

# Titan Minerals Ltd (TTM)



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## Creating a gold dynasty in Ecuador?

**Overview:** Titan Minerals Limited (“Titan”, “the Company”) is an Australian minerals exploration company focused on gold and copper exploration in Ecuador. Titan’s flagship assets are the 100% owned Dynasty Gold Project and the Copper Duke Project both situated in Ecuador’s southern Andean copper-gold belt. Dynasty is the Company’s most advanced asset and consists of five concessions totaling 139km<sup>2</sup> with a 2.1MozAu Foreign Resource Estimate averaging 4.5 g/t gold. The Copper Duke Project is a 130 km<sup>2</sup> tenement position with high quality copper-gold porphyry potential. Titan also owns the Linderos gold project where a recent high gold discovery was made. In June 2020, Titan announced a \$14.5 million capital raising to accelerate progress of its Ecuadorian gold projects.

EXPLORATION

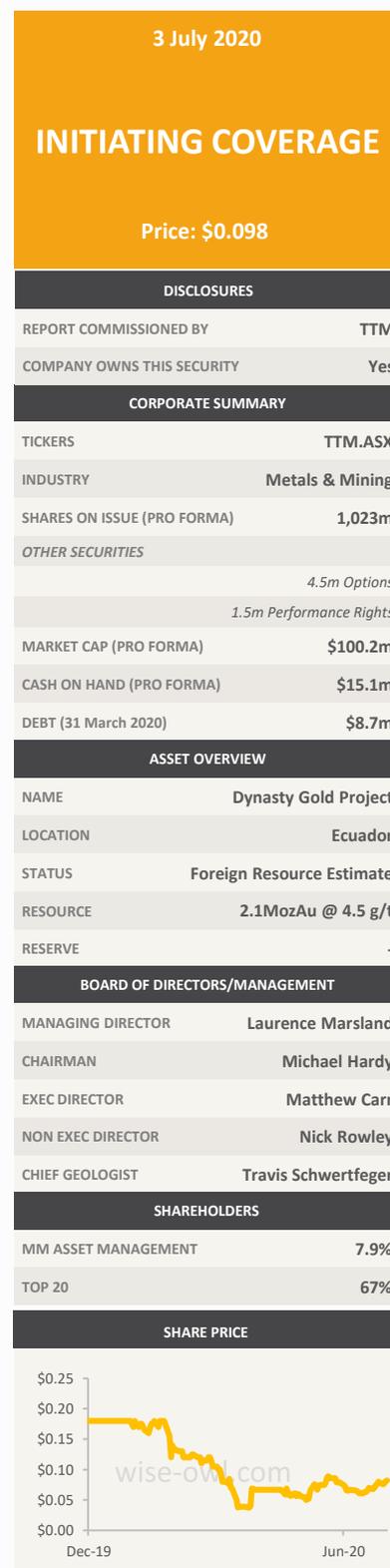
RESOURCE

RESERVE

**Catalysts:** Following completion of the \$12 million placement and with the SPP heavily oversubscribed, Titan is well funded to advance Dynasty towards a JORC compliant mineral resource – targeted for completion in Q4 2020. The Company is now preparing to commence a 3-month high impact 6,000m drilling campaign at Dynasty’s existing resource. In addition, assays from over 4,000m of diamond drilling completed in 2019-20 are pending assay. Development of Copper Duke will progress in parallel with high resolution magnetic and geochemical surveys planned to commence in Q3 2020 and drilling scheduled for early 2021. These exploration campaigns have the potential to be major value drivers, yield interest towards the stock and drive commercial discussions in the future.

**Hurdles:** The current global pandemic put a halt to proceedings in Ecuador and delayed operations as drilling was initially expected to begin in May. Titan is confident to resume field exploration activities as restrictions continue to ease, however risks beyond the company’s control remain present. Upcoming exploration drilling at Dynasty is subject to technical risks and considerable further capital and technical investigations are required to establish the feasibility and economic merit of mining development at Dynasty. Commodity prices are subject to price fluctuations and adverse price movements may impact the future economic returns of Titan’s assets.

**Investment View:** Titan offers speculative exposure to a portfolio of high-quality copper-gold development projects in Ecuador. We are attracted to Titan’s funding position, the scale and quality of Dynasty and potential upside at Copper Duke. We believe there are numerous potential value drivers in the short-term amid upcoming drilling activity and sampling programs. Technical risks and reliance on external capital to advance its projects are principal hurdles. Ecuador has historically proven to be a mining friendly jurisdiction as stable mining laws encourage exploration activity, thus making it an attractive destination for Titan. Situated in an underexplored highly prospective region, the Company’s project portfolio offers outstanding potential for additional resource growth to improve both the economic and productive life of its assets. Led by an experienced management team with a strong track record of identifying and developing undervalued assets and trading at \$35 per resource ounce, we initiate coverage to monitor Titan’s drilling campaigns.



3 July 2020

## COMPANY OVERVIEW

Titan Minerals Limited (“Titan”, “the Company”) is an Australian exploration minerals and development company focused on gold and copper exploration in Ecuador’s southern Andean copper gold belt. The Company owns two flagship assets – Dynasty and Copper Duke – as well as the Linderos Project.

## ASSET OVERVIEW – DYNASTY GOLD PROJECT

The Dynasty Gold Project is comprised of five concessions totalling 139km<sup>2</sup> located in the Loja Province in southern Ecuador.

The project features a 2.1 million oz. Au. Foreign(Canadian NI 43-101 compliant) Resource Estimate, averaging 4.5 g/tonne gold.

It hosts a 9km long by 1km wide mineralised structural vein corridor with only a small section of the strike extent drilled to date.

The three northernmost concessions received Environmental Authorization in early 2016 and are fully permitted for exploration and small-scale mining operations (up to 1,000tpd per concession open-pit).

There was previously small-scale, shallow open-pit production for over 3 years with production achieving up to 220,000 tonnes per annum averaging 3.4g/t mining grades.

The initial small-scale mining identified numerous veins not included in the current foreign mineral resource estimate. In addition, 44% more gold was recovered compared to the model which bodes well for future resource expansion.



Previous small-scale open-pit production achieved up to 220,000 tonnes pa for over 3 years at Dynasty

Mineralised material was transported ~180km to previous owner Core Gold Inc’s wholly owned Portovelo CIP Plant, until mining was suspended under force majeure. This was declared subsequent to the reporting period.

Titan acquired a 91.07% interest in the Ecuador asset portfolio in the March quarter, and now has 100% ownership .

Historically, the Dynasty Project has had 201 drill holes totalling 26,734m of diamond core drilling across it.

A 25,000m re-Logging and 6,000m sampling campaign of historical core commenced in March.

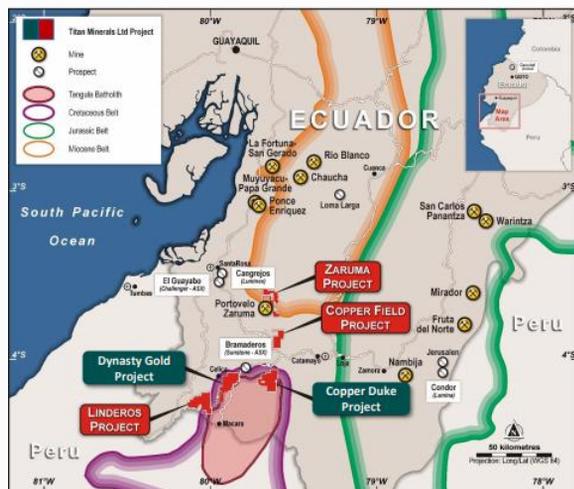


Image: Titan’s flagship projects are located in South Ecuador, in close proximity to producing mines

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#### ASSET OVERVIEW – DYNASTY GOLD PROJECT cont'd

Previous mining focused on the Cerro Verde Prospect. Numerous un-drilled vein extensions at surface include:

- 1.5m @ 11.0g/t gold with 28g/t silver
- 1.1m @ 20.8g/t gold with 61g/t silver

Further results from a 1.8km by 1.8km vein swarm, open along strike and at depth, with un-drilled vein orientations were confirmed in small scale mining within the modelled resource. Drill intercepts include:

- 12.4m @ 4.26g/t gold from 4.6m
- 7.99m @ 4.41g/t gold from 64.7m
- 4.28m @ 7.50g/t gold from 98m

Assays are now pending from 41 of 44 diamond drill holes totalling 4,795m of recent drilling.



*Image: Titan knows the characteristics of Dynasty very well due to historic and recent drilling campaigns and sampling. Previous exploration investments exceed US\$12 million.*



Titan is expected to deliver a JORC resource update for the Dynasty Gold Project in Q4 2020.

Beyond the historical core sampling the company is expected to undertake a 6000 meter drilling campaign in Q3 2020.

Titan is expected to deliver a JORC resource update for the Dynasty Gold Project in Q4 2020.

#### ASSET OVERVIEW – COPPER DUKE PROJECT

Copper Duke is an early stage exploration project also located in the Loja province of southern Ecuador, approximately 18km east of the Dynasty gold project.

Copper Duke consists of thirteen concessions totalling 130km<sup>2</sup> situated approximately 5km south of both the Pan American Highway and the city of Catacocha, which is less than 1 hour's drive west of the regional airport for Loja, the provincial capital city.

In 1978, 440 metres was drilled in two diamond drill holes undertaken by a UN drill program. These assays conducted returned:

- 33.1m @ 2.5g/t Au from 9m drill depth
- 45.4m @ 1.9g/t Au from surface

The notes in the drill logs commented that both 220m holes were mineralised for the extent of the hole but only partially assayed for gold and silver.



**Targeting gold  
copper-gold  
porphyry deposits  
at Cooper Duke**

**ASSET OVERVIEW – COPPER DUKE PROJECT cont'd**

The Copper Duke Project is predominantly hosted in multiphase igneous bodies of granodiorite, quartz diorite and diorite compositions from Cretaceous to Paleocene age that intrude andesitic volcanic rocks and carbonate-sediments of early Cretaceous age.

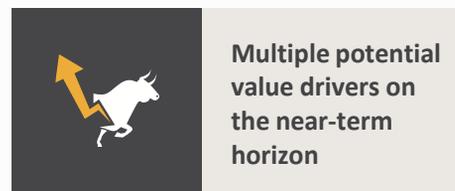
Younger intrusions of hornblende diorite intrude proximal to the intersection of NE to SW and NW to SE trending structural corridors, and the younger intrusion are typically associated with gold-copper and Copper-Molybdenum mineralization, and localised gold occurrences associated with stockworks to veinlets of quartz-magnetite veining.



Copper Duke to be developed in parallel, drilling planned for 2021

Planned exploration includes proposed airborne geophysical surveys for high resolution magnetic and geochemical surveys extending the coverage of geochemistry for the project to attain systematic datasets over all the project area to better vector exploration into the best target zones for maiden drill testing.

Maiden Drill tests for the extensive anomaly is currently proposed for the March Quarter 2021.



**ASSET OVERVIEW – NON-CORE PROJECTS**

Titan has additional non-core assets across Ecuador and South America. Its other projects include:

**LINDEROS PROJECT (ECUADOR)**

The Linderos Project is an exploration property located in the Loja province of southern Ecuador. It is comprised of 4 contiguous concessions totalling 143km<sup>2</sup> land position located approximately 20km southwest of the Dynasty Gold project.

The Linderos project boasts significant copper anomalies at surface associated with gold-copper porphyry system style mineralization, and also hosts a recent discovery of high-grade epithermal style gold mineralisation at surface that merits further exploration. Titan is currently reviewing datasets to refine an exploration strategy to cost effectively advance a discovery at the project. A high-resolution drone platform magnetic survey is planned for the project, and is anticipated to be a catalyst to drive further follow-up exploration activities.

**PORTOVELO GOLD PLANT (ECUADOR)**

- Currently largest fully-permitted CIP plant in Ecuador.
- Located at the Zaruma project, and within truckable distance of the Dynasty Gold Project

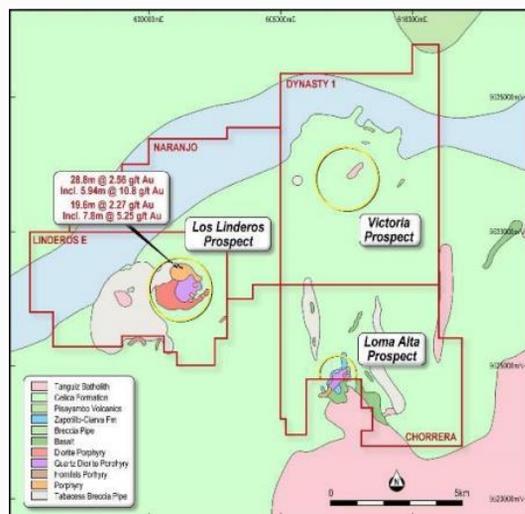


Image: Linderos is a 143km<sup>2</sup> land position where a recent high grade gold discovery was made

3 July 2020

#### ASSET OVERVIEW – NON-CORE PROJECTS cont'd

##### ZARUMA PROJECT (ECUADOR)

- Legacy project with previous production and >5Moz historical production in the district.

##### CORIORCCO GOLD PROJECT (PERU)

- Early stage epithermal gold project, 80km E of Vista Gold Plant, Peru.

##### LAS ANTAS GOLD PROJECT (PERU)

- Early stage, high sulphidation bulk tonnage gold target.

##### VISTA GOLD PLANT (PERU)

- CIP gold plant licensed for 350tpd operations and nameplate capacity of 150tpd in current operation.
- Average head grades range 17to 24 g/t gold.

The Company is currently conducting a strategic review with Bacchus Capital, and is considering potential divestment of non-core assets, which could generate additional funding for the company to apply to Dynasty and Copper Duke over the coming months.



#### GOLD SECTOR

Global gold prices have appreciated significantly in recent years as the benchmark price neared US\$1800 in June 2020. For thousands of years gold has been the ultimate store of value and in recent times the gold rally gained fresh momentum, due to ultra-low interest rates, geopolitical risks and most recently the global health pandemic.

Gold prices have increased approximately 26% over the past 12 months, providing a favourable price environment for established gold producers and driving interest towards early-stage exploration companies with potential future mining activities.

While there is no guarantee that the gold price environment will remain favourable, the precious metal has preserved its purchasing power throughout history. As central banks around the world continue to “print” money and the global debt to GDP ratio soars over 320%, gold appears well positioned to attract investor demand by offering an alternative investment proposition compared to other high-risk investments.



Chart: Gold price in USD over 5-year horizon

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**OUTLOOK**

Having recently raised \$12M via placement, and with the \$2M SPP heavily oversubscribed (priced at \$0.065 per share), the Company is now well funded for an aggressive six-month exploration program at Dynasty, which will facilitate conversion of its foreign resource estimate into a larger JORC resource by Q4 2020.

While near-term drilling is focused on Dynasty's existing resource, with a total landholding of 139km<sup>2</sup> across five concessions, we see potential of additional upside as exploration progresses. Three of these concessions are fully permitted for exploration and small-scale mining.

In parallel, Titan will advance the Copper Duke project, which has multiple porphyry intrusions with extensive copper-gold anomalism outcropping. The Company is planning high resolution magnetic and geochemical surveys at Copper Duke in Q3 of 2020.

Ecuador is favourably located at the "hinge" of the Andes, and yet to see the same exploration as its neighbours Peru and Colombia. With stable mining laws and no gold export restrictions, the country has attracted mining majors such as Newmont, Fortescue, Newcrest, BHP, Lundin Gold either via their own projects or strategic investments.

The Company is fully funded to complete this program, which includes Dynasty historical core sampling, a Dynasty drilling program planned to commence in Q3 2020 and Magnetics at both Dynasty and Copper Duke to be completed in Q3 2020. Divestment on non-core assets may also contribute to the company's balance sheet over the coming months.

While the current global pandemic has pushed back the Company's timeline, Titan will resume its aggressive 2020 work program as Ecuador re-opens, building towards the crucial Dynasty JORC update planned for Q4 2020.



**Wise-owl initiates coverage to monitor project development**

## THE BULLS AND THE BEARS



## THE BULLS SAY

- Titan's Dynasty Project will be a key driver in the Company's evolution with drilling scheduled to commence shortly.
- Dynasty currently has a 2.1MozAu Foreign Resource Estimate averaging 4.5 g/t gold. The Company targets to update this resource to a JORC compliant mineral resource estimate by Q4 2020.
- 5,000m of drill results are pending assay in the lab – due to be published in the near future.
- Ecuador has historically proven to be a safe mining jurisdiction and encouraging of mining activity. It is also host to some of the world's largest mining companies.
- The Company is well funded to complete its 2020 work programme.
- Global gold prices have appreciated significantly in recent years, providing a favourable environment for gold mining & exploration companies.
- Titan is trading at \$35 per resource ounce, which leaves room for upside as the project is being de-risked



## THE BEARS SAY

- The Company is well funded for 2020, however it does have \$8.7M in debt and will require considerable further external capital to advance project development towards production
- Upcoming exploration drilling at Dynasty is subject to technical risks as further investigations are required to establish the feasibility and economic merit of a mining development at Dynasty
- The current global pandemic put delayed operations and while Titan is confident to resume field exploration activities, risks beyond the company's control remain present.
- Titan is at an early stage of its company trajectory and should be considered a highly speculative investment.
- Gold prices are subject to price volatility and any adverse price movement may negatively impact the value of Titan's assets.

**GLOSSARY**

<b>Buy</b>	Increasing value of established business operations is likely to yield share price appreciation
<b>Speculative Buy</b>	Increasing value of a new or developing business operation is likely to yield share price appreciation.
<b>Hold</b>	There exists an even balance of risks.
<b>Sell</b>	There is elevated risk of share price depreciation.
<b>Stop</b>	Our recommended, pre determined sell price, to be executed if the share price fails to appreciate
<b>Exploration</b>	An early stage of oil and gas development where assets are either absent of resource estimates 'or contain 'undiscovered', prospective resource estimates according to Society of Petroleum Engineers International (SPE)
<b>Resource</b>	An intermediate stage of oil and gas development characterised by Contingent Resource estimates according to SPE standards. These Resources (2C) are discovered but yet to be deemed commercial.
<b>Reserve</b>	An advanced stage of oil and gas development. Refers to companies that have defined Proved and Probable (2P) Reserves according to SPE standards.

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JUL - 20	INITIATING COVERAGE
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