of the financial performance of Titan for the years ended 31 December 2017 and 31 December 2016 extracted from the audited financial statements of the Company. Financial information for the year ended 31 December 2015 has not been included in our analysis as the Company was under Voluntary Administration during this period.
- 5.27 Titan was under external administration from 25 August 2015 to 4 October 2017, consequently the Company did not have sufficient information to allow the level of disclosure required for financial reporting for the years ended 31 December 2016 and 31 December 2017.
- 5.28 The auditor of Titan, Stanton International Audit and Consulting Pty Ltd, has issued a disclaimer of opinion on the financial statements for the years ended 31 December 2016 and 31 December 2017 due to the limited control over the financial records of the Company while it was in external administration. The basis of the disclaimer of opinion was noted in the audit report as follows:

*“The directors of the Company did not have control of the company until control was transferred to them on the effectuation of the DOCA on 4 October 2017. Consequently, the financial information relating to the period from 1 January 2017 to 4 October 2017 was not subject to the same accounting and internal control processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the Group have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.”*

## Financial performance

- 5.29 The following table sets out a summary of the financial performance of Titan for the years ended 31 December 2016 and 31 December 2017.

**Table 6 Titan historical financial performance**

\$'000s	Ref.	Year ended 31-Dec-17 Audited	Year ended 31-Dec-16 Audited
<b>Continuing Operations</b>			
Revenue	5.30	639	1,365
Cost of sales		(808)	(1,009)
<b>Gross Profit/(loss)</b>		<b>(169)</b>	<b>356</b>
Other revenue		3	-
Occupancy expenses		-	-
Employee benefits expense		-	-
Depreciation and amortisation charges		(213)	(109)
Administration expenses	5.33	(1,455)	(623)
Foreign Exchange		(16)	247
Finance costs		-	(6)
Provision expense		(22)	-
Reversal of provision of impairment of property, plant & equipment	5.31	1,000	-
Loan forgiveness	5.32	17,754	-
DOCA expenses	5.33	(2,350)	-
Share based payments expense		(4)	-
Other expenses		(259)	(150)
<b>Profit/ (Loss) before income tax expense</b>		<b>14,269</b>	<b>(285)</b>
Income tax expense / (benefit)		-	-
<b>Profit/ (Loss) after income tax expense</b>	5.30	<b>14,269</b>	<b>(285)</b>
<b>Other comprehensive income</b>			
Items that may not be reclassified subsequently to profit or loss			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1,652	1,341
<b>Other comprehensive income, net of tax</b>		<b>1,652</b>	<b>1341</b>
<b>Total comprehensive income/(loss)</b>		<b>14,085</b>	<b>394</b>

Source: Company

- 5.30 In the year ended 31 December 2017, the Company recognised a profit after tax of \$14.3 million. The profit was non-cash, however, as it resulted in large gains on loan forgiveness and impairment reversals. Revenue was generated in the period for toll processing at the San Santiago Plant for external customers.
- 5.31 Reversal of impairments arose through recognising the existing San Santiago Plant at its deemed value following the Company exiting administration.
- 5.32 Loan forgiveness gains relate to the book value of loans forgiven (\$23.9 million) that were settled as a result of effectuation of the DOCA” through cash payments made and equity issued.
- 5.33 The Company incurred \$2.35 million of costs in effectuating the DOCA and for the administrators of the Company.

## Financial position

5.34 The table below sets out a summary of the financial position of Titan as at 31 December 2016 and 31 December 2017.

**Table 7 Titan historical financial position**

\$000's	Ref.	Year ended 31-Dec-17	Year ended 31-Dec-16
<b>Current assets</b>			
Cash and cash equivalents	5.35, 5.36	2,932	58
Trade and other receivables		290	-
<b>Total current assets</b>	5.35	<b>3,222</b>	<b>58</b>
<b>Non-current assets</b>			
Trade and other receivables		99	-
Property, plant and equipment	5.37	1,000	-
Mine assets		173	500
<b>Total non-current assets</b>		<b>1,272</b>	<b>500</b>
<b>Total assets</b>		<b>4,494</b>	<b>558</b>
<b>Current liabilities</b>			
Trade and other payables	5.38	1,065	8,504
Borrowings	5.39	175	9,581
Provisions		-	1,997
Other liability		-	5,948
<b>Total current liabilities</b>	5.35	<b>1,240</b>	<b>26,030</b>
<b>Non-current liabilities</b>			
Trade and other payables	5.38	2,205	-
<b>Total non-current liabilities</b>		<b>2,205</b>	-
<b>Total liabilities</b>		<b>3,445</b>	<b>26,030</b>
<b>Net assets/ (liabilities)</b>	5.35	<b>1,049</b>	<b>(25,472)</b>
<b>Equity</b>			
Issued capital		91,051	78,619
Reserves		2,574	918
Accumulated losses		(92,576)	(105,009)
<b>Total equity/(deficiency)</b>		<b>1,049</b>	<b>(25,472)</b>

Source: Company

- 5.35 At 31 December 2017, Titan had net assets of \$1.05 million primarily driven by cash and cash equivalents and the mining assets including the plant and equipment (San Santiago Plant) less a net working capital deficit (current assets less current liabilities) of approximately \$0.95 million.
- 5.36 In May 2018, Titan provided a loan of US\$0.5 million (A\$0.67m) to Andina. The loan is repayable in full in 18 months, earns 12% interest per annum and is secured over Andina's Vista Gold Plant.
- 5.37 Property, plant and equipment for the Company relates to the ownership of the San Santiago Plant. Once the directors resumed custodianship of the Company, it was noted that the plant had a provision for impairment which reduced its value to nil. The directors obtained a third-party valuation report from Primero Group Pty Ltd and approved a reversal of the impairment to an ascribed value of \$1.0 million as at 31 December 2017.
- 5.38 Trade and other payables predominantly relate to debts owed from the period 2010 to 2016, some of which predated the Company's acquisition of its subsidiaries. These amounts payable have been classified as non-current as the directors expect that they will not be settled within the next 12 months as the validity of the liabilities could not be confirmed as at the last reporting date.
- 5.39 Borrowings of \$175,000 relate to an interest free loan payable to Andina. The loan is unsecured and payable on demand.



## Capital structure

5.40 Following Tranche 1 of the Placement, the Company had 1,868,715,356 fully paid ordinary shares on issue. A further 133,333,333 Shares are proposed to be issued in Tranche 2 of the Placement, subject to Shareholder approval (Resolution 5).

5.41 The top 20 shareholders of Titan as at 31 May 2018 are set out below. No individual shareholder held a significant voting interest of greater than 10% at that date.

**Table 8 Titan Top 20 shareholders**

Rank	Name	Total Shares	% Issued Share Capital
1	J P MORGAN NOMINEES AUSTRALIA LIMITED	149,859,631	8.02%
2	TAZGA TWO PTY LTD	92,833,334	4.97%
3	ROCKFORD INVESTMENT FUND P/L	80,000,000	4.28%
4	SEZC SILVERSTREAM	75,036,834	4.02%
5	MR REEGAN BUSWELL	75,000,000	4.01%
6	J STIMPSON PTY LTD	75,000,000	4.01%
7	CITICORP NOMINEES PTY LIMITED	74,229,970	3.97%
8	UBS NOMINEES PTY LTD	71,559,005	3.83%
9	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	67,780,680	3.63%
10	ANDINA RESOURCES LIMITED	65,000,000	3.48%
11	K-CRAFT NOMINEES P/L	63,532,382	3.40%
12	WEXFORD RISE PTY LTD	60,000,000	3.21%
13	MR GIORGIO RAMON ALBERTINI BAFFIGO	40,500,000	2.17%
14	FISKE NOMINEES LIMITED	40,000,000	2.14%
15	TEXBRIDGE HOLDINGS PTY LTD	30,450,000	1.63%
16	VONROSS NOMINEES PTY LTD	30,000,000	1.61%
17	RANGWELL BOYS PTY LTD	25,000,000	1.34%
18	MR PAUL MATYSEK	23,800,000	1.27%
19	NERO RESOURCE FUND PTY LTD	23,333,333	1.25%
20	CRANLEY CONSULTING PTY LTD	22,300,000	1.19%
<b>Total top 20 shareholding</b>		<b>1,185,215,169</b>	<b>63.42%</b>
Other shareholdings		683,500,187	36.58%
<b>Total issued capital</b>		<b>1,868,715,356</b>	<b>100%</b>

Source: Company

## Share price performance

5.42 The figure below sets out a summary of Titan closing share prices and traded volumes for the six-month period, from the effectuation of Deed of Company Arrangement to 25 May 2018.

**Figure 3 Titan daily closing share price and traded volumes**



Source: S&P Capital IQ/ ASX

5.43 In the five-month trading period prior to the announcement of the Proposed Acquisition on 26 March 2018, 32.7% of Titan's total volume of Shares were traded. During this period, Shares traded between \$0.023 and \$0.045. Much of the Share trading activity occurred in October 2017 when the Shares recommenced trading on the ASX. In the 90 trading days to 25 May 2018, only 2.5% of Shares have traded.

5.44 The most significant events have been noted in the graph above and are summarised as follows:

1. the Company experienced its most significant trading day when the Company was readmitted to the official list on 17 October 2017, where 18% of its total volume of shares was traded in a single day following re-admission to the ASX. In the three days following the Company's readmission to the ASX list, its share price increased by 44% from \$0.025 to \$0.036 per share
2. On 21 November 2017, the Company announced the San Santiago copper plant expansion was underway;
3. On 4 December 2017, the Company announced that it had reviewed existing drilling results which had identified multiple high-grade gold targets at Torrecillas;
4. On 26 March 2018 the Takeover Bid was announced to the ASX. During the five-day period following the announcement, the Company's shares experienced a drop from \$0.034 to \$0.026 per share.
5. On 17 April 2018, the Company announced the Mirador Acquisition. In the days following the announcement, the share price increased from \$0.031 to \$0.035.
6. On 22 May 2018, the Company announced it had received commitments for \$11.0 million under the Placement through the issue of 366,666,666 Shares in two tranches. Tranche 2 of the Placement comprising 133,333,333 Shares for \$4.0 million remains subject to Shareholder approval.



- 5.45 In the most recent 90-day trading period to the announcement of the Proposed Transactions, 7.0% of the Company's total volume of Shares were traded, indicating that there is low liquidity in the shares.
- 5.46 Titans's share price performance is discussed in more detail in paragraph 9.23.

## 6. Profile of Andina

### Background

- 6.1 Andina is an Australian unlisted public company that engages in gold toll treatment services in Peru and was incorporated on 11 June 2009.
- 6.2 Andina’s key operations are:
- operating a CIP gold production plant (“Tulin Gold Plant”), located approximately 250km north of the Torrecillas Gold Project; and
  - completing construction of a second gold plant (“Vista Gold Plant”) approximately 200km north of the Torrecillas Gold Project. The Pan American highway links the Torrecillas Gold Project and the Vista Gold Plant.
- 6.3 In addition, Andina owns the Torrecillas Gold Project, including the Torrecillas gold mine and the Torrecillas Earn-in Concessions (to which Titan has the right to earn-in to 70%).

### Tulin Gold Plant

- 6.4 Tulin Gold SAC, a subsidiary of Andina, leases and operates the Tulin Gold Plant located in the industrial area of the small town of Tulin in the Nasca Province in Peru.
- 6.5 Andina has successfully refurbished, upgraded and operated the plant on a commercial basis since 2013, generating revenue of circa US\$13.14 million per annum and EBITDA of circa US\$1.22 million in 2016. Revenue and profits have reduced significantly in FY 2017 due to a lack of working capital as funds were diverted to the construction of the Vista Gold Plant, and tailings dam capacity restrictions were in place at the Tulin Gold Plant.
- 6.6 The Tulin Gold Plant is licensed for 70 TPD and averaged approximately 30 TPD in FY 2016 with all ore being purchased from licensed artisanal gold miners in the local mining district.

**Figure 4 Tulin Gold Plant and CIL circuits**



Source: Andina

- 6.7 The Tulin Gold Plant has profitably milled over 50,000 tons of ore grading approximately 17-20 grams per ton since 2014 and has produced approximately 7,500 oz to 8,600 oz of refined gold per annum, excluding the financial year ended 31 December 2017.

### Vista Gold Plant

- 6.8 Andina has invested in excess of approximately \$3.5 million and four years into the land acquisition, permitting and building of the Vista Gold Plant.
- 6.9 The Vista Gold Plant is licenced for 350 TPD of gold ore utilising a CIL process. Initially, the plant will be commissioned for 200 TPD, with minimal capital required to increase capacity to 350 TPD.
- 6.10 The plant location is located 13km south of Nasca and less than 10km from the Pan Pacific Highway with critical access to grid power and significant water reserves, which ensure best of breed low cost operating conditions. In addition, the location of the Vista Gold Plant is at a highly active gold mining region and centrally located to attract artisanal gold ore deliveries from seven mining districts in southern Peru.
- 6.11 The project tenement schedule consists of five mining leases, six prospecting licences and two miscellaneous licences for groundwater exploration and a future haulage route covering an area of 60.5km<sup>2</sup>.

**Figure 5 Vista carbon and leaching tanks, with tailings dam in the distance**



Source: Andina

- 6.12 Andina is targeting Q3 2018 for completion of construction of the Vista Gold Plant. When complete, the Vista Gold Plant will provide the combined group with significant cash flow opportunity in the near term. The team intends to acquire and process high grade ore from licensed artisanal miners in the region and utilise the Vista Gold Plant to process any ore mined at the Torrecillas mine and/or San Santiago concessions, providing significant synergies to the group. When complete and licensed, the Vista Gold Plant will have a nameplate capacity of 200 tons per day, more than double the operating capacity of the existing Tulin Gold Plant. The Vista Gold Plant has been designed to increase its capacity to 350 tons per day with minimal capital outlay, when warranted by supply of ore. Andina aims to have the Vista Gold Plant commissioned for operation in Q4 2018, subject to timely receipt of all requisite permits and approvals.

## Directors and management

6.13 The directors of Andina are:

- Matthew Carr
- Tim Neesham
- Arturo Cavero

## Capital Structure

6.14 Andina currently has 591,745,120 ordinary shares on issue and 71,009,414 performance rights on issue. The performance rights will convert into ordinary shares should the Takeover Bid be completed.

## Financial performance

6.15 The following table sets out a summary of the financial performance of Andina for the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

**Table 9 Andina historical financial performance**

\$000's	Ref.	Year Ended 31-Dec-17 Unaudited	Year Ended 31-Dec-16 Audited	Year Ended 31-Dec-15 Audited
Revenue from continuing operations		7,441	13,144	11,844
Cost of goods sold		(7,018)	(11,240)	(9,488)
<b>Gross profit</b>		<b>423</b>	<b>1,904</b>	<b>2,356</b>
Other income		0	12	5
<b>Expenses</b>				
Administration expense		(1,659)	(1,397)	(1,403)
Occupancy expense		(96)	(132)	(92)
Interest expense		(203)	-	-
Impairment expense/(reversal)		61	(11)	(229)
Foreign exchange gain/(loss)		47	(16)	(25)
Exploration expenditure written off		(289)	(0)	(0)
Receipt of shares	6.18	650	-	-
<b>Profit before income tax expense</b>	6.16, 6.17	<b>(1,066)</b>	<b>359</b>	<b>612</b>
Income tax expense		15	(344)	(530)
<b>Net profit attributable to members of Company</b>		<b>(1,051)</b>	<b>14</b>	<b>82</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified to profit or loss</i>				
Fair value adjustment of available for sale investments	6.18	1,950	-	-
Exchange differences on translation of foreign operations		(222)	(86)	102
<b>Total comprehensive income</b>		<b>677</b>	<b>(72)</b>	<b>183</b>

Source: Andina financial statements and management accounts

6.16 During the financial year ended 31 December 2017, Andina processed 8,592 tonnes of ore averaging 17.7 grams/tonne. Andina does not anticipate deriving a profit for that financial year due to tailings dam capacity restrictions at the Tulin Gold Plant, amongst other things.

6.17 In prior years, Andina generated operating profits as follows:

- In the year ended 31 December 2015, Andina processed 12,115 tonnes of ore averaging 20.5 grams per tonne and achieved a profit before income tax of A\$612,002; and

- In the year ended 31 December 2016, Andina processed 13,500 tonnes of ore to produce 7,629 oz of gold averaging 17.4 grams per tonne and achieved a profit before income tax of A\$358,613.

6.18 Andina received 65 million Titan shares in the period ended 31 December 2017 for settlement of amounts owed by Titan to Andina and in consideration for the right to earn a 70% interest in the Torrecillas Earn-in Concessions. The Titan shares were valued at \$0.04 per share at 31 December 2017, resulting in a fair value adjustment.

## Financial position

6.19 The table below sets out a summary of the financial position of Andina as at 31 December 2015, 31 December 2016 and 31 December 2017.

**Table 10 Andina historical financial position**

\$000's	Ref	31-Dec-17 Unaudited	31-Dec-16 Audited	31-Dec-15 Audited
<b>Current Assets</b>				
Cash and cash equivalents	6.20	376	229	917
Trade and other receivables		2,017	1,900	900
Inventory		597	336	394
<b>Total Current Assets</b>	6.20	<b>2,989</b>	<b>2,465</b>	<b>2,211</b>
Assets held for sale	6.21	2,600	-	-
<b>Total Current Assets</b>		<b>5,589</b>	<b>2,465</b>	<b>2,211</b>
<b>Non-Current Assets</b>				
Plant and equipment	6.22	3,130	2,132	1,329
Exploration and evaluation expenditure		9	316	151
Deferred tax asset		-	74	76
Other assets		-	940	762
<b>Total Non-Current Assets</b>		<b>3,139</b>	<b>3,463</b>	<b>2,317</b>
<b>Total Assets</b>		<b>8,729</b>	<b>5,928</b>	<b>4,528</b>
<b>Current Liabilities</b>				
Trade and other payables	6.23	934	879	699
Provisions	6.23	42	54	54
Financial liabilities	6.23	160	88	78
<b>Total Current Liabilities</b>	6.20	<b>1,136</b>	<b>1,020</b>	<b>831</b>
<b>Non-Current Liabilities</b>				
Financial liabilities		-	55	122
<b>Total Current Liabilities</b>		<b>-</b>	<b>55</b>	<b>122</b>
<b>Total Liabilities</b>		<b>1,136</b>	<b>1,075</b>	<b>953</b>
<b>Net Assets</b>	6.20	<b>7,593</b>	<b>4,853</b>	<b>3,575</b>
<b>Equity</b>				
Issued capital		8,716	6,653	5,304
Reserves		2,379	651	738
Accumulated losses		(3,503)	(2,452)	(2,466)
<b>Total Equity</b>		<b>7,593</b>	<b>4,853</b>	<b>3,575</b>

Source: Andina

6.20 At 31 December 2017, Andina had net assets of \$7.6 million primarily driven by cash of \$0.4 million, plant and equipment (Vista Gold Plant) of \$3.2 million, asset held for sale of \$2.6 million and net working capital (current assets excluding cash, less current liabilities) of approximately \$1.5 million.

6.21 The assets held for sale at 31 December 2017 is Andina's interest in Titan, being 65 million shares at a share price of \$0.04 per share as at 31 December 2017.

- 6.22 Property, plant and equipment for the Company primarily relates to the Vista Gold Plant which is under construction. Andina currently expects full commissioning of the plant in the second half of 2018.
- 6.23 The current liabilities of Andina relate to trade and other payables, including accruals, relating to ongoing operations, provisions for entitlements and financial liabilities which consist of hire purchase arrangements for plant and equipment and vehicles in Peru.



## 7. Industry overview

### Gold Ore Mining industry

#### Performance

- 7.1 Gold prices have decreased in US dollars over the past five years and are largely influenced by global economic conditions. Investors continue to turn to gold as a safe monetary asset which has kept a floor under the gold price. The industry's connections to the global economic conditions and global financial crisis create volatility in gold or mining.
- 7.2 Gold ore mining traditionally incurs high production costs. The industry has a high level of capital intensity and incurs many indirect costs required for exploration, overheads, royalties, marketing, native title laws and research and development. Due to these substantial fixed costs, the industry's profitability and performance is heavily reliant on the global price of gold.

#### Key External Drivers

##### *Domestic price of gold*

- 7.3 The domestic price of gold will directly affect revenue generated by gold mining operations in that country. When gold prices are low, it is less likely for gold mining companies to commit to projects with lower gold grades and higher production costs. It is therefore important for increases in the domestic price of gold to provide the industry with an opportunity to expand.

##### *Demand from gold and other non-ferrous metal processing*

- 7.4 There are some companies in the gold and other non-ferrous metal processing industry that refine gold ore mined by industry firms, in return for a fee. An increase in demand from gold processors therefore benefits the industry.

##### *Global GDP*

- 7.5 Global demand for gold is inversely related to global economic performance. Gold is regarded as a store of value, particularly when the global economy is experiencing weak growth and during political turbulence. Stronger global GDP growth can therefore, negatively affect the demand for gold and threaten industry growth. During FY18 global economic performance is expected to improve, which will likely place downward pressure on the demand for gold.

#### Key Success Factors

- 7.6 IBIS World has identified the following Key Success Factors:
- Availability of resource;
  - Ability to forward sell production when appropriate;
  - The age and type of mine;
  - Ability to accommodate environmental requirements; and
  - Economies of scale.

#### Outlook

- 7.7 Although gold prices are expected to remain high by historical standards, moderate global supply growth and lower demand are expected to decrease gold prices over the next five years. The gold industry's weaker performance reflects an improvement in the global economy and lower gold output, despite many central banks remaining as large purchasers of gold and gold's important role as a store of value.

## Copper Ore Mining industry

### Performance

- 7.8 Copper is one of the world's most versatile materials due to its ability to conduct heat and electricity. The world's major mining countries include China, the United States, Peru, Chile and Australia;
- 7.9 The performance of the Copper Ore Mining industry largely depends on the global price of copper, quoted in US dollars, global copper production volumes and downstream demand streams. The global price of copper has declined over the past five years which has decreased industry revenue. In light of decreased revenue, miners have tried to implement ways to reduce costs.
- 7.10 Over the past five years, copper has been used extensively in new generation planes and trains. High-speed trains generally contain between two and four tonnes of copper, approximately twice the volume used in traditional electric trains. The construction of new high-speed rail networks in Japan and China over the past five years has contributed to copper export growth.

### Key External Drivers

#### *Global Price of Copper*

- 7.11 The global price of copper, in US dollars determines the amount of revenue that industry miners can generate from selling ore in the world market. Although demand from China has been strong over the past five years, the availability of substitutions in conjunction with increased supply has placed downward pressure on copper prices. The global price of copper is forecasted to increase in FY2018.

#### *Demand from building construction*

- 7.12 Copper is used in building construction for multiple purposes including light fixtures, electrical power products and copper tubing. A decline in domestic building construction will negatively affect demand for copper. It is expected that building construction output will decrease in FY2018

#### *Demand from copper tubes and wire manufacturing*

- 7.13 Multiple manufacturing industries use copper to produce electrical and electronic goods. A decline in demand from these industries leads to lower demand for copper concentrate. Demand from copper product manufacturers is anticipated to decrease in FY2018.

### Key Success Factors

- 7.14 IBIS World has identified the following Key Success Factors:
- Availability of resources
  - Downstream ownership links
  - Ability to alter goods and services in favour of market conditions
  - Ability to accommodate environmental requirements
  - Economies of scale

### Outlook

- 7.15 The copper ore mining industry is expected to grow over the next five years through to FY2023, driven by projected growth in export demand, US dollar copper prices and copper ore output. In addition, stronger global economic growth is expected to increase demand during this period.



## 8. Valuation approach

### Basis of Valuation

- 8.1 The valuation of the Consideration and Andina have been prepared on the basis of Fair Market Value being the value that should be agreed in a hypothetical transaction between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller, acting at arm's length.

### Valuation methodologies

- 8.2 In assessing the Fair Market Value of an ordinary Titan share prior to and immediately following the Proposed Transactions, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow ("DCF") method and the estimated realisable value of any surplus assets;
  - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
  - the amount which would be available for distribution on an orderly realisation of assets;
  - the quoted price for listed securities; and
  - any recent genuine offers received.
- 8.3 We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows.

#### *Market based methods*

- 8.4 Market based methods estimate the Fair Market Value by considering the market value of a company's securities or the market value of comparable companies. Market based methods include;
- the quoted price for listed securities; and
  - industry specific methods.
- 8.5 The recent quoted price for listed securities method provides evidence of the fair market value of a company's securities where they are publicly traded in an informed and liquid market.
- 8.6 Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally, rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

#### *Income based methods*

- 8.7 Income based methods estimate value by calculating the present value of a company's estimated future stream of earnings or cash flows. Income based methods include:
- discounted cash flow;
  - capitalisation of future maintainable earnings.
- 8.8 The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

- 8.9 The capitalisation of future maintainable earnings is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

#### *Asset based methods*

- 8.10 Asset based methodologies estimate the Fair Value of a company’s securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
  - liquidation of assets method; and
  - net assets on a going concern basis.
- 8.11 The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 8.12 The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame. The liquidation of assets method will result in a value that is lower than the orderly realisation of assets method, and is appropriate for companies in financial distress or where a company is not valued on a going concern basis.
- 8.13 The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company’s assets are liquid, or for asset holding companies.

### **Selection of valuation methodologies**

#### *Valuation of the Consideration*

- 8.14 In assessing the value of a Titan Share, we have selected the following valuation methodologies:
- sum of parts method which estimates the value of Titan by valuing the various assets and liabilities of Titan and aggregating the values (primary method); and
  - quoted prices of listed securities (secondary method).

#### *Primary method – sum of parts*

- 8.15 For Titan, the sum of parts method comprises:
- Exploration assets – independent valuation of the San Santiago Concessions prepared by Global Resources & Infrastructure Pty Ltd (“GRI”) discussed in paragraph 8.16 below;
  - Plant and equipment assets – independent valuation of the San Santiago Plant prepared by Trinol Pty Ltd (“Trinol”) discussed in paragraph 8.17 below; and
  - For all other assets and liabilities – net assets on a going concern basis.
- 8.16 We have instructed GRI to act as an independent specialist to value the San Santiago Concessions held by Titan. GRI adopted the following valuation methodologies in determining a range of values for the project:

- Comparable transactions analysis; and
- Joint venture terms method.

8.17 We have instructed Trinol to act as an independent specialist to value the San Santiago Plant held by Titan. Trinol adopted the following valuation methodologies in determining a range of values for the plant:

- The estimated realisable value; and
- The estimated replacement cost method.

8.18 Further information on GRI's and Trinol's adopted methodologies and valuations can be found in their full reports included at Appendices D and E, respectively.

*Secondary method – quoted price of listed securities*

8.19 Titan's Shares are listed on the ASX. We have also utilised the quoted market price methodology as a secondary valuation methodology to provide a cross-check to our primary valuation.

*Valuation of Andina*

8.20 In assessing the value of a Andina, we have selected the following valuation methodologies:

- sum of parts method which estimates the value of Andina by valuing the various assets and liabilities of Andina and aggregating the values (primary method); and
- recent share transactions (secondary method).

*Primary method – sum of parts*

8.21 For Andina, the sum of parts method comprises:

- Exploration assets – independent valuation of the Torrecillas Concessions, also prepared by GRI apply the same methodology as discussed in paragraph 8.16 above;
- Vista Gold Plant – historical cost as Andina's plant and equipment comprises the Vista Gold Plant which is under construction and near completion and commissioning; and
- For all other assets and liabilities – net assets on a going concern basis.

8.22 We note that Tulin Gold Plant is leased on an annual basis and is, therefore, excluded from the scope of the valuation as it is not a controlled asset of Andina.

*Secondary method – recent share transactions*

8.23 Andina's shares do not trade on a public exchange, however have recently been transacted. We have therefore utilised recent share transactions in Andina as a secondary valuation methodology to provide a cross-check to our primary valuation.

## 9. Valuation of Consideration

- 9.1 As stated at paragraph 8.14 we have assessed the value of the Consideration on a sum of parts basis and have also considered the quoted price of its listed securities.
- 9.2 We note that our assessment does not incorporate the proposed Mirador Acquisition by Titan as it is not finalised and is not expected to complete until early July 2018.

### Sum of parts valuation

- 9.3 We have assessed the value of the Consideration to be \$3.0 million to \$3.3 million based on the sum of parts valuation methodology, as summarised in the table below.

**Table 11 Assessed Fair Value of Consideration**

\$000's	Ref	Reviewed 31-Dec-17	Low	High	Preferred
Cash	9.6	2,932	13,264	13,264	13,264
San Santiago Plant	9.9	1,000	1,740	1,740	1,740
San Santiago Concessions	9.12	173	129	388	322
70% value of Torrecillas Earn-in Concessions	9.15	-	2,003	2,521	2,262
Cost to earn-in to Torrecillas Gold Project	9.17	-	(279)	(279)	(279)
Other assets and liabilities	9.18	(3,056)	(2,388)	(2,388)	(2,388)
<b>Net assets (control basis)</b>		<b>1,049</b>	<b>14,469</b>	<b>15,246</b>	<b>14,921</b>
Discount for minority interest (26% to 23%)	9.21		(3,762)	(3,507)	(3,656)
<b>Net assets (minority basis)</b>			<b>10,707</b>	<b>11,739</b>	<b>11,266</b>
Number of Shares on issue pre Proposed Transactions (after Tranche 2 Placement)	5.40		2,002,048,689	2,002,048,689	2,002,048,689
<b>Value per share</b>			<b>0.0053</b>	<b>0.0059</b>	<b>0.0056</b>
Consideration Shares to be issued	3.2		561,656,385	561,656,385	561,656,385
<b>Value of Consideration Shares</b>			<b>2,977</b>	<b>3,314</b>	<b>3,145</b>

Source: RSM Analysis

- 9.4 Our assessment has been based on the audited net assets of the Company as at 31 December 2017 of approximately \$1.05 million as disclosed in the Company's financial statements.
- 9.5 In order to calculate the current market value of Titan's Shares, we have made a number of adjustments to the carrying values of the assets included in the Statement of Financial Position. These adjustments are set out below.

#### Cash

- 9.6 Cash as at 31 December 2017 has been adjusted for a \$0.67 million loan provided to Andina post 31 December 2017 and the \$11.0 million in funds from the Placement in May 2018, as set out below.

**Table 12 Adjusted cash balance**

\$000's	
Cash at 31 December 2017	2,932
Funds raised from Placement	11,000
Funds loaned to Andina	(668)
<b>Cash at Valuation Date</b>	<b>13,264</b>

Source: Company

*Value of San Santiago Plant*

- 9.7 The assessed value of Titan's San Santiago Plant has been independently assessed by Trinol as at 2 May 2018. In valuing the plant, Trinol estimated both the realisable used value and the replacement (new) value of the plant assets.
- 9.8 Trinol determined the value of the plant at realisable value was US\$1,302,500 and if purchased new was US\$4,390,000. The valuation is attached at Appendix D.
- 9.9 In applying the Fair Market Value on a going concern basis, we have relied on the realisable used value of US\$1,302,500, which converts to \$1.74m at the prevailing rate of 1A\$:US\$1.336 as at 2 May 2018.

*Value of San Santiago Concessions*

- 9.10 The assessed range of values of Titan's 100% interest in the San Santiago Concessions has been independently assessed by GRI as at 23 May 2018. In valuing the exploration potential associated with the San Santiago Concessions, GRI applied both the comparable transactions and joint venture terms methods which were deemed appropriate for early stage exploration tenements such as the San Santiago Concessions.
- 9.11 GRI carried out an analysis of market transactions involving similar assets in Peru, with a particular reference to transactions involving gold and copper-gold projects. GRI then assigned an implied dollar per hectare value to calculate the implied value of exploration potential for the San Santiago Concessions.
- 9.12 GRI determined a dollar per hectare range of between \$149 and \$449 with a valuation multiplier of 0.15 and calculated an assessed value of the exploration potential associated with a 100% interest in the San Santiago Concessions to be between \$0.14 million and \$0.43 million, with a preferred valuation of \$0.36 million. The valuation is attached at Appendix E.

*Value of Torrecillas Earn-in Concessions*

- 9.13 GRI also applied the comparable transactions methodology for their valuation of the Torrecillas Gold Project. As a secondary method, the values implied by recent joint venture terms agreed on comparable projects were also used to assess a dollar per hectare value to calculate the implied value of exploration potential for the project.
- 9.14 GRI determined a dollar per hectare range of between \$982 and \$1,263 with a valuation multiplier of 0.31 and calculated an assessed value of the exploration potential associated with a 100% interest in the Torrecillas Gold Project to be between \$4.8 million and \$6.0 million, with a preferred valuation of \$5.4 million.
- 9.15 Titan holds a contracted right to earn-in 70% of the Torrecillas Earn-in Concessions (being 16 of the total concessions) in exchange for spending a further \$300,000 on annual fees over the next two years. The Earn-in Concessions represent 60% of the total hectares of the Torrecillas Gold Project and therefore we have attributed 60% of the total value of the Torrecillas Gold Project as assessed by GRI to the Torrecillas Earn-in Concessions, as shown in the table below.

**Table 13 Torrecillas Earn-in Concessions**

\$000's	Low	High	Preferred
Torrecillas Gold Project Total Value	4,770	6,003	5,387
Torrecillas Earn-In Concessions (60% of Total Project area)	2,862	3,602	3,232
<b>70% value of Torrecillas Earn-in Concessions</b>	<b>2,003</b>	<b>2,521</b>	<b>2,262</b>

Source: GRI Valuation Report and RSM Analysis

9.16 Given the relativity of the attributed value of 70% of the Torrecillas Earn-in Concessions at \$2.0 million to \$2.5 million against the required outstanding amount of earn-in expenditure of \$0.3 million, we consider it reasonable to assume that Titan will proceed with the earn-in and therefore we have attributed 70% of the value of the Torrecillas Earn-in Concessions to Titan's net assets.

9.17 We have included a cost of the outstanding amount of the earn-in, being the two remaining annual licence payments totalling \$0.3 million, discounted to present value at a discount rate of 5% per annum.

*Other assets and liabilities*

9.18 Other assets and liabilities as at 31 December 2017 has been adjusted for the \$0.67 million loan receivable from Andina, as set out below. We have accepted book value as being representative of fair market value.

**Table 14 Adjusted other assets and liabilities balance**

\$000's	
Other assets and liabilities at 31 December 2017	(3,056)
Loan receivable from Andina	668
<b>Other assets and liabilities at Valuation Date</b>	<b>(2,388)</b>

Source: Company

*Minority interest discount*

9.19 The sum of parts valuation provides a controlling value. The Andina shareholders will hold non-controlling interests in the Company following the Takeover Bid. Accordingly, we have reflected a discount for minority interest in the value of the Consideration.

9.20 In selecting a minority interest discount, we have given consideration to the RSM 2017 Control Premium Study. The study performed an analysis of control premiums paid over an 11-year period to 30 June 2016 in 463 successful takeovers and schemes of arrangements of companies listed on the ASX. The study concluded that, on average, control premiums in takeovers and schemes of arrangements involving Australian companies in the mining sectors was in the range of 30% to 35%.

9.21 In valuing the Consideration using the sum of parts methodology, we have reflected a minority interest discount using the inverse  $(1 / (1 + \text{control premium}))$  of the control premium, resulting in a minority interest discount in the range of 23% to 26%.

**Quoted price of listed securities (secondary method)**

9.22 In order to provide a comparison and cross check to our sum of parts valuation of Titan, we have considered the recent quoted market price for Titan shares on the ASX prior to the announcement of the Proposed Transactions.

*Analysis of recent trading in Titan Shares*

9.23 The figure below sets out a summary of Titan’s closing share price and volume of Titan Shares traded in the 12 months to 21 March 2018, the last trading day prior to the announcement of the Proposed Transactions.

**Figure 6 Titan daily closing share price and traded volumes**



Source: S&P Capital IQ/ ASX

9.24 Following re-compliance with the ASX Listing Rules upon effectuation of the DOCA, Titan shares began trading on the ASX in October 2017. Following initial high volumes of trading in the days immediately after trading recommenced, in the period prior to the announcement of the Proposed Transactions, liquidity in Titan Shares was limited.

9.25 To provide further analysis of the quoted market prices for Titan’s Shares, we have considered the VWAP over a number of trading day periods ending 21 March 2018. An analysis of the volume in trading in Titan’s Shares for the 1, 5, 10, 30, 60 and 90-day trading periods is set out in the table below.

**Table 15 Traded volumes of Titan Shares to 21 March 2018**

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day
<b>VWAP</b>	<b>0.035</b>	<b>0.036</b>	<b>0.034</b>	<b>0.032</b>	<b>0.035</b>	<b>0.037</b>
Total Volume (000's)	147.8	861.7	2,126.0	11,667.3	46,652.3	114,411.5
Total Volume as a % of Total Shares	0.01%	0.05%	0.13%	0.71%	2.85%	7.00%
Low Price	0.035	0.034	0.032	0.026	0.026	0.026
High Price	0.035	0.036	0.036	0.037	0.040	0.048

Source: S&P Capital IQ/ ASX

**Value of Titan Share on a non-control minority basis**

9.26 In our opinion, the weighted average share price of Titan over the last 30 days is most reflective of the underlying value of a Titan Share. As such, we consider a range of values of between \$0.032 and \$0.036 (one- to 30-day VWAP) reflects the quoted market price valuation of a Titan Share on a minority basis prior to the Proposed Transactions.

## Value of Titan Share on a control basis

9.27 Our valuation of the Consideration, on the basis of the recent quoted market price is between \$17.9 million and \$20.2 million on a minority basis, as summarised in the table below.

**Table 16 Assessed value of Consideration – quoted price of listed securities**

\$000's	Ref	Low	High	Preferred
30 Day VWAP of a Share at 21 March 2018	9.26	0.032	0.036	0.034
Consideration Shares to be issued	3.2	561,656,385	561,656,385	561,656,385
<b>Valuation of Consideration Shares</b>		<b>17,973</b>	<b>20,220</b>	<b>19,096</b>

Source: RSM Analysis

## Valuation summary and conclusion

9.28 A summary of our assessed values of an ordinary Titan Share on a control basis pre the Proposed Transactions, derived under the two methodologies, is set out in the table below.

**Table 17 Consideration valuation summary**

\$000's	Ref	Low	High	Preferred
Sum of parts basis	9.3	2,977	3,314	3,145
Quoted market price	9.27	17,973	20,220	19,096
<b>Preferred value of Consideration Shares</b>		<b>2,977</b>	<b>3,314</b>	<b>3,145</b>

Source: RSM Analysis

9.29 In our opinion, we consider that the sum of parts valuation methodology provides a better indicator of the Fair Value of the Consideration as we consider our analysis of the trading of Titan's Shares prior to the announcement of the Proposed Transactions indicates that the market for Titan's Shares is not deep enough to provide an assessment of their Fair Value via the quoted market price methodology.

9.30 We consider the significant variance between the sum of parts valuation and quoted market price valuation to be reflective of the potential upside the market is factoring in to the exploration assets of the Company and their potential value given the speculative nature of such assets.

9.31 Therefore, in our opinion, the Fair Value of the Consideration is between \$3.0 million and \$3.3 million on a minority and undiluted basis.



## 10. Valuation of Andina

10.1 As stated at paragraph 8.20 we have assessed the value of Andina on a sum of parts basis and have also considered recent share transactions.

### Sum of parts valuation

10.2 We consider that the value of 100% of Andina is between \$8.3 million and \$9.1 million on a sum of parts basis as summarised in the table below.

**Table 18 Assessed value of Andina**

\$000's	Ref	Unaudited 31-Dec-17	Low	High	Preferred
Cash	10.4	376	876	876	876
Working capital	10.5	1,477	1,689	1,689	1,689
Vista Gold Plant	10.6	3,130	3,130	3,130	3,130
Investment in Titan	10.7	2,600	273	293	283
Borrowings	10.8	-	(668)	(668)	(668)
Exploration assets – Torrecillas Earn-in Concessions (30%) and remaining Torrecillas Gold Project	10.9	9	2,766	3,482	3,124
<b>Value of 100% of Andina</b>		<b>7,593</b>	<b>8,313</b>	<b>9,061</b>	<b>8,687</b>

Source: RSM Analysis

10.3 Our assessment has been based on the net assets of Andina as at 31 December 2017 of \$7.59 million, adjusted for the following:

#### Cash

10.4 Cash as at 31 December 2017 has been adjusted for a \$0.67 million loan provided to Andina from Titan, as set out below.

**Table 19 Adjusted cash balance**

\$000's	
Cash at 31 December 2017	376
Funds loaned from Titan	668
<b>Cash at Valuation Date</b>	<b>1,044</b>

Source: Andina

#### Settlement of liabilities through the issue of equity

10.5 In the period since 31 December 2017, Andina has settled trade and other payables totalling \$212,712 through the issue of shares at a deemed issue price of \$0.011 per share resulting in an increase in net working capital, as set out below.

**Table 20 Adjusted working capital balance**

\$000's	
Working capital at 31 December 2017	1,477
Payables settled through the issue of shares	212
<b>Working capital at Valuation Date</b>	<b>1,689</b>

Source: Andina

#### *Vista Gold Plant*

- 10.6 Property, plant and equipment for the Company primarily relates to the Vista Gold Plant which is under construction with commissioning of the plant expected in the second half of 2018. We consider the historical cost to represent the fair value of the asset in its current pre-operational form.

#### *Investment in Titan*

- 10.7 We have included the value of Andina's Titan shares at the value as determined in paragraph 9.3 above.

#### *Borrowings*

- 10.8 Borrowings of \$0.67 million have been included for the loan provided to Andina from Titan.

#### *Value of Torrecillas Gold Project*

- 10.9 As discussed in paragraph 9.13 above GRI determined a dollar per hectare range of between \$982 and \$1,263 with a valuation multiplier of 0.31 and calculated an assessed value of the exploration potential associated with a 100% interest in the Torrecillas Gold Project to be between \$4.8 million and \$6.0 million, with a preferred valuation of \$5.4 million.
- 10.10 We have included the value of Titan's right to earn-in 70% of the Torrecillas Earn-in Concessions in our valuation of Titan shares, and therefore only attributed 30% of this value to Andina. In addition, the remaining value of the Torrecillas Gold Project as assessed by GRI (being the concessions not subject to earn-in rights by Titan) has been included based on the pro-rata area of those concessions.

### **Recent market value of Andina shares valuation (secondary method)**

- 10.11 As a cross check to our sum of parts valuation of Andina, we have considered recent share transactions in Andina shares.
- 10.12 Andina has undertaken a number of transactions from 5 December 2017 to 25 March 2018 for capital raisings, conversion of convertible debt to equity and settlement of other liabilities. Each transaction was completed at \$0.011 per share.
- 10.13 We have assessed the value of Andina at between \$9.5 million and \$9.8 million, based on the market value of recent share transactions and after adjusting for a control premium, as summarised in the table below.

**Table 21 Assessed value of Andina – recent share transaction basis**

\$000's	Ref	Low	High	Preferred
Recent capital raise price per share	10.12	0.011	0.011	0.011
Andina shares and performance shares on issue	6.14	662,754,534	662,754,534	662,754,534
<b>Value of Andina recent share transactions</b>		<b>7,290</b>	<b>7,290</b>	<b>7,290</b>
Control premium (30% to 35%)	9.20	2,187	2,552	2,369
<b>Value of 100% of Andina</b>		<b>9,477</b>	<b>9,842</b>	<b>9,660</b>

Source: RSM Analysis

## Valuation summary and conclusion

- 10.14 In our opinion, we consider that the sum of parts valuation methodology provides a better indicator of the Fair Value Andina as we consider our analysis the trading of Andina's shares not deep or transparent enough to provide an assessment of their Fair Value via the recent market price methodology, although we note that the range of values are relatively consistent between the two methods.
- 10.15 Therefore, in our opinion, the Fair Value of Andina is between \$8.3 million and \$9.1 million on a control basis.

## 11. Are the Proposed Transactions fair to Non-Associated Shareholders?

11.1 In order to assess whether the Proposed Transactions are fair to Shareholders, we have compared the value of Andina to the value of the Consideration.

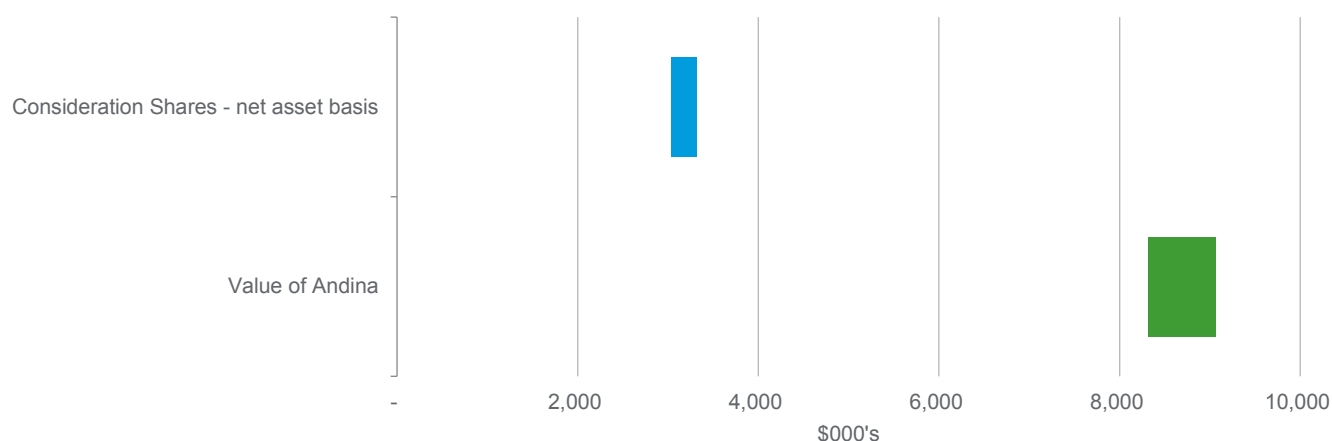
11.2 A comparison of our assessed values of Andina and the Consideration are set out below.

**Table 22 Assessed values of the Consideration and Andina**

Assessment of fairness	Ref	Value	
		Low \$	High \$
Fair value of Consideration	9.31	2,977	3,314
Fair value of Andina	10.15	8,313	9,061

Source: RSM analysis

**Table 23 Valuation graphical representation**



Source: RSM Analysis

11.3 In accordance with the guidance set out in ASIC RG 111, and in the absence of any other relevant information, for the purposes of complying with ASX Listing Rule 10.1, we consider the Proposed Transactions to be **fair** to the Non-Associated Shareholders of Titan as the value of the Consideration is below the range of values of Andina being acquired.

## 12. Are the Proposed Transactions reasonable to Non-Associated Shareholders?

12.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transactions, we have given consideration to:

- The future prospects of Titan if the Proposed Transactions do not proceed; and
- Other commercial advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transactions proceeding.

### Future prospects of Titan if the Proposed Transactions does not proceed

12.2 If the Proposed Transactions do not proceed the Company can still earn-in to 70% of the Torrecillas Gold Project, subject to the payment of a further \$300,000 in annual fees. The board will continue exploration activities on existing projects and pursue the Mirador Acquisition to advance the Company and provide value to Shareholders.

### Advantages and disadvantages

12.3 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transactions proceed, then if they do not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

### Advantages of approving the Proposed Transactions

12.4 The key advantages of the Proposed Transactions are:

**Table 24 Advantages of the Proposed Transactions**

Advantage	Details
The Proposed Transactions are fair	RG 111 states that if a transaction is fair it is also reasonable
The Takeover Bid will result in Titan re-consolidating its ownership of the Torrecillas Gold Project	If the Takeover Bid is successful, then Titan will not be required to spend the remaining \$300,000 in annual fees for its 70% earn-in rights to the Torrecillas Gold Project owned by Andina.
Titan will control the Vista Gold Plant, providing milling access and an efficient transport route from mine to mill	<p>Titan will be able to take advantage of the Vista Gold Plant which has been constructed by Andina to avoid building its own mill facilities or negotiating access rights for milling.</p> <p>Ore can be transported from the Torrecillas Gold Concessions to the Vista Gold Plant via the Pan American Highway, which provides an efficient transport route from mine to mill.</p> <p>Any discovery and subsequent mining operations at the San Santiago Concessions can also transport ore to the Vista Gold Plant for processing, which is located less than 100km away.</p>
The acquisition of Andina will enhance the Company's experience and local relationships in Peru	Titan will be able to leverage Andina's experienced in-country operational team and management expertise and relationships in Peru. These relationships are expected to be beneficial for onward sale of end product.
Potential increase in liquidity and ability to attract investors, as indicated by the recent \$11 million Placement in May 2018	<p>The Company's ability to raise funds and attract strategic investors may improve once the Takeover Bid is completed.</p> <p>The Takeover Bid may encourage new investors in the company which may lead to increased liquidity and greater trading depth than currently experienced by Shareholders.</p>

## Disadvantages of approving the Proposed Transactions

12.5 The key disadvantages of the Proposed Transactions are:

**Table 25 Disadvantages of the Proposed Transactions**

Disadvantage	Details
The Non-Associated Shareholders' interests in the Company will be diluted	The interest of Titan shareholders will be reduced from 100% to 78.1% following the completion of the Takeover Bid and prior to the \$11 million Placement completed in May 2018.
Risks of early stage assets being acquired, particularly the Vista Gold Plant which is yet to be commissioned.	Specific risks are associated with the early-stage assets being acquired from Andina, including there being no guarantee of economic benefits to Non-Associated Shareholders.  Construction of the Vista Gold Plant has yet to be completed by Andina and the commissioning of this plant is subject to receiving all regulatory permits and approvals.
Andina will be required to divest its 65 million Titan shares following completion of the Takeover Bid	This holding will represent 2.5% of the Titan's issued shares post completion of the Takeover Bid and recent Placement; there is a potential risk that divesting the size of shares may place downward price pressure on the Titan share price.

## Market response to the Takeover Bid

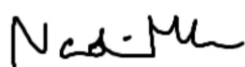
12.6 Following the Takeover Bid being announced to the ASX on 26 March 2018, the Company's shares experienced a drop from \$0.034 to \$0.026 per share in the five-day period following the announcement. However, the share price increased to \$0.031 per Share prior to the announcement of the Mirador Acquisition and has traded in a range of \$0.029 to \$0.035 since the announcement, broadly in line with the Share price of the Company prior to the announcement of the Takeover Bid.

## Conclusion on Reasonableness

- 12.7 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transactions are approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transactions are **reasonable** for the Non-Associated Shareholders of Titan.
- 12.8 An individual shareholder's decision in relation to the Proposed Transactions may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

**RSM CORPORATE AUSTRALIA PTY LTD**



**N MARKE**

Director



**A GILMOUR**

Director



## APPENDICES

## A. DECLARATIONS AND DISCLAIMERS

### **Declarations and Disclosures**

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

### **Qualifications**

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms. Nadine Marke and Mr. Andrew Gilmour are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Gilmour are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia.

### **Reliance on this Report**

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transactions. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

### **Reliance on Information**

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Titan Minerals Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

### **Disclosure of Interest**

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Andrew Gilmour, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transactions, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$30,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of Titan Minerals Limited receives Shareholder approval for the Proposed Transactions, or otherwise.

### **Consents**

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.



## B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Bidders statement of Titan in relation to the Takeover Bid;
- Audited financial statements of Titan for the years ended 31 December 2017 and 31 December 2016;
- Audited financial statements of Andina for the year 31 December 2016;
- Draft unaudited financial statements of Andina for the year 31 December 2017;
- ASX announcements of Titan;
- IBISWorld industry reports;
- S&P Capital IQ database; and
- Discussions with Directors and Management of Titan and Andina.

## C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
Andina	Andina Resources Ltd
APES	Accounting Professional & Ethical Standards Board
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
Company	Titan Resources Limited
Consideration	Proposed issued of 561,656,385 new Titan shares under the Takeover Bid
Control basis	As assessment of the Fair Value on an equity interest, which assumes the holder or holders have control of the entity in which the equity is held
DCF	Discounted cash flows
DOCA	Deed of Company Arrangement
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
Fair Value	The amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
FME	Future Maintainable Earnings
FOS	Financial Ombudsman Service
FSG	Financial Services Guide
GRI	Independent specialist Global Resources & Infrastructure Pty Ltd
IER	This Independent Expert Report
IOCG	Iron Oxide-Copper-Gold
Kairos	Kairos Capital Peru S.A.C
Mirador	M&S Transportes y Servicios Generales S.R.L
Mirador Acquisition	The proposed acquisition of Mirador and Kairos
Mirador Concessions	Six 100% mineral concessions by Mirador and Kairos
Mirador Plant	Mirador processing plant located in Chimbote, Peru
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transactions or Takeover Bid
Notice	The notice of meeting to vote on, inter alia, the Proposed Transactions
Option or Options	Unlisted options to acquire Shares with varying vesting conditions

Term or Abbreviation	Definition
<b>Placement</b>	The placement of 366,666,666 shares at \$0.030 per share in two tranches to investors
<b>Proposed Transaction</b>	Resolutions 1 to 3 inclusive under the Notice
<b>Report</b>	This Independent Expert's Report prepared by RSM dated 12 June 2018
<b>Resolution</b>	The resolutions set out in the Notice
<b>RG 111</b>	ASIC Regulatory Guide 111 Content of Expert Reports
<b>RSM</b>	RSM Corporate Australia Pty Ltd
<b>S&amp;P Capital IQ</b>	An entity of Standard and Poors which is a third-party provider of company and other financial information
<b>Share or Titan Share</b>	Ordinary fully paid share in the capital of the Company
<b>Shareholder</b>	A holder of Share
<b>Takeover Bid</b>	Titan's off-market take-over bid for 100% Andina
<b>Titan</b>	Titan Minerals Ltd
<b>Torrecillas Gold Project</b>	Mineral project is located in the Mesozoic Coastal Batholith Belt in Peru and consisting of the Torrecillas Earn-in Concessions
<b>Torrecillas Earn-in Concessions</b>	Mineral exploration concessions as detailed in Table 3
<b>TPD</b>	Tonnes per day
<b>Tranche 1</b>	First tranche of the Placement
<b>Tranche 2</b>	Second tranche of the Placement
<b>Tranche 1 Placement Shares</b>	233,333,333 Titan shares
<b>Tranche 2 Placement Shares</b>	133,333,333 Titan shares
<b>Trion</b>	Independent specialist Trinol Pty Ltd
<b>Tulin Gold Plant</b>	CIP gold production plant leased and operated by Andina
<b>San Santiago Plant</b>	Fully permitted plant for copper with a 530 TPD capacity at the San Santiago Project
<b>San Santiago Project</b>	Mineral project is located in located in the Cobrepampa areas surrounding the Acari region in Peru and consisting of the San Santiago Concessions and San Santiago Plant
<b>San Santiago Concessions</b>	Mineral exploration concessions as detailed in Table 4
<b>VALMIN Code</b>	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015)
<b>Vista Gold Plant</b>	Gold processing plant owned by Andina and currently under construction
<b>VWAP</b>	Volume weighted average share price

## D. TRINOL INDEPENDENT TECHNICAL SPECIALIST'S REPORT

# TRINOL PTY LTD

## VALUATION OF SAN SANTIAGO METALLURGICAL PLANT ASSETS

**CONTENTS**

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**DISCLAIMER**

This document and all information contained herein is confidential and intended for **RSM Corporate Australia Pty Ltd (RSM)** for use in the preparation of an Independent Experts Review (IER) on behalf of Titan Minerals Limited. Trinol has given consent to the issue of this report in the IER included in the form and context in which it appears. Trinol has only been involved in the preparation of this valuation report and not in the preparation of any other part of the IER. Trinol specifically disclaims liability to any person in respect of statements included elsewhere in the IER.

The opinions expressed in this document are addressed only to **RSM** for its benefit with respect to the **San Santiago Plant Valuation** project. Trinol accepts no liability whatsoever for any loss or damage (including consequential or economic loss damage) arising as a result of reliance on the information presented herein for any party.

Trinol has exercised reasonable care in accordance with standards normally exercised within our profession in the completion of this document. Trinol has relied on information provided by **RSM and Titan**. Although Trinol has exercised reasonable care in reviewing this data, Trinol makes no representation or warranty with respect to the accuracy or veracity of the data that it has relied upon.

## 1 EXECUTIVE SUMMARY

Trinol were instructed by RSM to prepare a valuation report for inclusion in an IER on behalf of Titan Minerals Limited and it is a high-level estimate of the replacement cost and realisable value of the copper and gold plant assets at the San Santiago processing facility located in the Nazca Province of Peru.

Trinol have not visited the site in Peru for the preparation of this report nor previously for the preparation of the preliminary Condition Assessment Report referred to in 3b) below, but has relied on information supplied by Titan Minerals and their engineering consultants and advisors.

The order of magnitude valuation estimate in US dollars (USD) has been prepared by identifying the major mechanical items of plant and estimating costs for that equipment. Where items of equipment have not been identified, then an assumed item has been included and sized based on typical design factors for that equipment. Various factors, stated in the tables below, have then been applied to arrive at the realisable value of the used assets if they were offered for sale on the open market. These factors are derived from experience of purchasing similar used plant in WA and the values may be higher in Peru if the said items are not freely available on the local market.

The Table 1-1 below summarises the estimated values.

<b>Combined Circuit Value</b>		
<b>Circuit</b>	<b>Estimated Value New</b>	<b>Estimated Realisable used value</b>
Copper	\$ 2,750,000	\$ 776,400
Gold	\$ 1,640,000	\$ 526,100
<b>Combined</b>	<b>\$ 4,390,000</b>	<b>\$ 1,302,500</b>
<b>Estimated Plant Replacement Cost (3x equipment multiplier)</b>	<b>\$ 13,170,000</b>	

Table 1-1 : Combined Copper and Gold Plant Estimated Value

## 2 SCOPE

This desktop study report provides an estimated value of the combined copper and gold plant assets at the San Santiago processing facility in the Nazca Province of Peru. Trinol has not visited the site, and the report has been compiled by identifying and estimating the costs associated with new major mechanical items of equipment for both the copper and gold circuits and applying an industry acceptable 3 times multiplier to obtain an all in constructed price. This factor is derived from experience in constructing numerous metallurgical plants internationally and supported by the internationally recognised Lang factor method of Capital Cost estimation:

<http://prjmgrcap.com/langfactorestimating.html>

Peruvian depreciation rates were not available, but in the case of mining equipment the valuation is often driven by condition and maintenance/operating practices, rather than by age and how many tonnes have been treated. In the case of the San Santiago assets the Copper sulphide and Gold circuits are seemingly in good condition and thus a 30% to 35% value factor has been provided for the used equipment price depending on equipment type. For the oxide copper plant, which is reported to be in not in as good condition, but is still very serviceable, a 20% current valuation factor has been used.

It also needs to be considered that with any new plant, a significant portion of the costs are not recoverable if the equipment is to be sold and relocated. For example, a Run of Mine retaining wall for the crusher installation will cost more than the crusher, but has no commercial re-sell value, other than in its installed location, as it cannot be relocated. Major mechanical equipment can be relocated if it is in suitable condition to be of interest to other parties.

Plant equipment valuations are based on a database of costs of similar equipment purchased in Brazil and WA within the last two years.

Finally, this report has been written without detailed consideration of the used equipment market in Peru due to time constraints on understanding the used equipment market or any tax implications on imported items in Peru, which may affect the realisable value. Local factors could affect the valuation and items that may have little value elsewhere, may have significant value in Peru if they are hard to find. Such factors have not been taken into account in this valuation.

## 3 REFERENCE MATERIALS

The documents provided as source data for the investigation are:

- |                            |   |
|----------------------------|---|
| a) Titan Minerals Limited  | Internal Memo - Site visit and Desktop Assessment               |
| b) Trinol Pty Ltd          | Preliminary condition assessment of San Santiago dated Aug 2017 |
| c) Karios Peru Sac Capital | List of Machine and Equipment                                   |

## 4 PLANT VALUES

### 4.1 COPPER CIRCUIT

The copper sulphide circuit was refurbished in 2014 and is seemingly in good operational condition. The plant comprises of a single crushing circuit with two parallel processing streams one for sulphide ore and one for oxide ore.

The simplified circuit layout is shown below in Figure 4-1 with the estimated values in Table 4-1 following.



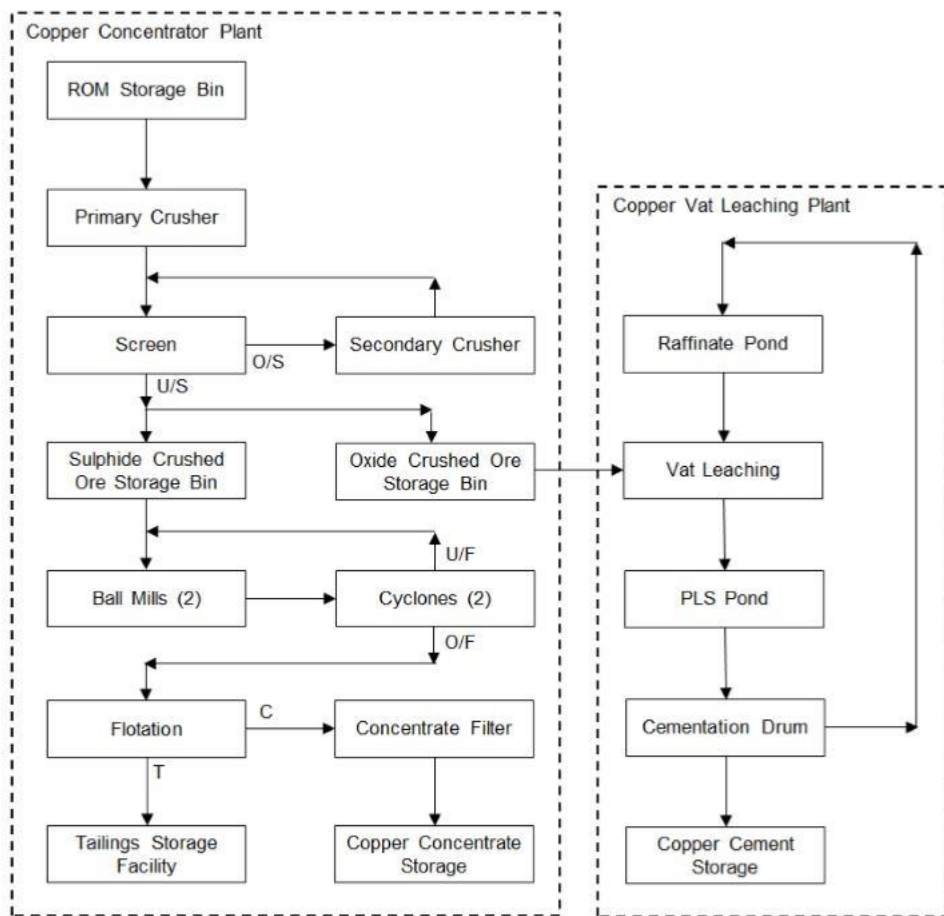


Figure 4-1 : Simplified Copper Circuit Flowsheet - Source Trinol Report

The following photos in Figure 4-2, provided by Titan Minerals, depict typical copper plant condition.



Figure 4-2 : Copper Mills and Copper Flotation Cells

**TRINOL PTY LTD**

**VALUATION OF SAN SANTIAGO METALLURGICAL PLANT ASSETS**

Copper Circuit Estimated Value						
Copper Circuit	Item	Description	Source	Estimated Value New	Used Value Factor	Estimated Realisable used value
Crushing	Primary Crusher	250x500 Jaw	Trinol Report	\$ 185,000	35%	\$ 64,800
Crushing	Secondary Crusher	914mm Cone	Trinol Report	\$ 275,000	35%	\$ 96,300
Crushing	Product Screen	4x18' Double deck	Assumed	\$ 65,000	30%	\$ 19,500
Crushing	Crushing Conveyors	3 Conveyors 14" x 80m total length	Assumed	\$ 125,000	30%	\$ 37,500
Sulphide	Fine ore bin	270T Ore Capacity	Trinol Report Assume 30T bin	\$ 210,000	30%	\$ 63,000
Sulphide	Mill Feed Conveyor	14"x8m	Equipment List	\$ 30,000	30%	\$ 9,000
Sulphide	Ball Mill	6'x6' with 125HP drive	Trinol Report	\$ 300,000	35%	\$ 105,000
Sulphide	Ball Mill	6'x6' with 125HP drive	Trinol Report	\$ 300,000	35%	\$ 105,000
Sulphide	Mill Discharge Pumps	3" duty standby	Equipment List	\$ 30,000	30%	\$ 9,000
Sulphide	Cyclones	4" and 6"	Equipment List	\$ 35,000	30%	\$ 10,500
Sulphide	Rougher/Scavenger Flot Cells	Bank of 6 Denver	Trinol Report	\$ 190,000	35%	\$ 66,500
Sulphide	Cleaner Flot Cells	Bank of 4 Denver	Trinol Report	\$ 150,000	35%	\$ 52,500
Sulphide	Concentrate filter	30 tpd	Trinol Report	\$ 75,000	35%	\$ 26,300
Sulphide	Tails Pumps	2.5" Duty Standby	Equipment List	\$ 30,000	30%	\$ 9,000
Oxide	Fine Ore Bin	Unknown. Assume 270T capacity	Trinol Report	\$ 210,000	35%	\$ 73,500
Oxide	Conveyor distibution system	14"x20m	Photos	\$ 35,000	20%	\$ 7,000
Oxide	Concrete Vat Leaching	Assumed 5mx5mx2mx12off	Photos	\$ 395,000	0%	\$ -
Oxide	Cementation Drum	Unknown	Provisional Sum	\$ 80,000	20%	\$ 16,000
Oxide	Various Pumps	Unknown	Provisional Sum	\$ 30,000	20%	\$ 6,000
				<b>Total</b>		<b>\$ 776,400</b>
				<b>Plant Replacement Cost (3x equipment multiplier)</b>	<b>\$ 8,250,000</b>	

**Table 4-1 : Estimated Copper Circuit Value**

**4.2 GOLD CIRCUIT**

The Gold circuit was also assumed to be in good operational condition and is reported to have been upgraded in 2014.

The circuit consists of Primary crushing, closed circuit Secondary crushing followed by Milling from which the slurry is pumped to a typical CIL/CIP circuit and then to tails. Loaded carbon is screened out at the plant and sent to Lima for final gold extraction. No final gold recovery is done on site.

The photos below ,supplied by Titan Minerals,in Figure 4-3 show the general condition of the gold circuit and Table 4-2 presents the estimates of the value (USD) of the plant.



Figure 4-3 : Gold Circuit Photos

**TRINOL PTY LTD**

**VALUATION OF SAN SANTIAGO METALLURGICAL PLANT ASSETS**

<b>Gold Circuit Estimated Value</b>						
<b>Gold Circuit</b>	<b>Item</b>	<b>Description</b>	<b>Source</b>	<b>Estimated Value New</b>	<b>Used Value Factor</b>	<b>Estimated Realisable used value</b>
Crushing	Primary Crusher	400x600 Jaw	Trinol Report	\$ 195,000	35%	\$ 68,300
Crushing	Secondary Crusher	600mm Cone	Trinol Report	\$ 175,000	35%	\$ 61,300
Crushing	Product Screen	4x18' Double deck	Assumed	\$ 65,000	30%	\$ 19,500
Crushing	Crushing Conveyors	3 Conveyors 14" x 80m total length	Assumed	\$ 125,000	30%	\$ 37,500
Milling	Fine ore bin	30T Ore Capacity	Trinol Report Assume 10T bin	\$ 75,000	30%	\$ 22,500
Milling	Mill Feed Conveyor	14"x8m	Equipment List	\$ 30,000	30%	\$ 9,000
Milling	Ball Mill	6'x8' with 180HP drive	Trinol Report	\$ 350,000	35%	\$ 122,500
Milling	Mill Discharge Pumps	2" duty standby	Equipment List	\$ 30,000	30%	\$ 9,000
Milling	Cyclones	2 x 3"	Equipment List	\$ 25,000	30%	\$ 7,500
Leaching	CIL/CIP Tanks	5 off 6.1m x 6.1m. Estimated 9.5T Ea	Trinol Report	\$ 400,000	30%	\$ 120,000
Leaching	Agitators	5 off 15 kW	Assumed	\$ 85,000	30%	\$ 25,500
Leaching	Carbon Pumps	5 off x 2 kW	Assumed	\$ 35,000	30%	\$ 10,500
Leaching	Tails Pumps	2" Duty Standby	Equipment List	\$ 30,000	30%	\$ 9,000
Leaching	Loaded carbon vessel	Unknow - Assume 2T capacity	Assumed	\$ 20,000	20%	\$ 4,000
<b>Total</b>				<b>\$ 1,640,000</b>		<b>\$ 526,100</b>
<b>Plant Replacement Cost (3x equipment multiplier)</b>				<b>\$ 4,920,000</b>		

Table 4-2 : Estimated Gold Circuit Value

**4.3 COMBINED ASSET VALUE**

The below Table 4-3 presents the estimated asset value (USD) of the combined plant at the San Santiago site.

<b>Combined Circuit Value</b>		
<b>Circuit</b>	<b>Estimated Value New</b>	<b>Estimated Realisable used value</b>
Copper	\$ 2,750,000	\$ 776,400
Gold	\$ 1,640,000	\$ 526,100
<b>Combined</b>	<b>\$ 4,390,000</b>	<b>\$ 1,302,500</b>
<b>Estimated Plant Replacement Cost (3x equipment multiplier)</b>	<b>\$ 13,170,000</b>	

Table 4-3 : Combined Asset Value

## E. GRI INDEPENDENT TECHNICAL SPECIALIST'S REPORT



**VALUATION OF THE**

**SAN SANTIAGO COPPER-GOLD & TORRECILLAS GOLD PROJECTS,  
SOUTHERN PERU**

**for**

**TITAN MINERALS LTD**

Prepared for

**RSM Corporate Australia Pty Ltd**

By

**Global Resources & Infrastructure Pty Ltd**

This report has been prepared at the request of RSM Corporate Australia Pty Ltd. The report's purpose is to provide information relating to the Concessions that form the San Santiago and Torrecillas Projects, located in southern Peru, to RSM Corporate Australia Pty Ltd to assist that company in providing an Independent Expert's Report on the fairness and reasonableness to non-associated shareholders of the proposed transaction between Titan Minerals Ltd and Andina Resources Limited that will result in the issue of approximately 652 million fully paid ordinary shares in Titan Minerals Ltd to a Related Party. In return, the Related Party will provide to Titan Minerals Ltd ownership of Andina Resources Limited, a corporation registered in Australia, that owns minerals exploration concessions in the Torrecillas Gold Project, Peru.

This report, prepared by Global Resources & Infrastructure Pty Ltd, has estimated the valuation range for the exploration Concessions that form the San Santiago Copper/Gold Project and the Torrecillas Gold Project. These valuations have been based on information supplied by management, directors and staff of, and consultants to, Titan Minerals Ltd and Andina Resources Limited, from RSM Corporate Australia Pty Ltd and Moore Stephens Pty Ltd and from reports prepared by Mining-Plus personnel based in South America, who have assisted Global Resources & Infrastructure Pty Ltd with technical investigations into the two projects. Additionally, publicly available information and reviews of other projects of this type in Peru and elsewhere have been utilised.

This report may accompany commentary provided by RSM Corporate Australia Pty Ltd on their opinions with regard to the transaction.

The report has been completed in accordance with the terms and conditions described herein and set forth in our agreement with Titan Minerals Ltd.

23 May 2018

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## 1. INTRODUCTION

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### 1.1. OVERVIEW

Titan Minerals Ltd (“**Titan**”) proposes to issue 561,656,385 million fully paid ordinary shares to acquire all of the issued capital of Andina Resources Limited (“**Andina**” or “**the Company**”) an Australian unlisted public company. Andina is partly owned by Related Parties to Titan and as such Titan has requested RSM Corporate Australia Pty Ltd (“**RSM Corporate**”) to provide an Independent Expert’s Report (“**IER**”) to consider the ‘fairness and reasonableness’ to non-associated shareholders of the proposed issue of fully paid ordinary shares in consideration for the acquisition of the Company. The Related Party is identified in the IER.

Titan’s plan to acquire Andina will enable Titan to re-consolidate ownership of the Torrecillas Gold Project and expand Titan’s presence as a gold and basemetals production and exploration company. The combined group will have significant growth potential and enable Titan to obtain the critical mass necessary to continue to develop its business and provide strong growth for shareholders.

The transaction will provide an opportunity for Titan to develop its current Peruvian assets, the San Santiago Copper-Gold Project and the Torrecillas Gold Project and allow it to operate Andina’s complementary assets, the Tulin Gold Plant and the Vista Gold Plant.

If the bid is successful, Titan:

- will be able to take advantage of the Vista Gold Plant to avoid building its own mill facilities, saving approximately US\$4 million in capital expenditure, and avoiding the three to four years required to obtain the gold plant licencing approvals;
- Ore can be transported from the Torrecillas Gold project to the Vista Gold Plant via the Pan American Highway, which provides a direct route from mine to mill;
- Any discovery and subsequent mining operations at the San Santiago concessions can also transport ore to the Vista Gold Plant for processing, a distance of less than 100km;
- Significant administration and corporate overhead savings as Andina has established an experienced in country operational team with a strong standing in the community, strong plant and technical capabilities in both operating and exploration that will be invaluable to Titan.

RSM Corporate has requested GRI, in the role of Specialist, to undertake an independent assessment and valuation of the Minerals Exploration Concessions on the San Santiago and Torrecillas concessions for its use in developing the IER, and for attachment to its IER.

GRI’s report will focus only on the values of the minerals exploration concessions that form Titan’s and Andina’s potential production assets. In this instance, the minerals exploration concessions are contained within two projects:

1. **San Santiago Copper-Gold Project** - consists of 21 Minerals Exploration Concessions totalling 5,753.69 hectares.
2. **Torrecillas Gold Project** - consists of 29 Minerals Exploration Concessions totalling 15,667.68 hectares, for which Titan holds an earn-in right for 70%.

### 1.2. PURPOSE OF THE REPORT

Titan is listed on the Australian Securities Exchange (“**ASX**”) and is considering the opportunity to issue 561,656,385 million shares to acquire all of the ordinary shares in Andina and thereby provide Titan with ownership of Andina’s Peruvian based Torrecillas Gold Project and its Tulin and Vista Gold Plants and retain its San Santiago Copper-Gold Project. Both projects have both been shown to contain gold mineralisation and the San Santiago project also contains significant copper mineralisation.

Titan has engaged RSM Corporate to provide an Independent Expert's Report ("IER") to consider the 'fairness and reasonableness' to non-associated shareholders of the proposed issue of fully paid ordinary shares in consideration for the acquisition of the Company. The related party is identified in the IER.

RSM Corporate has requested Global Resources & Infrastructure Pty Ltd ("GRI"), in the role of Specialist, to undertake an independent assessment and provide a valuation for the concessions that form the San Santiago and Torrecillas projects for use in developing the IER, and to provide to them the following:

- An Independent Valuation Report ("IVR") on the Market Value of the concessions and a statement as to what defines Market Value;
- A statement of compliance in the IVR that GRI's work and report is prepared in accordance with the relevant codes;
- Information on all key assumptions underpinning GRI's assessment and our consent to allow RSM Corporate to refer to and rely on the IVR to assist them to determine the value of the assets and to allow the IVR to be appended to the IER for which will become a public document.

## 2. SUMMARY AND VALUATION

---

### 2.1. EXECUTIVE SUMMARY

Both the San Santiago and Torrecillas Projects are located in Caravelí Province, Arequipa Region of Peru. Combined, the two projects account for 50 separate concessions covering a total area of 21,421.369 hectares or 214.21 km<sup>2</sup>.

Andina currently treats gold ore from artisanal miners at its Tulin and Vista beneficiation plants, which are located in the vicinity of the City of Nazca. Andina also controls the Torrecillas Minerals Exploration Concessions. When Andina mined mineralised material at the Torrecillas Project it trucked this material to local toll treatment facilities.

While Andina holds the rights to the Torrecillas Gold Project, Titan holds a 70% right to earn-in after expending monies on exploration and development.

The acquisition of Andina will allow Titan to take control of the Torrecillas concessions without being obliged to undertake the earn-in expenditures and could process the mineralised material at its San Santiago beneficiation plant once it has secured the necessary permits.

In addition, Titan will acquire the Tulin and Vista gold plants from Andina, where it can use pre-existing mill facilities to save approximately US\$4 million and avoid three to four years of approvals for new mills.

Andina, through its various wholly owned subsidiaries, Mundo Minerals S.A.C., Golden Empire S.A.C., and Mundo Peru Gold S.A.C., currently holds 29 concessions at Torrecillas representing a total area of 15,667.68 hectares.

For the San Santiago Project, Titan's local subsidiary, Musiris, owns 2,309.88 Ha in within 5 concessions with options on a further 18 concessions owned by Alvarez Calderon.

Titan owns the San Santiago copper-gold beneficiation plant, which is fully permitted for copper with a 530 tonnes per day (TPD) installed processing capacity through a combination of its three circuits. These circuits include (i) a 200 TPD CIP gold circuit; (ii) 250 TPD copper sulphide circuit; and (iii) 80 TPD copper oxide circuit. At this time, while the copper circuits are available for production, the gold circuit has not been permitted and therefore Titan cannot produce gold in its circuits. The company intends to pursue the various permits necessary to enable operation of the gold circuit.

Prior to entering into administration, Andina focused its activities on developing the Torrecillas Gold Project. However, exploration activities were limited during 2014 to trial mining, which focused exclusively on production from the three mineral vein structures identified. Although the Torrecillas Gold Project previously had an estimated Mineral Resource in line with NI 43-101 (Canadian requirement), this is not compliant with either NI-43-101 or JORC (2012) as the necessary economic evaluations have not been undertaken. Furthermore, with the trial mining program in place from 2012 to the end of 2014, a definitive reconciliation of the remaining resources against those originally estimated prior to the trial mining period has not satisfactorily verified the resources still in place. This lack of definitive evaluation may be due to changes in the Company's management during its period in administration and the time that has elapsed since the Company last reported its mineral resources.

In December 2014, Andina placed the Torrecillas Gold Project on a care and maintenance program and no activities have been carried out since then.

The Torrecillas Gold Project comprises 29 mining concessions, covering a total area of 15,667.68 hectares. Upon completion of the transaction Titan will own all of the Torrecillas Concessions.

Titan proposes to issue 562 million fully paid ordinary shares at a ratio of 1 Titan share for every 1.18 Andina shares, to acquire all of the issued capital of Andina, the major owner of the Torrecillas Gold project.

Andina is owned and controlled by Related Parties to Titan and as such Titan has requested RSM Corporate to provide an IER to consider the 'fairness and reasonableness' to non-associated shareholders of the proposed issue of fully paid ordinary shares in consideration for the acquisition of Andina.

## 2.2 VALUATION

GRI has undertaken an assessment of the San Santiago and Torrecillas Concessions and estimated the value range of these assets and provided our estimation of the preferred value for each.

Our valuation of the **San Santiago Copper-Gold Project**, using the Comparable Transactions (“CT”) method and in consideration of several modifying factors as outlined in our report, as at the date of this report, to be in the range **\$0.13 million to \$0.38 million, with a preferred value of \$0.32 million.**

Likewise, we have estimated the value of the **Torrecillas Gold Project**, using the Comparable Transactions (“CT”) method and in part the Joint Venture Terms method and after consideration of several modifying factors as outlined in our report, as at the date of this report, to be in the range **\$4.8 million to \$6.0 million, with a preferred value of \$5.4 million.**

Table 1 provides our valuation estimates and the valuation method for the San Santiago and Torrecillas Concessions.

**Table 1: Summary - Valuation of San Santiago and Torrecillas Concessions.**

Project	Basis of Valuation	Valuation Method	Value		
			Low	High	Preferred
San Santiago	100%	CT	\$0.13m	\$0.38m	\$0.32m
Torrecillas	100%	CT/JVT	\$4.8m	\$6.0m	\$5.4m

### 3. METHODOLOGY AND APPROACH

---

#### 3.1. INTRODUCTION

Both Titan's and Andina's minerals exploration concessions are located in Caravelí Province, Arequipa Region of Peru. Andina, is an unlisted public company and holds numerous minerals exploration concessions that form the Torrecillas Project area; it also owns two gold beneficiation plants, Tulin and Vista, that are located further north in the vicinity of the City of Nazca. In this report, only the minerals exploration concessions have been valued, the valuations of the various plants do not form part of this report and have been excluded from the valuations obtained by GRI.

The Torrecillas Gold Project, which has been described as an advanced development and exploration gold project, is located 640km south of Lima, in south-eastern Peru and comprises 29 individual concessions covering an area of approximately 15,667 hectares. These minerals concessions contain narrow vein, high-grade mineralised structures. In 2012, a Mineral Resource was estimated but further exploitation of the mineralisation was undertaken during the period 2012 -2014. Mining-Plus reviewed the remaining mineral resource during 2016 and produced an estimation of how much mineralised material was mined and determined how much remains based on subtracting the mined-out stopes from what was originally estimated in 2012. No economic evaluation has been completed on this project since the study by BMGS in 2012.

The San Santiago Project is owned by Titan and is regarded as being an early-stage copper-gold project. It is located approximately 570 kilometres south east of the Peruvian capital of Lima, and approximately 22 kilometres east of the Panamerican Sur along the road to Bella Union. Comprised of 21 individual minerals exploration concessions, covering an area of 5,753.69 hectares, the project is further contained within an area of approximately 20km x 25km on the plateau to the North-West of the township of Acari known as Cobrepampa, which lies within the Jurassic – Cretaceous Iron Oxide Copper Gold (IOCG) Belt in Southern Peru. There is a processing plant that is fully permitted for copper with 530 tonnes per day (TPD) installed capacity through a combination of three circuits. This plant has not been permitted for gold processing and GRI has not included its value in this valuation report.

Titan proposes to acquire all the issued shares in Andina by issuing 561,656,385 million fully paid ordinary shares in Titan Minerals Ltd.

The independent Directors of Titan have requested RSM Corporate to provide an IER to consider the fairness and reasonableness to non-associated shareholders of the proposed transaction. The related party is identified in the IER. GRI, in the role of Specialist, has been requested by RSM Corporate to provide to it, for use in developing their IER, a technical assessment and valuation of the minerals concessions held by Titan and Andina for the two projects.

In providing our estimation of the value range of the San Santiago and Torrecillas Projects, which includes fifty (50) mineral exploration concessions covering a combined area of approximately twenty-one thousand hectares, GRI has adhered to the requirements of the Valmin Code (2015) of the Australasian Institute of Mining and Metallurgy ("**The AusIMM**").

In general, a valuation is derived by considering a technical value, reflecting the assessed future net economic benefit of the project, which can be adjusted by way of a premium or discount, for given market and other conditions presently applicable to determine a market value. With this in mind, the application of standard valuation methodologies, while possible, may not indicate a realisable value, as the ability of a potential purchaser to use the asset for commercial advantage or other gain from its ownership, may not be achievable.

In particular, in reviewing the value of mineral exploration concessions, GRI recognises that the "value or market value" as defined in the Valmin Code (2015) is very difficult to determine, as the potential value of these assets are totally dependent on the successful exploration for, and identification of, an orebody or orebodies of sufficient size and quality to justify its/their commercial development. Accordingly, while it is feasible to apply valuation methods that are generally used for early-stage exploration projects, it is

important to recognise that those methods do not, nor are they intended to, identify the potential commerciality of a development of that asset.

For the purposes of this report, since the Andina and Titan concessions are located in southern Peru, GRI has relied to a large extent on the technical information and site visits provided by Consultant Geologists from Mining-Plus, Lima, Peru and from Titan's Peruvian subsidiary. These geologists are named in the section 3.5 of this report and have worked on the Torrecillas Project for several years and have knowledge of the San Santiago Project. Additionally, a report on a field trip undertaken by a consultant geologist to Titan and provided to GRI was used to evaluate the San Santiago Project. All of these geologists have agreed to the use of their work by GRI for inclusion in this report.

The Valmin Code (2015) states that within each Valuation Approach, there are Valuation Methods that share a common rationale or basis but differ in how they are calculated.

Three widely accepted Valuation Approaches are:

- (a) Market-based, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance on an open market.
- (b) Income-based, which is based on the notion of cashflow generation. In this Valuation Approach the anticipated benefits of the potential income or cash flow of a Mineral Asset are analysed.
- (c) Cost-based, which is based on the notion of cost contribution to Value. In this Valuation Approach the costs incurred on evaluating the Mineral Asset are the basis of analysis.

## **3.2. PROJECT VALUATION METHODS**

### **3.2.1. SUMMARY**

The commonly used valuation methods for mineral assets that GRI has considered, and/or adopted where appropriate, to determine the value of the Andina concessions, include:

- The Net Present Value of Future Cash Flows Method
- The Exploration Expenditure Multiples method
- Joint Venture Terms method
- In Situ Values method
- Comparable Transactions method

### **3.2.2. NET PRESENT VALUE OF FUTURE CASH FLOWS METHOD - (NPV)**

The Net Present Value method is based on the premise that the value of a business is the net present value of its future discounted cash flows. In the mining business, this method requires assessment of:

- mineral reserves and resources;
- the appropriate mining and processing methods to exploit and market those reserves; and
- analyses of future levels and timing of production, production costs, market prices, cash flows, capital requirements and capital costs for the life of the potential reserves.

This technique is particularly appropriate for a minerals investment with defined reserves and resources and is the most common approach to valuation in the minerals industry. GRI determined that this methodology was not appropriate for deriving a valuation for these projects as the use of this method for ASX companies requires that as a minimum a JORC (2012) compliant resource be identified and that a Pre-Feasibility Study also be completed. As the concessions forming the San Santiago project have received

little formal exploration studies and no exploration target has been identified then this method cannot be used. Despite the mining activities being undertaken at Torrecillas there is still issues with the verification of minerals resources and no financial evaluation has been undertaken. Furthermore, some minor exploration drilling activities have been completed and while mineralisation has been recognised no exploration targets have been developed. Hence, at this stage the concessions at Torrecillas must also be considered to be immature exploration projects with no JORC (2012) compliant resources and no Pre-feasibility available. Therefore, no estimation of value was attempted using this method.

### **3.2.3. EXPLORATION EXPENDITURE MULTIPLES METHOD - (EEM)**

GRI reviewed the available information with the view to use the “Exploration Expenditure Multiples” method to estimate the realisable (market) value of the project. This method is commonly used to assess value for “grass-roots” or immature exploration assets where no JORC classifiable resource has been identified. With this method, the total historical costs of acquiring and exploring the permit up to the present, plus committed and approved future exploration expenditure, is taken as the base. To this is applied an “Exploration Effectiveness Multiplier”, a measure of the usefulness of the expenditure to the development of future exploration programmes and the effective equity interest.

The result is adjusted by applying a “Prospectivity Enhancement Multiplier” (PEM) representing the valuer’s opinion of the company’s potential success (or otherwise) in upgrading the prospectivity of the permit. This factor would normally lie in the range of 0 to 3, with zero representing a write-off, and a value greater than one applying where exploration had successfully upgraded the permit. The selection of the appropriate enhancement factor is subjective and dependent on the valuer’s experience and judgement. Unfortunately, it was impossible to provide a reasonable estimation of any past exploration expenditures with any expectation of accuracy. Despite these concessions having been worked for many years there is little information regarding exploration expenditures, budgets or examples of exploration programmes that would enable the determination of value using this method. Accordingly, this method was not used.

### **3.2.4 JOINT VENTURE TERMS - (JVT)**

The terms of a joint venture agreement or proposed agreement indicate the value placed on a permit by a (usually) knowledgeable incoming partner who is prepared to invest in the property to earn an interest. This method has to take into consideration the full details of the agreement, particularly the terms under which the incoming partner can withdraw. GRI has used this method in conjunction with the Comparable Transactions method to estimate value for the Torrecillas project that was the subject of two separate joint venture agreements separated by a period of approximately three years.

### **3.2.5 IN SITU VALUES METHOD – (ISV)**

Where some data on tonnage and grade is available, a discounted subjective profit margin per unit of production is sometimes used, based on the valuer's experience and judgement. This works best for simple situations such as gold deposits, however as we have no identified JORC (2012) compliant resources, which may have several mining and processing options and for which there is currently no understanding of the project economics, GRI determined that this method was not appropriate.

### **3.2.6 COMPARABLE TRANSACTIONS METHOD – (CT)**

Comparable transactions relate to the values of reasonably recent transactions for other properties that are judged to be similar and/or in the same region and/or of comparable geology as the property in question. As such transactions are often of a joint-venture nature, it is necessary to discount the apparent value for time and for the probability of the earning expenditure being completed or adjust them for other payments such as royalties to be triggered by successful exploration.

GRI evaluated a significant number of transactions for minerals properties in Peru and Chile that contained elements similar to the Torrecillas and San Santiago projects, including those involving: similar minerals assemblages, property sizes, maturity of exploration activities, location with respect to infrastructure, etc., to determine whether they were comparable. Based on the information obtained from these transactions, GRI determined that there was sufficient cause to value the Concessions using this method.

### **3.3 MATERIAL ISSUES**

All prices quoted in this report are in Australian Dollars (A\$).

Unless otherwise noted, the units used in this report include:

Currency – AUS dollars

Dates – DD/MM/YYYY

Distance – Meters

Area – Square kilometres

Tonnes – metric tonnes (the historic reports on the property use both ton and tonne)

t – metric tonne

g/t – grams per metric tonne

% - percent

### **3.4 OTHER MATTERS**

This report has been prepared in accordance with the requirements of the Australasian Institute of Mining and Metallurgy and Australian Institute of Geoscientist's VALMIN (2015) Code and the Australasian Institute of Mining and Metallurgy's JORC (2012) Code.

### **3.5 RELIANCE ON OTHER CONSULTANTS**

The exploration history and mineralogical information presented in this report has been extracted from reports prepared by various geologists who have undertaken assignments on these concessions. Mr Paul Murphy, Manager South America for Mining-Plus, a geologist and Competent Person provided technical and in-country support, Mr David Seers, MAusIMM CP (Geo), Senior Exploration Geologist, Mining-Plus South America, was responsible for preparing several maps used in this report and has visited the exploration concessions and Dr Andrew Fowler, a geologist provided further technical data and checked the validity of the concessions against the Peruvian Government's mining information site.

The valuations contained in this report have been prepared by Ian Buckingham, who is employed by GRI, is a qualified geologist and has sufficient experience, which is relevant to his ability to provide a value estimation for the assets being considered, to qualify as a Specialist as defined in the 2015 Edition of the 'Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (The VALMIN Code).



## 4 LOCATION, TENURE, PERMITTING AND TECTONIC SETTING

### 4.1 LOCATION AND TENURE

The Concessions considered in this valuation report are divided into two main projects as shown in Figure 1.

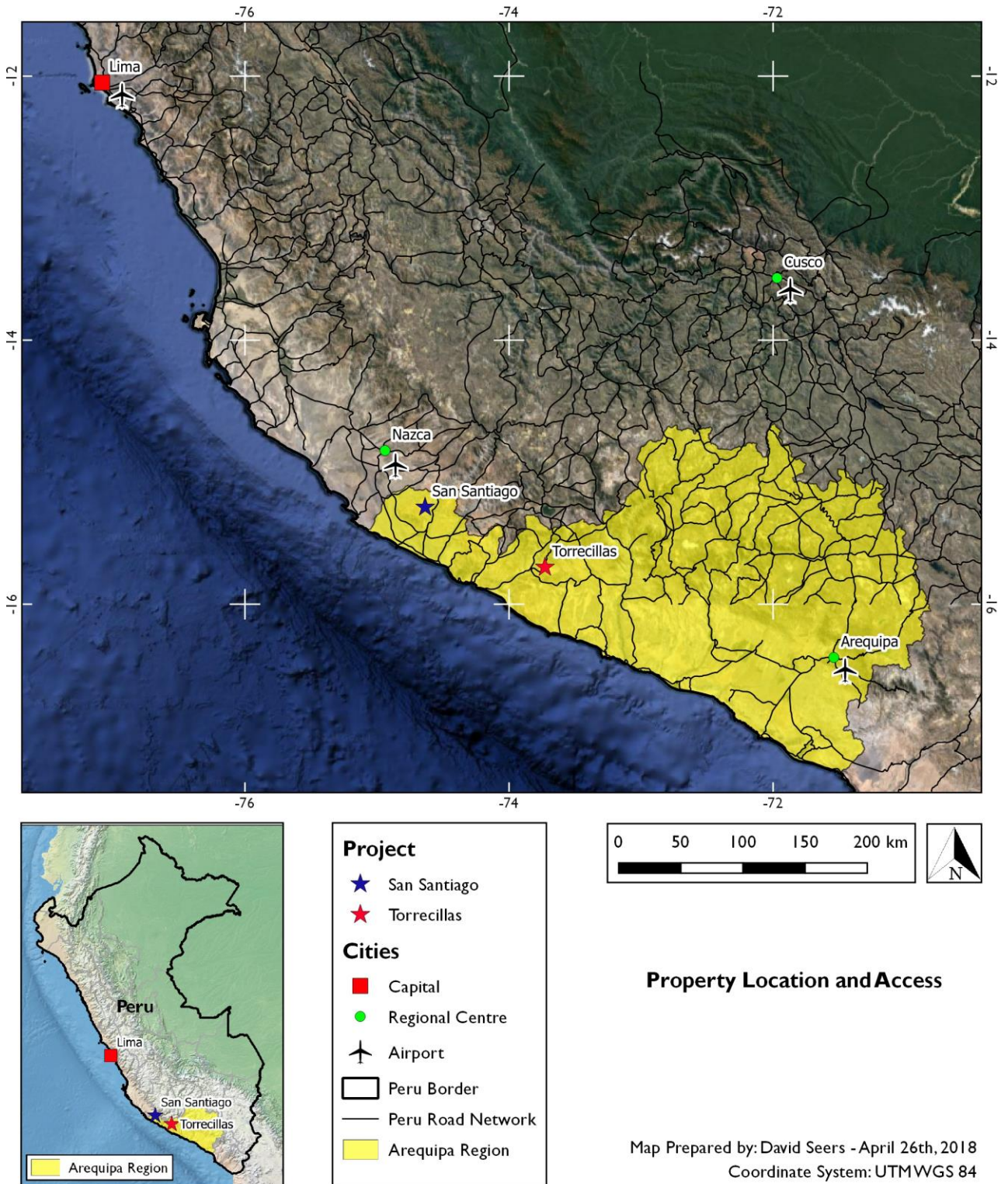


Figure 1- Location of the Torrecillas and San Santiago Projects

Both projects are situated in the Caravelí Province of the Arequipa Region of Peru. Andina’s concessions form the Torrecillas Gold Project and are located in the Chaparra and Quicacha Districts and Titan’s

concessions form the San Santiago Copper-Gold Project and are located in the Bella Union and Acari Districts, approximately 545km and 440km to the southeast of the capital city Lima, respectively (Figure 2).

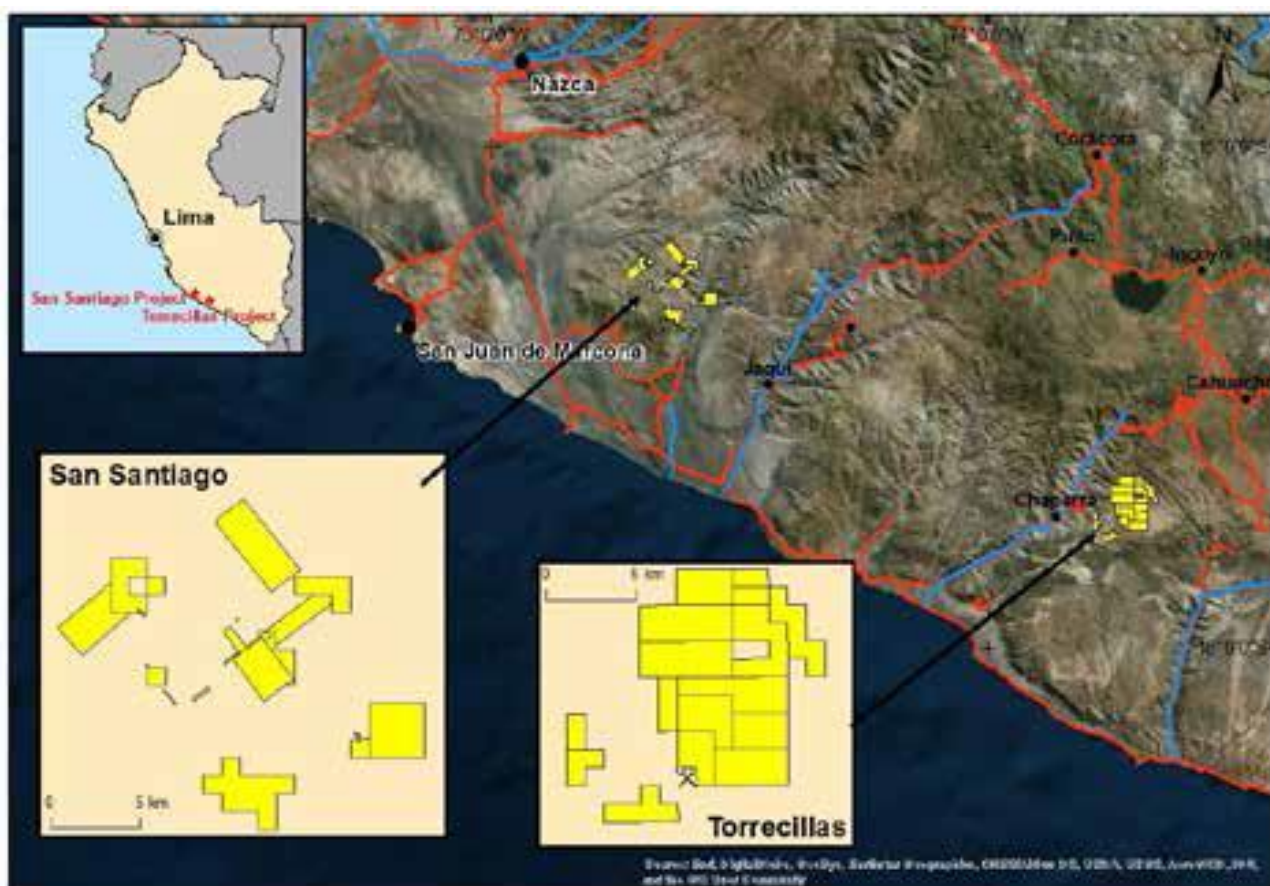


Figure 2 - Location of the Company's mineral properties in Peru

Andina's Torrecillas Gold Project comprises 29 concessions covering a total area of 15,667.68 hectares (Table 2). The tenements are held by the Company via several wholly-owned Peruvian subsidiaries as listed in Table 2. As far as GRI could ascertain, the tenure is in good standing, with no impediments to any future exploration work by the Company.

Titan's San Santiago Copper-Gold Project comprises 22 concessions covering a total area of 6,380.70 hectares (Table 6). The tenements are held by the Company via several wholly-owned Peruvian subsidiaries as listed in Table 6. As far as GRI could ascertain, the tenure is in good standing, with no impediments to any future exploration work by the Company.

#### 4.2 INFRASTRUCTURE AND ACCESS

The San Santiago and Torrecillas projects can be accessed from Lima via the Panamericana Sur (*South Pan American*) highway, with the final access to both projects from the highway via unpaved roads for relatively short distances (approximately 20 - 45km). At the Torrecillas Project, accommodation, food, water, basic supplies and mining materials can all be sourced in the nearby town of Chala. At the San Santiago Project, accommodation, along with food, water and basic supplies, is in the village of Otapara.

#### 4.3 PERMITTING REQUIREMENTS

There are two types of mining permit in Peru:

**Small Miner Permit** - To extract ore from a concession under the small mining provisions a person or Company must hold several of the following permits:

- Being holder or operator of the concession, they must register the concession or the contract in Public Records;



- Be accredited to use surface plots of lands where mining activities are executed;
- Have documented Environmental Certification accrediting the environmental feasibility of the mining project by way of an Environmental Impact Statement (DIA) is necessary for the concessions that comprise the mining project;
- A Certificate establishing that the area where the mining activities will be executed does not have any archaeological remains.
- Permits authorising the use of explosives;
- Authorisations for the use of Water, to Start/Restart mining operations, to operate as a small miner, to allow the disposal of domestic and industrial wastewater to water sources,
- to store fuel for their own use, and
- Special Record of Gold Suppliers and Processors – Mandatory record for all operators buying, selling and refining gold.

Once the mining concession is granted through the corresponding resolution or through a contract authorising the concession's operation, they must be registered in Public Records in order to take effect before the required permits can be requested.

Under the Peruvian mining system rents are payable on tenure with the initial rate set at US\$3 per hectare. This payment is an obligation that must be paid annually in order to keep the tenure on a good standing status. Taking into account that tenements (also known as concessions in Peruvian laws) are irrevocable, the referenced payment must be made every year. On the other hand, if the mining producer is qualified as a small-scale mining producer, the rent payable consists of US\$1 per hectare.

**Unlimited Mining Licence Permitting** - The permitting required is as for a small miner, with the exception of the Environmental Certification. For unlimited mining licences a detailed Environmental Impact Assessment (EIA) is required, the characteristics of which are related on the scale of activity to be undertaken. The EIA process is an extensive process of community, archaeological, hydrogeological, and geotechnical studies that form a full assessment of a mining project. It will consider the potential negative environmental impacts, with those considered significant requiring thorough analysis and proposal of a management strategy.

#### 4.4 MINING LAW

Mining in Peru is primarily regulated by national laws and regulations enacted by the Peruvian Congress and the executive branch of government. The principal legal framework on mining is set forth in the 1992 General Mining Law and its amendments. The mining sector is regulated by its Law and Regulations on Organization and Functions, pursuant to which the Ministry of Energy of Mines (the MEM) was created. It is the principal government entity that, together with its various offices, departments and agencies, is responsible for the mining sector in Peru. The MEM is a member of the Executive Branch of government, and it is responsible for putting in place specific policies and rules governing the matters in its jurisdiction, namely energy, hydrocarbon and mining activities.

The MEM is also responsible for decentralising and transferring some of its responsibilities to the local governments. Local governments may put in place rules regarding mining to be applicable in their respective jurisdiction, so long as such rules and local laws do not conflict with MEM rules or other laws and regulations.

The Peruvian laws have attempted to ensure more-favourable minerals and crude oil and gas exploration and production contract terms for investors. Individuals and private companies are allowed to hold mining permits in Peru. In the legal framework for investment and taxation, no distinction is made among domestic and foreign investors, corporations, joint ventures, and consortia formed in Peru or abroad. The remittance of dividends, depreciation, and royalties abroad has no restrictions. Contracts can be signed by investors, and the Government guarantees the stability of legal commitments and taxes.

Peru offers legal stability agreements that can be entered into by private investors with the Peruvian government for 10 or 15-year terms to protect their investments and enjoy a number of benefits. Mining investors with stability agreements will benefit from tax stability (including income, export, labour, and

certain tax exemptions), free disposition of currency generated by exports, non-discrimination with respect to the exchange rate, accelerated depreciation for certain assets and the option of maintaining accounting in a foreign currency. Also, mining concession title-holders that have projects in the exploration stage may apply to have the right of early recovery of sales tax paid during the exploration phase.

#### 4.5 TECTONIC SETTING

The San Santiago and Torrecillas Projects both lie within the Pisco-Chala Structural Domain in a corridor between two regional-scale fault structures striking northwest-southeast known as the Nazca – Ocoña metallogenic belt, with the northern-most tenements of the Torrecillas Project crossing over the eastern structure and into the Western Cordillera Domain (Figure 3).

The regional geology is dominated by Mesozoic volcanic and sedimentary rocks that were intruded by igneous plutons in the Late Cretaceous. These rocks were formed in a Mariana-type subduction environment with several cycles of compression and extension that marked the beginning of the Andean Cycle. Later Tertiary and Quaternary volcanic and sedimentary rocks, which are more dominant in the western part of the region moving away from the Cordillera and down towards the present-day coast, subsequently formed as the tectonic setting changed to the current Andean-type continental margin.



Figure 3 - Project locations in relation to the Structural Domains in Peru (Source: Platel, 2017)

The San Santiago Project is located 110km northwest of the Torrecillas Project within the Marcona Iron Oxide - Copper - Gold (IOCG) province, which is one of the biggest sources of iron ore in the central Andes and plays host to numerous large copper ( $\pm$  gold  $\pm$  silver) - rich IOCG deposits. The project area lies within the Acari-Cobrepampa district of the province and hosts copper – silver – gold mineralised vein systems. Like the Torrecillas Project, the mineralisation in this region is believed to be related to the mid-Cretaceous intrusions of intermediate to felsic plutons that together formed the Coastal Batholith. However, in contrast to the Torrecillas Project, in the San Santiago Project area, much of the Mesozoic geology has been subsequently overlain by Cenozoic sediments and volcanic units (Figure 4). Mineralisation occurs as

mesothermal vein systems, which have infilled faults and other structures such as offsets and hydrothermal breccias caused by subsequent faulting and reactivation of existing faults. The predominant orientation is again northwest-southeast.

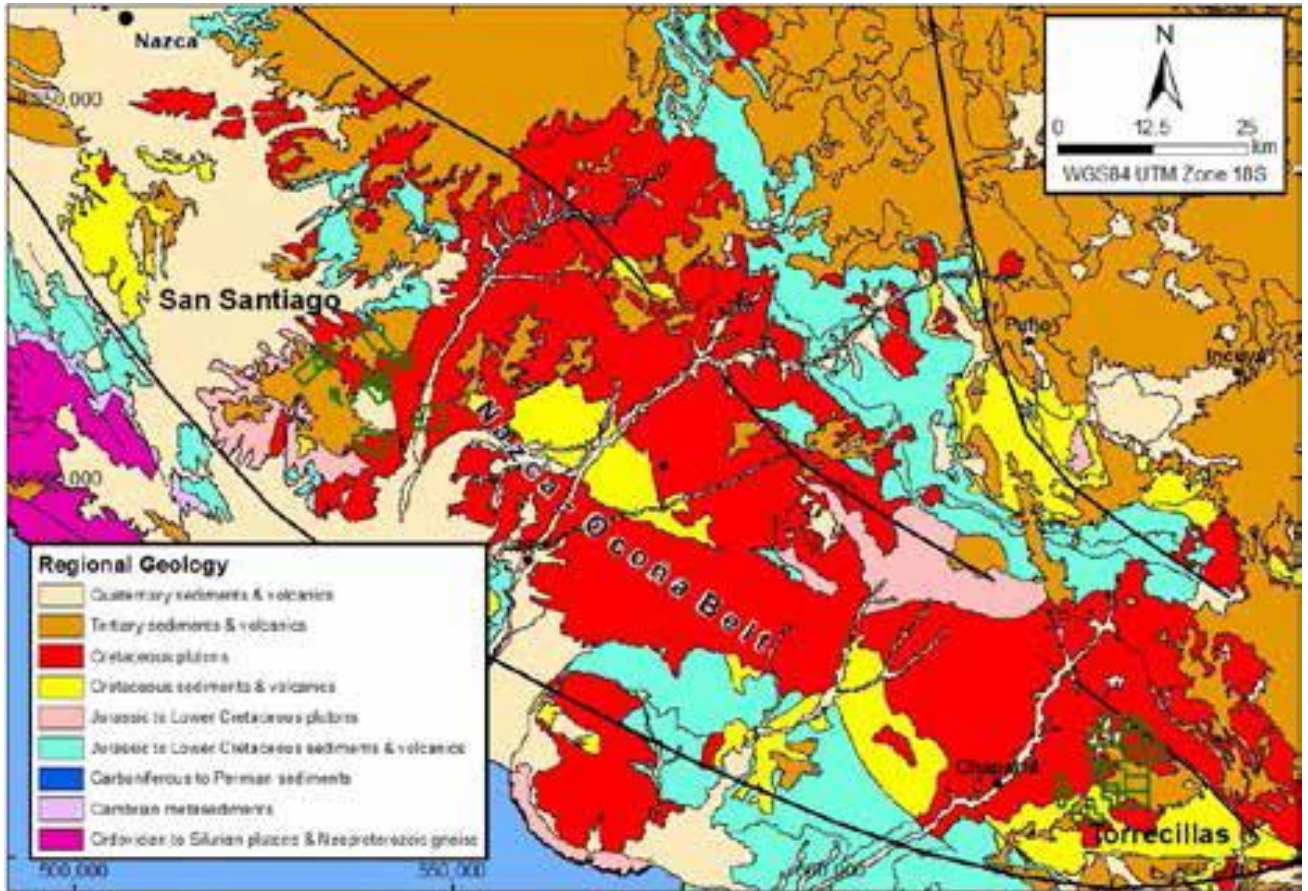


Figure 4 - Regional geology of the San Santiago and Torrecillas Projects

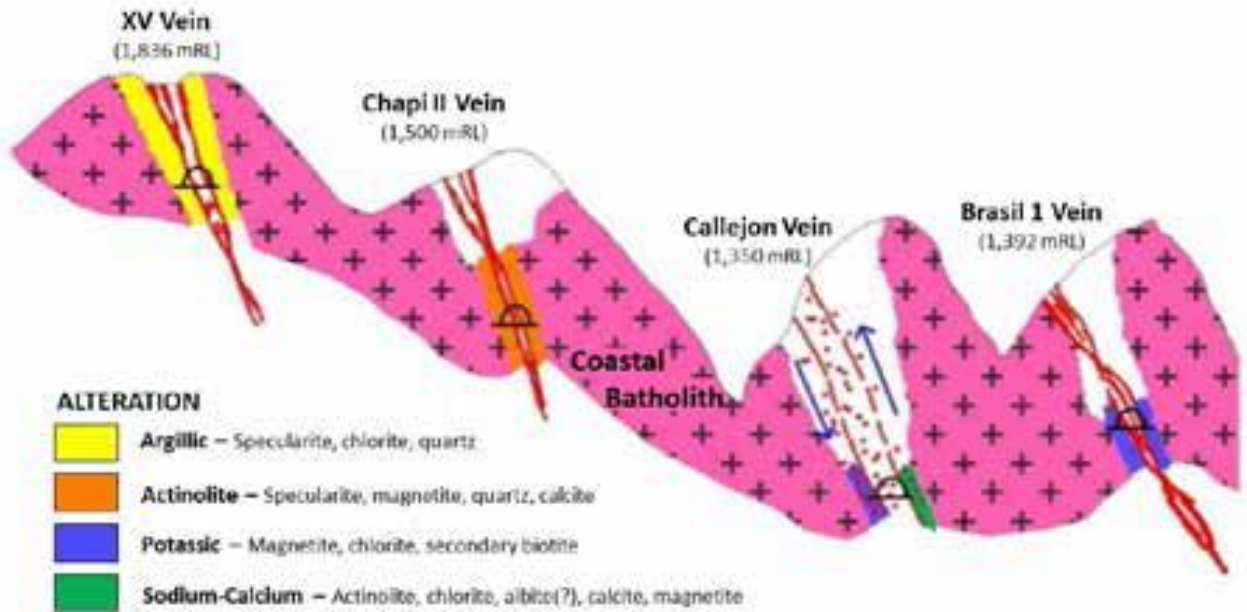


Figure 5 - Schematic cross-section across the San Santiago Project area highlighting the different alteration assemblages (adapted from Minera 2015b)



## 5 TORRECILLAS GOLD PROJECT

### 5.1 INTRODUCTION

The 12 concessions that originally comprised the Torrecillas Project were pegged by the Peruvian company Sociedad Minera Surex S.A.C. between 1997 and 2005, all of which were then acquired by Minera Gold Limited (“Minera”) in 2007. Minera acquired the Torrecillas Project as an operating mine, however at the time of acquisition it did not have a Mineral Resource estimate. Minera subsequently compiled a Mineral Resource estimate for the project however, it did not complete a feasibility study demonstrating the economic viability of the Mineral Resources in order to generate Mineral Reserves. Minera subsequently added a further 17 concessions to the Torrecillas Project tenure to bring the total to 29 concessions covering 15,667.68 hectares. Minera holds the rights to the project through its various wholly owned subsidiaries, Golden Empire S.A.C., Mantle Mining Peru S.A.C. and Mundo Minerals S.A.C. These concessions can be split into two distinct locations; the Retorno block which consists of 24 concessions representing an area of approximately 12,800 hectares and hosts the Torrecillas operation; and the Tumi block, consisting of five tenements representing an area of approximately 2,868 hectares, located to the west nearby to the coast.

### 5.2 PROJECT DESCRIPTION, CONCESSIONS AND LOCATION

Table 2 and Figure 6 set out the details of the Torrecillas concessions.

Table 2 – Torrecillas Concessions

Holder	No.	Code	Tenement	Title	Public Record			Area (Ha.)	Zone
					Electronic Title	File	Sheet		
Mundo Minerals S.A.C.	1	010358707	RETORNO XX	00549962	12194410	0001	-----	100.00	
Golden Empire S.A.C.	1	010147196	RETORNO-II	00102577	02029583	0008	296302	400.00	Retorno
	2	010265596	RETORNO -IV	00102569	02030083	0007	297307	500.00	
	3	010375996	RETORNO VI	00102561	02030084	0005	297308	200.00	
	4	010232798	RETORNO VII	00102559	02031612	0003	300410	500.00	
	5	010133999	RETORNO VIII	00102557	11699848	0004	-----	700.00	
	6	010116000	RETORNO IX	00102554	02033131	0002	300404	288.83	
	7	010118701	RETORNO X	00102551	11716949	0002	-----	200.00	
	8	010193402	RETORNO XIV	00102549	11853108	0003	-----	500.00	
	9	010036005	RETORNO XV	00102548	11870690	0002	-----	500.00	
	10	010603307	RETORNO XXVI	00517234	12187773	0001	-----	300.00	
	11	010358807	RETORNO XXV	00877618	12744253	0001	-----	200.00	
	12	010256408	RETORNO XXVII	00162935	12449917	0001	-----	200.00	
	13	010015811	RETORNO XXXI 2011		INGEMMET ISSUE OF CONSENT PUBLISHED 15 MAY			600.00	
	14	010015711	RETORNO XXXII 2011		INGEMMET CERTIFICATION PENDING			1,000.00	
	15	010015611	RETORNO XXXIII 2011	00056353	12785507	0001	-----	700.00	
	16	010188811	RETORNO XXXIV 2011	00993401	12759902	0002	-----	1,000.00	
	17	010188911	RETORNO XXXV 2011	00993400	12759916	0002	-----	900.00	
	18	010189011	RETORNO XXXVI 2011	00993372	12759959	0002	-----	900.00	
	19	010189111	RETORNO XXXVII 2011	00993373	12759963	0002	-----	600.00	
	20	010189211	RETORNO XXXVIII 2011	00993371	12759966	0002	-----	800.00	
	21	010935195	TUMI I	00102521	02030885	0006	299122	414.96	Tumi
	22	010935395	TUMI III	00061296	20003538	0008	007184 - AQP	1,000.00	
	23	010249098	SUSTITUCION	00102546	11603525	0004	-----	399.40	
	24	010042602	SUSTITUCION IV	00102542	11603533	0003	-----	500.00	
	25	010028003	SUSTITUCION V	00102535	11612686	0003	-----	500.00	
Mundo Peru Gold S.A.C.	1	010142796	RETORNO-I	00102578	02029723	0007	-----	200.00	Retorno
	2	010221096	RETORNO-III	00102574	02029718	0008	-----	800.00	
	3	010265696	RETORNO-V	00102566	02030191	0007	-----	764.49	
<b>Total</b>								<b>15,667.68</b>	

The Torrecillas Project is located in the Chala district, Caravelí Province, in the Arequipa region, approximately 545 kilometres south east of the Peruvian capital of Lima, and approximately 50 kilometres east of the nearest major town of Chala. The project can be accessed from Lima using the Lima-Chala highway, Panamericana Sur. It is geographically located in the Central region of the Western Cordillera of the Andes between elevations of 2,500 to 3,200 metres above sea level (MASL). Table 3 provides detailed information regarding the Torrecillas Project.

The Torrecillas deposit was exploited on a small-scale exploration or trial mining basis between 2012 to end 2014 but since then has been on a care and maintenance basis. This approach was initially sufficient to fulfil the objective of generating sufficient cash flow via production to cover the operating costs of the project. In an effort to move away from the earlier approach of generating resources by development (a common process in similar scale South American gold mines), Minera (Andina) commenced systematic exploration via targeted drilling programs with the intention of generating compliant Mineral Resource estimations.

**Table 3 – Location references.**

Reference geographical coordinates	Reference UTM coordinates
15 45' 25" South latitude	8,258,400 North
73 45' 12" West longitude	634,050 East
	Zone: 18S, Datum: PSAD 56

Regional topography and geology of INGEMMET at 1:100,000 scale is located on the published Chaparra (sheet 320) map sheet.

A royalty agreement is applicable to the 17 tenements obtained from Surex; that is those tenements numbered 1-9 and 21-25 listed as held by Golden Empire S.A.C and those tenements numbered 1-3 listed as held by Mundo Peru Gold S.A.C. in Table 2. This agreement dictates a payment of US\$8 per ounce of gold produced after total production exceeds 90,000 ounces. This royalty relates only to the tenure purchased from Surex. In addition, Minera is required to pay a 2% net smelter return (NSR) on any metals produced from the concessions other than gold.

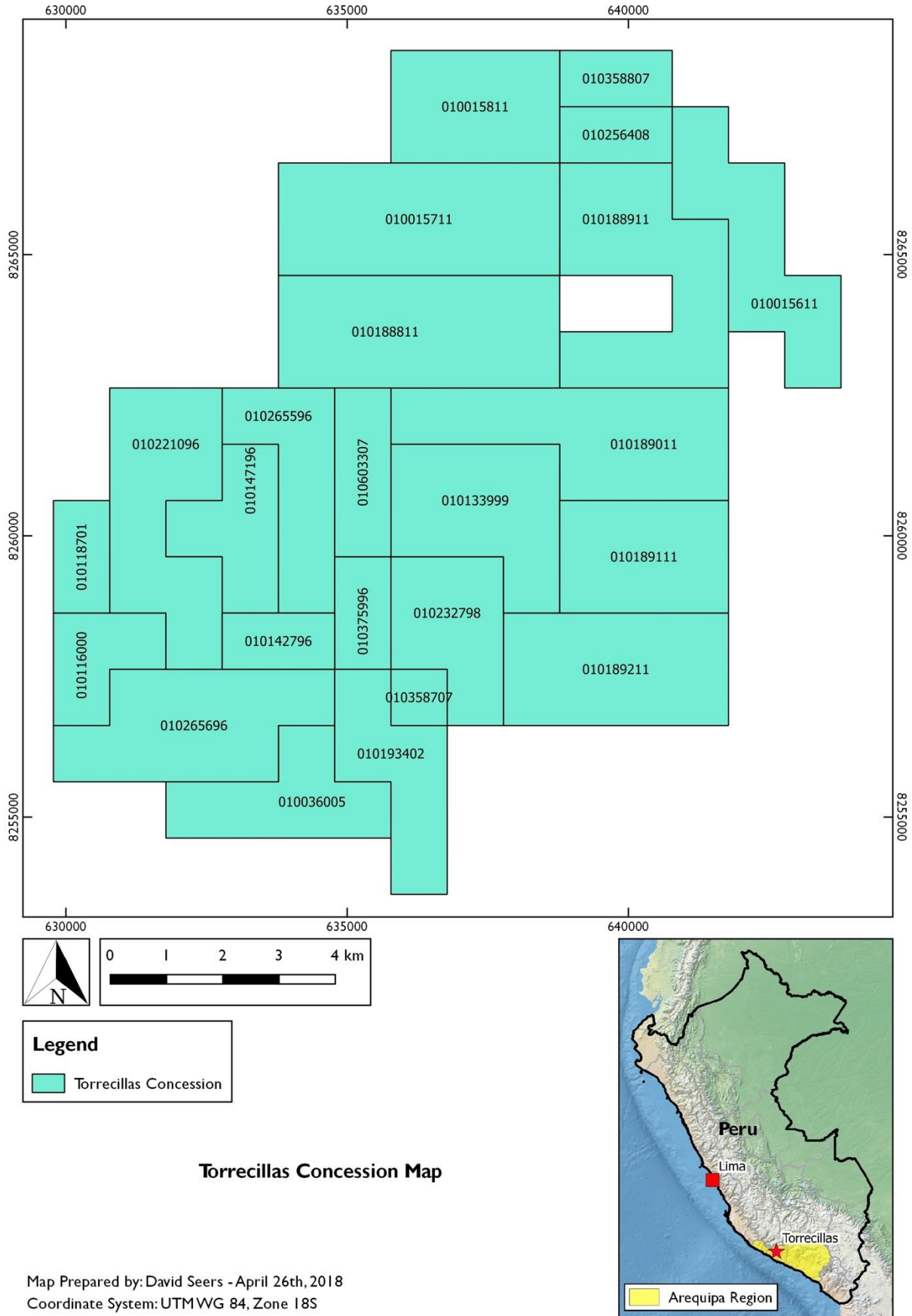


Figure 6 – Torrecillas Location Map and Concessions



### 5.3 ACCESSIBILITY AND CLIMATE

The work area is characterised by its small mountains, hills and rock formations with little slope, being arid and rocky. The bottoms of the ravines are soft at the upper levels, generally becoming narrow and rocky towards the bottom, generally full of alluvial gravel. Rocky outcrop exposure is approximately 80% with the remaining 20% covered by quaternary sand, alluvial, and colluvial material. Flora is scarce with sporadic presence of cactus.

The Torrecillas project weather is generally is dry creating arid areas, with warm days and cool nights. The annual weather ranges from 10° to 30°C, and the majority of rainfall occurs from January to March with few and light rains, sometimes together with dense fog. The project is capable of operating all year round, without a prescribed operating season.

### 5.4 EXPLORATION AND DEVELOPMENT HISTORY

Between 2012 and the end of 2014, the Torrecillas deposit was exploited as a small-scale exploration or trial mining project. Material was mined using the cut and fill technique, a method of short hole mining used in steeply dipping or irregular mineralisation zones. The material was mined in horizontal slices, and then filled with unconsolidated waste rock. Cut and fill mining is a selective method, with low ore loss and dilution. Mineralisation recovered during mining was hauled to a nearby plant facility where it was processed under a toll treatment arrangement.

The mineralised structures at the Torrecillas Project correspond to filling of faults which generated “pinch and swell”, stressed and sigmoid type vein structures, mainly filled by quartz accompanied by moderate to intense chlorite and epidote alteration in the walls, generally with fine pyrite disseminations. Generally, quartz injection has not been enough to fill all of the structure, leaving barren zones of altered and fractured rock.

These mineralised structures strike east–west and dip to the north. NNW-SSE post mineralisation faults divided and displaced the structures by 15 to 20 metres. Based on the mineralogical behaviour Torrecillas can be classified as a mesothermal deposit of quartz-pyrite with sericitic alteration halos. The mineralisation includes fine pyrite with a friable texture, and quartz. On the surface, the presence of haematite is an indicator associated with erratic values of gold. At depths of approximately 40 metres the sulphide area begins and there is an irregular presence of gold. At the wider areas of the fault coarse pyrite is observed together with mass chalcopyrite concentrations.

In 2011 a diamond drilling program was undertaken to test for extensions to mineralisation below the current development to depths between 2,400 RL and 2,300 RL (levels 17 to 20), approximately 300-400 metres below surface. This drilling was completed from June to November 2011 and involved the drilling of 31 diamond holes for a total of 4,786.2 metres. This information, together with sample data obtained by channel sampling of exposed faces within stopes and drives underground, was utilised for the Torrecillas Gold Mineral Resource estimate for the project (BMGS, 2012) and was reported in accordance with Canadian National Instrument 43-101 (NI 43-101).

The mineralisation was modelled and resulted in three distinct mineralised zones, referred to as the Torrecillas “Footwall” vein, Torrecillas “Hanging wall” vein, and a small splay termed the “Ramal Level 15” vein, being identified. A Mineral Resource estimate was classified into the Measured, Indicated and Inferred resource classes considering a range of geological, statistical and local factors including sample density, interpretation confidence, and proximity to existing development. The results of the Mineral Resource estimation are presented in Table 4. No Mineral Reserves were declared for the Torrecillas Project. Inferred Mineral Resources were estimated from geological evidence and limited sampling and as such were treated with a lower level of confidence than Measured and Indicated Mineral Resources. The application of a 5g/t Au cut-off for reporting of the Mineral Resources was stated by BMGS (2012) to reflect the local standards for similar operations and aligned well with the current operating costs and margins applicable at that time.

Table 4 – Torrecillas Mineral Resource Estimation (NI 43-101) Results above a 5g/t Au Cut-Off

Mineral Resource Category	Tonnes	Grade (Au g/t)	Ounces
Measured	69,000	18.1	40,100
Indicated	55,000	14.7	26,000
<b>Total Measured and Indicated</b>	<b>124,000</b>	<b>16.6</b>	<b>66,100</b>
Inferred	73,200	15.3	36,000
<b>Total Inferred</b>	<b>73,200</b>	<b>15.3</b>	<b>36,000</b>

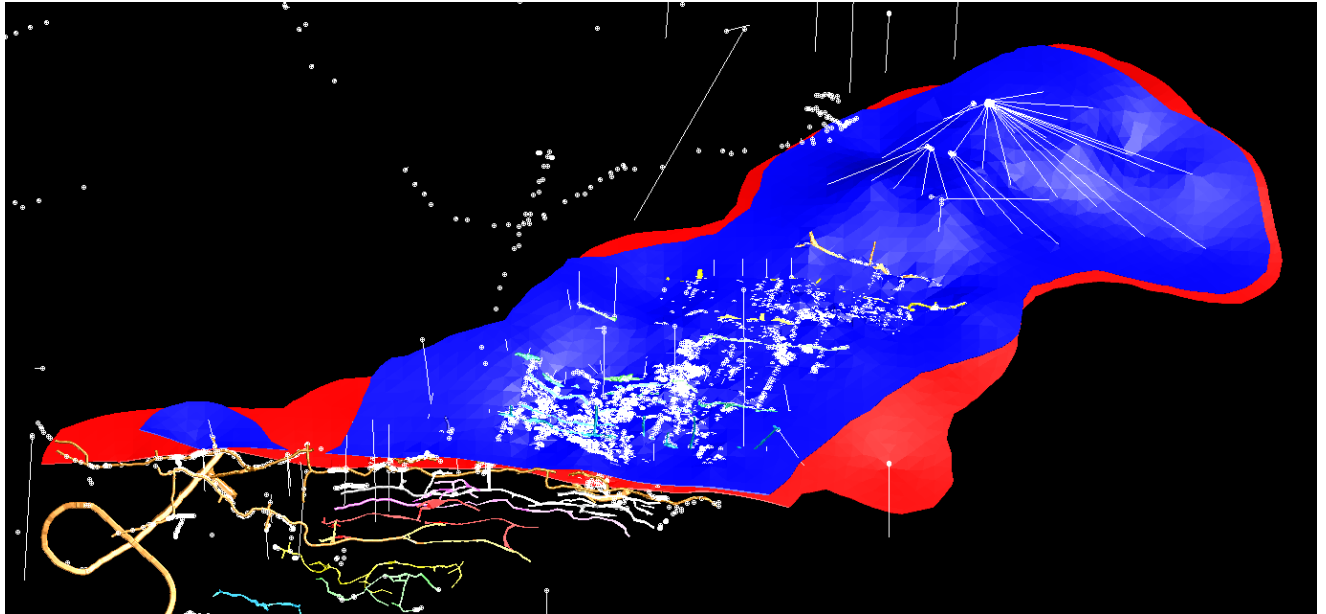


Figure 7 – Plan View showing the Footwall and Hanging wall Veins

Although the Torrecillas Project had a maiden reported Mineral Resource, mining development described above as trial mining continued until the end of 2014. During September 2016, Mining-Plus was engaged to prepare and execute a plan to recommence mining at the Torrecillas Gold Project, described as a narrow-vein, mesothermal deposit hosted in the Bella Union Igneous Complex. As shown in Figure 7, the deposit comprises two main mineralised structures; the “Piso” (floor) and “Techo” (roof) veins.

Mining Plus updated the Mineral Resource Estimate for Torrecillas as of April 2014 by coding the updated mined areas into the 2012 BMGS block model as described previously and reported the Mineral Resource for both the mined and in situ resource inventory.

They determined that the resource depletion derived using data for the period November 2011 and 2014 was significantly greater than the reported depletion based on the monthly reports. Mining-Plus is reported to consider that:

- The primary reason for the over-estimation of tonnes is the leapfrog modelling process interpreting continuity where there may not in fact be continuity, especially in the Techo vein; and
- The over-estimation of grade is due to the grades associated with a cluster of high grade data points from channel sampling in the upper levels effectively smearing this high grade into areas defined as lower grade by the drilling at lower levels in the deposit.

Applying reconciliation factors as applicable, Mining-Plus have provided a realistic estimate of what resources are likely to remain. They have stated that theirs is a conceptual estimate but that the veins will need to be remodeled.

Mining Plus estimates at this preliminary stage that it is likely that the in-situ ounces left in the current known resource is in the range of 2,000 to 20,000 ounces of gold.

Exploration activities have helped identify several potential targets within the concession areas in addition to those already being evaluated.

## 5.5 PROJECT HISTORY

The 17 tenements comprising the tenements numbered 1-9 and 21-25 held by Golden Empire S.A.C. and numbered 1-3 held by Mundo Peru Gold S.A.C. in Table 2, represent the original land holding of the Torrecillas Project and was originally pegged by Sociedad Minera Surex S.A.C., all of which were subsequently acquired by Minera. The remaining 12 tenements were subsequently pegged following Minera's acquisition of the Torrecillas Project.

In April 2005, Hampton Mining carried out a geological study producing a report titled "Torrecillas Mine and Surrounds" (Sinclair, 2005). The area studied lies entirely within the Torrecillas Project. A detailed regional geological map was prepared at a scale of 1:20,000 to place the mineralised veins geology in several contexts and comments were made regarding the erratic gold mineralisation with grade approximate values of 20 g/t Au. No faults were found at the mineralisation limits. The Ady vein was reported to be smaller in width than the Torrecillas Vein with 14.3 g/t Au grades increasing at depth in four defined mineralised shoots. For the Magaly, 5 de November and Torre Chico veins, Sinclair determined that it was not necessary to carry out any further exploration work at this stage.

In April 2005, Hampton Mining carried out a study interpreting satellite images and found that gold mineralisation is erratic within or adjacent to all pre-Oligocene rocks and is structurally controlled within the fragile-ductile zone along the corridor that runs 3 kilometres by 500 metres of Torrecillas.

Historical sampling was principally obtained from existing underground developments, together with surface sampling of trenches and outcrops. Details of the nature of this sampling such as the sampling techniques, analysis procedures, the QA-QC processes applied, and the survey control are not clearly known, and therefore not considered reliable. Historical production records available for the period of 2001 to 2006 (Minera Surex SAC, 2006), during which time the operation was run by Surex. Production records are also available for the 2009 and 2010 calendar years when Minera was the operating entity (Mundo Minerales SAC, 2012). These figures are presented in Table 5. Production records for the 2007 and 2008 years could not be located.

**Table 5 – Summary of Historical Production** (Source: Saunders, 2012)

Operator	Year	Tonnes	Grade (Au g/t)	Ounces Au
<b>Surex</b>	2001	1,945	33.63	2,103
	2002	2,466	35.00	2,999
	2003	1,680	32.82	1,772
	2004	2,154	31.18	2,160
	2005	1,800	31.77	1,839
	2006	2,120	20.91	1,425
<b>Minera</b>	2009	8,704	20.83	5,830
	2010	11,033	15.96	5,663
	<b>Total</b>	<b>31,903</b>	<b>23.20</b>	<b>23,791</b>

While minor production occurred from the small localised workings from historic artisanal miners, the vast majority of the previous work completed was focused on the concessions containing the Torrecillas Gold Mine and surrounding Julia, Rebecca and Ady veins, all of which are not available to Titan for earn-in rights. Nevertheless, the work completed on these concessions is relevant to the mineral potential of the tenure that Titan does have earn-in rights to, as in our opinion there are reasonable chances of finding similar vein systems or continuations of the existing vein systems.

## 5.6 GEOLOGICAL SETTING AND MINERALISATION

### 5.6.1 REGIONAL GEOLOGY

The Torrecillas gold deposit is located in the metallogenic district known as the Nazca-Ocoña belt containing numerous gold deposits along more than 100 kilometres characterised by silver, copper and gold veins. Within the regional geological framework, the Torrecillas mine is located within the Bella Unión complex, proximal to the contact of a large tonalite-granodiorite pluton, belonging to the “Batholith of the Coast” of Cretaceous age (Figure 8).

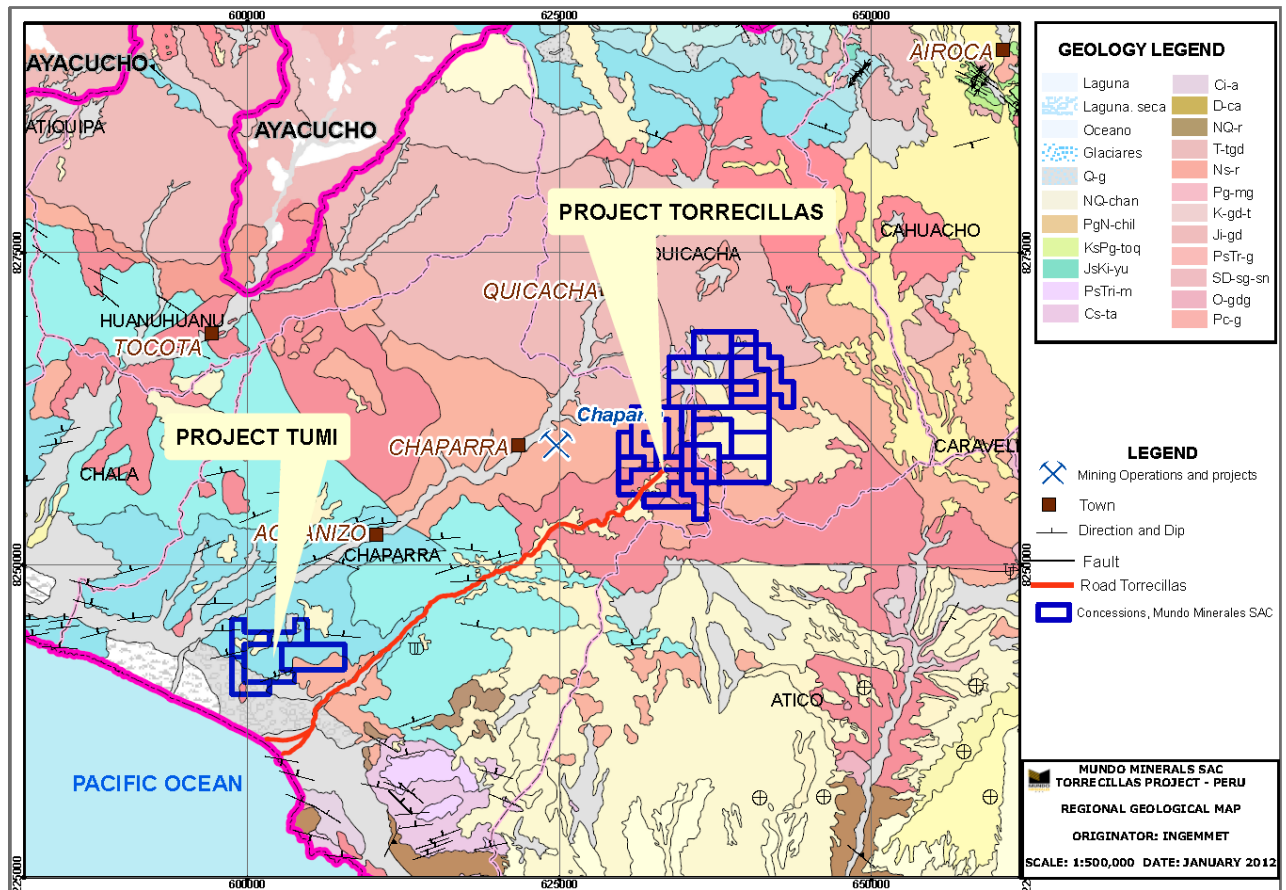


Figure 8 – Regional Geology Map

### 5.6.2 LOCAL GEOLOGY

Locally, the Torrecillas Project is located within the Bella Union Complex, on the edge of a large tonalite-granodiorite pluton that forms part of the larger Coastal Batholith. The Complex formed during the Cretaceous and subsequently suffered many cycles of deformation and intrusions, resulting in widespread hydrothermal and low-grade (hornfelsic) metamorphism. The dominant orientation for nearly all rock units, structures (faults) and veins is northwest-southeast, although the major structures become more east-west and more north-south to the south and north of the project area, respectively (Figure 9).

Mineralisation within the project area, as for the whole of the 100+ km-long Nazca – Ocoña metallogenic belt, occurs as mesothermal vein systems. These quartz  $\pm$  sulphides veins have infilled faults and other structures and caused strong chlorite – epidote  $\pm$  pyrite alteration in the surrounding host rock, with subsequent faulting and reactivation of existing faults causing localised offsets and breccias. Gold primarily occurs as free grains associated with pyrite and/or chalcopyrite, with remobilisation existing locally. The veins are typically thin (<5m thick), but extensive in both strike and dip, and the gold grades are typically high (>10 g/t Au) and in localised zones can be extremely high (>>1oz/t).

Besides the above-mentioned rocks, in the lower section of the hills, near Torrecillas ravine, there are large isolated outcrops of rhyo-dacitic ignimbrites that represent a huge volcanic strip covering the Torrecillas ancient ravine.

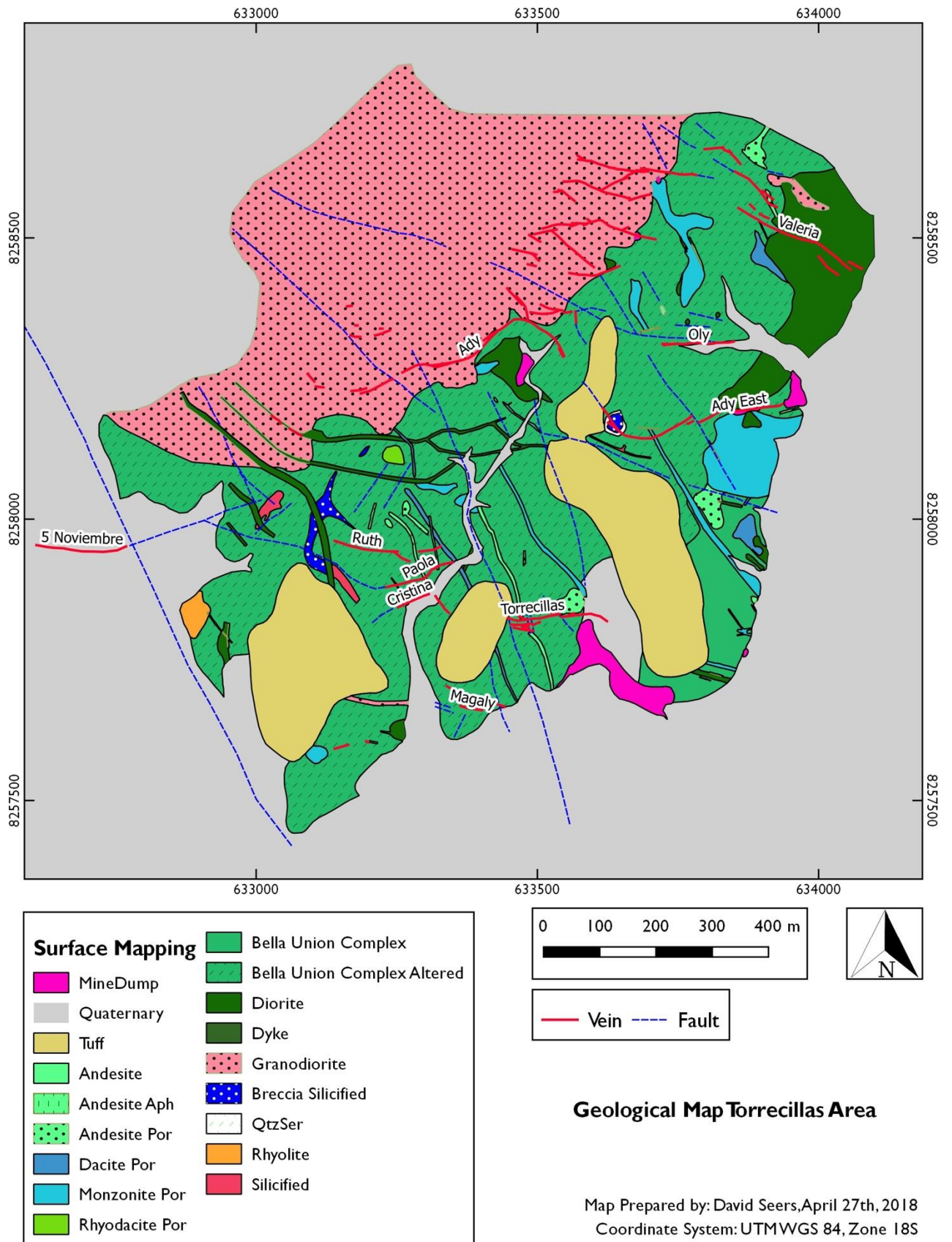


Figure 9 – Geological Map of the Torrecillas Project (Source: Mining-Plus, 2018)



Structurally, the Torrecillas mine is located where regional faults make a notable inflexion and show in plan view as a deep curve where Torrecillas is located towards its concave area. To the south, faults have WNW-ESE strike and to the west the same faults show NW-SE strike. The most conspicuous faults are Pan de Azúcar and Los Médanos, located seven and 12 kilometres from the mine respectively. A minor fault, parallel to the above-mentioned faults crosses the mine.

In general, almost every dyke, fault and stock strikes in an NW-SE direction (i.e. along the mountain range). In addition, there is another plunge defining the strike of some dykes and faults which controls the alignment of two of the large rhyolite stocks. All the veins, almost without any exception, continue this E-W strike.

## 5.7 ECONOMIC MINERALS

The mineralised structures at Torrecillas correspond to filling of faults, which generated “pinch and swell”, stressed and sigmoid type vein structures, mainly filled by quartz accompanied by moderate to intense chlorite and epidote alteration in the walls, generally with fine pyrite disseminations. Generally, quartz injection has not been enough to fill all of the structure, leaving barren zones of altered and fractured rock. After the deposition of auriferous quartz, there was a reactivation of host faults evidenced by crushing of the quartz in fragments of up to 2cm.

These mineralised structures strike east–west and dip to the north. NNW-SSE post mineralisation faults divided and displaced the structures by 15 to 20 metres. Based on the mineralogical behaviour Torrecillas can be classified as a mesothermal deposit of quartz-pyrite with sericitic alteration halos. The best mineralisation of the Torrecillas Vein is delimited by the Torrecillas and Campamento faults, along a plunge developed between the same. To the west of the Torrecillas Fault, this vein presents numerous splays. To the east of the Campamento Fault, the Torrecillas Vein weakens and transforms into a sterile structure.

The mineralisation includes fine pyrite with a friable texture, and quartz. On the surface, the presence of haematite is an indicator associated with erratic values of gold. At depths of approximately 40 metres the sulphide area begins and there is an irregular presence of gold. At the wider areas of the fault coarse pyrite is observed together with mass chalcopyrite concentrations.

The mineralised structure exposed in development completed to date at the Torrecillas Project extends approximately 300 metres vertically and 200 metres in width. Within this mineralised structure there are zones of higher grade material associated with “shoots” which vary in strike extent between 30 to 60 metres and can be traced down dip over distances of 75 to 100 metres. Recent drilling that tested the down dip extent of the mineralisation has confirmed the presence of the mineralised structure, demonstrating continuity approximately 100 metres past the deepest current development.

Systematic detailed surface mapping and channel-sampling undertaken in 2012 identified numerous high-grade gold vein systems within the Torrecillas concessions. Six new target areas – Rebeca, Tessie, Linda Julia, Sandra and 5 Noviembre West – were noted, (and remain unexplored), in addition to the previously identified vein systems of Torre Chico, Ady-Oly, 5 Noviembre and Brecha Toropampa (Figure 10).

The vein systems are structurally controlled and vary in strike between east-west to north-northwest to south-southeast, in accordance with the regional trend. Dip is also variable but is typically steep. Significantly, the identified strike lengths of these veins systems are all greater than 300m and up to 850m, in comparison to the vein system at the Torrecillas mine which has less than 200m of strike and had a Mineral resource of over 100,000oz (Au). The historic channel-samples with their high-grade Au results have validated the strategy of exploring and mobilizing drilling rigs in 2018.

Andina anticipates initially undertaking geophysical surveys and further channel-sampling during the first half of 2018 and subsequently expects to identify priority drilling targets. A 30,000m diamond drilling program on the new vein systems is planned for the second half of 2018 once the review of the Torrecillas concessions is completed by its geological team.

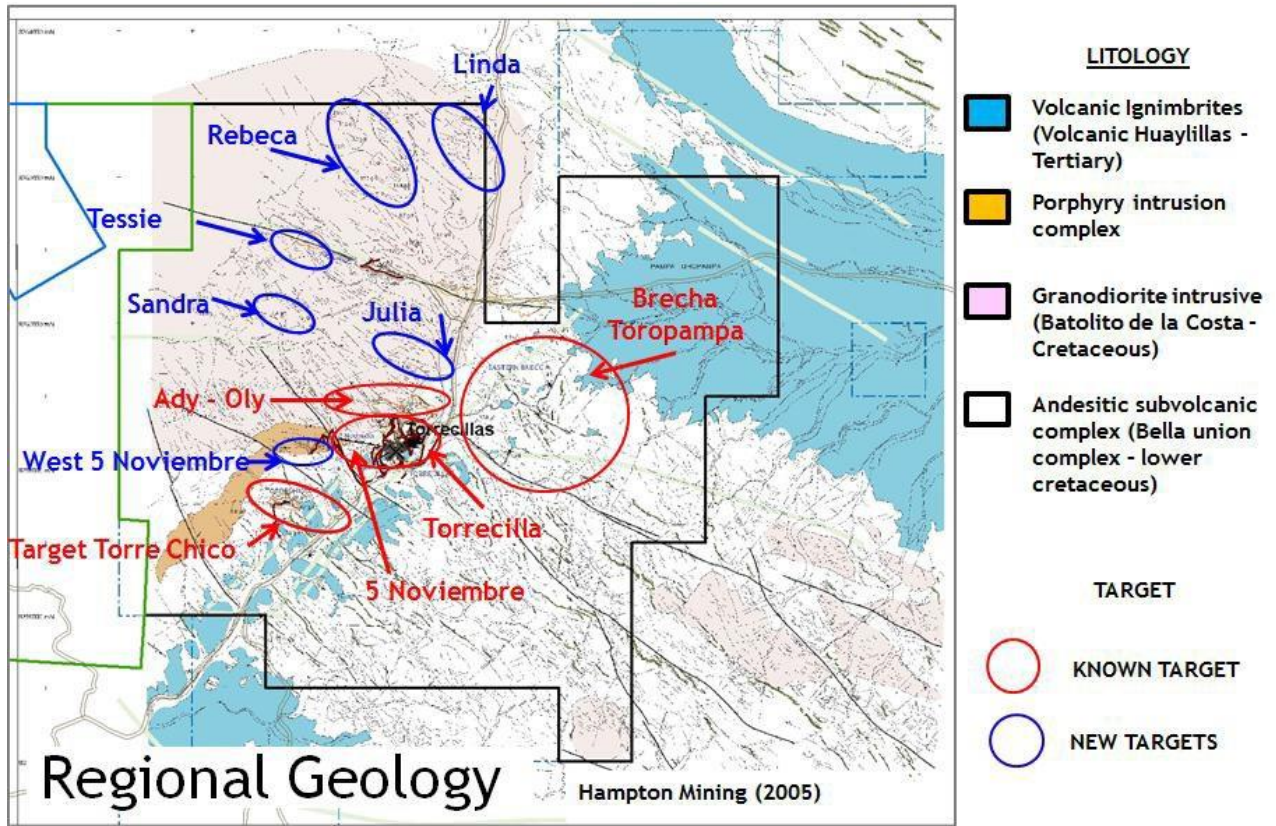


Figure 10 – Exploration target features. (Titan, 2017)

Future exploration programs will also be planned to further test the down-dip mineralisation, while also testing the strike extent, and infilling areas in the upper levels of the current operations, which have not been fully closed off through development activity.

## 6. SAN SANTIAGO COPPER/GOLD PROJECT

### 6.1 INTRODUCTION

The San Santiago Copper-Gold Project consists of 21 concessions covering an area of 5,753.69 hectares. Titan also owns the San Santiago Copper-Gold beneficiation plant, but the valuation of this plant is not addressed in this report. The project is located approximately 10 km northeast of Jinzhao Mining's Pampa De Pongo project, one of the largest copper, gold and iron projects under development in Peru at present. Channel sampling has returned grades greater than 5% Cu, 2 g/t Au and 7 g/t Ag. The Marcona Mine, operating since 1953, is approximately 50km to the west and the deep-water port of San Juan approximately the same distance.

### 6.2 PROJECT DESCRIPTION, LOCATION, INFRASTRUCTURE AND CONCESSIONS

The San Santiago Project is located in the Cobrepampa district, Caravelí Province, in the Arequipa region, approximately 570 kilometres south east of the Peruvian capital of Lima, and approximately 22 kilometres east of the Panamerican Sur along the road to Bella Union (Figure 11). The concessions are located in an area of approximately 20km x 25km on the plateau to the North-West of Acari known as Cobrepampa within the Jurassic – Cretaceous Iron Oxid-Copper-Gold Belt in Southern Peru. It is geographically located in the Central region of the Western Cordillera of the Andes between elevations of 2,500 to 3,200 metres above sea level (MASL). Table 6 provides detailed information regarding the concessions that comprise the San Santiago Project.

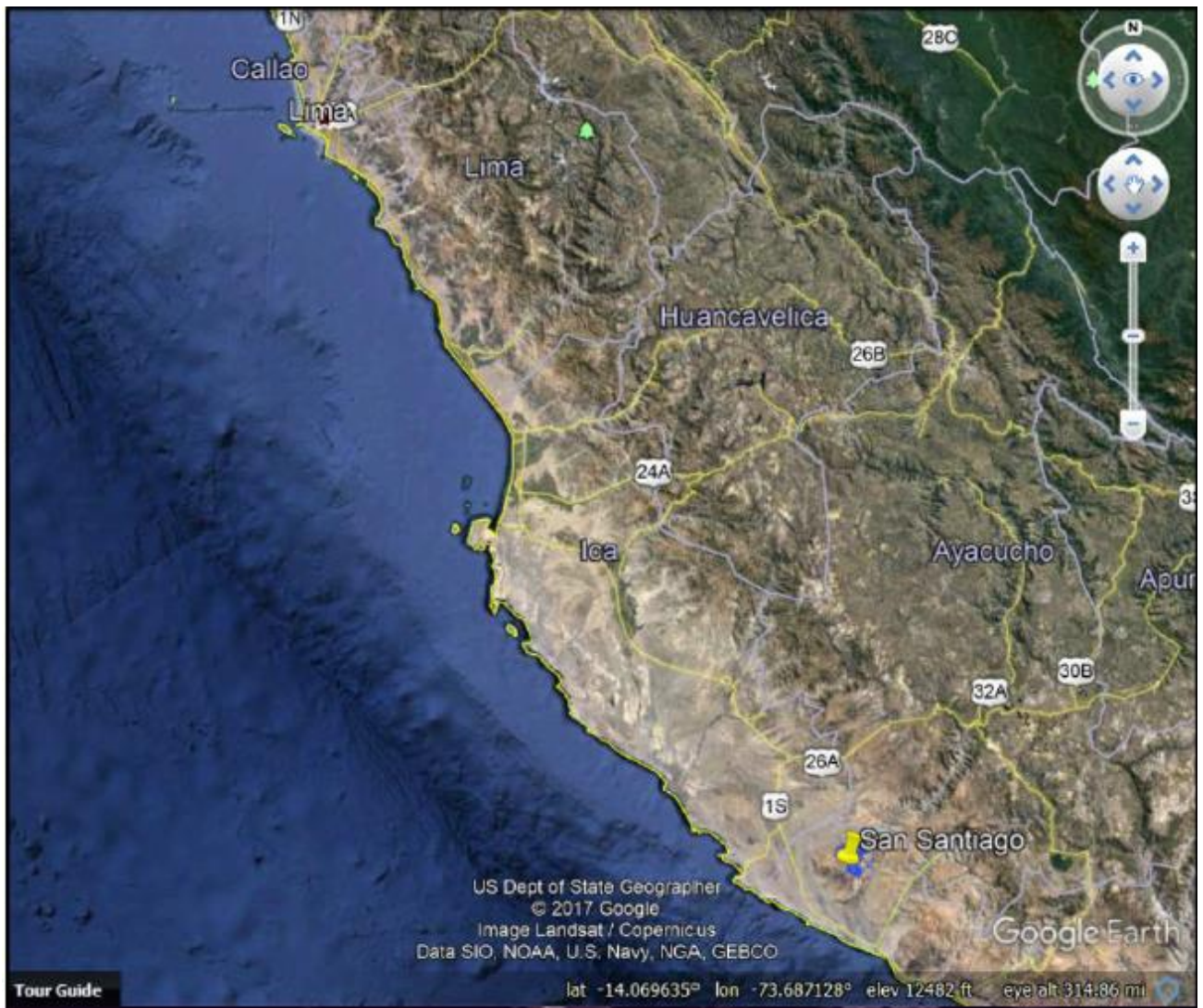


Figure 11 – San Santiago Location



Titan, through its local subsidiary, Musiris, owns 2,309.88 Ha in 5 concessions with options on a further 18 concessions owned by Alvarez Calderon (Figure 12).

The Project area lies within the desert coastal tract of southern Peru, which is a northward continuation of the Atacama Desert of northern Chile. It is extremely arid, receives little annual rainfall (<1 cm/year) and is virtually devoid of vegetation, except in irrigated river valleys.

**Table 6 – San Santiago Project Concessions**

Code	Concession name	Hectares	Concession Holder
P540000110	San Santiago De Acari (Beneficiation Concession)	300.0000	Derivados Y Concentrados SAC
010226104	Virgen Del Carmen 2004 P	99.7012	Derivados Y Concentrados SAC
010227907	Don Ivan 31N-1	10.1777	Derivados Y Concentrados SAC
010485706	Don Tomasito De Acari	1,000.0000	Derivados Y Concentrados SAC
540002311	Camila VII	900.0000	Derivados Y Concentrados SAC
10102504	Virgen Del Carmen I 2004	116.6853	Insumos Mineros Fenix S.A.C.
10139104	Virgen Del Carmen 2004 A	800.001	Insumos Mineros Fenix S.A.C.
10164804	Virgen Del Carmen 2004 H	0.8911	Insumos Mineros Fenix S.A.C.
10164004	Virgen Del Carmen 2004 L	9.9867	Insumos Mineros Fenix S.A.C.
10163804	Virgen Del Carmen 2004 M	6.0000	Insumos Mineros Fenix S.A.C.
10163904	Virgen Del Carmen 2004 N	9.4151	Insumos Mineros Fenix S.A.C.
10277904	Virgen Del Carmen 2004 S	9.9856	Insumos Mineros Fenix S.A.C.
10277804	Virgen Del Carmen 2004 T	43.863	Insumos Mineros Fenix S.A.C.
10199506	Virgen Del Carmen 2006 A	998.7285	Insumos Mineros Fenix S.A.C.
10164704	Virgen Del Carmen 2004 J	4.9936	Grupo Minero Fenix S.A.C.
10278004	Virgen Del Carmen 2004 R	21.2957	Grupo Minero Fenix S.A.C.
10164204	Virgen Del Carmen 2004 Q	27.6826	Grupo Minero Fenix S.A.C.
10087805	Virgen Del Carmen 2005a	88.7535	Grupo Minero Fenix S.A.C.
10142605	Virgen Del Carmen 2005 B	75.9339	Grupo Minero Fenix S.A.C.
10000226y01	Acari Trigesimo	579.2593	Grupo Minero Fenix S.A.C.
O10341005	Virgen Del Carmen 2005 C	399.4930	Grupo Minero Pampacolca S.A.C.
O10138807	Virgen Del Carmen 2007 A	251.0145	Grupo Minero Pampacolca S.A.C.
	<b>Total</b>	<b>5,753.69</b>	

The closest major community is the town of Nazca, which is located approximately 50km north of the property. Nazca is located on the Pan American Highway about a 5-hour drive south of Lima and has most amenities and services available. The small rural community of Bella Union is located 18km by road to the southeast. The Project is readily accessible by a series of secondary asphalted and graded roads that lead from the highway to the abandoned Acari mine site.

The deep-water port of San Juan is located approximately 50km by road from the San Santiago beneficiation plant. The Peruvian authorities are developing the port of San Juan, which would become the largest port in Peru. The port is a naturally sheltered bay, with a current water depth of 8m at a distance of 15m from shore and a depth of 21m at a distance of 380m from shore. Proposed developments include multiple loading facilities.

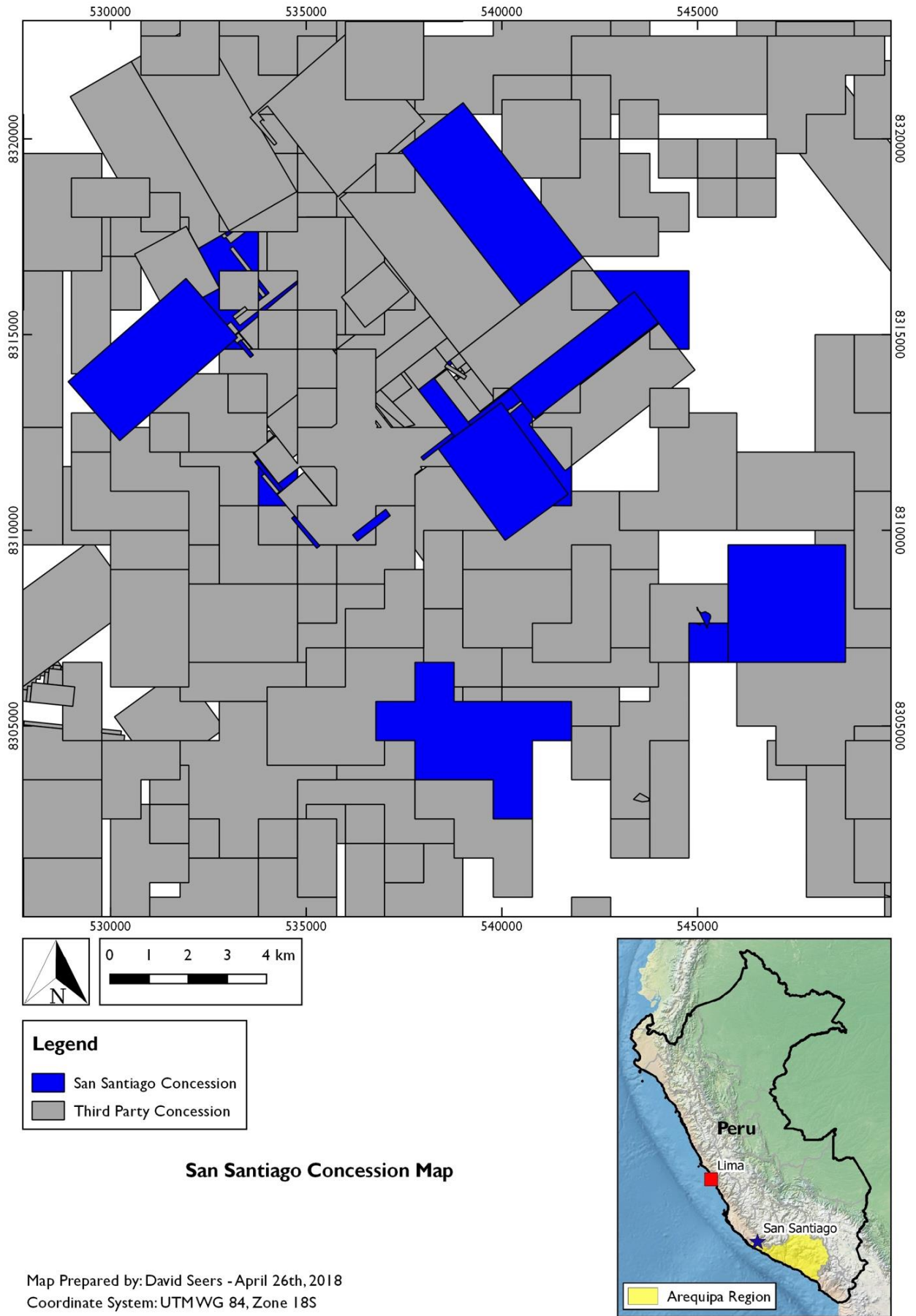


Figure 12 – San Santiago Concession Map

### 6.3 GEOLOGICAL SETTING AND MINERALISATION

The San Santiago deposit is located in the Marcona (Fe-Cu-Au) District, named after the Marcona Iron mine, which has operated continuously since 1953 (Figure 13). The Marcona ICG province hosts one of the biggest and largest concentrations of iron oxide in the central Andes. Shougang Hierro Peru (a Shougang Group subsidiary) operates the Marcona open-pit mine that contains 1.4bt of ore @ 55.4% Fe, whilst the Nanjingzhao Group owns the Pampa de Pongo magnetite project, containing approximately 950Mt @ 44%Fe, which is located about 30km to the southeast of the Marcona mine. And about 10 km from the San Santiago project. These iron-rich ICG deposits are thought to have formed in the Middle Jurassic in a shallow marine environment along northeast-striking fault systems that were active as major andesitic-dacitic volcanic activity took place.

In the same province, there is also the mid-Cretaceous ICG copper-rich style mineralisation. The best-known project is Marcobre's Mina Justa, located about 5 km northeast of the Marcona mine, which has a JORC (2012) compliant Indicated Resource of 346.6 Mt @ 0.71% Cu, 3.8 g/t Ag and 0.03 g/t Au at a cut-off grade of 0.3% Cu. Copper mineralisation at Mina Justa occurs in hydrothermal breccia fillings and stockworks of copper sulphides that post-date the emplacement of the magnetite lenses, within low-angle faults that transgress the host volcanoclastic stratigraphy. GRI understands that similar features have been observed in some of the vein systems at the San Santiago Project.

In addition to the ICG mineralisation, there are more than two hundred Cu-Ag-Au mineralised vein systems within the Province, including the San Vicente-Trancas; Acari-Cobrepampa; La Loza and Machaynioc. The main vein systems in the Acari-Cobrepampa district are La Argentina, Brasil, Purisma, San Juan, La Verde, Santa Rosa and Maria del Carmen.

The local geology in the Acari-Cobrepampa region consists of monzonite, monzogranites and granodiorites cut by aplitic dykes. In some areas, these rocks have intruded Jurassic and andesite and dacite volcanic rocks or volcanoclastic sediments. They are all mostly overlain by rhyodacitic pyroclastic sediments, eluvium and alluvial sand and conglomerate deposits for the majority of the area of interest.

The oldest rocks exposed are Precambrian in age and part of the Coastal Basal Complex, consisting of gneisses, potassium-rich granites and migmatites that underlie the western and southern parts of the Marcona area. At the Mina Justa Deposit – Marcona mine area, this basement metamorphic complex is overlain by carbonates and pelitic sediments of the Lower Paleozoic Marcona Formation together with marine andesitic to basaltic volcanics (and associated, hypabyssal intrusives), volcanoclastics and sediments of the middle to Upper Jurassic Rio Grande Formation and Bella Union Volcanics. Small remnants of the Upper Jurassic Jahuay Formation (mixed volcanics and sediments) and Lower Cretaceous Jauca Formation (sediments) cap the Jurassic succession.

Major intrusives include the San Nicolas Batholith, which predates the Jurassic sequence and underlies a large tract south and west of the Marcona mine area. The more extensive Lower Cretaceous Coastal Batholith underlies large areas east of the Pampa de Pongo project area. Abundant intra-mineral and post-mineral andesitic dykes, sills and small stocks referred to as "*ocõite*" are intimately associated with the main deposits in the Marcona district and are inferred to signify long-lived thermal activity associated with high heat flow and transfer of hydrothermal fluids centered over magmatic sources at depth.

The majority of the mineralisation at the Marcona mine is hosted by carbonates of the Marcona Formation. The Pampa de Pongo deposit is hosted by the younger Jurassic Jahuay Formation. Lithologies, seen in drill core at the fringes of the deposit, include coarse volcanoclastics, conglomerates, banded siltstones, shales, sandstones and carbonate-rich sediments. Within the massive magnetite replacement body, unmineralized remnants are extremely rare. The intersection of basement gneisses in some drillholes suggests that the underlying Marcona Formation and Rio Grande Formation may have been eroded in this part of the district.

The principal vein systems recognised in the San Santiago Project area are Brasil, Callejon, Chapi and San Juan (XV), although there are several other major systems in the district and over 200 major systems in total in the Marcona Province. The veins are typically thin (<2m thick), but can be extensive in both strike and dip, and copper grades can be relatively high (>10 %Cu) in the fresh rock. However, much of the mining in the area to-date has concentrated on the oxidised, supergene and transitional ores, with a copper-

enrichment zone commonly occurring at the base of the supergene alteration. Copper mineralisation in these near-surface ores is predominantly in the form of copper oxides (e.g. malachite) and copper carbonates (usually chrysocolla), which then transition with depth and less oxidation to the copper sulphide minerals of covellite, chalcocite, bornite and chalcopyrite. In the completely unoxidized rocks the vein composition is commonly quartz + chalcopyrite + magnetite ± pyrite ± gold. Different wall-rock alteration assemblages also occur for the different vein systems which occur at different depths in the stratigraphic profile.

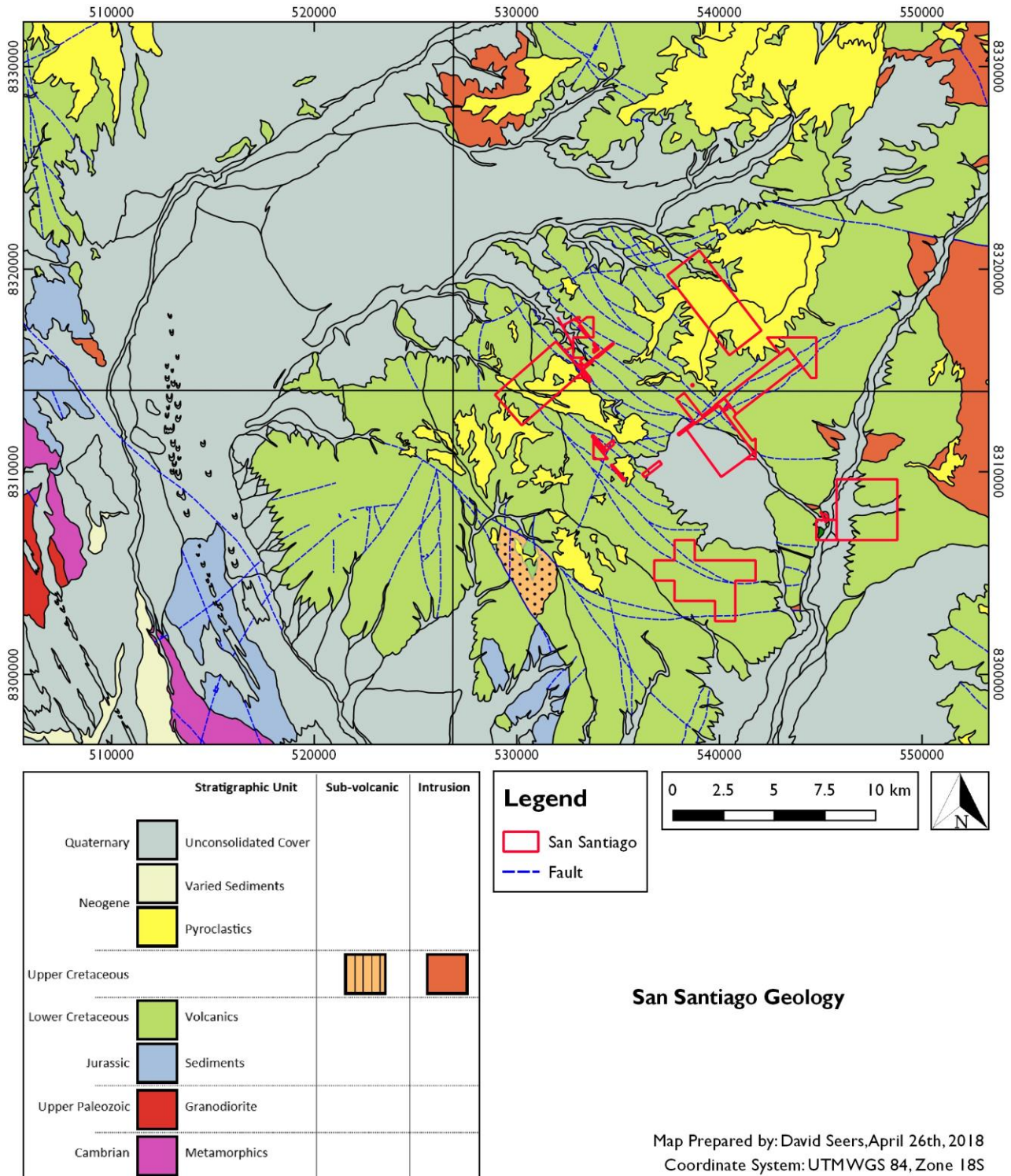


Figure 13 - San Santiago Geology



## 6.4 HISTORIC WORKINGS

The San Santiago concessions were acquired by Minera in 2014 from local Peruvian mining companies. The concessions contained several existing (but idle) partially-developed underground mines that were capable of mechanised mining, such as the XV and Brasil mines, as well as many small old open-pits and trenches that were historically mined for copper oxide ores by artisanal miners. Minera undertook systematic mapping (1:500 scale) and channel sampling, both at surface and in the existing underground workings, in order to map out the vein systems and confirm the copper ( $\pm$  gold  $\pm$  silver) potential of the tenure. Results from underground of over 5 %Cu were achieved (e.g. 0.85m @ 7.68 %Cu, 2.08 g/t Au & 5.6 g/t Ag (Minera 2015a)) and the mapped extension of the vein systems within the concessions is shown in Figure 14, thus highlighting the potential for economic copper-gold mineralisation within the tenure. Furthermore, as far as the author is aware, although a regional-scale aeromagnetics survey exists for the area, the proposed project-scale magnetics survey intended to define the vein system at depth as never completed, nor as drill-testing of any of the targets at depth.

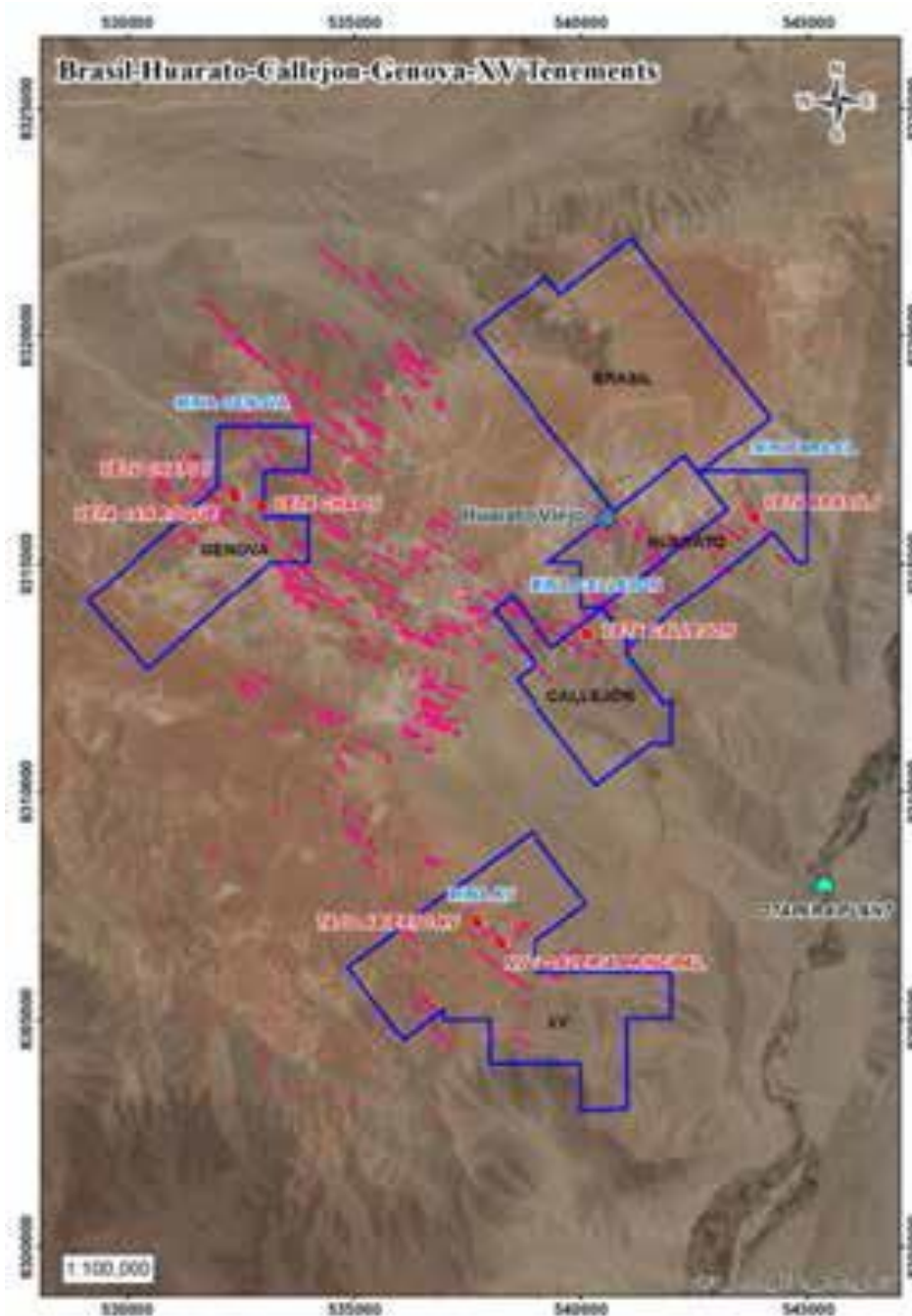


Figure 14 - Mapped vein systems in relation to the San Santiago Project tenure (Source: Minera 2015a)

## 6.5 EXPLORATION AND DEVELOPMENT

Titan has implemented a strategic review of San Santiago historical exploration data including an extensive evaluation of the mineralisation obtained in channel sampling activities. Systematic mapping (1:500 scale) and channel-sampling of historic workings undertaken in 2015 revealed veins of massive chalcopyrite, pyrite and magnetite, with minor bornite in lenses and disseminated in the wall rocks. The alteration in the wall rocks is mostly secondary biotite and chlorite.

The original sampling work was focused on the ore shoot known as “Brasil Vein I”, which forms part of a much larger vein system in the Brasil/Huarato concession. Systematic detailed mapping and channel-sampling was also undertaken over a second mineralised vein system known as the “Callejon Vein System”, which confirmed strong results including 1.36 m grading 3.53% Cu, 0.215 g/t Au and 4.3 g/t Ag.

There are dozens of mines and workings of various sizes scattered around the Cobrepampa District. Near surface, the veins have been oxidized with malachite, crisicola and other secondary copper minerals. At depth the primary mineralogy is magnetite, chalcopyrite (covellite, bornite and other copper sulphides), calcite and actinolite. Grades are typically in the range of 3-4% Cu.

Mina Verde Mine is worked on three levels. There is one principal vein with over 2km of strike length trending 120° with dip varying from vertical to 70-80° to the North-East. The main vein pinches and swells with splays and branches but averages 1-2m wide and locally up to 3-4m. The mineralogy, at least at the lowest level appeared to be all sulphide with the main metallic minerals being chalcopyrite with magnetite and specularite (Figure 15). The principal gangue minerals are calcite and actinolite. Grades vary but are in the range 3-3.5% Cu (Titan Field Visit, 2017)



**Figure 15 – Main vein, lowest level Mina Verde mine. Massive magnetite and chalcopyrite with calcite and actinolite. Note banding and filling of earlier voids with minerals** (Source: Titan Field Trip, 2017)

## 6.6 OPERATIONS AND PRODUCTION

The Cobrepampa district appears to be controlled by a few major concession holders such as: Agromin, Cobrena, Pickman, Mina Verde who then lease out to third parties. Based on conversations with these third parties Titan have found that they often contract miners, truckers, etc., for their operations. Due to the multi-tiered operations it is difficult to assess total production for the district, but it was estimated that it would be in the order of 400-600 TPD of which at least a third is being trucked to Nazca for processing.

### 6.6.1 MUSIRIS AND ALVAREZ CALDERON CONCESSIONS

As part of its recent field trip, Titan endeavoured to ascertain the prospectivity of its concessions and undertaking this exercise they considered two fundamental points:

1. The concessions are underlain by intrusives of the Coastal Batholith, not the volcanic and sedimentary sequences that host the classic IOCG deposits closer to the coast. It is unlikely that any of the concessions host undiscovered large scale IOCG mineralisation.
2. All the reported mineralisation in the district is fault controlled veins and almost certainly has workings on it. Most of the structures are exposed at least some point and local miners have been very proficient at tracing these veins under more recent volcanic cover. No activity from local miners means there is probably no mineralisation.

What the field trip did confirm was that most of the concessions show no sign of mining operations of any size however, there are three concessions that do exhibit significant signs of mining activities.

- Firstly, in the extreme northern corner of the main Genova concession block optioned from Alvarez Calderon, there are a number of veins with visible workings, dumps and buildings. The total extension of the veins is several kilometres but only about 1-1.5km of that total actually lies within the concession boundaries. The field party did not directly visit these workings due to time constraints but observed that the scale of the dumps, number and size of buildings and lack of well used roads suggested that the veins in this concession are of a smaller scale than those developed in the district. The largest operations in this region (Agromin, Mina Verde, Cobreña) are producing 100-200 TPD from many kilometres of veins in various operations. The team opined that the veins on this concession would be limited (10's TPD). The most significant workings on these structures are located 0.5km to the northwest and off the concession.
- The second area consists of some 400m of camp and infrastructure along the boundary between the Callejon and Brasil concessions. In this area there is a notable gap of approximately 10m between the two concessions which may mean that Alvarez Calderon may not hold title. In this "no-mans" land area, which on the surface exhibits a short strike length, lack of parallel veins and limited waste dumps may have limited potential.
- The final area is located in the extreme northeast of the Brasil concession. It consists of around 100m of workings with small dumps and minor infrastructure and described as being located at the end of a very tortuous access road.

Based on observations made from the field trip the authors determined that the underlying geology (intrusives of the Coastal Batholith) and the known styles of mineralisation (fault-controlled veins) make it unlikely that the approximately 5,754 hectares, are going to host significant bulk tonnage IOCG mineralisation of the type seen at Pampa de Pongo and Mina Justa. This however does not negate the potential for veins carrying significant mineralisation at depth.

## 7. VALUATION

### 7.1 INTRODUCTION

GRI has reviewed the available methodologies to provide an estimate of value for the project and has determined that the most appropriate method applicable in this instance is the Comparable Transactions (CT) method. We have reviewed other valuation methods and found one project where we could use the Joint Venture Terms method but, in general we rejected several methods on the following grounds:

- (i) that there is no information relating to previous exploration programmes or expenditures available, hence any cost-based methods were not appropriate;
- (ii) that a budget for future exploration activities has not been approved. Mining-Plus (2016) has undertaken two technical studies on the Torrecillas Gold Project with the first study (14 September 2016) an updated evaluation of the "Status of the Mined Areas" with the second report (11 November 2016) a review and commentary on the preparation and execution of a plan to recommence mining at the Torrecillas Gold Project, but at this stage no further work has been budgeted for by Andina;
- (iii) no JORC (2012) compliant resources have been developed at Torrecillas but, NI-43-101 Resource Statements have been developed and as described in (ii) above recent re-estimations were undertaken in 2016 after approximately two-years of production had taken place however, no estimates of production costs associated with operating in such an environment are available that would be sufficient to enable modelling of the project to determine a NPV; and
- (iv) there is no information relating to previous operating costs, nor has there been a pre-feasibility study undertaken on either the Torrecillas or San Santiago projects, nor do we have any financial data for any other local projects available that would allow an income-based valuation method to be used.

As we were able to identify several financial transactions containing gold and copper-gold projects in Peru, although not necessarily from the same geological province, we determined that use of a market-based valuation method - Comparable Transactions - was the most appropriate method available to us in this case and with two transactions that occurred three years apart on generally the same property we used the Joint Venture Terms method. GRI's approach has been to use the information obtained from these other transactions to determine whether a pricing trend or general price rule could be developed, which would then enable us to apply these to each project as necessary.

GRI has estimated the value of the Torrecillas and San Santiago Mineral Exploration Concessions and they are contained in Table 7.

**Table 7: Valuation of San Santiago and Torrecillas Concessions, at 23 May 2018**

Concession	Valuation Method	Value		
		Low	High	Preferred
San Santiago	CT	\$0.13m	\$0.38m	\$0.32m
Torrecillas	CT/JV	\$4.8m	\$6.0m	\$5.4m

### 7.2 COMPARABLE TRANSACTIONS METHOD

Four comparable transactions and two Joint Venture Terms transactions involving the sale or part sale of exploration properties in Peru have been identified as being similar, in that they contain the same minerals assemblages to the Torrecillas and San Santiago Mineral Exploration Concessions. A couple of these transactions have gold as the primary target mineral assemblage while the remainder are dominantly copper-gold mineral assemblages. Of primary concern to us in using this method is that while these transactions dominantly involve similar minerals assemblages, the style of mineralisation varies greatly, which means that the volume, form and mineralogy of the orebody, the mining methods to be used, the



mining equipment required, the metallurgical processing requirements and even the methods of transportation required can vary significantly and therefore the associated costs.

In reviewing the transactions that we could identify as being generally of the same minerals assemblages and in the same general geographic region as our two projects, we recognised that most of the transactions that we identified related to projects that were in geologic terms regarded as being porphyry deposits, meaning that they were of large volumes, exhibited low minerals grades and required bulk mining methods to extract the ores. In the case of the Torrecillas and San Santiago projects, they are located in a region where the shape of the orebodies are controlled by faulting and as such they tend to be linear and relatively narrow, contain significantly lower tonnages but higher grades and are exploited using different mining equipment, hence their cost structures are very different.

Additionally, while each transaction is located in Peru, which satisfies the similar legislative regime requirement for a Comparable Transaction method to be used, each project was technically more mature than either of the projects being valued being regarded as mature stage exploration projects or early stage development projects. While we did undertake considerable research for transactions involving projects at similar stages of evaluation as the Torrecillas and San Santiago projects we determined that the exploitation processes of minerals projects in Peru involved significant “value adding” through exploration efforts before a project was made available for sale or joint venture. In our opinion, the Torrecillas and San Santiago projects are less mature than the transactions identified and as such we expect that they would hold less value than a more technically mature project.

In determining the concession’s values, we have sought to bring each transaction back to a standard indicator that would allow us to compare each property on a like for like basis. As these concessions are minerals exploration concessions and lack defined resources and reserves, we have chosen a Dollar Value per Hectare (\$/Ha) to enable us to determine the values. We have then reviewed the geologic parameters for the transactions and for the two projects and against each of the comparative criteria we have subjectively applied multipliers, either positive or negative. These have then been multiplied together and the resulting factor applied to the \$/Ha value obtained from the identified transactions.

The values of the Comparable Transactions evaluated by GRI range from \$149/Ha to \$2,562/Ha however, the high value (\$2,562/Ha) was determined from the Joint Venture Terms method on a project that we also identified was transacted three years earlier when its trade value was determined to be \$982/Ha. This example clearly illustrates the case that targeted exploration development does have the capacity to increase the value of a minerals property. We regard this high-end value to be an outlier as it represents a project far more advanced than either San Santiago or Torrecillas at their current levels of development.

Of significance however is that mineralogy alone of a project, does not appear to be a strong indicator of value. Of far greater significance is the timing of the transaction and how it coincides with global market fluctuations. We have not undertaken a detailed review of this phenomenon but acknowledge that commodity prices can move rapidly in a positive or negative direction and that values of properties will move in line with these variations.

**Note:** All monetary amounts shown in the table below represent Australian Dollars. All transactions were made in Canadian Dollar terms but as the Australian and Canadian Dollars have traded virtually on par during the period that these transactions took place we have assumed that within the levels of accuracy for this report that A\$1=C\$1.

**Table 8: Recent Comparable Transactions and Joint Ventures**

Transaction	Exploration Information	Value
<p><b>1.</b> Lupaka Gold Corp (TSX-V: LPK) ('Lupaka') announced on 19 September 2017 that it had signed a definitive sales agreement to sell 100% of its interests in the Crucero Gold Project to GoldMining Inc. Pursuant to the Agreement, GoldMining acquired all of the shares of a wholly owned subsidiary of Lupaka, which will hold a 100% interest in Crucero. Total consideration payable by GoldMining under the transaction is 3,500,000 common shares of Goldmining and \$750,000 in cash. The project area is 4,600 Ha and lies within the Department of Puno, in southeastern Peru.</p>	<p>The Crucero project is located 150 km northeast of the City of Juliaco. The project is accessible by paved road from Juliaca to the town of Crucero, with the remaining 50 km to site by gravel road. High voltage electrical power lines pass within 8 km of the project. The project has been the focus of exploration and drilling programs from 1996 to 2012.</p> <p>The Project is comprised of three mining and five exploration concessions. Production is subject to certain net smelter return royalties of 1-5%, based on monthly gold prices.</p> <p>Historic exploration programs have focused on the A1 deposit, however geophysical and geochemical surveys have identified 10 additional targets (A2 to A11) for follow-up exploration. at depth and along strike to the northwest and southeast. The orogenic gold mineralisation is associated with sulphide veins hosted within strongly deformed metasedimentary rocks. The A1 deposit was the subject of a resource estimate published by Lupaka in 2013, which is treated as a historic estimate by GoldMining.</p>	<p>GoldMining acquired 100% interest in the project by issuing 3,500,000 shares and paying \$750,000 in cash. The price of the shares at the date of the transaction was \$1.41/share. Therefore, the consideration for the project was 3,500,000 x \$1.41 + \$750,000 = \$5,685,000.</p> <p><b>Total = \$5,685,000</b></p> <p><b>OR</b></p> <p><b>\$1,236 per hectare</b></p>
<p><b>2.</b> Kaizen Discovery Inc. (TSXV: KZD) announced on 26 October 2015 that it had finalised its acquisition agreement with AM Gold Inc. (TSXV: AMG) for 100% interest in the Pinaya Copper Project in Peru's Caylloma and Lampa provinces.</p> <p>AM Gold received 15,384,615 common shares of Kaizen - representing approximately 8.8% of Kaizen's issued and outstanding common shares, on an undiluted basis, a cash payment of \$500,000 and a \$264,822 reimbursement for certain property-maintenance payments made by AM Gold. Kaizen also closed a concurrent agreement with Rokmaster Resources Corp., which previously had entered into an option and joint-venture agreement with AM Gold. Rokmaster agreed that as consideration, Kaizen issue 2,000,000 common shares of Kaizen and paid C\$300,000 to Rokmaster.</p>	<p>The Pinaya Project covers 19,200 hectares and includes more than 25 kilometres of strike length within the Andahuaylas-Yauri Porphyry Belt in southeastern Peru. This belt hosts numerous productive and world-class porphyry and skarn systems, including Las Bambas, Tintaya, Constanca and Haquira. Project infrastructure consists of a fully equipped exploration camp and drill rig. The project contains Mineral Resources within three zones that are essentially contiguous over a 1.7-kilometre strike in the central part of the property. The Western and Northwestern porphyry zones hold estimated Measured and Indicated Resources of 32.3 million tonnes at 0.39% copper and 0.44 grams per tonne (g/t) of gold, for contained metal of 280 million pounds of copper and 452,000 ounces of gold. These porphyry zones also have additional Inferred Resources of 35.4 million tonnes grading 0.40% copper and 0.27 g/t gold, containing 314 million pounds of copper and 307,000 ounces of gold. The Gold Oxide Skarn Zone has additional Measured and Indicated Resources of 6.4 million tonnes at 0.80 g/t gold and 0.092% copper, containing 164,000 ounces of gold and 13.0 million pounds of copper. This zone also has an Inferred Resource of 2.38 million tonnes grading 0.60 g/t of gold and 0.081% copper, containing 46,000 ounces of gold and 4.3 million pounds of copper. Previous drilling on the property was focused mainly on defining the current resources and much less on systematic regional exploration. Regional soil geochemical and geophysical surveys have identified multiple, untested targets along and across strike of the resource.</p>	<p>Kaizen acquired a 100% interest in the Pinaya copper project and surrounding concessions by paying a total consideration of C\$4,845,271 to the vendors, consisting of \$499,117 cash and 17,384,615 shares on signing the agreement. GRI has estimated that the share price of Kaizen ordinary fully paid shares was approximately \$0.45 on the date of the Agreement. GRI used this price in our estimations whereby the consideration paid by Kaizen was 17,384,615 x \$0.45 + \$499,117 = \$8,322,194</p> <p><b>Total= \$8,322,194</b></p> <p><b>OR</b></p> <p><b>\$433 per hectare</b></p>

Transaction	Exploration Information	Value
<p>3. Ashburton Minerals Ltd (ASX: ) announced on 29 July 2013 that it had entered into a conditional non-binding term sheet to acquire unlisted Australian explorer Platypus Resources Limited. Platypus holds rights to acquire approximately 23,450 ha of ground prospective for copper-gold-base metal mineralisation in the San Mateo Mining District, situated 100 km east of Lima, Peru, in the western cordillera of the Andes. Ashburton will seek shareholder approval to issue approx. 1,750 million Ashburton shares to the shareholders of Platypus to acquire all of the issued shares in the capital of Platypus such that Platypus would become a wholly owned subsidiary of the Company.</p>	<p>The primary property being acquired in Peru is situated central to the historical mining area in the San Mateo Mining District, which contains numerous historical gold, copper, silver and base metal mines, including the Pacococha, Millotingo, Silveria, Germania, Chanape and Shullac mines, among others, several of which persisted as artisanal operations into the early 1990s. The district has been variously explored in the past, mainly by Canadian companies, and is today marked by the presence of a number of explorers, including ASX-listed Inca Minerals (ASX: ICG) which is exploring its Chanape project, and Sandfire Resources (ASX: SFR) who holds adjacent ground. Inca recently reported some outstanding drilling results at Chanape that confirmed the presence of porphyry-style copper mineralisation (220 m @ 0.13% Cu and 120 ppm Mo, from 380 m to end of hole at 600 m) beneath a shallower zone of epithermal gold mineralisation (108 m @ 2.0 g/t Au and 413 g/t Ag from surface) that was initially identified by previous workers, with the alteration in the Inca intercept confirmed by consultants to be typical of porphyry-style mineralisation. These results have significantly enhanced the prospectivity of the San Mateo district, having opened up the potential for the discovery of giant copper deposits in addition to the epithermal-style gold-silver- base metal deposits that are known in the area. The central Platypus tenement block (3,450 ha) entirely surrounds the Inca Minerals Chanape project area (805 ha) and contains extensions of geological, geophysical and geochemical trends seen in the central Chanape area.</p>	<p>Ashburton acquired a 100% interest in Platypus that held large concessions in the San Mateo Mining District. Ashburton issued 1,750 million shares to Platypus and advanced a loan of A\$100,000 to enable Platypus to conduct its business in the period through to completion of the Acquisition. No cash payment was made. At the same time as this Acquisition was proceeding Ashburton also undertook a capital raising issuing 225 million shares at 0.2 cents per share. We therefore consider that the 1,750,000,000 shares issued to Platypus should have been at the same price. Therefore, the consideration should be <math>1,750,000,000 \times \\$0.002 = \\$3,500,000</math>.</p> <p><b>Total= \$3,500,000</b></p> <p><b>OR</b></p> <p><b>\$149 per hectare</b></p>

Transaction	Exploration Information	Value
<p>4. BCGold Corp (TSXV:BCG) – announced on 5 August 2016 that it had closed its Peru Transaction, previously announced on April 14<sup>th</sup> 2016, whereby it had acquired 100% interest in the "Peru Properties" by acquiring the shares of Circum Pacific Holdings Ltd. a closely held British Columbia company, which is the majority owner of the shares of Minera Chanape SAC and Cima de Oro S.A.C., the holders of the Peru Properties and directly acquiring the balance of the shares of Chanape and Cima not owned by Circum-Pacific. The overall consideration paid totals 30,000,000 shares of BCGold and a cash payment of \$60,000. The total land package to be acquired consists of 5,785 hectares of contiguous mineral concessions.</p>	<p>The Chanape and Pucacorrall Properties lie within the historic Chanape and San Mateo exploration and mining district, 100 kilometres east of Lima, Peru. The Properties overlay gold-silver epithermal systems associated with mineralised hydrothermal veins and breccias that are postulated to be related to concealed porphyry copper centres in a prolific mining district that has been actively mined for silver, gold and copper since colonial times. The Properties include the Veta Fulvia and the San Mateo silver-copper-gold mines, and completely surround the recent high-grade Chanape porphyry / breccia hosted Cu-Au-Ag discovery formerly owned by Inca Minerals Ltd. - ASX, ("Inca"), which has been demonstrated to extend onto BCGold's Chanape property. Inca has spent approximately A\$7 million in exploration on the Chanape discovery during the past 4 years. Past Chanape drilling by Inca returned high-grade intercepts in near-surface epithermal breccias that includes 55 metres averaging 2.3% Cu, 0.6 g/t Au, 42.9 g/t Ag and 108 metres averaging 2.0 g/t Au, 41.0 g/t Ag from surface, including 42 metres averaging 3.3 g/t Au, 34.9 g/t Ag. Sufficient information has not been received to report true widths. Historic and artisanal mines acquired by BCGold will be evaluated for third party mining and processing at nearby facilities, such as Nyrstar's Coricancha mine and milling complex, currently being evaluated by Great Panther Silver Ltd., 15 kilometres distant. The properties are proximal to the giant Toromocho Cu-Mo-Ag deposit, 30 kilometres to the north. Exploration work will include geological mapping, sampling and an I.P. geophysical survey to further define bulk-tonnage breccia gold-copper-silver drill targets. The Company will also be actively seeking and evaluating additional copper-gold-silver exploration opportunities in Peru.</p>	<p>BCGold acquired a 100% interest in Circum Pacific and the remaining holders of the Peru Properties. BCGold issued 30 million shares and paid A\$60,000 in cash. Our evaluation of the BCGold stock price at the time of this transaction was approximately \$0.07. The consideration should therefore be 30,000,000 x \$0.07 + \$60,000 = \$2,160,000.</p> <p><b>Total= \$2,160,000</b> OR \$373 per hectare</p>
<p>5. Eloro Resources Ltd, (TSX-V: ELO) announced on 4 February 2014 that it had signed a letter of agreement with Tartisan Resources Corp. (CSE: TTC), granting Eloro an option to acquire a 50% interest in La Victoria property, consisting of 8 mineral concessions totalling 3,360 ha. The Property is held by a Peruvian-based Tartisan subsidiary and is located in Huandoval District, Pallasca Province, Ancash Department, in the North-Central Mineral Belt of Peru. Under the terms of the Agreement, Eloro could earn a 50% interest in the Property, at the Company's option, by expending \$1.5 million in staged exploration and work expenditures on the Property and making cash payments to Tartisan totalling \$150,000 – all over a 4-year period.</p>	<p>La Victoria is a royalty-free property, wholly-owned by Tartisan, consisting of eight claims and located in northern Ancash Department, Peru. The property has good infrastructure with access to road, water and electricity. It is located at an altitude that ranges 3,100m to 4,200m above sea level. The project is located within 50 km of several producing mines including: La Arena owned by Rio Alto Mining Ltd., Lagunas Norte (Alto Chicama) owned by Barrick Gold Corporation and Santa Rosa owned by Compañía Minera Aurífera Santa Rosa (COMARSA). The Property has seen over US\$800,000 spent to date by Tartisan in connection with exploration and infrastructure development. This exploration work includes: topographic, ground magnetic and Induced Polarization geophysical surveys; over 600 samples taken for Geochemistry; construction of access roads; and, completion of a National Instrument 43-101-compliant Technical Report The property has numerous historical adits and surface workings. The NI 43-101 Technical Report concludes that La Victoria possesses excellent potential for finding high-grade oxide and sulphide epithermal Au-Ag vein systems and low-grade, large-tonnage, disseminated Cu-Au-Ag (porphyry-type) mineralisation.</p>	<p>The terms enable Eloro to acquire a 50% interest in the project by spending \$1,500,000 on staged exploration work and pay cash to Tartisan of an amount of \$150,000. These exploration expenditures and cash payments are to occur over a period of 4 years. The consideration amounts of \$1,650,000 represent the value of 50% of the project. Since both parties have agreed this amount it indicates that they are of the opinion that the total value of the property at that date is \$3,300,000 OR \$982 per hectare.</p> <p><b>Total= \$3,300,000</b> OR <b>\$982 per hectare</b></p>

Transaction	Exploration Information	Value
<p>6.Eloro Resources Ltd. (TSX-V: ELO) announced on 30 March 2017, that it had signed a Definitive Option and Joint Venture Agreement with Cott Oil and Gas Limited (ASX: CMT), granting Cott an option to acquire up to a 25% interest in Eloro's wholly-owned La Victoria Gold Silver Project by completing up to C\$5 million in expenditures by July 31, 2018, the details of which were announced by Eloro on March 3, 2017. The Property covers approximately 8,040 hectares and is held by a Peruvian-based Eloro subsidiary and is located in Pallasca Province, Ancash Department, in the prolific North-Central Mineral Belt of Peru.</p>	<p>Same project as above however, Eloro has acquired the total project (we do not know how much or when) and added more concessions. We have assumed that more exploration work has been undertaken since Eloro Resources acquired its original 50% interest and that it has acquired the remaining 50% that was held by Tartisan. As Eloro is now offering a 25% interest in the property, it is assumed that Eloro's original exploration work provided sufficient interest for them to acquire the total project and add further concessions, i.e., original size of the property was 3,360 ha and the company is now offering a total concession package of 8,040 ha an extra 4,680 ha has been added. Eloro will retain 75% of its current holding and has offered to Cott a 25% interest.</p>	<p>The terms enable Cott to acquire a 25% interest in the project by spending \$5,000,000 on staged exploration work and pay cash to Tartisan of an amount of \$150,000. These exploration expenditures and cash payments are to occur over a period of 4 years. The consideration amounts of \$5,150,000 represent the value of 25% of the project at its current level of development. Since both parties have agreed this amount it indicates that they are of the opinion that the total value of the property at that date is \$20,600,000 <b>OR</b> \$2,562 per hectare.</p> <p><b>Total= \$20,600,000</b> OR <b>\$2,562 per hectare</b></p>

**Table 9: Comparable Transactions on a \$ per hectare**

Project	Area (Ha)	Consideration (\$)	\$/Ha
Crucero Gold	4,600	5,685,000	1,236
Pinaya Copper	19,200	8,322,194	433
San Mateo Mining District Property	23,450	3,500,000	149
Circum Pacific's Peru Properties	5,785	2,160,000	373
La Victoria (2014)	3,360	1,650,000 <sup>1</sup>	982
La Victoria (2017)	8,040	5,150,000 <sup>2</sup>	2,562
		<b>Average</b>	<b>956</b>

**NOTE:**

1. 50% interest in 2014
2. 25% interest in 2017

**Table 10: Comparative evaluation of Transaction with Torrecillas Concessions**

Transactions	Torrecillas Gold Project	Multiplier
Porphyry deposit	Vein-type	1.00
Large Volume/Low grade	Low Volume/high grade	0.90
Bulk mining	Narrow vein/selective mining	0.90
Pit operations	Underground operations	0.75
Large scale mining equipment	Smaller handheld equipment	0.85
Large scale plant metallurgical processing	Small scale processing plant	1.20
Identified resources	Lack of identified resources	0.50
		<b>0.31</b>

**Table 11: Comparative evaluation of Transaction with San Santiago Concessions**

Transactions	San Santiago	Multiplier
Porphyry deposit	Vein-type	1.00
Large Volume/Low grade	Low Volume/high grade	0.90
Bulk mining	Narrow vein/selective mining	0.90
Pit operations	Underground operations	0.75
Large scale mining equipment	Smaller handheld equipment	0.85
Large scale plant metallurgical processing	Small scale processing plant	1.20
Identified resources	Lack of identified resources	0.25
		<b>0.15</b>

Having subjectively determined the appropriate multiplier to apply to the values of the transactions we then reviewed the mineralogical assemblages for each and identified those that most closely matched the Torrecillas and San Santiago Projects. We determined that the mineral assemblages associated with the Torrecillas Gold project could be aligned with the Crucero Gold and La Victoria (2014) projects. We used the multiplier that had been determined for the Torrecillas Project (0.31) and multiplied it by the value ranges for the transactions that most closely aligned with this project. We determined that the value range for the Torrecillas Gold Project lie in the range \$4.8 million to \$6.0 million. We selected the mid-point of the range to represent our preferred value, which is \$5.4 million.

Similarly, we identified the transactions that most closely matched the San Santiago Project. We determined that the minerals assemblages of the Pinaya Copper, Circum Pacific and San Mateo projects could be aligned with this project and used the multiplier that had been determined for it (0.15) and multiplied it by the value ranges for the transactions that most closely aligned with this project. We determined that the value range for the San Santiago Copper-Gold Project lie in the range \$0.13 million to \$0.38 million. We selected the \$/Ha value estimated for Circum Pacific's Peru Properties to represent our preferred value (\$373/Ha), which is \$0.32 million.

**Table 12: Valuation of Torrecillas and San Santiago Concessions**

Concession	Comparative Transaction	Price Range/Ha (\$)	Area (Ha)	Area (Ha)	Value Range (\$)	Preferred Value (\$)
Torrecillas	Crucero Gold, La Victoria (2014)	982 – 1,236	0.31	15,668	4.8m – 6.0m	5.4m
San Santiago	Pinaya, Circum Pacific, San Mateo	149 – 449	0.15	5,754	0.13m – 0.38m	0.32m

### 7.3 PROSPECTIVITY AND RISKS

The prospectivities and risk factors for both Titan and Andina have been considered in determining the valuation:

#### 7.3.1 MINERAL RESOURCES

**San Santiago Project** – GRI reviewed the discussion contained in the notes of the field trip undertaken by Titan's geologist over the concessions during December 2017. The author's opinion that the underlying geology (intrusives of the Coastal Batholith) and the known styles of mineralisation (fault-controlled veins) make it unlikely that the concessions are likely to host significant bulk tonnage IOCG mineralisation of the type seen at

Pampa de Pongo and Mina Justa although the potential for vein-hosted mineralisation is apparent. The author observed that there is excellent exposure in the Cobrepampa area and that where mineralisation has been identified it is currently being exploited by illegal miners or it has been exploited in the past. The author noted that with the exception on the Genova, Callejon and Brasil claims, under option from Alvarez Calderon, all the other concessions show no signs of mining activity and on this basis concluded that they are therefore unlikely to host significant mineralisation. It was noted that the veins on the Alvarez Calderon concessions have a strike length of 1.5 to 2km and from the scale of these workings, dumps and infrastructure that while Titan does control a number of veins that these veins are smaller than average for the area with limited production.

**Torrecillas** – Difficulties in identifying when mining operations and mineral resource estimations were undertaken and how much ore remains after the Trial Mining period from 2012 to 2014, presents a complex issue for Andina. A study undertaken by Mining-Plus during 2016, proved inconclusive as to tonnages and grades of ore remaining and that available for exploitation, plus the lack of economic data available on the mine including potential costs. Estimates of reserves and resources may change significantly when new information becomes available or new factors arise once new studies are undertaken. Variations in grade will impact the total tonnages produced and the costs incurred. Interpretations and deductions of the geology and controls on the mineralisation on which the reserve and resource estimates would be based (i.e. past drilling, sampling and similar examination) may potentially be found to be inaccurate when further drilling or the commencement of actual production take place. Any adjustment could affect the development and mining plans, which could materially and adversely affect the revenues and the valuation of the Mineral Assets. There can be no assurance that the recovery from exploration assay tests will be the same under on-site conditions or in production-scale operations.

### **7.3.2 FUTURE PRICES AND GLOBAL ECONOMY**

Revenues of the Mineral Assets depend on future prices in general and they are highly sensitive to price fluctuations, both positively and negatively. A huge fall in prices would substantially reduce the valuations. The worst case is that the Mineral Assets would become uneconomical.

### **7.3.3 OPERATING COSTS**

The mining business is capital intensive and the development and exploitation of reserves and resources, the depreciation and unavailability of equipment and machineries, and the expansion of production capacity will require substantial capital expenditures. There may be significant increases in operating costs which arise from unforeseen operating complexities such as increases in fuel prices or global or local inflation. Operations may not be completed within the scope of the time planned, original budgets may be exceeded, and the intended economic results or commercial viability may not be achieved. All of which could have a material adverse effect on the results of operations and the business.

### **7.3.4 CONCESSIONS AND LICENSES EXTENSION**

The exploration concessions form the basis for determining the value of the Mineral Assets. There are risks that the applications necessary to undertake work activities may be delayed or not issued.

## 8. GENERAL

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### 8.1 QUALIFICATIONS

Global Resources & Infrastructure Pty Ltd (“GRI”) is a management consulting and advisory company that specialises in providing its services to the resources and infrastructure industries.

Ian Buckingham, Managing Director of GRI is GRI’s lead consultant in preparation of this opinion for [RSM/Moore Stephens]. Mr. Buckingham has worked on over three hundred valuation assignments. Specific valuation assignments undertaken by Mr. Buckingham include: providing Specialist’s advice to Grant Samuel when that company provided an Independent Expert’s Report to Aberfoyle Limited in relation to the takeover offer by Western Metals NL; providing Specialist’s advice to Grant Samuel and to KPMG Corporate Finance when both of those organisations provided the Independent Expert’s Reports on the takeover offer by Rio Tinto for North Limited and Ashton Mining Limited respectively. As Project Director he managed the project team that undertook a review of the mining, environmental, legal and economic issues associated with the Ok Tedi Mine, PNG; working in support to Roma Appraisals Limited he evaluated the purchase by China Precious Metal Resources Holdings Co., Ltd of two gold mines, Bianfushan and Shangzhui, both located in Yunan Province, PRC., he reviewed and valued the coal assets of PT Kideco, a 12 million tonne per annum Indonesian based coal mining and exporting company, reviewed and valued the assets of both Aulron Energy Limited and Yarrabee Coal Company Pty Ltd as part of the purchase by Aulron Energy Limited of all of the shares in Yarrabee Coal Company through the issue of shares in Aulron Energy Limited; participated in the strategic review team that evaluated and valued the WMC Corridor Sands Project, Mozambique; reviewed and valued the minerals assets and Stuart Oil Shale Project of Southern Pacific Petroleum; valued the Australian coal assets of Kumagai Australia; prepared and completed the “Competent Person’s” Report for the listing of Zeehan Zinc Limited, an Australian base metals company on the Alternative Investment Market (AIM) of the London Stock Exchange. More recently, he has reviewed, evaluated and valued Jinchangxi-Bize Gold Project, prepared information; held discussions with QST executives, reviewed and prepared valuation report and liaised with the Independent Expert. Mr. Buckingham has also undertaken a number of strategic development assignments evaluating several minerals commodities on behalf of global mining groups.

**Ian Buckingham** holds Associateship and Fellowship Diplomas in Geology (RMIT) with extra studies in mining engineering and primary metallurgy, B.App.Sc.(Applied Geology) and MBA from RMIT University. Mr. Buckingham is a Fellow Australasian Institute of Mining & Metallurgy (FAusIMM), Member PESA and AAPG and Member AAPG Energy Minerals Division.

Commencing his career as a base metals, gold and diamonds exploration geologist he moved into gas engineering and petroleum exploration and development before establishing himself as a resources analyst in stock broking and investment banking. As an analyst he evaluated and developed financial models for major mining and energy companies and has worked on a significant number of resources projects where his knowledge and expertise in areas such as due diligence, valuation, commercial and technical analyses, concept and strategic development, financial modeling and general mining management have been required. Since establishing GRI he has carried on his work in the resources and infrastructure industries focusing on project development, strategic analysis and project evaluation.

Ian was a member of the committee that re-wrote the VALMIN Code (2005).

### 8.2 FEES

GRI will be paid a total professional fee of A\$21,000.00 plus reasonable expenses for the preparation of this report. The fee is not contingent on the conclusions set out in the report.

### 8.3 COMPLIANCE

This report has been prepared in accordance with the requirements of the “Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for independent Expert Reports” (The VALMIN Code, 2015).



#### **8.4 DECLARATION**

GRI has not previously worked on any assignment associated with Titan or any companies associated with that company.

GRI does not have any business relationship with Titan or with any companies associated with that company that could reasonably be regarded as being prejudicial to its ability to give an unbiased and independent assessment.

There is no present agreement, arrangement or understanding that GRI will at any time in the future undertake any assignment for Titan or any company or organisation associated with Titan.

Other than as set out herein, neither GRI nor Ian Buckingham has any interest in the companies that are the subjects of this report.

#### **8.5 CONSENT**

GRI has given its written consent to the inclusion of this report in RSM Corporate's IER to be provided to Titan's independent directors, management or shareholders, pursuant to Australian regulatory requirements. As of this date, GRI has not withdrawn its consent. GRI has not been involved in the preparation of or authorised or caused the issue of any other part of the documentation to be provided to Titan's shareholders, other than this report.

Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with, or attached to any document or used for any other purpose without the prior written consent of GRI to the form and context in which it appears and the purpose of its use.

All of the persons involved in the preparation of this report have consented to the use of this assessment report, for the purpose stated above and, in the form, and context in which it appears.

#### **8.6 LIMITATION**

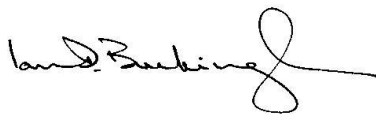
The statements and opinions contained in this report are given in good faith and, to a considerable extent; reliance has been placed on the information provided by Titan. All such information has been presented in a professional manner and GRI believes, on reasonable grounds, that it is true, complete as to material details, and not misleading. The work undertaken for the purpose of this report in no way constitutes a technical audit of any of the assets or records reviewed, and GRI does not warrant that its inquiries have realised all of the matters that an audit might disclose. GRI in no way guarantees or otherwise warrants the achievability of any forecasts of future production and costs used in valuations in this report.

#### **8.7 FACTUAL AND CONFIDENTIALITY REVIEW**

A draft copy of this report was provided to officers of RSM Corporate and Titan for comments as to confidentiality issues, errors of fact or misinterpretation, or substantive disagreements on the assumptions that GRI has adopted. While GRI has included minor corrections and amendments in this final report as a result of comments received, neither the methodology nor conclusions were amended.

GRI gratefully acknowledge the assistance provided by the Directors and officers of RSM Corporate, Titan and Mining-Plus, South America in facilitating the preparation of this report.

#### **GLOBAL RESOURCES & INFRASTRUCTURE PTY LTD**



IAN BUCKINGHAM  
Managing Director

## APPENDIX I – REFERENCES

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## Schedule 3 – Summary of Terms and Conditions of Performance Rights

The terms and conditions of the Performance Rights are as follows:

### 1 Definitions

In these terms and conditions, unless the context requires otherwise:

**Expiry Date** means the date that is 2 years from the date of issue of the Performance Rights.

**Performance Right** means a Class A Performance Right, Class B Performance Right and/or a Class C Performance Right, as the context requires.

**Performance Rightholder** means the holder of a Performance Right.

**Class A Performance Right** means a Performance Right subject to the Class A Milestone and these terms.

**Class A Milestone** means the Shares achieving a daily VWAP of greater than \$0.05 for a period of 10 consecutive Trading Days.

**Class B Performance Right** means a Performance Right subject to the Class B Milestone and these terms.

**Class B Milestone** means the Shares achieving a daily VWAP of greater than \$0.06 for a period of 10 consecutive Trading Days.

**Class C Performance Right** means a Performance Right subject to the Class C Milestone and these terms.

**Class C Milestone** means the Shares achieving a daily VWAP of greater than \$0.07 for a period of 10 consecutive Trading Days.

### 2 Dividend

Performance Rightholders are not entitled to a dividend.

### 3 Conversion

#### (a) Conversion

The Performance Rights will convert to Shares in accordance with this clause 3.

#### (b) Conversion of Class A Performance Right:

Subject to clause 3(e), each Class A Performance Right will convert into one (1) Share upon the satisfaction, prior to the Expiry Date, of the Class A Milestone.

#### (c) Conversion of Class B Performance Right:

Subject to clause 3(e), each Class B Performance Right will convert into one (1) Share upon the satisfaction, prior to the Expiry Date, of the Class B Milestone.

#### (d) Conversion of Series C Performance Right:

Subject to clause 3(e), each Class C Performance Right will convert into one (1) Share upon the satisfaction, prior to the Expiry Date, of the Class C Milestone.

- (e) Conversion after expiry date:
- (i) If the Class A Milestone is not met by 5:00pm on the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class A Performance Rights held by each Performance Rightholder into 1 Share.
  - (ii) If the Class B Milestone is not met by 5:00pm on the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class B Performance Rights held by each Performance Rightholder into 1 Share.
  - (iii) If the Class C Milestone is not met by 5:00pm on the Expiry Date, the Company will, as soon as reasonably practical and in any event no later than 90 days after the Expiry Date, convert the total number of Class C Performance Rights held by each Performance Rightholder into 1 Share.
- (f) Takeover Provisions
- (i) If the conversion of Performance Rights (or part thereof) under clauses 3(b) to 3(e) would result in any person being in contravention of section 606(1) of the Corporations Act, then the conversion of each Performance Right that would cause the contravention shall be deferred until such time or times thereafter that the conversion would not result in a contravention of section 606(1). Following a deferment under this clause 3(f)(i), the Company shall at all times be required to convert that number of Performance Rights that would not result in a contravention of section 606(1).
  - (ii) The Performance Rightholders shall give notification to the Company in writing if they consider that the conversion of Performance Rights (or part thereof) under clauses 3(b) to 3(e) may result in the contravention of section 606(1), failing which the Company shall assume that the conversion of Performance Rights (or part thereof) under clauses 3(b) to 3(e) will not result in any person being in contravention of section 606(1).
  - (iii) The Company may (but is not obliged to), by written notice, request the Performance Rightholders to give notification to the Company in writing within seven (7) days if they consider that the conversion of Performance Rights (or part thereof) under clauses 3(b) to 3(e) may result in the contravention of section 606(1). If the Performance Rightholders do not give notification to the Company within seven (7) days that they consider the conversion of Performance Rights (or part thereof) under clauses 3(b) to 3(e) may result in the contravention of section 606(1), then the Company shall assume that the conversion of Performance Rights (or part thereof) under clauses 3(b) to 3(e) will not result in any person being in contravention of section 606(1).
- (g) After Conversion
- The Shares issued on conversion of any Performance Right will, as from 5:00pm on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares upon the date of conversion. Shares issued on conversion of the Performance Right must be free from all encumbrances, securities and third party interests. The Company must ensure that Shares issued on conversion of the Performance Rights are freely tradeable, without being subject to on-sale restrictions under section 707 of the Corporations Act, on and from their date of issue.

#### **4 Lapse on Termination**

A Performance Right, whether unvested or vested, will lapse and be automatically cancelled if the Performance Rightholder's employment within the Company or its subsidiaries is terminated.

**5 Issue of Shares for No Consideration**

The Company shall allot and issue Shares immediately upon conversion of the Performance Rights for no consideration and shall record the allotment and issue in the manner required by the Corporations Act.

**6 Reconstruction**

In the event of any reconstruction, consolidation or division into (respectively) a lesser or greater number of securities of the Shares and the Performance Rights shall be reconstructed, consolidated or divided in the same proportion as the Shares are reconstructed, consolidated or divided and, in any event, in a manner which will not result in any additional benefits being conferred on the Performance Rights which are not conferred on the Shareholders.

**7 Winding Up**

If the Company is wound up prior to conversion of all of the Performance Rights into Shares then the Performance Rightholders will have:

- (a) no right to be paid cash for the Performance Rights; and
- (b) no right to participate in surplus assets or profits of the Company on winding up.

**8 Non-transferable**

The Performance Rights are not transferable.

**9 Voting Rights**

The Performance Rightholders shall have no right to vote, subject to the Corporations Act.

**10 Participation in New Issues**

There are no participation rights or entitlements inherent in the Performance Rights and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.

**11 Quotation**

The Performance Rights are not quoted. No application for quotation of the Performance Rights will be made by the Company.

[Name/Address 1]  
[Name/Address 2]  
[Name/Address 3]  
[Name/Address 4]  
[Name/Address 5]  
[Name/Address 6]

# GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

## [BARCODE]

**Holder Number:**  
[HolderNumber]

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## Vote by Proxy: TTM

Your proxy voting instruction must be received by **10.00 am (WST) on Tuesday, 10 July 2018**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

## Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.



- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.

### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal:

<https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided. **By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



CONTACT

**Return your completed form:**

**BY MAIL**  
 Automic Registry Services  
 PO Box 2226  
 Strawberry Hills NSW 2012

**IN PERSON**  
 Automic Registry Services  
 Level 29, 201 Elizabeth Street  
 Sydney NSW 2000

**Contact us – All enquiries to Automic:**

**WEBCHAT**  
<https://automic.com.au/>

**EMAIL**  
[hello@automic.com.au](mailto:hello@automic.com.au)

**PHONE**  
 1300 288 664 (Within Australia)  
 +61 2 9698 5414 (Overseas)

STEP 1: Please appoint a Proxy

**Complete and return this form as instructed only if you do not vote online**

I/We being a Shareholder entitled to attend and vote at the General Meeting of Titan Minerals Ltd, to be held at **10.00 am (WST) on Thursday, 12 July 2018 at Suite 6, 295 Rokeby Road, Subiaco 6008** hereby:

**Appoint the Chairman of the Meeting (Chair)** OR if you are not appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit and at any adjournment thereof.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**  
 Unless indicated otherwise by ticking the "for," "against" or "abstain" box you will be authorising the Chair to vote in accordance with the Chair's voting intention.

**AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS**  
 Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 6 (except where I/we have indicated a different voting intention below) even though Resolution 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

STEP 2: Your Voting Direction

Resolutions	For	Against	Abstain
1. Acquisition of Andina Shares from Mr Matthew Carr under the Andina Takeover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Acquisition of Andina Shares from Mr Nicholas Rowley under the Andina Takeover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Acquisition of Andina Shares from Mr Cameron Henry under the Andina Takeover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Ratification of Issue of Tranche 1 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval of Issue of Tranche 2 Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of Issue of Performance Rights to Mr Zane Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.*

STEP 3: Sign

**SIGNATURE OF SHAREHOLDERS – THIS MUST BE COMPLETED**

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name..... Contact Daytime Telephone..... Date \_\_\_\_/\_\_\_\_/\_\_\_\_

Email Address \_\_\_\_\_

**By providing your email address, you elect to receive all of your communications despatched by the Company electronically (where legally permissible).**

[BARCODE]

TTM  
[HolderNumber]