

Titan Minerals Signs Term Sheet for the Sale of Zaruma Mine & Portovelo Process Plant for US\$15.0 million

Highlights

- Titan Minerals has entered into a term sheet with Pelorus Minerals for the sale of its non-core Zaruma Mine and Portovelo Process Plant assets
- Consideration is US\$15 million in staged cash payments plus a 2% net smelter return royalty on future copper production from the Zaruma Mine concessions
- The sale of the Zaruma Mine and Portovelo Process Plant will strengthen the Company's cash position and balance sheet

Titan Minerals Limited (ASX: TTM) ("Titan" or the "Company") is pleased to announce it has entered into a term sheet ("Term Sheet") with Pelorus Minerals Limited ("Pelorus" or the "Buyer") for divestment of its non-core Zaruma Mine and Portovelo Process Plant assets in Ecuador.

Subject to the parties finalising and executing a formal binding transaction agreement (the "Share Sale Agreement") and the Buyer finalising its due diligence investigations within a 30-day exclusivity period from the date of the Term Sheet, Titan will receive proceeds from the sale of the non-core assets of US\$15 million in staged cash payments plus a two percent (2%) net smelter return royalty on the value of any recovered and realisable copper produced from any of the Zaruma Mine concessions (see "Transaction Summary" below for further details).

The asset sale together with the ongoing in-country strategic review and corporate restructuring (see ASX release 26 May 2020, "Core Gold Integration Update and Potential Divestment of Non-Core Assets") will allow Titan to resolve the balance sheet issues it inherited following the acquisition of Core Gold Inc. in 2020. The cash proceeds will allow Titan to focus its full attention on the development of its flagship Dynasty Gold Project and exploration at the Copper Duke Project in Ecuador.

Commenting on the divestment, Titan Minerals Managing Director, Laurie Marsland said:

"Titan's core focus remains firmly set on developing the Dynasty Gold Project and making a discovery at the Copper Duke Project in Ecuador. The sale of the Zaruma Mine and the Portovelo Process Plant strengthens our balance sheet and allows us to reduce and manage the liabilities we inherited following the Core Gold acquisition.

Given the improvement in our financial position as a result of this non-core asset sale, we expect to continue drilling and deliver an updated JORC resource at Dynasty following the completion of the Cerro Verde drill programme.

The sale of Zaruma and Portovelo has been a lengthy complicated process. We acknowledge the patience of our shareholders and appreciate their continued support.

With the focus on creating value for our shareholders, divestment of other non-core assets is planned over the remainder of this year."

Zaruma Mine and Portovelo Process Plant

The Zaruma Mine is located in the Zaruma-Portovelo mining district and comprised of thirty (30) concessions totalling 7,615 Ha. The concessions are currently being transferred into newly established corporate entities as part of a corporate restructuring that is expected to be complete in the near term.

The Portovelo Process Plant is a fully operational CIP milling operation located 9 km by road from the Zaruma Mine's Cabo de Hornos portal.

The non-core asset sale will be completed on an 'as is, where is' basis and include the Zaruma mining concessions, mine infrastructure, related mining equipment and machinery, geological data, permits and licenses, the Portovelo process plant, process plant infrastructure including buildings and structures located on the property and three tailings dams.

Transaction Summary

Pursuant to the Term Sheet with Pelorus, Titan will receive proceeds from the sale of the non-core assets of US\$15 million in staged cash payments plus a two percent (2%) net smelter return royalty on the value of any recovered and realisable copper produced from any of the Zaruma Mine concessions.

The sale and transfer of the Zaruma Mine and Portovelo Process Plant (the "**Assets**") will be effected via the sale of the shares in the Titan subsidiaries that hold the Assets to Pelorus. The sale of the Assets is subject to the parties finalising and executing the Share Sale Agreement and the Buyer finalising its due diligence investigations within the 30-day exclusivity period, which shall include:

- (i) Titan confirming to Pelorus the legal title and good standing of the Assets within the newly established corporate entities; and
- (ii) Pelorus completing a NI 43-101 compliant technical report on the Assets.

The schedule of staged cash payments agreed between Titan and Pelorus is as follows:

1. US\$2,000,000 Non-refundable cash deposit payable by Pelorus upon signing of the Term Sheet
2. US\$3,000,000 Payable within 30 days on signing of the Share Sale Agreement
3. US\$2,500,000 Payable on 1 August 2021
4. US\$2,500,000 Payable on 1 December 2021
5. US\$2,500,000 Payable on 1 March 2022
6. US\$2,500,000 Payable on 1 June 2022

Pelorus Minerals

Pelorus Minerals is a newly formed company which intends to list on the London Stock Exchange in 2022.

Advisers

Titan retained Bacchus Capital Advisers Ltd as its exclusive financial adviser and The Scot Group as its corporate adviser in Ecuador, and Thomson Geer and Paz Horowitz as legal advisers, in relation to this transaction.

-ENDS-

Released with the authority of the Board.

For further information on the Company and our projects, please visit: www.titanminerals.com.au

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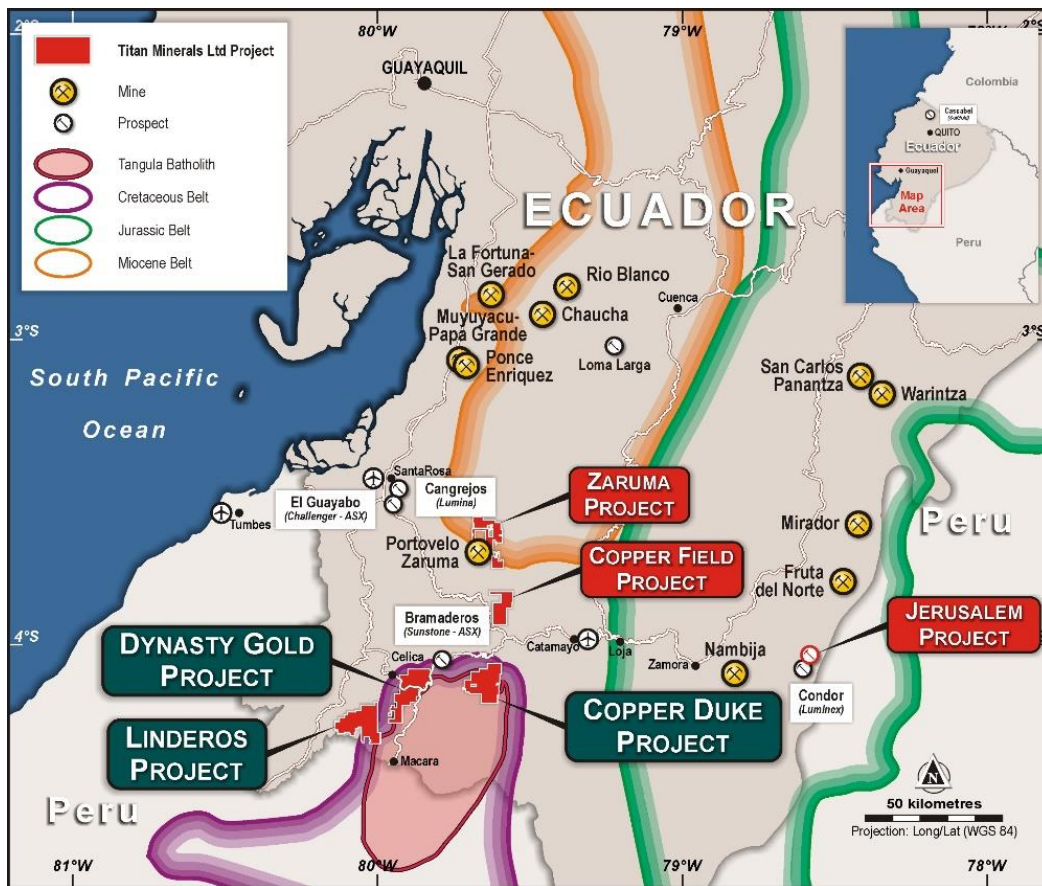
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About Titan Minerals Ltd

Titan Minerals is an exploration and development company focused on exploring and developing potential Tier One projects in Ecuador’s southern Andean copper-gold belt. The Company’s flagship asset is the Dynasty Project that consists of a NI 43-101 mineral resource estimate of 2.1Moz at 4.5g/t gold. Titan’s strategy is to conduct a drilling campaign across Dynasty to deliver an updated JORC resource and to make a discovery at Copper Duke.

The Company is continuously evaluating additional projects in gold, copper, and other commodities within Ecuador and elsewhere for acquisition or joint venture to grow shareholder value.



Titan Minerals Project Map