

# Titanium Corporation Reports Second Quarter Ended June 30, 2020 and Provides Project Update

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CALGARY, Aug. 26, 2020 - [Titanium Corporation Inc.](#) (the "Company" or "Titanium") (TSX-V: TIC) today released its results for the three and six-month periods ended June 30, 2020.

In 2020, the COVID-19 pandemic and the collapse of oil demand and prices has introduced unprecedented uncertainties for Canada's oil sands industry, the global mineral sands industry and the Canadian economy. The duration and the extent of the impact of these events is not known but could adversely affect the progress and timing of the Project. In response, the Company has taken measures to protect its balance sheet by reducing costs and conserving cash over the months ahead.

During the first six months of 2020, the Company and Canadian Natural's joint project engineering team has continued work on the Project using internal resources, performing post-FEED engineering reviews and optimization of the Project as well as continuing on-going minerals analysis programs. The focus of the Project team in 2020 is the optimization of the concentrator facility and the design and engineering of a tailings thickener and associated facilities. In parallel, the Company has been providing updates to the Alberta and Federal government agencies who have awarded grant funding for the Project and are working with them toward funding contracts for the detailed engineering phase of the Project in 2020. The internal optimization of the concentrator facility, including updating cost estimates, is expected to be completed by the end of 2020. Optimization of the minerals facility is expected to start in early 2021.

"Our staffs have been successfully continuing project activities under the constraints imposed by the COVID-19 pandemic and uncertain economic conditions. Using internal engineering resources, work ramped up in the quarter with the joint project team making very good progress optimizing the design of the concentrator facility," commented Scott Nelson, Titanium's President and Chief Executive Officer. "In parallel, our minerals team has identified enhancements to the minerals facility including the addition of circuits to produce a new L72 titanium product while continuing testing and evaluation of the minerals content in tailings."

Certain highlights for the three and six-month periods ended June 30, 2020 are set out in more detail below:

- Engineering optimization activities by the internal Project engineering team were planned in Q1 and are now underway in 2020. These activities are focused on the concentrator facility with the objectives of improving operability, enhancing environmental performance, reducing costs, and include: changes to the plot plan to increase modularization, relocate certain equipment and reduce building sizes; the addition of a vapor recovery unit to the flotation circuit; the review of alternate flotation technologies and the addition of a tailings thickener which will process and remediate the tailings from the concentrator.

- Prior to the COVID-19 pandemic, the Company conducted technical marketing and testing programs including meeting with potential minerals processors and customers, visiting their facilities and providing minerals samples for customer testing. Based on results and feedback from these activities, the Company has adjusted its plans for the production of minerals. The Company has identified an opportunity to produce a blended L72 titanium product for the North America pigment industry. L72 would be an average 72 percent TiO<sub>2</sub> product comprised of a blend of leucoxene, ilmenite and rutile. Preliminary work is underway to redesign the minerals flowsheet to include production of this new product. This would enable the recovery of ilmenite which was rejected in previous flowsheets. In addition, the Company is adjusting the design of its zircon circuitry to produce a high-quality zircon concentrate to market to a growing concentrates processing industry in Asia. A number of new minerals projects have adopted a concentrates strategy in order to address this market and reduce the costs of constructing and operating separation facilities at their project sites. More detailed optimization and engineering of the minerals facility is expected to start in early 2021 following the completion of the engineering optimization of the concentrator by the end of 2020 subject to future economic and health conditions.
- The Company continued to advance the contracting with government funding agencies for grant awards for the next phase of the Project. This has included Project updates regarding the impacts on the Project of the COVID-19 pandemic and the oil demand and price collapse. Funding from the government programs is subject to finalizing funding agreements which will outline the conditions under which funding would be provided. Of the \$50 million of grant awards to the Company in 2019, approximately \$7 million is designated for the engineering phase of the project with the balance for the procurement and construction phases.
- On July 27, 2020 the Company announced Mr. Bruce Griffin will assume the role of Chair of the Commercialization Committee of the Board of Directors (the "Committee") of the Company. Mr. Griffin, who is currently a member of the Committee, will be replacing Mr. David Macdonald, who has been the Chair of the Committee since 2017. Mr. Macdonald will remain a member of the Committee.
- The Company implemented salary reductions in the range of 15 to 20% effective April 1, 2020 to preserve cash in response to the uncertainty created by the COVID-19 pandemic and the resulting delays to the Project. The Company is also continuing its cash conservation programs including those under which management and directors receive a portion or all of their compensation and fees in restricted share units and deferred share units ("DSUs"), respectively. This program was aimed to conserve cash and further align management and the Board with shareholder interests. Since the inception of the program in 2015, the Company's directors have been receiving 100% of their compensation in DSUs in lieu of cash compensation.

## FINANCIAL OVERVIEW

Titanium is focused on achieving long-term financial success by implementing its innovative CVW technologies in commercial operations at oil sands sites. With the FEED portion of the Project completed, the Company is working with Canadian Natural on Project activities post-FEED, including engineering optimization and planning for the potential implementation of its technology at Canadian Natural's Horizon site. However, until Project activities post-FEED are completed to the satisfaction of the parties, commercial arrangements and investment decisions are made, and facilities constructed and operating, the Company expects to continue to incur losses. Currently, quarterly (losses)/income are comprised of research and development ("R&D") project costs, and general and administrative ("G&A") expenditures.

Net (Loss) Income: For the three and six-month periods ended June 30, 2020, the Company reported net loss of \$0.7 and \$1.6 million, respectively. This resulted in a \$0.01 loss per share for the current quarter and a \$0.02 loss per share for the six-month period ended June 30, 2020. The net loss for the three month period ended June 30, 2020 consisted of G&A (\$0.4 million) and R&D (\$0.3 million) expenses in the current quarter compared to net income of \$52,000 for the three-month period ended June 30, 2019 as the Company received project contributions for the FEED Project in the prior period which exceeded Project costs incurred and G&A expenses. For the six-month period ended June 30, 2020 net loss of \$1.6 million consisted G&A (\$0.7 million) and R&D (\$0.9 million) expenses compared to net income of \$0.5 million for the six-month period ended June 30, 2019. As noted above the timing and receipt of project contributions in the prior period exceed G&A and R&D expenses. For a development stage company and given the timing of Project contributions in the prior year, the net loss was in line with expectations.

Research & Development: R&D spending in the current quarter consisted primarily of compensation for technical staff, on-going minerals testing and evaluations, and post-FEED optimization engineering work. Compensation and deferred compensation costs were lower due to the salary reduction initiatives implemented in April of 2020 to preserve cash as a result of uncertainty related to COVID-19 and oil price

collapse impacting the timing of the project. Project costs were higher by \$53,000 for the three-month period ended June 30, 2020 compared to the same period in 2019 due to minerals product development and optimization work in the current quarter. Recovery of project costs was nil for the three-month period ended June 30, 2020 compared to \$1.0 million for the three-month period ended June 30, 2019. The recovery in 2019 related to the collection of FEED contributions from ERA and Canadian Natural for the final FEED project milestones. Based on the level of R&D post-FEED activity, R&D costs were in line with expectations.

General & Administrative &#8211; G&A expenses for the three-month period ending June 30, 2020 were lower at \$0.42 million as compared to \$0.55 million for the three-month period ended June 30, 2019. Management undertook voluntary salary reductions effective April 1, 2020 and reduced other variable compensation in order to preserve cash and deal with the impacts of the COVID-19 pandemic and the economic uncertainty. There was an increase in the quarter in professional fees due to legal costs related to shareholder matters and impacts and assessments of regulatory reporting requirements due to the COVID-19 pandemic. Investor relations costs also increased during the quarter with the changes and costs related to hosting the annual shareholder meeting in a virtual format to comply with public health measures. G&A cash expenses were lower by \$73,000 during the period ended June 30, 2020 primarily related to compensation, noted above and travel, offset by professional fees and regulatory costs as compared to the three-month period in the prior year. Deferred and equity-based compensation costs were lower during the three-month period ended June 30, 2020 as the Company did not grant stock options in the current fiscal year and voluntarily reduced deferred compensation programs. These initiatives along with minor rent reductions, group benefit premium reductions, workers compensation premiums refunds and other initiatives will reduce G&A cash requirements throughout the balance of the year.

Cash Position &#8211; The Company had an aggregate of \$3.6 million at June 30, 2020 consisting of cash and short term investments, with \$1.6 million in interest-bearing cash accounts and a \$2.0 million short-term investment with a Schedule I bank in the form of a cashable GIC as compared to \$5.1 million at December 31, 2019. The decrease in cash and short-term investments of \$1.5 million is the result of funding the Company&#8217;s post-FEED Project activities, general and administrative and public company expenditures. With the cost reduction initiatives and delayed timing of the Project, the Company expects its current cash position will support it through the next 12-month period.

To view the Company&#8217;s management discussion and analysis and interim unaudited financial statements for the three and six-month periods ended June 30, 2020, please visit our website at [www.titaniumcorporation.com](http://www.titaniumcorporation.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

#### *About Titanium Corporation Inc.*

*Titanium Corporation&#8217;s CVW&#8482; technology provides sustainable solutions to reduce the environmental footprint of the oil sands industry. Our technology reduces the environmental impact of oil sands froth treatment tailings while economically recovering valuable products that would otherwise be lost. CVW&#8482; recovers bitumen, solvents, heavy minerals and water from tailings, preventing these commodities from entering tailings ponds and the atmosphere: volatile organic compound and greenhouse gas emissions are materially reduced; hot tailings water is improved in quality for recycling; and residual tailings can be thickened more readily. A new minerals industry would be created commencing with the production and export of zircon, an essential ingredient in ceramics. The Company&#8217;s shares trade on the TSX-V under the symbol &#8220;TIC&#8221;. For more information please visit the Company&#8217;s website at [www.titaniumcorporation.com](http://www.titaniumcorporation.com).*

#### *Disclosure regarding forward-looking information*

*This news release contains forward-looking statements and information within the meaning of applicable Canadian securities laws (collectively, "forward-looking information") that reflect the current expectations of management about the future results, performance, achievements, prospects or opportunities for Titanium, including statements relating to the occurrence and timing of future steps with respect to the CVW&#8482; Horizon Project, including the Project activities post-FEED and the factors that are expected to affect such occurrence and timing; the continued effective collaboration between the Company and Canadian Natural; the Company's ongoing engagement with its business partners and government funding agencies; the Company's continuing cash conservation program and expectations regarding the Company's current cash position; the Company's ongoing evaluation of financing opportunities, including grant and financing opportunities from applicable government programs; and the advantages of the Company's technology in assisting with the recovery of the energy industry in Alberta and Canada. This forward-looking information generally can be identified by use of forward-looking words such as "may", "will", "expect", "estimate", "anticipate", "believe", "project", "should" or "continue" or the negative thereof or similar variations.*

*Forward-looking information is presented in this news release for the purpose of assisting investors and others in understanding certain key elements of our financial results and business plan, as well as our objectives, strategic priorities and business outlook, and in obtaining a better understanding of our anticipated operating environment. Readers are cautioned that such forward-looking information may not be appropriate for other purposes.*

*Forward-looking information, by its very nature, is subject to inherent risks and uncertainties and is based on many assumptions, both general and specific, which give rise to the possibility that actual results or events could differ materially from our expectations expressed in or implied by such forward-looking information and that our business outlook, objectives, plans and strategic priorities may not be achieved. Macro-economic conditions, including public health concerns (including the impact of the COVID-19 pandemic) and other geopolitical risks, the condition of the global economy and, specifically, the condition of the crude oil and natural gas industry including the collapse of global crude oil demand and prices and other commodity prices and demand in 2020, and the ongoing volatility in world markets may adversely impact oil sands producers' program plans, including proceeding with an investment decision in further Project activities post-FEED or any final investment decision with respect to commercialization, which could materially adversely impact the Company. In addition to other factors and assumptions which may be identified in this news release, assumptions have been made regarding, among other things: the condition of the global economy, including trade, public health (including the impact of the COVID-19 pandemic) and other geopolitical risks, including the fact that any estimates of Project next steps post-FEED, as well as the detailed engineering and construction period may be affected by the COVID-19 pandemic, condition of the global economy and commodity prices, in particular crude oil prices; the stability of the economic and political environment in which the Company operates; the success of the Project activities post-FEED, including the expected assessment of post-FEED engineering reviews for next steps as part of the Project activities post-FEED; the focus of the post-FEED project on optimization of the concentrator facility and design and engineering of a tailings thickener and associated facilities, including the expected timing of completion thereof and commencement of optimization of the minerals facility; the ability of the Company to produce and sell a blended L72 titanium product and a high quality zircon concentrate, including the ability of the Company to redesign its minerals flowsheet and zircon circuitry to include production of these products; the ability of the Company to enter into commercial contracts with oil sands producers and to achieve commercialization of the CVW-8482 technology, including the anticipated scope of such commercial contracts; the ability of the Company to enter into commercial contracts with other strategic partners in relation to building and operating facilities, as required; the ability of the Company to continue with its cost reduction initiatives and to be supported by its current cash position; the ability of the Company to retain qualified staff; the ability of the Company to obtain financing on acceptable terms, including available grant and financing opportunities from government programs and finalizing funding agreements for such government programs; the translation of the results from the Company's research, pilot programs, Project activities during the FEED, Project activities post-FEED and studies into the results expected on a commercial scale; the belief that the Company's technology will provide important environmental and economic benefits that will assist with the recovery of a resilient and sustainable energy industry in Alberta and Canada; the anticipated timing for the completion of detailed engineering and construction once all Project activities post-FEED are completed and a final decision to proceed has been made; future crude oil and zircon prices and the impact of lower prices on activity levels and cost savings of oil sands producers; the impact of increasing competition; the ability to protect and maintain the Company's intellectual property; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Company operates; and the ability of the Company to successfully market its CVW-8482 technology. The Company has not commercially demonstrated its technologies and there can be no assurance that our research, pilot programs, Project activities during the FEED, Project activities post-FEED and related studies will prove to be accurate nor that such commercialization efforts will be successful, as actual results and future events could differ materially from those expected or estimated in such forward-looking information. As a result, we cannot guarantee that any forward-looking information will materialize and we caution you against relying on any of this forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information.*

*Additional information on these and other factors are disclosed in our most recently filed management's discussion and analysis, including under the heading "Discussion of Risks", and in other reports filed with the securities regulatory authorities in Canada from time to time and available on SEDAR (sedar.com).*

*The forward-looking information contained in this news release describes our expectations as of August 26, 2020 and, accordingly, is subject to change after such date. Except as may be required by Canadian securities laws, we do not undertake any obligation to update or revise any forward-looking information contained in this news release, whether as a result of new information, future events or otherwise.*

*Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

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