Titan Resources Limited

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12 May 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Exchange Centre
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

By ASX Online

Dear Sir/Madam

TITAN RESOURCES LIMITED ACN 007 247 154 - TAKEOVER OFFER BY CONSOLIDATED NICKEL PTY LTD ACN 074 722 759

As required by item 14 of section 633(1) of the *Corporations Act 2001*, we attach a copy of Titan Resources Limited's Target's Statement served today by Titan Resources Limited on Consolidated Nickel Pty Ltd and the Australian Securities & Investments Commission in response to Consolidated Nickel Pty Ltd's Bidder's Statement dated 7 April 2006.

Yours faithfully

Rob Orr

Rob Orr
Company Secretary

Att.

This is an important document. If you do not understand it or are in doubt as to how to act, you should consult your financial adviser immediately.

Target's Statement

by

TITAN RESOURCES LIMITED

(ACN 007 247 154)

The Independent Directors of Titan Resources Limited unanimously recommend that in the absence of a higher offer, you

ACCEPT

the offer by

Consolidated Nickel Pty Ltd

(ACN 074 722 759) a subsidiary of
Consolidated Minerals Limited
(ACN 000 727 926)

TO ACQUIRE ALL YOUR TITAN RESOURCES LIMITED SHARES

Legal Adviser
Blakiston & Crabb

This is the Target's Statement dated 12 May 2006 given under section 638 of the Corporations Act by Titan Resources Limited in response to the Bidder's Statement dated 7 April 2006 and served on Titan Resources Limited by Consolidated Nickel Pty Ltd on 7 April 2006.

A copy of this Target's Statement has been lodged with the Australian Securities and Investments Commission. Neither the Australian Securities and Investments Commission nor any of its officers take any responsibility for the content of this Target's Statement.

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KEY DATES

Date of Offer	26 April 2006
Date of this Target's Statement	12 May 2006
Close of the Offer (unless extended or withdrawn by Consolidated Nickel)	5.00pm WST on 29 May 2006

TITAN SHAREHOLDER INFORMATION LINE

If you have any queries regarding the Offer, please contact the official Titan Shareholder Information Line on 08 9481 6165 (from within Australia).

As required by the Corporations Act, calls to the Titan Shareholder Information Line will be tape recorded, indexed and stored. Conversations with Wholesale Holders do not need to be recorded.

Section 1 KEY POINTS FOR SHAREHOLDERS

- Consolidated Nickel is offering one (1) Consolidated Minerals Share for every twenty seven (27) of your Shares.
- The Independent Directors unanimously recommend, in the absence of a higher offer, that you **ACCEPT** the Offer to acquire all your Shares.
- Consolidated Nickel is a wholly-owned subsidiary of Consolidated Minerals. Consolidated Minerals is a Western Australian based public company listed on the ASX, London's AIM and the Frankfurt Stock Exchange. Consolidated Minerals' principal operations comprise the mining, processing and exporting of manganese and chromite ore together with exploration and mining of nickel ore.
- Consolidated Nickel as at 9 May 2006 holds 22.51% of the Shares in Titan, is the single largest Shareholder and has entered into 50% joint ventures with Titan's wholly owned subsidiary Australian Nickel Mines NL on the Munda and Armstrong projects.
- PricewaterhouseCoopers Securities Ltd, the Independent Expert appointed to report to Shareholders on the terms of the Offer, has concluded on balance that the Offer **is not fair but is reasonable to Shareholders.** The Independent Expert has advised that they consider that **"there are reasonable grounds to accept the Offer in the absence of an alternative takeover offer or proposal on more favourable terms emerging".** A copy of the Independent Expert's Report is attached to this Target's Statement.
- Colin Smith is a Non-Executive Director and is also the Chairman of Consolidated Minerals. As such Mr Smith does not consider himself to be independent and is not making a recommendation to Shareholders.
- The Independent Directors intend to **ACCEPT** the Offer in respect of their holdings representing 0.53% of the issued Shares.
- The Offer is not subject to a minimum acceptance condition but is subject to a number of standard conditions as set out in Part C.8 of the Bidder's Statement.
- The Independent Directors believe the benefits and opportunities of accepting the Offer outweigh the risks of not accepting, however, certain risks exist in accepting the Offer and these are outlined in Section 4.

Section 2 LETTER FROM THE CHAIRMAN OF TITAN

Dear Fellow Shareholder

The Independent Directors of Titan unanimously recommend that you **ACCEPT** the revised takeover offer by Consolidated Nickel for your Shares.

Consolidated Nickel is offering one (1) Consolidated Minerals Share for every twenty seven (27) of your Shares. Pursuant to a Section 650D notice received by Titan and announced to the ASX on 9 May 2006 the Offer has been increased from the original offer by Consolidated Nickel in the Bidder's Statement dated 7 April 2006. Titan anticipates that by the time Shareholders receive the Target's Statement Consolidated Nickel will have supplied a supplementary Bidder's Statement detailing the terms of the Offer as announced.

This Target's Statement details the reasons for your Independent Directors' unanimous recommendation to **ACCEPT** the Offer and I urge you to read it in full.

Your Independent Directors have made the unanimous recommendation to **ACCEPT** the Offer for a number of reasons and these are set out in Section 4.2 of this Target's Statement. These include:

- PricewaterhouseCoopers Securities Ltd, the Independent Expert commissioned by the Independent Directors to report to Shareholders on the Offer, has concluded that the Offer is NOT FAIR BUT IS REASONABLE to Shareholders. A copy of the Independent Expert's Report is attached to this Target's Statement.
- The price being offered by Consolidated Nickel under the Offer represents a premium of 83% to the volume weighted average price of the Shares in the month preceding the announcement of the Offer.
- The scrip offer by Consolidated Nickel allows participation in a larger entity that has diversified interests thus reducing the risks associated with investing in a predominantly single commodity entity.
- The potential for dilution of existing Shareholders if the Titan exploration and development programs were financed by equity capital.
- Consolidated Nickel's financial capability provides access to funding opportunities to accelerate the exploration and development of Titan's nickel assets.

Your Independent Directors intend to accept the Offer for the Shares that they own or control.

TO ACCEPT THE OFFER, YOU SHOULD FOLLOW THE INSTRUCTIONS IN THE BIDDER'S STATEMENT.

Yours sincerely

Don Watt
Chairman

Section 3 IMPORTANT INFORMATION

3.1 Defined Terms

A number of defined terms are used in this Target's Statement. These terms are defined in Section 8.1.

3.2 No Account of Personal Circumstances

This Target's Statement does not take into account the individual investment objectives, financial situation and particular needs of each Shareholder and it does not contain personal advice. Titan encourages you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your Shares.

3.3 Forward-Looking Statements

This Target's Statement contains various forward-looking statements. Statements other than statements of historical fact may be forward looking statements. Shareholders should note that such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors, many of which are beyond the control of Titan. Actual results, values, performance or achievements may differ materially from results, values, performance or achievements expressed or implied in any forward-looking statement.

None of Titan, its officers or any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any results, values, performance or achievements expressed or implied in any forward-looking statement, except to the extent required by law. Shareholders should not place undue reliance on any such statement.

The forward-looking statements in this Target's Statement only reflect views held as at the date of this Target's Statement.

3.4 Mr Colin Smith is a Non-Independent Director and Consequently is Abstaining from Making a Recommendation

Mr Colin Smith is the Chairman of Consolidated Minerals and a director of Titan. Consolidated Nickel, a wholly-owned subsidiary of Consolidated Minerals, prior to the announcement of the Offer held approximately 19.9% of the Shares. It holds as at 9 May 2006 22.51%. Given that Consolidated Minerals, through its subsidiary, is a significant Shareholder and given Mr Smith's role as Chairman of Consolidated Minerals, Mr Smith considers himself not to be independent and is not making a recommendation to Shareholders regarding the Offer.

Section 4 RECOMMENDATION OF THE INDEPENDENT DIRECTORS

4.1 Summary of the Offer

Consolidated Nickel is offering one (1) Consolidated Minerals Share for every twenty seven (27) Shares you own.

4.2 Independent Directors' Recommendation

The Independent Directors, Mr Don Watt, Mr Jeffrey Gresham and Mr Peter Leonhardt, unanimously recommend that Shareholders **ACCEPT** the Offer, in the absence of a higher bid, for the reasons set out below.

The key considerations for accepting the Offer are:

(a) Independent Expert has concluded that the Offer is not fair but is reasonable

PricewaterhouseCoopers Securities Ltd, the Independent Expert appointed to report to Shareholders on the terms of the Offer, has concluded on balance that the Offer **is not fair but is reasonable to Shareholders**. The Independent Expert has advised that they consider that **"there are reasonable grounds to accept the Offer in the absence of an alternative takeover offer or proposal on more favourable terms emerging".** A copy of the Independent Expert's Report is set out at the Annexure "A" to this Target's Statement and Shareholders are encouraged to read the report in full.

(b) Offer made at premium to market

The price being offered by Consolidated Nickel of one (1) Consolidated Minerals Share for every twenty seven (27) of your Shares translates into an offer of 10.07 cents for each Share based on the $2.72 closing price of Consolidated Minerals Shares on 27 March 2006 (the day prior to the Offer announcement). The Offer by Consolidated Nickel represents a premium of 83% to the volume weighted average price of the Shares in the one month preceding the announcement of the Offer.

(c) Allows participation in a larger entity supplying a range of key inputs to steel producers

If the Offer is successful, Shareholders will continue to participate in Titan's projects through their investment in Consolidated Minerals represented by the Consolidated Minerals Shares to be issued to them pursuant to the Offer. As shareholders in Consolidated Minerals, you will benefit from the continued operation and development of that company's assets, including manganese, chromite, nickel, zinc and copper. The combined entity will further contribute towards Consolidated Minerals' nickel assets and the creation of a diversified group.

(d) Receipt of future dividends and greater liquidity of shares

Consolidated Minerals has a history of paying dividends. Titan is a developing company with the financial resources dedicated to developing its assets and is unlikely to pay a dividend in the foreseeable future. Consolidated Minerals Shares also benefit from greater liquidity of trading on the ASX than the Shares.

(e) Consolidated Nickel owns 22.51% of Titan and is a Joint Venture Partner

Consolidated Nickel holds as at 9 May 2006 22.51% of the Shares and is the single largest Shareholder in Titan. Consolidated Nickel has also entered into 50% joint ventures with Titan's wholly owned subsidiary Australian Nickel Mines NL on the Armstrong and Munda projects.

(f) Removal of financial constraints

As at 31 March 2006 Titan had $2.1 million in cash reserves. With its ongoing working capital requirements for exploration and development and with the successful scoping study completed on Widgie Townsite and the desire to progress this to a feasibility study it is anticipated that further funding will be required by Titan in the near term. The acquisition of Titan by Consolidated Nickel is likely to enable a greater access to working capital to enable acceleration of the exploration and development of Titan's nickel assets.

(g) The Shares may become illiquid and/or minority Shares may not be listed on the ASX if Consolidated Nickel obtains a significant holding and does not exceed 90%

Once the Offer expires and if Consolidated Nickel obtains a more significant shareholding in Titan but this does not achieve 90%, it is possible that, if Titan remains listed after the end of the Offer Period as a partly-owned subsidiary of Consolidated Nickel, the market for the Shares may be illiquid. If, as a result of the significant Consolidated Nickel shareholding, Titan is unable to continue to satisfy the requirements of the ASX Listing Rules to maintain an ASX listing, then Titan may be removed from the official list of the ASX and the Shares will not be able to be traded on the ASX.

(h) No brokerage

Shareholders will not incur brokerage or other transaction costs in accepting the Offer.

All the Independent Directors intend to accept the Offer in respect of their own shareholdings in Titan.

4.3 Risk of Fall in the Share Price

The Share price has increased since the day prior to the announcement of the Offer on 27 March 2006 from 5.8 cents to 9.5 cents on 9 May 2006.

It is likely that some of this increase has resulted from market interest in the Offer. It is possible that the Share price may fall below these levels if the Offer is not successful and no higher bids or a more favourable proposal emerges.

4.4 Risks and Disadvantages of Accepting the Offer

The Independent Directors believe that the benefits of the Offer outweigh the risks but bring these risks to the attention of Shareholders.

(a) Reduced exposure to nickel assets

Titan's primary assets include nickel assets and to a lesser extent exposure to gold through the Munda joint venture and to the Bioheap™ technology. Titan has two key tenement packages: the Widgiemooltha nickel projects 100km south of Kalgoorlie, and the Carr Boyd project 85km north of Kalgoorlie. These properties have been acquired by Titan over the past five years and represent large and strategic tenement holdings in one of the most richly endowed mineral provinces in the world. By accepting the Offer, and thereby becoming a Consolidated Minerals Shareholder, you will significantly reduce your exposure to Titan's nickel assets.

(b) Reduced exposure to exploration potential of Titan assets

Over the past year Titan has been upgrading the drill hole and geological database covering all of the Widgiemooltha tenements. New generation geological, geophysical and remote sensing data has been acquired to complement the existing drilling and geochemical data, with the objective of developing seamless, multi-layered data sets which can be used for both regional and detailed target generation and prospectivity ranking.

Given the limited deep drilling on the tenements and extensive areas of surficial cover these data sets will provide the opportunity for identifying and ranking conceptual exploration targets based on the well developed Kambalda model for komatiite hosted nickel deposits.

The work undertaken over the past year supports the view that Titan has significant exploration potential and upside. Your exposure to this potential upside is diluted by accepting the Offer.

(c) Potential for future re-rating of the Share price is forgone

The Share price has fallen since the announcement made on 20 December 2004 to suspend activities at the Armstrong mine. Since this announcement Titan has continued to explore alternatives for the treatment of the Armstrong ore and is actively pursuing an exploration program that has led to the decision to proceed with scoping studies on three areas of interest, one of which, the Widgie Townsite scoping study, has been completed with a positive outcome. In the event of progress with either the treatment of Armstrong ore or the scoping studies this may lead to a re-rating of the Share price, assuming no deterioration in the equity market conditions, commodity prices, exchange rate or other economic factors beyond the control of Titan in the mean time. The potential benefit of a re-rating of the Share price is forgone or diluted by accepting the Offer.

(d) Reduced exposure to potential of Bioheap™ technology

Titan currently holds approximately 46.2% of shares in Pacific Ore Limited ("POL"). Progress is being made with regard to a fundraising for and listing of POL on AIM and subject to no further seed capitalists being introduced, it is anticipated that Titan will retain approximately 20% of the listed entity.

Should the raising and listing occur it would provide Shareholders with exposure to an investment in an independently funded, AIM-listed entity with the potential upside associated with the BioHeap™ technology. Shareholders will reduce their exposure to Titan's investment in the BioHeap™ technology by accepting the Offer.

(e) Inability to accept higher offer if one were to emerge

Except in limited circumstances provided in the Corporations Act, accepting the Offer will preclude Shareholders from accepting a higher bid or proposal from a third party, should one emerge during the Offer Period. As at the date of the Target's Statement, the Directors are not aware of a proposal by anyone to make a higher bid. Accepting the Offer will not, however, deny a Shareholder the benefit of any higher price offered by Consolidated Nickel, which under the Corporations Act is required to be extended to all Shareholders, including those that have already accepted the Offer. Accepting the Offer will also preclude a Shareholder from selling their Shares on market.

(f) Ongoing value of Consolidated Shares

The ongoing Consolidated Minerals Share price is subject to equity market conditions, commodity prices, exchange rate and other economic factors. Unlike a cash offer the acceptance of Consolidated Minerals Shares as consideration under the Offer exposes existing Shareholders who accept the Offer to the risks associated with the movement in the value of Consolidated Minerals Shares.

In common with Titan, Consolidated Minerals' exploration, development and production activities in the resource sector have an inherent risk, which may have a material effect on Consolidated Mineral's future performance or the value of its securities. The other risks associated with becoming a Consolidated Minerals Shareholder are set out in Section 4.6. It should be considered that in becoming a Consolidated Minerals Shareholder these same risks may have a material and adverse impact on the future operating and financial performance of Consolidated Minerals and the value of Consolidated Minerals Shares.

4.5 Risks of Remaining a Shareholder if Consolidated Nickel Becomes the Controlling Shareholder

Consolidated Nickel has set no minimum acceptance condition but the Offer is subject to a number of standard conditions as set out in Part C.8 of the Bidder's Statement. Below are three possible scenarios that could result from the Offer:

(a) Shareholding of Consolidated Nickel between 19.9% and 50%

If Consolidated Nickel were to obtain acceptances of between 19.9% and 50% of the Shares, Consolidated Nickel would become an even more significant Shareholder.

(b) Shareholding of Consolidated Nickel between 50.1% and 90%

If Consolidated Nickel were to obtain acceptances of between 50.1% and 90% of the Shares, Titan would become a partly-owned subsidiary of Consolidated Nickel. Accordingly, Shareholders who do not accept the Offer may remain minority Shareholders in Titan. This has a number of possible implications, including:

(i) Consolidated Nickel will be in a position to cast the majority of votes at a general meeting of Titan. This will enable it to control the composition of Titan's board of directors and senior management and control the strategic direction of the business of Titan and its subsidiaries;

(ii) while there are many factors that influence the market price of the Shares, it is possible that, if Titan remains listed after the end of the Offer Period as a partly-owned subsidiary of Consolidated Nickel, the market price of the Shares may fall;

(iii) if, as a result of the significant Consolidated Nickel shareholding, Titan is unable to continue to satisfy the requirements of the ASX Listing Rules to maintain an ASX listing, then Titan may be removed from the official list of the ASX and the Shares will not be able to be traded on the ASX; and

(iv) if Consolidated Nickel acquires 75% or more of the Shares, it will be able to pass a special resolution of the members of Titan (assuming it is not in relation to a resolution where it will be excluded from voting). This will enable Consolidated Nickel to, among other things, amend the constitution of Titan.

(c) Shareholding of Consolidated Nickel of 90% or more

If Consolidated Nickel obtains a relevant interest in at least 90% of the Shares on issue and the Offer is declared or otherwise becomes free of conditions, Consolidated Nickel has stated in its Bidder's Statement that it will proceed to compulsory acquisition pursuant to the Corporations Act to acquire the outstanding Shares to become the 100% holder.

4.6 Other Risk Factors

There are a number of risks which may have a material and adverse impact on the future operating and financial performance of Titan and the value of the Shares. These may be risks that are widespread risks associated with any form of business or specific risks associated with Titan's business and its involvement in the exploration and mining industry. While most risk factors are largely beyond the control of Titan and its Directors, Titan will seek to mitigate the risks where possible.

The following summary, which is not exhaustive, represents some of the major risk factors which affect Titan.

(a) Exploration and mining risks

The future viability and profitability of Titan as an exploration and mining company will be dependent on a number of factors, including, but not limited to, the following:

- commodity prices and exchange rates and in particular the price of nickel;
- risks inherent in exploration and mining including, among other things, successful exploration and identification of resources and ore reserves, satisfactory performance of mining operations and competent management;
- a number of assumptions have been made and used by Titan and its advisers and consultants in the calculations and studies they have and will conduct. If any of these assumptions are incorrect, whether positive or negative, this will have an effect on the calculations and studies which have been conducted;
- the scoping studies on Titan and joint venture projects being completed, being positive and warranting progress to pre feasibility for possible mine development on terms acceptable to Titan;
- risks associated with the current strong mining environment, which has been observed to cause significant increases in the capital costs of a number of resource projects around the world and increased the difficulty of recruiting key personnel;
- risks associated with the acquisition of a range of regulatory permits that may be necessary to allow Titan to construct the mine for any Titan project;
- the risk of material adverse changes in government policies or legislation of Australia affecting the level of mining and exploration activities or otherwise affecting the profitability of any Titan project and other future mining operations;
- environmental management issues with which Titan may be required to comply from time to time and the potential risk that regulatory environmental requirements or circumstances could impact on the economic performance of Titan's operations; and
- poor weather conditions over a prolonged period which might adversely affect exploration and mining activities.

(b) Business risks

The future viability and profitability of Titan is also dependent on a number of other factors affecting performance of all industries and not just the exploration and mining industries, including, but not limited to, the following:

- the strength of the equity and share markets in Australia and throughout the world;
- general economic conditions in Australia, and their major trading partners and, in particular, inflation rates, interest rates, commodity supply and demand factors and industrial disruptions;
- financial failure or default by a participant in any of the joint ventures or other contractual relationship to which Titan is, or may become, a party;
- insolvency or other managerial failure by any of the contractors used by Titan in its activities; and
- industrial or other disputation in Australia.

(c) Financing risks

The future capital requirements of Titan will depend on a number of factors. Should Titan require additional funding it may raise the additional capital from equity or debt sources. Any additional equity financing may be dilutive to Shareholders and debt financing may involve restrictions on financing and operational activities. There can be no assurance that Titan will be able to raise sufficient capital on favourable terms or at all.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by Titan or by investors in Titan. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of Titan and the value of the Shares.

4.7 Titan Employee Options

Consolidated Nickel indicated in its Bidder's Statement that it intends to make a cash offer to acquire or cancel the Titan Employee Options by way of Private Option Offers to be made during the Offer Period. Consolidated Nickel did not outline the terms of the Private Option Offers in the Bidder's Statement.

Consolidated Nickel has made as one of the conditions of the Offer that prior to the expiry of the Offer Period, the holders of all of the Titan Employee Options on issue either exercise their options or accept the Private Option Offers in respect of all Titan Employee Options held by them.

4.8 Other Considerations

In making a decision whether to accept the Offer, Shareholders should also have regard to the fact that the disposal of the Shares may have taxation consequences. Shareholders should seek their own independent advice as to any such taxation consequences.

A general outline of the tax implications of accepting the Offer is set out in Section 7.10 of this Target's Statement but we recommend you discuss this with your own tax adviser.

Section 5 FREQUENTLY ASKED QUESTIONS ABOUT THE OFFER

In this Section answers are provided to some commonly asked question about the Offer. This Section should be read together with all of the parts of this Target's Statement and the Bidder's Statement as it is not intended to comprehensively answer all questions that may arise in relation to the Offer nor address all issues that are relevant to Shareholders.

Question	Answer
Who is Consolidated Nickel?	Consolidated Nickel is a wholly-owned subsidiary of Consolidated Minerals, a company listed on the ASX, whose principal activities consist of exploration, mining, processing and sale of manganese, chromite and nickel ore.
Can I trade my Consolidated Minerals Shares on market?	Consolidated Minerals will apply for quotation on the ASX of the Consolidated Minerals Shares offered as consideration for your Shares and once issued to you they should be listed and tradable. However, the ability to trade is dependent on there being sufficient depth of market and liquidity in the Consolidated Minerals Shares which is not assured.
How do I ACCEPT the Offer?	To accept the Offer follow the instructions set out in the Bidder's Statement and the acceptance form.
What are the effects of accepting the Offer?	If you accept the Offer now, you will give up your rights to sell your Shares on market or otherwise deal with them (for example, by accepting a higher offer from another bidder if such an offer is made) unless the limited withdrawal rights apply at the applicable time and you validly withdraw your acceptance of the Offer. If Consolidated Nickel improves its Offer, you will still be able to participate in the improved Offer even if you have already accepted. You should also refer to Part C.5 of the Bidder's Statement in respect of the effect of accepting the Offer.
How do I REJECT the Offer?	To reject the Offer simply do nothing.
What are the effects of rejecting the Offer?	If you choose to reject the Offer you will remain a Shareholder, however, you should be aware of the risks as outlined in Section 4.5 and 4.6 of the Target's Statement.
What does the Independent Expert say?	The Independent Expert has concluded in its report contained in Appendix A to this Target's Statement that the Offer is **not fair but is reasonable to Shareholders, in the absence of an alternative takeover offer or proposal on more favourable terms.**

Question	Answer
When will I get my Consolidated Minerals Shares?	The Consolidated Minerals Shares for accepting Shareholders will be issued on or before the later of: • one month after the date upon which you accept the Offer; and • one month after the date that the Offer becomes or is declared unconditional, and in any event, no later than 21 days after the end of the Offer Period, provided the Offer becomes or is declared unconditional.
Can I still sell my Shares on the market?	During the Offer Period, you may sell your Shares through the ASX, provided you have not accepted the Offer for those Shares. You should contact your broker for information on how to sell your Shares on ASX and your tax adviser to determine your tax implications of such a sale.
Is the Offer subject to conditions?	The Offer is subject to conditions which are set out in Part C.8 of the Bidder's Statement. However these are conditions subsequent and therefore, subject to section 650G of the Corporations Act, the non-fulfilment of any of these conditions will not, until the end of the Offer Period, prevent you from entering into a contract with Consolidated Nickel to sell your Shares.
When will Consolidated Nickel advise as to the status of the conditions?	Part C.8 of the Bidder's Statement states that Consolidated Nickel will give a Notice of Status of Conditions as required by Section 630(3) of the Corporations Act on 19 May 2006 subject to any extension provided in accordance with the Corporations Act if the Offer Period is extended. If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period and Consolidated Nickel will be required to give notice that states the new date for the giving of the Notice of Status of Conditions. If a condition is fulfilled (so that the Offer becomes free of that condition) before the date on which the Notice of Status of Conditions is required to be given, Consolidated Nickel must, as soon as practicable, give the ASX and Titan a notice that states that the particular condition has been fulfilled.
What happens if the conditions are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. You will then be free to deal with your Shares as you choose even if you had previously accepted the Offer.

Question	Answer
When do I have to decide?	If you wish to accept the Offer you need to do so before the closing date of 5.00pm WST on 29 May 2006 unless Consolidated Nickel extends the Offer Period.
Can Consolidated Nickel extend the Offer period?	While the Offer is subject to conditions, Consolidated Nickel may extend the Offer Period at any time before giving the Notice of Status of Conditions. However, if the Offer is unconditional (that is, all the conditions are satisfied or waived), Consolidated Nickel may extend the Offer Period at any time before the end of the Offer Period. In addition, there will be an automatic extension of the Offer Period, if within the last 7 days of the Offer Period: • Consolidated Nickel improves the consideration offered under the Offer; or • Consolidated Nickel's voting power in Titan increases to more than 50%. If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.
Can Consolidated Nickel withdraw the Offer?	Before you accept the Offer, Consolidated Nickel may withdraw the Offer with the written consent of ASIC and subject to the conditions (if any) specified in such consent. Consolidated Nickel may not withdraw the Offer if you have already accepted it.
Can I be forced to sell my Shares?	You cannot be forced to sell your Shares unless Consolidated Nickel acquires a relevant interest in at least 90% of all Shares by the end of the Offer Period, and Consolidated Nickel proceeds to compulsory acquisition of your Shares. Consolidated Nickel has indicated in Part E.1 (b) of its Bidder's Statement that if it satisfies the required thresholds it intends to compulsorily acquire any outstanding Shares.
What are the tax consequences of accepting the Offer?	The income tax implications for a Shareholder of accepting the Offer will depend on a number of factors. As these consequences differ widely according to each Shareholder's individual circumstances, you are encouraged to seek independent tax advice before making any decision in relation to the Offer. A general outline of the tax implications of accepting the Offer is set out in Section 7.10 of this Target's Statement but we recommend you discuss this with your own tax adviser.
If I have further questions in relation to the Offer what can I do?	If you have any queries regarding the Offer, please contact the official Titan Shareholder Information Line on 08 9481 6165. As required under the Corporations Act, calls to the Titan Shareholder Information Line will be tape recorded, indexed and stored.

Section 6 YOUR CHOICES AS A SHAREHOLDER

Shareholders should seek professional financial advice if they are in any way concerned about whether acceptance or non-acceptance of the Offer is in their best interests, taking into account their own individual circumstances.

During the Offer Period a Shareholder has the following choices:

6.1 Accept the Offer

If you wish to accept the Offer, you should follow the instructions set out in the Bidder's Statement and the acceptance form enclosed with the Bidder's Statement.

On acceptance of the Offer you will, subject to all of the conditions of the Offer being satisfied or waived, be entitled to receive one (1) Consolidated Minerals Share for every twenty seven (27) Shares held.

Once you accept the Offer your acceptance cannot be withdrawn other than in certain circumstances provided by the Corporations Act. You should therefore consider the timing of any acceptance of the Offer in light of the fact that a higher bid by an alternate party may emerge which you may be precluded from accepting by reason of an earlier acceptance of this Offer.

6.2 Reject the Offer

If you wish to reject the Offer and retain your Shares you simply do nothing.

Shareholders should note that if Consolidated Nickel acquires:

(a) 90% of the Shares and the other conditions of the Offer are satisfied or waived, it has stated it will compulsorily acquire the Shares it does not already own (refer to Part E.1(b) of the Bidder's Statement); or

(b) more than 50% but less than 90% of the Shares, and the other conditions of the Offer are either satisfied or waived, Shareholders who do not accept the Offer will become minority Shareholders, which in those circumstances will be controlled by Consolidated Nickel (refer to Section 4.5 in respect of minority ownership consequences).

6.3 Sell your Shares on Market

You can sell your Shares on the market unless you have already accepted the Offer and have not validly withdrawn that acceptance prior to the on-market sale.

Shareholders who sell their Shares on the ASX:

(a) lose the ability to accept the Offer or any other offer that may emerge;

(b) may receive more or less for their Shares than the Offer; and

(c) may incur a brokerage charge.

Shareholders who wish to sell their Shares on the ASX should contact their broker.

Section 7 ADDITIONAL INFORMATION

7.1 Independent Directors' Recommendations

The Directors of Titan are:

Name	Position
Don Watt	Chairman
Jeffrey Gresham	Managing Director
Peter Leonhardt	Non-Executive Director
Colin Smith	Non-Executive Director

For the reasons set out in Section 3.4 of this Target's Statement Mr Colin Smith abstains from making a recommendation.

Mr Don Watt, Mr Jeffrey Gresham and Mr Peter Leonhardt unanimously recommend that, **in the absence of a higher offer, THE OFFER BE ACCEPTED** for the reasons set out in Section 4 of this Target's Statement.

7.2 Directors' Interests in Marketable Securities of Titan and Intentions

The number, description and amount of marketable securities of Titan (being the Shares and Options) in which the Directors of Titan have a relevant interest as at the date of this Target's Statement are as follows:

Name of Director	Number of Shares	Number of Options
Don Watt	1,600,000	Nil
Jeffrey Gresham	398,208	3,000,000
Peter Leonhardt	Nil	Nil
Colin Smith	2,000,000	Nil

Notes: Consolidated Nickel, a wholly-owned subsidiary of Consolidated Minerals, of which Mr Smith is Chairman, as at 9 May 2006 holds 84,102,017 Shares. Mr Smith holds 2,000,000 Shares indirectly through a holding in a family superannuation fund.

Each Independent Director advises that they intend to accept the Offer for all the Shares over which they exercise control. The Independent Directors holdings represents 0.53% of the issued Shares.

7.3 Dealings in Titan Securities

There have been no acquisitions or disposals of securities in Titan by the Directors in the four months ending on 6 April 2006 (being the day immediately before the day the Bidder's Statement was served on Titan).

7.4 Directors' Interests in Marketable Securities of Consolidated Minerals

The number, description and amount of marketable securities of Consolidated Minerals in which the Directors of Titan have a relevant interest as at the date of this Target's Statement are as follows:

Name of Director	Number of Consolidated Minerals Shares	Number of Consolidated Minerals Options
Mr Colin Smith	1,301,392	Nil
Mr Don Watt	Nil	Nil
Mr Jeffrey Gresham	Nil	Nil
Mr Peter Leonhardt	Nil	Nil

7.5 Dealings in Consolidated Minerals Securities

There have been no acquisitions or disposals of Consolidated Minerals securities by Titan or any associates of Titan in the four month period ending on the day immediately before the day on which the Bidder's Statement was served on Titan.

7.6 Payments and Benefits

No benefit (other than an exempt or permitted benefit) has, or will be given to a person:

(a) in connection with the retirement of a person from a board or managerial office in Titan or a Related Body Corporate of Titan; and

(b) who holds, or has held a board or managerial office in Titan, a Related Body Corporate, or a spouse, relative or Associate of such a person, in connection with the transfer of the whole or any part of the undertaking or property of Titan.

7.7 No Agreement with any Director

There are no agreements made between any Director and any other person in connection with or conditional on the outcome of the Offer.

In the Bidder's Statement, Consolidated Nickel states that that they intend to replace the Board of Directors in the event the takeover is successful. Consolidated Nickel nominees were not identified in the Bidder's Statement.

7.8 Interests of Directors in any contract with Consolidated Nickel

No Director has an interest in any contract entered into by Consolidated Nickel or its Related Bodies Corporate.

7.9 Changes in Financial Position of Titan

The most recent published financial information in relation to Titan is contained in the audit reviewed 31 December 2005 half year report which was lodged with the ASX on 21 February 2006.

The major movements in the three months to 31 March 2006 have been:

- **Cash Assets** have decreased by approximately $0.9 million dollars due to ongoing exploration expenditure and working capital requirements. The cash balance as at 31 March 2006 stands at $2.1 million.

- **Increased Exploration and Evaluation Expenditure** – continued expenditure on exploration resulted in an increase in the asset of approximately $0.8 million.

Set out below is a summary of Titan's Balance Sheet for the half year ended 31 December 2005, 30 June 2005 and 31 December 2004. The information below (other than for the half year ended 31 December 2005 and the AIFRS information) has been prepared in a manner consistent with the accounting policies of Titan as published in its 2005 annual report. The financial information for the half year ended 31 December 2005 and the AIFRS information has been prepared in a manner consistent with the accounting policies of Titan's 2005/06 half year report.

TITAN RESOURCES LIMITED
ABN 77 007 247 154
CONSOLIDATED BALANCE SHEET
as at

	31 Dec 2005 (audit reviewed) A$	30 June 2005 (audited) A$	31 Dec 2004 (audit reviewed) A$
	$000	$000	$000
CURRENT ASSETS			
Cash and cash equivalents	2,976	2,976	347
Trade and other receivables	671	1,166	963
Prepayments	-	13	-
TOTAL CURRENT ASSETS	3,647	4,155	1310
NON-CURRENT ASSETS			
Property, plant and equipment	265	637	617
Investments in associates	145	-	-
Deferred exploration and evaluation expenditures	11,278	9,753	9,038
TOTAL NON-CURRENT ASSETS	11,688	10,390	9,655
TOTAL ASSETS	**15,335**	**14,545**	**10,965**
CURRENT LIABILITIES			
Trade and other payables	459	1,075	1,998
Interest-bearing loans and borrowings	125	53	882
Provisions	25	147	324
TOTAL CURRENT LIABILITIES	609	1,275	3,204
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	15	36	63
Provisions	335	335	-
TOTAL NON-CURRENT LIABILITIES	350	371	63
TOTAL LIABILITIES	**959**	**1,646**	**3,267**
NET ASSETS	**14,376**	**12,899**	**7,698**
EQUITY			
Issued capital	69,470	69,470	64,284
Other reserves	180	83	-
Accumulated losses	(55,274)	(57,046)	(56,586)
Total parent entity interest in equity	14,376	12,507	7,698
Outside equity interest	-	392	-
TOTAL EQUITY	**14,376**	**12,899**	**7,698**

Impact of Adoption of AIFRS

The impact of International Financial Reporting Standards on the Balance Sheet of Titan has been considered by the Directors and reviewed by Titan's auditors, Ernst & Young, and is explained below.

Titan is preparing and managing the transition to AIFRS effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's and the parent entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

Titan's management, with the assistance of external consultants, has assessed the significance of the expected changes and is preparing for their implementation. An AIFRS committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The Directors are of the opinion that the key material differences in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements changes from the continuing work of the economic entity's AIFRS committee.

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Accounting Standards applicable before 1 January 2005 are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

		CONSOLIDATED		
		Year ended	Half-year ended	Half-year ended
		30-Jun-05	31-Dec-04	01-Jul-04
		$'000	$'000	$'000
Total equity under AGAAP		12,899	7,698	22,683
Recognition of share based payment expense	(A)	(83)	-	-
Recognition of share based payment share issue	(A)	83	-	-
Total equity under AIFRS		12,899	7,698	22,683

(A) Share based payment costs are charged to the income statement under AASB 2 "Share-based Payment", but not under AGAAP. This adjustment has been reflected as an increase in accumulated losses and a corresponding increase in reserves.

(ii) Reconciliation of loss after tax under AGAAP to that under AIFRS

		CONSOLIDATED	
		Year ended	Half-Year ended
		30-Jun-05	31-Dec-04
		$'000	$'000
Profit after tax as previously reported		(16,474)	(15,615)
Recognition of share based payment expense	(A)	(83)	-
Profit after tax under AIFRS		(16,557)	(15,615)

(A) Share based payment costs are charged to the income statement under AASB 2 "Share-based Payment", but not under AGAAP. This adjustment has been reflected as an increase in share based payment expense.

7.10 Summary of Taxation Implications

This summary is general in nature. Therefore, each Shareholder should seek their own independent advice relevant to their specific circumstances and shareholding. The summary is based on existing legislation, case law, rulings and administrative practice at the date of this Target's Statement. Shareholders should be aware that each of these might be subject to change.

The Australian tax implications of the Offer for Shareholders will be dependent upon a number of factors, including:

- whether the Shareholder holds its Shares on capital or revenue account for taxation purposes;
- the nature of the Shareholder (i.e. individual, company, trust, complying superannuation fund); and
- the tax residency status of the Shareholder (i.e. Australian resident or not).

The Australian tax consequences of the Offer for Shareholders are summarised in the following paragraphs. Unless otherwise stated, the tax consequences outlined in this summary are referable to a Shareholder who is a resident of Australia for tax purposes and who acquired the Shares after 19 September 1985 (post-CGT).

(a) Resident Shareholders – Shares held on capital account

Shareholders who hold their Shares as passive investments with the intention of generating dividend income and long term capital growth are likely to be considered to hold their Shares on capital account for tax purposes. Where Shares are held on capital account, the tax implications of the Offer will be as follows:

(i) Subject to the availability of tax losses, Shareholders will be subject to income tax on any capital gain made from the sale of the Shares under the tax legislation. A capital gain will arise where the amount of consideration received from Consolidated Nickel for the sale of Shares held exceeds the Shareholder's cost base for those Shares.

Shareholders that have held their Shares for at least 12 months may be eligible for either an indexation adjustment to the cost base of their Shares or a discount to the amount of the capital gain, depending on the circumstances and date of acquisition of their Shares.

For Shareholders that are individuals or trusts that have held their Shares for at least 12 months, a 50% discount will be made to the amount of the capital gain, after applying available capital losses. For Shares purchased before 21 September 1999, an individual or trust Shareholder will generally have the option of applying the discount or applying an indexation adjustment to the cost base of the Shares.

Shareholders that are companies are not entitled to the 50% discount. However Shareholders that are companies that acquired their Shares prior to 21 September 1999 may be eligible to apply an indexation adjustment to the cost base of the Shares.

Complying superannuation funds that have held their Shares for at least 12 months may be entitled to a 33.33% discount to the amount of the capital gain made on the sale of the Shares.

(ii) A capital loss will arise to a Shareholder where the amount of the cost base of their Shares held exceeds the value of the consideration received from Consolidated Nickel in respect to those Shares. Shareholders who realise a capital loss as a result of the Offer may be able to offset that loss against other capital gains made by them during the year in which the loss is made or carry that loss forward to offset against future capital gains.

(b) Scrip for scrip roll-over provision conditions

Where a Shareholder holds shares in an Australian company on capital account they may, in certain circumstances, choose to "roll-over" any capital gains where their interest in a company is exchanged for a similar interest in another entity (referred to as "scrip for scrip roll-over"). Roll-over in these circumstances applies to effectively defer any capital gain that would have arisen upon the disposal of the original interest until such a time that the interest acquired as a result of the share swap is disposed of. This is achieved by disregarding the capital gain you make upon the disposal of your original interest.

The roll-over is only available to the extent that the consideration received is a similar interest in the acquiring company – that is, no roll-over is available to the extent the consideration received is cash or some other asset.

In order for there to be a roll-over in these circumstances, a number of conditions need to be satisfied. We have outlined these conditions below.

Under the scrip for scrip roll-over provisions, there is a roll-over if:

(i) a Shareholder holds post-CGT Shares, or holds pre-CGT Shares whose disposal would result in a capital gain because at least 75% of the net value of Titan is represented by assets acquired after 19 September 1985; and

(ii) another company, being Consolidated Nickel, becomes the owner of 80% or more of the Shares under an arrangement (the "80% threshold"). The arrangement must be one in which at least all the owners of voting shares in Titan can participate on substantially the same terms; and

(iii) in consequence of the Offer, Shareholders must receive a share in Consolidated Minerals; and

(iv) in order to obtain roll-over relief, Shareholders must choose to access it. Generally, such a choice will be reflected in the way the Shareholder prepares its relevant tax return for the income year in which the disposal occurs (i.e. by not including the gain). Where the Shareholder, either alone or with associates, has a significant stake in Titan and a significant stake in Consolidated Minerals (generally, this mean an interest of 30% or more) additional notification issues arise; and

(v) it must be the case that in the absence of roll-over relief, a capital gain would have resulted. This means that roll-over is not available if a capital loss is made as a result of the exchange of shares.

Scrip-for-scrip roll-over is not available where:

(i) the requirements listed above are not satisfied; or

(ii) the takeover offer is for cash only or something other than replacement interests in the original entity.

(c) Resident Shareholders – Shares held on revenue account

Shareholders who hold their Shares as part of a share trading business or for some other routine business operation, or who acquired their Shares with the dominant purpose of reselling them at a profit are likely to be considered to hold their Shares on revenue account for tax purposes. Where Shares are held on revenue account, the tax implications of the Offer will be as follows:

(i) a gain realised on the disposal of the Shares will be assessed as ordinary income and will not be eligible for the concessions under the CGT legislation; or

(ii) any loss realised by a Shareholder on the disposal should be deductible for tax purposes and could be applied against other assessable income (subject to the operation of specific rules).

(d) Non-resident Shareholders – Shares held on capital account

Non-resident Shareholders that hold Shares on capital account generally will not be liable for Australian income tax on any capital gain arising upon the disposal of their Shares provided that the Shareholder together with Associates, does not hold (and has not held in the previous five years), 10% or more of the issued capital of Titan. If this 100% threshold is breached, the implications should be as above (refer to Section 7.10(a)).

(e) Non-resident Shareholders – Shares held on revenue account

Where Shares are held by a non-resident on revenue account, the tax implications will depend upon whether the Shares are held as part of carrying on a business through a permanent establishment in Australia, the source of the profit derived from the disposal of the Shares and whether the non-resident Shareholder is resident of a country with which Australia has entered into a double tax agreement. Shareholders in these circumstances should seek their own independent advice in relation to the Offer.

7.11 Impact of the Offer on Titan's Material Contracts

Titan has identified material contracts to which it is a party that contain change of control provisions that may be triggered as a result of the Offer or acceptances of the Offer, which are as follows:

Australian Nickel Mines NL, a wholly owned subsidiary of Titan, has entered into an AusIndustry Research & Development Start Grants agreement that incorporates clawback provisions that require approval to be sought from AusIndustry in the event of change of control. In the event that approval is not obtained the grant may be required to be repaid in full. The total amount that could be required to be repaid in such circumstances would be approximately $1.974 million. Australian Nickel Mines NL has commenced the process of seeking AusIndustry approval in the event of a change of control.

7.12 Other Information Relevant to the Making of a Decision by Shareholders

This Target's Statement is required to include all the information that Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

(a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and

(b) only if the information is known to any Director.

The Independent Directors are of the opinion that the information that Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

(a) the information contained in the Bidder's Statement;

(b) the information contained in Titan's releases to the ASX prior to the date of this Target's Statement; and

(c) the information contained in this Target's Statement.

7.13 Consents

Blakiston & Crabb has given, and has not withdrawn, its consent to being named as the legal adviser to Titan in this Target’s Statement in the form and context in which it is named.

PricewaterhouseCoopers Securities Ltd has given, and has not withdrawn, its consent to the inclusion of the Independent Expert’s Report and to references to that report in this Target's Statement in the form and context in which they appear.

NH Cole and Associates Pty Ltd has given, and has not withdrawn, its consent to the inclusion of the NH Cole and Associates Pty Ltd valuation of the mineral project interests report as an attachment to the Independent Expert's Report and to references to that report in this Target's Statement in the form and context in which they appear.

This Target's Statement contains statements made by, or statements said to be based on statements made by, Titan's auditors, Ernst & Young. Ernst & Young has consented to the inclusion of each statement they have made in the form and context in which the statements appear and have not withdrawn that consent at the date of this Target's Statement.

This Target's Statement contains statements made by, or statements said to be based on statements made by, the Directors. Each of the Directors has consented to the inclusion of each statement they have made and the statements said to be based on statements they have made in the form and context in which the statements appear and have not withdrawn that consent at the date of this Target's Statement.

7.14 Publicly Available Information

This Target's Statement contains statements which are made in or based on statements made in documents lodged by various parties, including Consolidated Nickel and Consolidated Minerals, with ASIC or given to ASX.

As required by ASIC Class Order CO 01/1543 Titan will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to Shareholders who request it during the Offer Period.

To obtain a copy of these documents (or the relevant extracts), Shareholders may telephone the official Titan Shareholder Information Line on 08 9481 6165 (from within Australia).

7.15 Approval

This Target's Statement has been approved by a resolution passed by the Independent Directors.

Signed for and on behalf of Titan Resources Limited:

DATED: 12 May 2006

Jeffrey Gresham
Director

Section 8 DEFINITIONS AND INTERPRETATION

8.1 Definitions

In this Target's Statement, definitions used in the Bidder's Statement apply unless the contrary intention appears. However, the following words shall have the following meanings:

"**AGAAP**" means the Australian Accounting Standards applicable for the years commencing before 1 January 2005;

"**AIFRS**" means the Australian equivalents to the International Financial Reporting Standards;

"**AIM**" means the Alternative Investment Market of London Stock Exchange Limited;

"**ASIC**" means the Australian Securities and Investments Commission;

"**Associate**" has the meaning given to this term by the Corporations Act;

"**ASX**" means Australian Stock Exchange Limited ABN 98 008 624 691;

"**Bidder's Statement**" means the bidder's statement dated 7 April 2006 served by Consolidated Nickel on Titan on 7 April 2006 pursuant to section 633(1) of the Corporations Act;

"**BioHeap**" means BioHeap Limited ACN 009 225 398;

"**CGT**" means capital gains tax;

"**Corporations Act**" means the Corporations Act 2001 (Cth);

"**Consolidated Nickel**" means Consolidated Nickel Pty Ltd ACN 074 722 759;

"**Consolidated Minerals**" means Consolidated Minerals Limited ACN 000 727 926;

"**Consolidated Minerals Share**" means a fully paid ordinary share in Consolidated Minerals;

"Consolidated Minerals Shareholder" means a shareholder in Consolidated Minerals;

"**Director**" means an executive or a non-executive director of Titan;

"**Independent Directors**" means Don Watt, Jeffrey Gresham and Peter Leonhardt but excluding Colin Smith, all of whom are current Directors of Titan;

"**Independent Expert**" means PricewaterhouseCoopers Securities Ltd;

"**Offer**" means the offer by Consolidated Nickel to acquire all of the Shares as varied by a Section 650D notice received by Titan and announced to the ASX by Consolidated Minerals on 9 May 2006;

"**Offer Period**" means the period in which the Offer can be accepted being from 26 April 2006 until 5.00pm WST on 29 May 2006, unless extended;

"**Option**" means an option to acquire a fully paid Share;

"**Related Body Corporate**" has the meaning given by Section 50 of the Corporations Act;

"**Share**" means a fully paid ordinary share in the issued capital of Titan;

"**Shareholder**" means the holder of one or more Shares;

"**Target's Statement**" means this target's statement;

"**Titan**" means Titan Resources Limited ACN 007 247 154;

"**Titan Employee Options**" means the Options granted under Titan's Employee Option Plan, having the exercise price and expiry date set out in Part E.5 of the Bidder's Statement;

"**Wholesale Holder**" has the meaning ascribed to it in section 648J(4) of the Corporations Act;

"**WST**" means Australian Western Standard Time; and

"**$**" means Australian dollars.

8.2 Interpretation

Unless specified otherwise, or otherwise required by the context, all words and phrases in this Target's Statement shall have the meanings given to them in the Corporations Act.

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise:

(a) the singular includes the plural and conversely;

(b) a gender includes all genders;

(c) if a word or phrase is defined, its other grammatical forms have a corresponding meaning;

(d) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely; and

(e) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision sustained for it and a regulation or statutory instrument issued under it.

ANNEXURE A – INDEPENDENT EXPERT'S REPORT

The Independent Expert's Report in relation to the takeover offer by Consolidated Minerals Limited prepared by PricewaterhouseCoopers Securities Ltd and dated 9 May 2006 is enclosed behind this document.

PRICEWATERHOUSECOOPERS

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The Directors
Titan Resources Limited
Level 1, 24 Outram Street
WEST PERTH WA 6005

9 May 2006

Dear Sirs

Independent Expert's Report in relation to the Takeover Offer by Consolidated Minerals Limited

Introduction

On 28 March 2006, Consolidated Minerals Limited ("ConsMin") announced its intention to make an off market takeover bid (the "Offer") for the 80.1% of the ordinary shares in Titan Resources Limited ("Titan") that ConsMin does not already own. The Offer of one ordinary share in ConsMin for every 35 shares held in Titan was formally despatched to Titan shareholders on 26 April 2006. On 9 May 2006, ConsMin announced that it was increasing the consideration under the Offer to one ordinary share in ConsMin for every 27 ordinary shares held in Titan.

The Offer is not dependent on any minimum acceptance by existing Titan shareholders, however the Offer may only be accepted in respect of all of the Titan shares held by a shareholder. The new ConsMin shares to be issued to Titan shareholders who accept the Offer will be listed on the Australian Stock Exchange ("ASX"). Foreign shareholders in Titan whose registered address is outside of Australia or New Zealand will be subject to regulatory restrictions on their ability of those shareholders to retain the ConsMin shares offered.

The Offer does not extend to Titan's employee share options on issue. ConsMin has announced that it intends to make a separate cash offer for the Titan employee options.

Under Section 640 (1)(c) of the Corporations Act (2001), a target's statement given in response to a Takeover Offer must include, or be accompanied by, an independent expert's report if either the bidder's voting power in the target is 30% or more, or the bidder and target have one or more common directors. The independent expert's report is required to provide shareholders of the target company with an objective and disinterested view as to whether the Offer is fair and reasonable and to provide them with sufficient information to make an effective and informed decision as to whether or not to accept the Offer. As a common director exists between ConsMin and Titan, it is a requirement of Section 640 that an independent expert's report is provided in response to the Takeover Offer. Accordingly, the Directors of Titan not associated with ConsMin have requested PricewaterhouseCoopers Securities Ltd ("PwCS") to prepare this report for the purposes of Section 640.

This report sets out our opinion as to whether the ConsMin Offer is fair and reasonable to the remaining ordinary shareholders in Titan.

Description of the Offer

Details of the Offer are contained in the ConsMin Bidder's Statement dated 7 April 2006 and in the supplementary Bidder's Statement prepared by ConsMin (collectively "the Bidder's Statement"). The Offer is subject to a number of conditions including, inter alia:

- no material adverse change in relation to Titan;
- the closing price of nickel as quoted on the London Metal Exchange not falling below US$12,500 per metric tonne at any time after the Bid Date up to the end of the Offer Period;
- no breach of any material contracts by Titan, all required regulatory approvals being granted and no farm-out agreements or financing arrangements being entered into by Titan; and
- acquisition or cancellation of the Titan employee options.

The Bidder's Statement and the Target Statement contain considerable information in respect of the Offer. We recommend that all Shareholders read these documents in full.

Summary of Opinion

On balance, we consider that the ConsMin Offer is not fair. However, in our opinion, it is reasonable and there are reasonable grounds to accept the Offer in the absence of an alternative takeover offer or proposal on more favourable terms emerging.

The reasons for our opinion are summarised below.

Fairness of the Offer

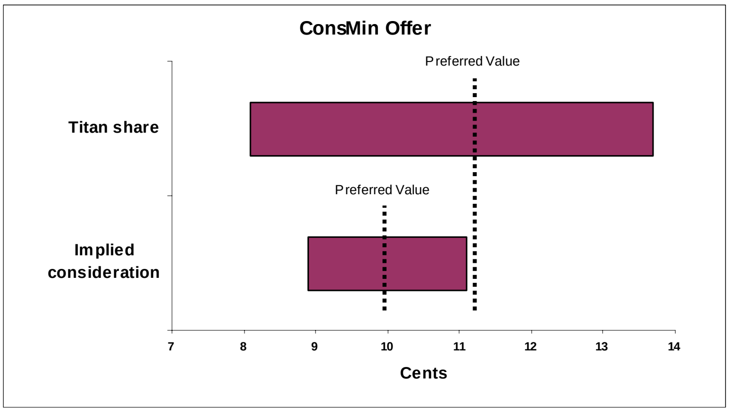
We have valued the shares in Titan to be in the range of 8.1 cents to 13.7 cents per share with a preferred value of 11.2 cents. This valuation includes a premium for control and reflects the value of Titan's exploration assets, mineral development interests and investments as well as its existing cash reserves. Our valuation of Titan incorporates the impact of recent significant increases in the price of nickel and future nickel price expectations based on the current traded nickel future contracts. Our assessment of fair market value on a controlling interest basis also assumes that the owner of the assets has access to capital and other resources necessary to fully exploit the assets acquired.

We have assessed the value of the ConsMin shares being offered for each Titan share to be in the range of 8.9 cents to 11.1 cents per Titan share with a preferred value of 10.0 cents. This is based on our assessed value of a ConsMin share in the range of $2.40 to $3.00 with a preferred value of $2.70. This assessment is based on recent share market prices for ConsMin shares on a minority interest basis as Titan shareholders who accept the Offer will become minority shareholders in ConsMin.

These values are summarised in the table and bar graph below.

	PwC Valuation		
	Low cents	High cents	**Preferred Value cents**
Titan	8.1	13.7	**11.2**
ConsMin	240.0	300.0	**270.0**
Implied consideration[1]	8.9	11.1	**10.0**
Discount[1]	**9.9%**	**-19.0%**	**-10.7%**

Note 1: based on 1 ConsMin share for every 27 Titan shares



As indicated above, the value of the ConsMin Offer lies within, but at the lower end, of our range of values for Titan shares. Significantly, in our view, our preferred value for each Titan share exceeds the upper end of our range of values for the ConsMin Offer and is materially below the preferred value of the Offer. Accordingly, on balance, we consider that the Offer is not fair.

Reasonableness of the Offer

In assessing the reasonableness of the Offer, we have considered whether there are grounds for shareholders to accept the Offer despite our opinion that the Offer is not fair. The key factors which have influenced our opinion in making this assessment are set out below.

- Our valuation of Titan adopted for assessing the fairness of the Offer includes a control premium and exceeds the price we would expect Titan shares to trade in the absence of the Offer. Our valuation range represents a premium to the values at which Titan shares have traded both prior to and following the announcement of the Offer.

- The spot price of nickel has improved by over 30% since the announcement of the Offer. This has led to increases in the share prices of a number of Australian mining and exploration companies with a primary focus on nickel mineralisation. However, Titan has no nickel projects which are yet in production and is subject to financial constraints which limit its ability to exploit its asset base without significant potential for dilution of the interests of existing shareholders.. Titan estimates that it will need to undertake a capital raising prior to 30 June 2006 in order to fund further evaluation and preliminary feasibility studies to bring its key projects to a bankable feasibility stage. We do not consider that the prospects for Titan have improved sufficiently as a result of the rise in the nickel price that the Titan share price would be higher than our assessed value of the Offer consideration.

- Collectively, if the Offer is successful, the shareholders of Titan other than ConsMin will dilute their interests in the assets of Titan to approximately 6% and receive an equity interest in ConsMin and its more diverse asset base and earnings.

- The investment profile of ConsMin differs to that of Titan. ConsMin has interests in a number of producing mines with a focus on several commodities including manganese, chromite and nickel. Whilst ConsMin's cash position has declined over the past year due to reduced manganese prices and capital investment in future mining operations, ConsMin has greater financial capacity than Titan and depth in its management structure. ConsMin has a history of paying fully franked dividends. By contrast, Titan has a predominantly single commodity focus on nickel, is financially constrained and has less depth in its management structure. As a consequence, the Titan share price has been more volatile than ConsMin. Further, the ConsMin shares have had greater trading depth and liquidity than those of Titan.

- ConsMin has a 19.9% interest in Titan and holds 50% joint venture interests in two of Titan's key nickel prospects. We believe that in these circumstances it is unlikely that an alternative takeover offer for Titan will emerge from a third party. The Directors of Titan have advised us that they have received no alternative takeover offers for Titan and are not aware of any potential alternative takeover offer. The Directors of Titan recently announced that they were in discussions with a third party in relation to an alternative proposal for the future of Titan. Whilst the Independent Directors of Titan considered that this alternative proposal had some merit, at this time Titan has been unable to progress this proposal to a point where it offers a more favourable outcome for Titan shareholders than the revised ConsMin Offer.

In summary, we consider that there are reasonable grounds to accept the Offer in the absence of an alternative takeover offer or proposal on more favourable terms emerging.

For the reasons set out above, in our opinion, in the absence of an alternative takeover offer or proposal on more favourable terms, the Offer is not fair but is reasonable to the shareholders of Titan.

Other Considerations

If Titan shareholders accept the Offer and dispose of their Titan shares, they may incur a capital gains tax liability. This will depend on the tax cost base of the Titan shares held and whether capital gains tax rollover relief is available. Australian tax legislation provides for rollover relief where the bidder successfully acquires 80% or more of the target company such that no capital gains tax will be payable on any capital gain. Shareholders should consult their tax advisers in relation to their personal circumstances.

An individual shareholder's decision in relation to the Offer may be influenced by his or her particular circumstances. We have considered the Offer from the perspective of Titan shareholders as a whole. We have not considered the effect of the Offer on individual shareholders nor have we considered their individual objectives, financial situation or needs. Due to their particular circumstances, individual shareholders may place different emphasis on various aspects of the Offer from the views expressed in this report. Accordingly, individuals may reach different conclusions as to whether the Offer is fair and reasonable.

The full analysis and reasoning for our opinion is set out in the attached report. The mineral exploration assets of Titan have been valued by NH Cole and Associates Pty Ltd ("NH Cole") and the NH Cole report is attached as Appendix D to our report.

Yours faithfully

Roger Port
Authorised Representative

PRICEWATERHOUSECOOPERS

Independent Expert's Report

Prepared for the Directors of Titan Resources Limited in relation to the Takeover Offer by Consolidated Minerals Limited

9 May 2006

1.0 Basis of Evaluation

1.1 Purpose of Report

On 28 March 2006, Consolidated Nickel Pty Ltd ("CNPL"), a wholly owned subsidiary of ConsMin, announced its intention to make an off market takeover bid for the 80.1% of the ordinary shares in Titan (representing approximately 299.2 million shares) that ConsMin does not already own. The Offer was revised on 9 May 2006 to reflect consideration offered by CNPL of one ConsMin ordinary share for every 27 ordinary shares in Titan. The new ConsMin shares to be issued to Titan's shareholders will be listed on the Australian Stock Exchange ("ASX").

Under Section 640 of the Corporations Act (2001), a target's statement given in response to a Takeover Offer must include, or be accompanied by, an independent expert's report if either the bidder's voting power in the target is 30% or more, or the bidder and target have one or more common directors. The independent expert's report is required for the purpose of providing shareholders of the target company with an objective and disinterested view as to whether the Offer is fair and reasonable and to provide them with sufficient information to make an informed decision as to whether to accept or reject the Offer.

Mr Colin Smith is a Director of both ConsMin and Titan. As such, pursuant to Section 640 of the Corporations Act, an independent expert's report is required to be included in, or accompany, the Target Statement given in response to the Takeover Offer. Accordingly, the Directors not associated with ConsMin have requested PwCS to prepare a report for the purposes of Section 640. This report sets out whether in our opinion the ConsMin takeover offer is fair and reasonable.

The Bidder's Statement and the Target's Statement contain considerable information in respect of the Takeover Offer. We recommend that all Titan shareholders read these documents in full.

This report is to be included in the Target's Statement to be sent to shareholders and has been prepared for the exclusive purpose of assisting the Titan shareholders and the Directors in their consideration of the Takeover Offer. This report cannot and should not be relied upon for any other purpose.

1.2 Basis of Evaluation – Overview

In our assessment of whether the Offer is fair and reasonable, we have given due consideration to the Policy Statements and Practice Notes issued by the Australian Securities and Investment Commission, in particular, Policy Statement 75 "Independent expert reports to shareholders" and Practice Note 43 "Valuation reports and profit forecasts".

Under Policy Statement 75, an offer is "fair" if the value of the Offer is equal to or greater than the value of the securities which are the subject of the Offer. This comparison must be made assuming 100% ownership and therefore control of the target company.

Under Policy Statement 75, an offer is “reasonable” if it is fair. It may also be reasonable if, despite not being fair but after considering other significant factors, shareholders should accept the Offer in the absence of any higher takeover offer or alternative proposal before the close of the Offer.

In undertaking our assessment, we have considered the likely impact of the Offer on Titan shareholders as a whole. We have not considered how the Offer may affect individual shareholders. Individual shareholders have different financial and tax circumstances and it is not practicable nor possible to consider the implications of the Offer on individuals as their respective financial circumstances are not known to us. In particular, we note that specific rules apply to shareholders who do not have registered addresses in Australia or New Zealand which may limit the ability of those shareholders to retain the ConsMin shares offered. Individual shareholders should ensure that they are familiar with the provisions set out in the Bidder’s Statement and seek their own professional advice.

1.3 Basis of Evaluation – Titan

We have valued Titan shares on the basis of the fair market value of Titan as a whole, being the price which an independent party would be likely to be prepared to pay to acquire all of the company’s issued ordinary shares.

Fair market value is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arms length within a reasonable time frame.

In forming our opinion as to whether the Offer is fair and reasonable, we have considered:

- the value attributed to Titan’s exploration portfolio by the independent Technical Expert;
- the amount which an alternative acquirer might be willing to offer if all the issued share capital of Titan were available for purchase; and
- the amount that would be distributed to Titan shareholders on an orderly realisation of assets.

We have also considered the prices at which Titan and ConsMin shares have been trading on the ASX. In considering these trading prices, we have had regard to the liquidity of the shares and whether the share price is an appropriate reflection of the underlying value of the shares.

As part of our assessment of whether the Offer is fair, we have determined whether the Offer price is fair to Titan's shareholders. We have compared the value of the ConsMin shares being offered as consideration with the value of the Titan shares being given up (including a control premium). If the value of the consideration is equal to or greater than the value of Titan shares, the transaction will be fair.

In our assessment of the reasonableness of the Offer, we have considered, amongst other factors:

- whether Titan's shareholders are likely to be better off after the transaction;
- whether the Offer is the best alternative available, including the likelihood of an alternative bid or proposal;
- the terms of the Offer; and
- other potential implications for shareholders of rejecting the ConsMin Offer.

1.4 Reliance on Technical Expert

NH Cole has been engaged to provide a Technical Expert’s Report for use and reliance by us in the preparation of our independent expert’s report. The NH Cole report has been prepared to the standards of contemporary Australian corporate finance independent expert valuation reports, and specifically to the standards required under the AusIMM Valmin Code.

We are satisfied that:

- NH Cole has appropriate qualifications, industry experience and competence to conduct its assessments;
- NH Cole is independent of Titan and ConsMin;
- the methodologies used in its valuations are consistent with generally accepted industry practice; and
- the NH Cole report contains sufficient information to support the conclusions drawn.

The NH Cole report is attached at Appendix D to our report and should be read in conjunction with our report.

1.5 Basis of Evaluation – ConsMin

It has been necessary for us to assess the value of ConsMin shares in order to compare the value of the consideration under the Offer with the valuation of Titan shares. The aggregate consideration offered by ConsMin for all of the shares in Titan which it does not already own represents approximately 6% of the current issued share capital of ConsMin. Our evaluation of ConsMin shares has been based on an assessment of the recent share market prices for ConsMin and has considered recent independent broker reports on ConsMin.

Our valuation of the ConsMin shares is on a minority interest basis as Titan shareholders who accept the ConsMin offer will become minority holders in ConsMin. This compares with the valuation of Titan on a controlling interest basis as described in section 1.3 to reflect that ConsMin is seeking to obtain control of Titan's assets and cash flows.

In addition, it should be noted that whilst our assessment of Titan shares was made with access to Titan management and data, our assessment of ConsMin shares was carried out using publicly available information only.

1.6 Limitation of Scope

Whilst our engagement has involved an analysis of financial information and accounting records, it does not constitute an audit in accordance with Australian Auditing Standards of Titan or of any data compiled by Titan and accordingly, no such assurance is provided in this report.

2.0 Background to Titan

2.1 Profile of Titan

Titan's shares are listed on the ASX and its current principal activities are the exploration and development of nickel and gold assets located in the Goldfields region of Western Australia.

Titan operated the Radio Hill mine in Western Australia's Pilbara region for four years up until September 2002. During this period, the mine produced 21,000 tonnes of nickel and 16,000 tonnes of copper from approximately 900,000 tonnes of ore. The associated leases, residual rehabilitation obligations and treatment plant were sold to Fox Resources Ltd upon closure of the mine by Titan.

During the latter stages of the Radio Hill project, Titan invested some of the cash surplus from the Radio Hill operations in the development of a bacterial heap-leaching process, known as BioHeap™, designed to extract base metals from sulphide ores. Following successful pilot trials of the technology at Radio Hill, Titan sought to expand its nickel sulphide resources at its then wholly owned Carr Boyd and Widgiemooltha North tenements with the intention of moving to full commercial production at either or both of these sites using the BioHeap™ technology. During 2003, Titan undertook further testing of the suitability of BioHeap™ technology for the treatment of ore at Widgiemooltha and Carr Boyd. Whilst the test work indicated the Carr Boyd ores were amenable to Bioheap™ technology, further drilling and resource assessment at Carr Boyd indicated there was insufficient resource, at prevailing nickel prices, to justify a mining operation. The high magnesium content of the Widgiemooltha ores which resulted in high acid consumption indicated the technology was not economically applicable to these ores.

Titan wrote off its $10.9 million investment in the process at 31 December 2003 and successfully sought external equity investors in 2004 and 2005 to further develop and exploit the Bioheap™ technology. Titan has diluted its effective interest in the process technology, which is held through its equity investment in Pacific Ore Limited ("POL"), to 46.2%. The investment in POL is carried at no cost in Titan's accounts.

After the difficulties encountered in applying the Bioheap™ technology to its own mineral deposits, Titan set about refocusing on the commercial exploitation of mineralisation in its significant tenement holdings in the Widgiemooltha area south of Kalgoorlie with initial focus on the Armstrong nickel deposit. In April 2004, Titan commenced mining at the Armstrong deposit with the ore scheduled for delivery to WMC Resources Ltd's Kambalda nickel concentrator in October 2004 under an ore tolling and concentrate purchase agreement (the "Ore Purchase Agreement"). When the first ore was delivered to WMC, it was found to be outside the specifications of the Ore Purchase Agreement. WMC advised that further ore would only be accepted from Armstrong contingent upon metallurgical test work. Mining activities at Armstrong were suspended in December 2004 and mining expenditure of $13.9 million was written off. WMC subsequently released Titan from its obligation to treat ore produced from Armstrong at the Kambalda concentrator.

A rights issue in February 2005 which raised $5.5 million and a cash injection of $1.0 million on entering an exploration joint venture with ConsMin on the Munda tenement allowed Titan to meet all outstanding creditors arising from the mining activities at Armstrong. Titan has subsequently sold a 50% interest in the Armstrong project to ConsMin for $3.5 million and entered into a farm-in agreement with Yilgarn Mining Limited ("YML") on its Carr Boyd project tenements.

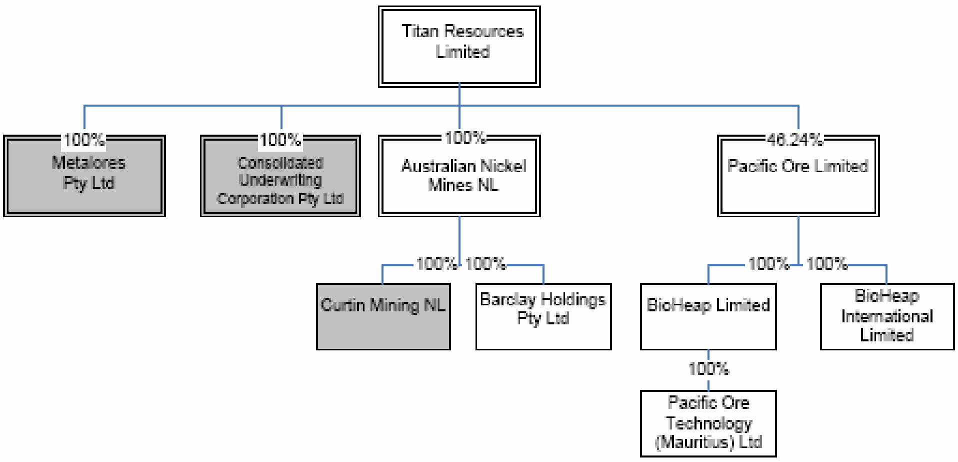
Currently, Titan's core assets comprise its exploration tenement holdings in the Widgiemooltha area. The current Board of Titan is focused on nickel mineralisation which is capable of near term exploitation with minimal capital outlay. The key exploration tenements and project studies being considered include Widgie Townsite, Munda and 132 North. These deposits are subject to obligations to treat ore at the former WMC Kambalda concentrator (which arises due to the terms of the original purchase agreement under which Titan acquired the Widgiemooltha area tenements from WMC). Mechanisms to exploit the Armstrong deposit through establishing a separate nickel concentration facility in the region are also being considered. In addition to the Widgiemooltha tenements, Titan has a large tenement holding to the north-northeast of Kalgoorlie that includes the historic Carr Boyd nickel-copper mine.

2.2 Management and Key Personnel

The Titan operations are headed by Mr Jeff Gresham (Managing Director) with exploration activities being overseen by Mr Peter McMickan (Exploration Manager). Titan has a small corporate office in Perth and an exploration office in Kalgoorlie. Jeff Gresham was the Managing Director of Wiluna Mines Ltd between 1993 and 1997 and the general manager for exploration at Homestake Gold of Australia Ltd between 1998 and 2001.

2.3 Group Structure

The group structure of Titan is set out below.



Notes

1: Metalores Pty Ltd, Consolidated Underwriting Corporation Pty Ltd and Curtin Mining NL are in the process of being deregistered and currently hold no assets or liabilities.

2: Australian Nickel Mines NL holds all of Titan's tenements

3: Barclay Holdings Pty Ltd does not hold any significant assets

4: Pacific Ore Limited holds rights to the BioHeap™ ore processing technology

Source: Titan

2.4 Capital Structure and Shareholders

Titan currently has 373,543,738 ordinary shares on issue. The company also has various unquoted employee share options in place as shown in the table below.

Titan Resources Limited	
Number	**Securities on Issue**
373,543,738	Fully paid ordinary shares (ASX:TIR)
1,440,000	Employee Options over fully paid shares - exercisable at 39 cents by 29/06/2009
500,000	Employee Options over fully paid shares - exercisable at 37 cents by 08/06/2007
400,000	Employee Options over fully paid shares - exercisable at 10 cents by 31/12/2010
6,400,000	Employee Options over fully paid shares - exercisable at 6.9 cents by 31/06/2010

Source: IRESS and ASX

We are advised that 1,630,000 of the employee options reflected above (1,230,000 of the options exercisable at 39 cents and 400,000 of the options exercisable at 6.9 cents) are held by former employees and accordingly under the terms of their issue may have lapsed. Titan is currently considering legal advice as to the validity of these employee options.

The largest 10 shareholdings in Titan as at 28 March 2006 are set out in the table below.

Top 10 shareholders as at March 2006

Rank	Name	No of shares in '000s	% held
1	Consolidated Nickel Pty Ltd	74,330	19.9%
2	Yandal Investmentments Pty Ltd	15,000	4.0%
3	Trucking Nominees Pty Ltd	14,000	3.7%
4	Commsec Nominees Pty Limited	8,610	2.3%
5	David Michael Charnock	5,200	1.4%
6	Beck Corporation Pty Ltd	5,100	1.4%
7	ANZ Nominees Limited	4,556	1.2%
8	Jindabyne Pty Ltd	4,000	1.1%
9	Ferndown	3,450	0.9%
10	National Nominees Limited	3,253	0.9%
	Total	**137,499**	**36.8%**
	Total Number of issued shares	373,544	

Source: Titan Resources Ltd

ConsMin (through its wholly owned subsidiary CNPL) is Titan's largest shareholder with a 19.9% shareholding prior to the Offer. ConsMin became a substantial holder in February 2005 when it increased its equity holding to 8.22% and progressively increased its holding to 19.81% on 18 April 2005 through a series of on-market purchases. Only three other shareholders hold more than 2% in Titan and each of these holds less than 5% of Titan's issued share capital.

2.5 Exploration Assets

Titan has two key tenement holdings in the Eastern Goldfields region of Western Australia. These comprise 227km^2 of tenements in the Widgiemooltha area (100 kilometres south of Kalgoorlie) which forms part of the Kambalda nickel province and tenements covering 225km^2 at the historic Carr Boyd nickel-copper mine located 80 kilometres north-northeast of Kalgoorlie.

Titan's current exploration and evaluation program is focused on increasing the resource base of a number of its nickel deposits in the Widgiemooltha area and in assessing the commercial viability of mining operations on the more prospective of these projects. The key focus is on tenements comprising the Widgie Townsite deposit, with secondary focus on the O'Grady and 132 North prospects in the Widgiemooltha area. Work is also progressing on the Munda prospect (50% held by ConsMin) and on mechanisms to support the commercial treatment of ore already exposed in the Armstrong nickel deposit (50 % held by ConsMin) from earlier mining during 2004. Exploration is also being undertaken on the Carr Boyd tenements funded and managed by YML.

Under the terms of its original purchase of Widgiemooltha area tenements from WMC, Titan has an obligation for nickel ores mined at certain of its tenements to be treated at the Kambalda nickel concentrator now owned by Nickel West (part of BHP Billiton Limited). This obligation includes ore production from the Widgie Townsite, O'Grady and 132 North projects.

Widgie Townsite Project

In March 2006, Titan announced a number of recent positive drill results on this project including 13 metres @ 2.75% Ni and 5.6 metres @ 1.96% Ni. Further drilling undertaken on this project in April 2006 is currently being analysed. The current resources determined in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves ("JORC") based on drilling undertaken to the end of 2005 is 2.08 million tonnes @ 1.89% Ni for 39,300 tonnes of contained nickel metal at a 1% Ni cut off. An active drilling program is underway on this project to further define high grade zones and upgrade the resource. The consulting engineers engaged by Titan have conducted a preliminary scoping study on the economics of underground development of higher grade zones currently identified in this resource. The scoping study has indicated that a potentially viable two year underground project may exist with ore treated by Nickel West. The potential project life may be expanded if the results from the current drilling program successfully extend the higher grade zones within the deposit.

132 North

The 132 North project is located 6 kilometres north-west of Widgiemooltha and whilst smaller than the Widgie Townsite deposit, it is considered by Titan to be highly prospective for nickel. A series of high grade nickel intercepts have led to a resource model that indicates the potential for a discrete, higher grade zone immediately beneath and to the north of the former open pit. A scoping study is currently in progress to evaluate the economics of mining this deposit through either an extension of the previous open pit or by decline access from the base of the existing pit.

O'Grady

Titan identified the O'Grady prospect from electromagnetic surveys and undertook exploratory drilling in March 2006. This drilling has yielded an intercept of 1.76 metres @ 4.27% Ni (including 0.58 metres @ 9.83% Ni). Titan is undertaking follow up drilling on this prospect.

Munda

The Munda gold and nickel prospect is located to the west of Widgiemooltha. ConsMin earned its 50% interest in this project through the payment of $1 million to Titan in 2005 and subsequent exploration expenditure of $1 million on the Munda tenement.

Substantial drilling has been performed at Munda. Drill results for nickel have recorded intercepts of 5.5 metres @ 3.87% Ni and 6 metres @ 3.66% Ni. A resource base for the nickel mineralisation of 256,000 tonnes @ 1.94% Ni to a depth of 250 metres has been announced by Titan. Extensive drilling has also been performed for gold mineralisation. This program has resulted in a JORC classified resource of 512,000 tonnes @ 2.8 grams per tonne for 46,300 contained ounces of gold at a 1 grams per tonne cut off to approximately 130 metres below the surface.

The joint venture is expecting to proceed with a scoping study in the near term to determine whether further development is economically viable. Titan is the manager of the exploration phase through to the completion of a feasibility study.

Armstrong

Titan acquired Armstrong as part of its purchase of the Widgiemooltha North tenement from WMC in late 2001. Extensive drilling work by Titan in 2002 and 2003 led to a defined mineral resource of 465,000 tonnes at 2.12% Ni. This resource formed the basis of a pre-feasibility study that in turn led to a commitment to commence mining operations. As previously indicated, this ore produced was found to be outside specified requirements under the Ore Purchase Agreement between Titan and WMC. As a result, mining operations at Armstrong were suspended in December 2004. Nickel West as current owner of the former WMC nickel operations has since granted a waiver to Titan with respect to the rights to exclusively supply Nickel West under the Ore Purchase Agreement for the Armstrong tenement.

Following the suspension of the mining operation, Titan actively sought expressions of interest from other parties for involvement in the Armstrong project. In June 2005, Titan entered into an option agreement with CNPL (a wholly owned subsidiary of ConsMin). Under this agreement, CNPL paid an option fee of $0.5 million to carry out due diligence on Armstrong to further assess the viability of the project. As a result of the ongoing due diligence work, CNPL exercised its option to acquire a 50% interest in the Armstrong mine for a further payment of $3 million and a joint venture between Titan and CNPL was formed for the project. Metallurgical test work and options for the commercial treatment of the Armstrong ore and the sale of the resultant concentrate are currently being pursued.

Carr Boyd

In April 2005, Titan entered into a joint venture agreement with YML over the Carr Boyd tenements. This allows YML to earn a 51% interest in the project by spending $3.5 million over four years. YML must also spend a minimum of $0.5 million before 30 June 2006. YML has recently completed an extensive drilling programme totalling approximately 5,500 metres and Titan expects that the minimum required spend before 30 June 2006 will be achieved. YML may increase its interest in the project further after reaching 51% ownership subject to elections by Titan.

Other Projects

Mt Eaton and Pioneer are currently viewed by Titan to be the most significant of Titan's remaining prospects. Mt Eaton and Pioneer are located south of Widgie Townsite and are currently untested by Titan, however there is some nickel mineralisation data available as a result of previous work carried out by WMC prior to acquisition of the tenements by Titan.

2.6 Investment in Bioheap™

As previously indicated, the Bioheap™ leach processing technology was initially developed by Titan. Although it was found to be unsuitable for treatment of its targeted Widgiemooltha and Carr Boyd deposits, it has demonstrated commercial potential for the extraction of base metals from sulphide ores on other deposits. Titan provided seed capital of $1.5 million to POL in 2004 and successfully sought external equity funding from Outokumpu and RAB Capital to further develop the commercial potential of the technology. Titan currently holds an effective interest of 46.2% in the Bioheap™ technology through its equity interest in POL, the company holding the rights to the technology.

Outokumpu earned a 25% interest in POL by investing equity of US$1.0 million in POL in February 2005. RAB Capital subscribed for a 22.7% interest in POL in July 2005 through investment of US$1.5 million. Both of these share issues were at US$0.50 per share.

POL has established two joint ventures with Chinese mining groups for the application of the technology and has licensed the technology for use by two other companies on a licence fee and royalty basis. These projects are not yet providing any positive cash flow to POL. POL is actively undertaking research on the technology and is contemplating a listing on the Alternative Investment Market of the London Stock Exchange ("AIM") to raise equity capital to further the commercial exploitation of the technology. However a number of key milestones necessary for this process have not yet occurred.

POL had net assets of $1.3 million as at 28 February 2006 including cash of $1.4 million. POL has only limited cash available to meet its ongoing costs and will need to raise further equity to extend its research work beyond July 2006. In the absence of a listing on AIM or an alternative fund raising, POL will require funding from its shareholders to continue the commercial exploitation of the technology.

2.7 Financial Position

Titan is a mineral exploration company with no existing income producing assets. Titan is dependent upon cash generated from capital raisings and farm-in arrangements to support its exploration and evaluation program. At 31 March 2006, Titan had net assets with a book value of $13.9 million primarily represented by capitalised exploration expenditure and tenement acquisition costs. The cash on hand at 31 March 2006 of $2.1 million is insufficient to maintain Titan's mineral evaluation program and corporate costs much beyond 30 June 2006 in the absence of a capital raising or asset divestment.

Titan's financial position as at 30 June 2005 (audited), 31 December 2005 (subject to half year review) and 31 March 2006 (unaudited management accounts) is summarised in the table below.

Titan Resources Ltd Consolidated Financial Position - As at		Unaudited AIFRS 31-Mar 2006	Reviewed AIFRS 31-Dec 2005	Audited AIFRS 30-Jun 2005
Current Assets	**Notes**	**$m**	**$m**	**$m**
Cash	***1***	2.1	2.9	3.0
Receivables		0.5	0.7	1.2
Total Current Assets		**2.6**	**3.6**	**4.2**
Non-Current Assets				
Exploration Expenditure	***2***	12.0	11.3	9.7
Property, Plant & Equipment		0.3	0.3	0.6
Investments		-	0.1	-
Total Non-Current Assets		**12.3**	**11.7**	**10.3**
Total Assets		**14.9**	**15.3**	**14.5**
Current Liabilities				
Accounts Payables		0.5	0.5	1.1
Borrowings/Interest Bearing		0.1	0.1	-
Provisions		0.4	-	0.2
Total Current Liabilities		**1.0**	**0.6**	**1.3**
Non-Current Liabilities				
Provisions		-	0.3	0.3
Total Non-Current Liabilities		-	0.3	0.3
Total Liabilities		**1.0**	**0.9**	**1.6**
Net Assets		**13.9**	**14.4**	**12.9**
Shareholders Equity				
Contributed Equity		69.6	69.6	69.5
Retained Profits/(Losses)		(55.7)	(55.2)	(57.0)
Outside Equity Interest		-	-	**0.4**
Total Shareholders Equity		**13.9**	**14.4**	**12.9**
Net asset backing per share	***3***	*3.72 cents*	*3.85 cents*	*3.45 cents*

Source: Titan Resources Ltd Annual and Financial Reports

Notes

1 Titan's cash position was significantly depleted in 2004 through development of the Armstrong project. Although additional capital was raised in February 2005, cash reserves have declined as the company has continued to maintain exploration of key tenements. This outflow has been partly offset by capital raised and proceeds received from entering joint ventures with ConsMin for the Munda and Armstrong projects.

2 Capitalised exploration expenditure has increased as Titan has continued to undertake exploration and evaluation activities on its projects. Titan assesses the status of its exploration activities each six months to decide which exploration costs should be written off. No such assessment has been made during 2006. The capitalised expenditure at 31 March 2006 primarily relates to the Widgiemooltha tenements (including the Widgie Townsite and 132 North prospects) at $9.9 million and the Carr Boyd tenements at $2.1 million.

3 All of the Titan employee options have an exercise price near or above the Titan share price. Accordingly, no dilutive impact on the net asset backing per share has been reflected in relation to the employee options.

4 Titan had available tax losses of approximately $25.9 million brought forward from 30 June 2005 which have not been brought to account due to uncertainty over future utilisation.

2.8 Financial Performance

The financial results of Titan for the two years ended 30 June 2005 (audited) and the nine months to 31 March 2006 (unaudited management accounts) are summarised in the table below. The financial performance for the year ended 30 June 2004 has been restated to a basis compliant with current Australian equivalents to International Financial Reporting Standards (AIFRS).

Titan Resources Limited **Statement of Financial Performance**	**Unaudited AIFRS 9 months 31-Mar 2006 $m**	**Audited AIFRS 12 months 30-Jun 2005 $m**	**Audited AIFRS 12 months 30-Jun 2004 $m**
Revenue from ordinary activities	-	0.4	-
Gross profit	**-**	**0.4**	**-**
Other income	3.6	1.9	0.3
Administration expenses	(1.4)	(3.9)	(3.4)
Exploration/Mining expenses written off	-	(14.2)	(1.7)
Research and Development expenses written off	-	-	(10.9)
Other expenses from ordinary activities	(0.9)	(0.5)	(1.7)
EBITDA	**1.3**	**(16.3)**	**(17.4)**
Depreciation and amortisation	(0.1)	(0.1)	(0.1)
EBIT	**1.2**	**(16.4)**	**(17.5)**
Net interest	0.1	0.2	0.9
Net profit/loss before tax	**1.3**	**(16.2)**	**(16.6)**
Income tax (Expense)/Benefit	**-**	**-**	**-**
Profit/(loss) from ordinary activities after tax	**1.3**	**(16.2)**	**(16.6)**
Profit/(loss) from to outside equity interests	-	(0.2)	-
Net profit/loss attributable to members of Titan	**1.3**	**(16.0)**	**(16.6)**

The profit recognised by Titan in the nine months to 31 March 2006 reflects the proceeds of $3.5 million received from the sale of 50% of the Armstrong nickel project. All mining costs associated with the project were written off in the year ended 30 June 2005.

Titan has taken steps to reduce its administrative overheads but these remain at approximately $1.8 million on an annualised basis.

The capitalised exploration/mining expenses written off in 2005 primarily relate to the decision to write off all the capitalised expenditure incurred on the Armstrong project. Titan has capitalised $2.3 million of exploration and evaluation expenses incurred in the nine months to 31 March 2006.

The research and development expenses written off in 2004 of $10.9 million relate to the write off of the carrying value of the Bioheap™ technology.

2.9 Cash Flows

The Titan cash flows for the two years ended 30 June 2005 (audited) and for the nine months to 31 March 2006 (unaudited management accounts) are summarised in the table below.

Titan Resources Limited Consolidated cash flow statement	Unaudited AIFRS 9 months 31-Mar 2006	Audited AIFRS 12 months 30-Jun 2005	Audited AIFRS 12 months 30-Jun 2004
Cash flows from operating activities	**$m**	**$m**	**$m**
Cash receipts in the course of operations	-	1.1	0.8
Cash payments in the course of operations	(1.6)	(4.9)	(5.2)
Net Interest	0.1	0.2	0.9
Net cash from/(used in) operating activities	**(1.5)**	**(3.6)**	**(3.5)**
Cash flows from investing activities			
Payments for tenement acquisitions	-	-	(3.1)
Payments for property, plant and equipment	-	(0.4)	(0.2)
Exploration & development expenditure	(2.3)	(12.6)	(5.2)
Proceeds from sale of project interest	3.5	-	-
Proceeds from farm-in and other arrangements	0.4	-	-
Other	(1.0)	0.6	(0.2)
Net cash from/(used in) investing activities	**0.6**	**(12.4)**	**(8.7)**
Cash flows from financing activities			
Net Proceeds from issues of ordinary shares	-	7.1	3.3
Repayment of hire purchase liabilities	-	(0.1)	(0.1)
Net cash from/(used in) financing activities	**-**	**7.0**	**3.2**
Net increase/decrease in cash held	(0.9)	(9.0)	(9.0)
Cash at the beginning of the financial year	3.0	12.0	21.0
Cash at the end of the financial year	**2.1**	**3.0**	**12.0**

Source: Titan Resources Ltd Annual Reports and Financial Reports

The table above shows Titan’s weakened cash flow and cash position following the development and subsequent abandonment of mining at Armstrong. Between April and December 2004, Titan used cash in the development and mining at Armstrong while maintaining active exploration programs on other prospects. Since the suspension of mining at Armstrong, Titan has undertaken a major restructure of key personnel and a change of operational focus to reduce administrative overheads and prioritise projects which have potential to generate positive cash flow with minimal capital outlay.

The continuation of Titan’s exploration program in the Widgiemooltha region has been funded by existing cash, monies raised from a rights issue in 2005 and the arrangements entered into with ConsMin and YML in relation to the Armstrong, Munda and Carr Boyd projects.

Titan requires additional external funding to maintain its current operations and to further develop preliminary scoping and feasibility studies that have been performed to date to full bankable feasibility studies which may form the basis for the progression to mining operations.

2.10 Share Price Performance

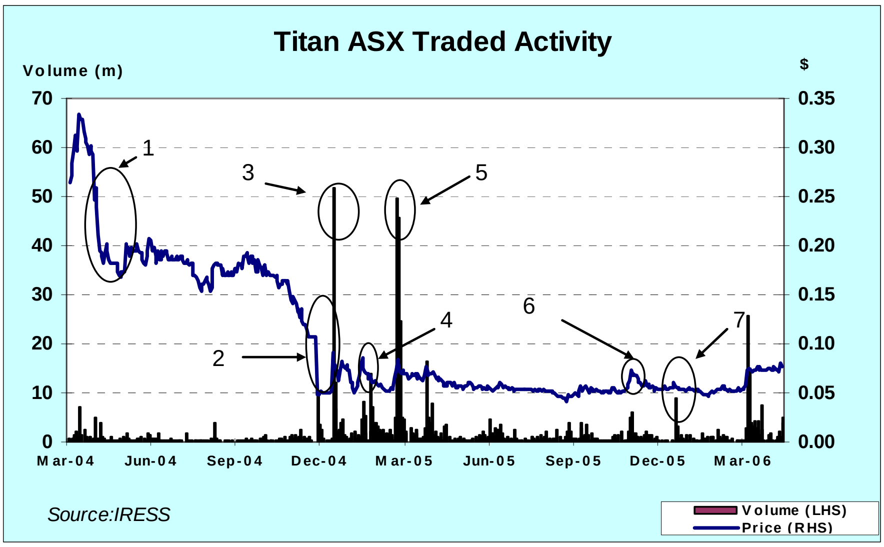
Titan's share price history for the two years before the takeover announcement by ConsMin and the period since announcement of the Offer on 28 March 2006 is set out below.

Share trading to 5 May 2006	Close	High	Low	VWAP*	Volume traded	% Total shares on issue
	$	$	$	$		
Since announcement	0.078	0.080	0.071	0.075	95,417,127	25.5%
1 month prior	0.054	0.059	0.051	0.055	13,579,641	3.6%
3 months prior	0.053	0.064	0.047	0.055	47,808,946	12.8%
6 months prior	0.053	0.073	0.046	0.057	118,692,281	31.8%
12 months prior	0.069	0.081	0.040	0.059	279,230,866	74.8%
18 months prior	0.183	0.192	0.035	0.070	662,106,837	197.8%
24 months prior	0.271	0.340	0.035	0.088	749,616,490	252.7%

Note: Shares on issue have been calculated as an average of shares on issue for the period
**VWAP ("Volume Weighted Average Price")*

Titan's VWAP for the one month prior to the Announcement Date of 28 March 2006 was 5.5 cents based on turnover representing 3.6% of the issued shares in Titan. In the period since the Announcement Date to 5 May 2006 Titan's VWAP was 7.5 cents per share with over 25% of the issued share capital being traded.

Titan's historical share price and trading volumes prior to the Announcement Date are presented graphically in the chart below.



The table below details the significant company announcements related to movements in the share price and significant volumes traded as highlighted in the chart above.

Announcements impacting share market price and traded volumes of Titan shares

Note	Date	Comment
1	22/04/2004	ConsMin elected not to proceed with a takeover of Titan following initial investment
2	30/11/2004	Tests indicated that the Ore at Armstrong was not compliant with the Ore Purchase Agreement in place with WMC to be used at the Kambalda Nickel Concentrator
	15/12/2004	Titan is suspended from official quotation on the ASX at the request of the company
	20/12/2004	Titan is reinstated to official quotation and announces a proposed 1:1 rights issue at 3 cents to be completed by mid February 2005. Monies raised is to be used to review the options for the treatment of the Armstrong ore and to continue an exploration programme on its other tenements
3	5/01/2005	Titan announced a new joint venture for Bioheap with a major Chinese base metals producer, subject to a feasibility study
4	8/02/2005	Outkumpu Technology, a part of the International stainless steel and technology group Outokumpu, invests in BioHeap
5	15/02/2005	WMC granted a waiver over the Ore Purchase Agreement on the Armstrong Ore
6	21/11/2005	Drilling results confirm high grade zone at 132N Nickel deposit
7	9/01/2006	Drilling confirms higher grade Nickel at Widgie townsite

Source: IRESS

The Titan share price and average volumes traded have remained relatively constant over the one year prior to the Announcement Date. Over this period Titan has been focussed on establishing the commercial viability of a near term mining project. During this one year period, Titan shares have traded in a range between 4 cents and 8.1 cents with a VWAP of 5.9 cents.

The shares traded in the one year prior to the Announcement Date represented 74.8% of the total shares on issue, indicating Titan shares have some liquidity. This may have been partly influenced by speculation concerning the intentions of ConsMin.

The most recent significant capital raising by Titan was a one for one rights issue undertaken in February 2005 at 3.0 cents per share. This capital raising was necessary to meet obligations associated with the Armstrong mine and to provide sufficient funds to continue exploration and evaluation activities. The capital raising was undertaken at a significant discount to the share price to increase the take up of the rights and to support the offer being fully underwritten. The rights issue was subscribed to 87% by existing shareholders with the balance provided by the underwriter.

3.0 Background to ConsMin

3.1 Profile of ConsMin

ConsMin listed on the ASX in June 1999 and is a diversified mining company mainly focused on the exploration and production of manganese, chromite and nickel. ConsMin's shares are also listed on AIM in London and the Frankfurt Stock Exchange. All of ConsMin's operations are located in Western Australia.

ConsMin was formed as part of the restructure of Valiant Consolidated Ltd in 1998 and has developed its operations mainly from the cash flows of the Woodie Woodie manganese project near Port Hedland in the Pilbara region. The success of this operation allowed ConsMin to acquire the Coobina Chromite project in 2001 and also to make a successful cash and equity offer for nickel miner and explorer Reliance Mining Limited ("Reliance") in early 2005. These acquisitions have allowed ConsMin to diversify its mining operations from its original single commodity and single mine focus. ConsMin has been able to acquire undercapitalised projects and develop and expand these through the cash flows generated from its core operations and the application of management resources to these projects.

Manganese is produced from open pit operations at the Woodie Woodie mine. Capacity at the mine has been increased to 1 million tonnes per annum and ConsMin's production now represents approximately 10% of the world's high grade manganese exports. Manganese is primarily used in the form of ferro and silica manganese alloys as an input in steel making. The addition of manganese increases the hardness and wear resistance of steel. Demand for manganese ore has increased in line with growth in steel production, particularly the increased demand from China.

Sharp increases in the price of manganese alloys in early 2004 due to rising steel production prompted Chinese alloy producers to expand production of manganese alloys which led to a rapid increase in the benchmark price for manganese ore. The benchmark contract price of US$2.45 per percentage manganese content of ore in 2004 increased to US$3.99 for the following contract year. This led to strong cash flows and earnings for ConsMin during the first half of 2005.

However, during the second half of 2005, over-production by the Chinese manganese alloy producers led to a rapid decline in the price of these products and an overhang of manganese alloy inventory accumulated by the Chinese producers. This in turn led to push back from Chinese manganese alloy producers to manganese ore miners in terms of both price and quantity. The effective price paid for ConsMin's manganese ore in the second half of 2005 is believed to be below 2004 contract price levels. The quality of ConsMin's manganese ore has allowed ConsMin to maintain relatively high sales volumes despite the price reduction. A modest recovery in the manganese sales price is anticipated during 2006.

Chromite is mostly used as an input in the production of stainless steel. Chinese demand for chromite has increased in recent years and most of ConsMin's chromite production is sold to Chinese customers. ConsMin's chromite operations are open pit operations located in and around

Coobina Hill in the Pilbara region. The Coobina chromite is high quality ore which is well suited for blending. ConsMin's production capacity of 250,000 tonnes per annum of 42% chromite ore represents approximately 2.5% of the world chromite market.

In January 2005, ConsMin acquired Reliance to add nickel production to its product range. Reliance had developed the underground operations at the Beta Hunt mine and was advanced in assessing the East Alpha nickel project. Both of these projects are in the Kambalda region. Since the acquisition of Reliance, ConsMin has commenced mining at East Alpha which is anticipated to bring ConsMin's annual nickel production capacity to between 9,000 and 10,000 tonnes of contained nickel metal for delivery to the Nickel West Kambalda concentrator. The tenement base held by Reliance and joint venture arrangements with Titan over the Armstrong and Munda projects also provide ConsMin with further exploration and growth opportunities for nickel production.

ConsMin has a 32.5% holding in the ASX listed company Jabiru Metals Limited ("JML"). JML's main focus is the development of copper, zinc and silver projects at Leonora in the Eastern Goldfields region. JML is currently developing its Jaguar project with production due to start in 2007. ConsMin also has a substantial exploration portfolio in iron ore through a joint venture agreement with the Fortescue Metals Group. This joint venture is focussed on exploring the Mindy Mindy project near Yandicoogina.

Apart from its 19.9% equity interest in Titan, ConsMin also has a 21.1% equity interest in Mithril Resources Limited and a number of farm-in and other joint venture arrangements with other parties.

3.2 Management and Key Personnel

ConsMin has achieved substantial increases in profitability and market capitalisation under the leadership of Michael Kiernan as Managing Director. ConsMin has a depth of management overseeing its operations. During the latter half of 2005, considerable uncertainty arose over the future involvement of Mr Kiernan in ConsMin after the proposed terms of a new five year employment contract were rejected by shareholders at the annual general meeting. After initially indicating that he would leave ConsMin in June 2006, it has since been announced by ConsMin that Mr Kiernan will remain with ConsMin on an uncontracted basis as a Director for a further one year period to assist in an orderly transition to the new Managing Director.
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Rodney Baxter, a former senior executive with Anglo American, who has been with ConsMin since February 2005 will replace Mr Kiernan as Managing Director with effect from 1 July 2006. There have been a number of new appointments to the executive team at ConsMin following expansion of activities into nickel and other development initiatives.

The changes to the management structure of ConsMin have created market uncertainty and adversely impacted the share price of ConsMin. In particular, the announcement of the intended departure of both Michael Kiernan and David Macoboy was a factor in the deterioration of the ConsMin share price.

3.3 Capital Structure and Shareholders

ConsMin currently has 217,512,238 ordinary shares on issue. The company also has various unquoted employee share options in place as shown in the table below.

Consolidated Minerals Limited	
Number	**Securities on Issue**
217,512,238	Fully paid ordinary shares (ASX:CSM)
50,000	Employee Options over fully paid shares - exercisable at $0.77 by 25/07/2006
470,000	Employee Options over fully paid shares - exercisable at $1.59 by 23/09/2007
1,675,000	Employee Options over fully paid shares - exercisable at $3.19 by 19/11/2008
69,700	Employee Options over fully paid shares - exercisable at $1.06 by 18/06/2009
100,000	Employee Options over fully paid shares - exercisable at $1.07 by 01/07/2009
66,700	Employee Options over fully paid shares - exercisable at $1.40 by 28/09/2009
1,000,000	Employee Options over fully paid shares - exercisable at $1.94 by 07/12/2009
1,000,000	Employee Options over fully paid shares - exercisable at $3.21 by 18/05/2010
1,000,000	Employee Options over fully paid shares - exercisable at $3.24 by 23/05/2010
500,000	Employee Options over fully paid shares - exercisable at $3.68 by 24/06/2010
300,000	Employee Options over fully paid shares - exercisable at $1.07 by 01/07/2010

Source: IRESS and ASX

ConsMin has over 13,100 shareholders. The largest 20 shareholdings in ConsMin as at September 2005 are set out in the table below.

Top 20 shareholders as at Sept 2005			
Rank	**Name**	**No. of shares '000's**	**%**
1	JP Morgan Nominees Australia Limited	15,542	7.15
2	Jonesville Ltd	13,393	6.16
3	National Nominees Ltd	13,179	6.06
4	AMP Life Ltd	9,191	4.23
5	Cogent Nominees Pty Ltd	8,124	3.73
6	ANZ Nominees Ltd	6,684	3.07
7	RBC Global Services Australia Nominees Pty Ltd	6,255	2.88
8	DCM Decometal International Trading GMBG	6,000	2.76
9	Nutraco Nominees LTD	4,538	2.09
10	BNY (OCS) Nominees Ltd	4,373	2.01
11	Vidacos Nominees Ltd	3,748	1.72
12	Argo Investments Ltd	3,478	1.60
13	Notrust Nominees Ld	3,440	1.58
14	Ledge Financia Ltd	2,340	1.08
15	Citicorp Nominees Pty Ltd	2,200	1.01
16	Mr Paul Neville Griffin	1,665	0.77
17	Invia Custodian Pty Ltd	1,600	0.74
18	Mr Erwin John Clayton	1,584	0.73
19	Queensland Investment Corporation	1,562	0.72
20	Roy Nominees Ltd	1,545	0.71
	Total	**110,441**	**50.77**
	Total Number of issued shares	**217,512**	

Source: Consolidated Minerals 2005 Annual Report

3.4 Financial Position

The financial position of ConsMin as at 30 June 2004, 30 June 2005 and 31 December 2005 (audited) (being the most recent publicly available financial statements for ConsMin) is summarised in the table below.

Consolidated Minerals Limited Statement of Financial Position as at	Audited AIFRS 31-Dec 2005	Audited AIFRS 30-Jun 2005	Audited AIFRS 30-Jun 2004
Current Assets	**$m**	**$m**	**$m**
Cash assets	19.7	31.8	42.6
Recievables	28.3	30.4	31.1
Inventories	37.8	30.8	12.0
Other Current Assets	15.0	14.8	12.6
Total Current Assets	**100.8**	**107.8**	**98.3**
Non-Current Assets			
Recievables	-	-	0.5
Property, plant and equipment	54.0	44.0	17.6
Mineral properties and interests	128.4	123.5	22.1
Investments in associates accounted for using the equity method	13.9	0.0	0.0
Other assets	52.6	38.5	17.7
Total Non Current Assets	**248.9**	**206.0**	**57.9**
Total Assets	**349.7**	**313.8**	**156.2**
Current Liabilities			
Payables	36.8	35.5	16.1
Interest bearing liabilities - stockpile funding/other	49.6	25.3	22.5
Provisions	2.8	4.4	1.2
Other liabilities	1.9	27.8	15.4
Total Current Liabilities	**91.1**	**93.0**	**55.2**
Non Current Liabilities			
Interest bearing liabilities	27.6	8.8	2.7
Deferred tax liabilities	22.9	11.8	5.4
Provisions	3.6	3.3	2.5
Other liabilities	1.7	4.6	2.9
Total Non-Current Liabilities	**55.8**	**28.5**	**13.5**
Total Liabilities	**146.9**	**121.5**	**68.7**
Net Assets	**202.8**	**192.3**	**87.5**
Equity			
Contibuted equity	166.7	129.2	70.1
Reserves	(7.3)	(3.2)	(4.0)
Retained profits	43.1	66.0	21.1
Total parent equity interest	**202.5**	**192.0**	**87.2**
Outside equity interest in controlled entities	**0.3**	**0.3**	**0.3**
Total Equity	**202.8**	**192.3**	**87.5**

Source: Consolidated Minerals Ltd Annual Reports and Interim Financial Report

ConsMin’s net assets have increased by $10.5 million in the six months to 31 December 2005. The movement reflects a profit after tax of $3.2 million, a net capital raising of $40.3 million (new shares issued and the exercise of options net of share buy backs), the payment of dividends of

$26.2 million and various movements to reserves. ConsMin has increased its interest bearing liabilities during this period to help fund ongoing operations and exploration.

3.5 Financial Performance

The financial results of ConsMin for the two years ended 30 June 2005 and the six months ended 31 December 2005 (audited) are summarised in the table below.

Consolidated Minerals Limited Statement of Financial Performance as at	Audited AIFRS 31-Dec 2005	Audited AIFRS 30-Jun 2005	Audited AGAAP 30-Jun 2004
	$m	**$m**	**$m**
Revenue from ordinary activities	103.7	202.4	129.8
Cost of sales	(71.3)	(100.7)	(66.6)
Gross Profit/(Loss)	**32.4**	**101.7**	**63.2**
Other revenues	1.0	28.6	-
Marketing expenses	(0.8)	(1.2)	(1.0)
Occupancy expenses	(0.4)	(0.5)	(0.3)
Human resources expenses	(5.1)	(9.0)	(4.0)
Tenement administration expenses	(1.1)	(1.3)	(0.9)
Carrying value of assets sold	0.0	0.0	(4.5)
Capitalised costs written off	(1.4)	(5.1)	(4.8)
Other expenses	(3.6)	(5.4)	(2.1)
EBITDA	**21.0**	**107.8**	**45.6**
Depreciation and amortisation	(13.7)	(12.4)	(9.1)
EBIT	**7.3**	**95.4**	**36.5**
Net Interest	(3.3)	(2.6)	(1.9)
Net Profit/(Loss) before tax	**4.0**	**92.8**	**34.6**

Source: Consolidated Minerals Ltd Annual Reports and Interim Financial Report

The 2005 results included a gain of $28.6 million ($19.1 million after tax) from the sale of shares in the iron ore mining company Portman Limited and as well as improved revenue from manganese ore following a 63% rise in the benchmark contract price over the previous year.

ConsMin has experienced a significant decline in operating profitability in the six months to 31 December 2005. This is primarily due to a significant weakening in the effective manganese selling price due to oversupply of manganese alloys. Mining and corporate costs have also increased, in part due to the addition of nickel operations, but also due to increasing cost pressures in the Western Australian mining industry.

3.6 Cash Flows

The ConsMin cash flows for the two years ended 30 June 2005 and for the six months to 31 December 2005 (audited) are summarised in the table below.

Consolidated Minerals Limited Statement of Cash Flows as at	**Audited AGAAP 31-Dec 2005 $m**	**Audited AGAAP 30-Jun 2005 $m**	**Audited AGAAP 30-Jun 2004 $m**
Cash flows from operating activities			
Receipts from customers	107.1	220.2	120.8
Payments to suppliers and employees	(102.4)	(154.0)	(83.9)
Net Interest/Dividend	(1.2)	0.2	(1.9)
Net incomes taxes paid/GST Received	1.3	(3.5)	5.4
Net cash inflow (outflow) from operating activities	**4.8**	**62.9**	**40.4**
Cash flows from investing activities			
Payment for mineral exploration & evaluation expenditure	(17.0)	(15.3)	(5.3)
Payment for property, plant and equipment	(16.0)	(17.8)	(3.3)
Payment for investments	(12.9)	(59.3)	(9.8)
Payment for development expenditure	(12.6)	(1.3)	(0.3)
Payments for acquisition of controlled entity	8.4	(39.3)	0.0
Payments for available for sale financial assets	(2.6)	0.0	0.0
Proceeds from sale of PPE, Investments, Tenements	0.3	79.3	4.4
Payment for/refunds other		0.0	(1.3)
Net cash inflow (outflow) from investing activities	**(52.4)**	**(53.7)**	**(15.6)**
Cash flows from financing activities			
Net Proceeds from issues of shares and other equity securities	39.2	1.0	25.3
Net effects from stockpile funding	(4.4)	(1.2)	1.1
Repayment of hedge liabilities	0.0	(6.9)	0.0
Dividends paid	(26.0)	(18.4)	(6.8)
Net Proceeds from borrowings	26.8	4.3	(5.1)
Net effect of Director's loans	0.0	1.3	(0.1)
Issue of employee loans	(0.1)	(0.1)	(0.1)
Net cash inflow (outflow) from financing activities	**35.5**	**(20.0)**	**14.3**
Net increase (decrease in cash held	(12.1)	(10.8)	39.1
cash at the beginning of the financial year	31.8	42.6	3.5
Effects of exchange rate changes on cash	0.1	0.0	0.0
Cash at the end of the financial year	**19.8**	**31.8**	**42.6**

Source: Consolidated Minerals Ltd Annual Reports and Interim Financial Report

The changes in the net cash flow from operations are in line with the changes in ConsMin's financial results. ConsMin has continued to invest in exploration to expand its resource base and in the development and expansion of its mining activities. ConsMin has also pursued strategic interests through investments in mineral exploration companies and emerging mining companies as well as farm-in arrangements on exploration and development projects. Additional debt has been drawn down in the six months to 31 December 2005 to help fund these activities.

3.7 Share Price Performance

ConsMin's share price history for the two years prior to the Announcement Date and the period since the Announcement Date up to 5 May 2006 is set out below.

PRICEWATERHOUSECOOPERS

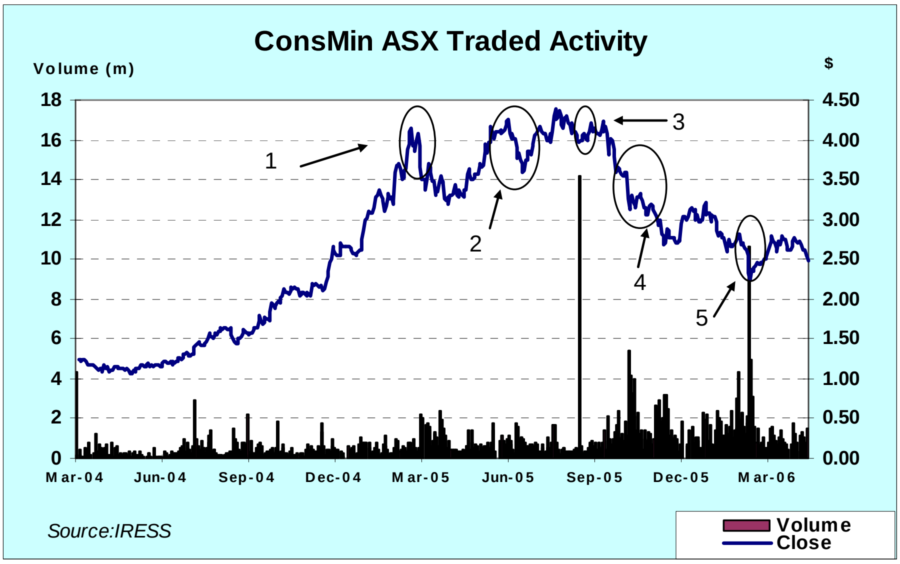
Share trading to 5 May 2006	Close	High	Low	VWAP*	Volume traded	% total shares on issue
	$	$	$	$		
Since announcement	2.65	2.84	2.48	2.69	25,543,538	11.7%
1 month prior	2.69	2.74	2.15	2.41	37,994,323	17.5%
3 months prior	3.04	3.24	2.15	2.70	99,404,538	45.7%
6 months prior	3.04	4.33	2.15	2.96	200,732,667	92.2%
12 months prior	3.50	4.47	2.15	3.26	308,509,360	144.2%
18 months prior	1.58	4.47	1.56	3.17	370,335,249	181.8%
24 months prior	1.25	4.47	1.03	2.93	426,940,013	216.0%

Note: Shares on issue have been calculated as an average of shares on issue for the period

**VWAP ("Volume Weighted Average Price")*

ConsMin's VWAP for the one month prior to the Announcement Date was $2.41 based on turnover representing 17.5% of the issued shares in ConsMin. In the period since the Announcement Date to 5 May 2006, ConsMin's VWAP was $2.69 with the last traded price on 5 May 2006 being $2.65.

ConsMin's historical share price and trading volumes for the two years prior to the Announcement Date and up to 5 May 2006 are presented graphically in the chart below.



Note	Date	Comment
1	1/2/2005 - 21/3/05	ConsMin successfully acquired Reliance Mining Limited
2	14/06/2005	Speculation regarding possible involvement by ConsMin in the Hopedown Iron Ore project
3	6/09/2005	Company update - divesture of holdings by Noble Resources Limited
4	27/10/2005- 31/1/2006	Rejection of Managing Director contract at AGM and deteriorating commodity manganes selling price
5	2/03/2006	First half trading profit refelects disappointing profit and cash flow from manganese operations

The ConsMin share price has been volatile over the past year as the market has responded to changes in the circumstances and financial outlook for ConsMin. In particular, the share price decline between October 2005 and March 2006 reflects market perceptions of the impact of the softening in manganese price, uncertainty over the continuity of the management team and increases in mining and mine development costs.

ConsMin shares have traded in a range between $2.15 and $4.33 with a VWAP of $2.96 over the six months prior to the Announcement Date. The shares traded in the one year prior to the Announcement Date represented 144.2% of the total shares on issue.

The most recent significant capital raising by ConsMin was a placement of 10.2 million shares to institutions at $4.00 per share in July 2005 which was prior to the weakening of the ConsMin's share price.

4.0 Valuation Methodology

Our valuation of the shares of Titan and the consideration offered by ConsMin has been assessed on the basis of fair market value as described in Section I of our report.

There are a number of key valuation methodologies which can be used for valuing businesses and shares. We have summarised the most commonly used valuation methods below.

Discounted Cash Flows ("DCF")

The DCF methodology has a strong theoretical basis and is a commonly used valuation methodology. Application of this methodology involves projecting cash flows after tax over a specified forecast period, estimating a continuing value at the end of the forecast period and selecting an appropriate discount rate which reflects the risks inherent in the forecast cash flows. The practical difficulty with this approach is the capability to reliably estimate future cash flows over the medium to longer term.

The DCF approach is particularly useful where a business has fluctuating earnings as a result of exposure to variable factors or where new operations are commencing as is the case with many of Titan's activities. It can also readily enable sensitivity analysis on the impact of changes in key value drivers including revenues, operating costs and capital expenditure.

Capitalisation of Earnings or Cash Flows

This is a commonly used method for valuing profitable trading businesses and generally involves capitalising after tax earnings at an earnings multiple that reflects the expected growth and risk of the earnings. This method is most commonly applied to value businesses or interests in businesses which have long lives and relatively stable activities.

Multiple of Net Assets (and Net Tangible Assets)

The multiple of assets methodology is a general benchmark for assessing the reasonableness of valuation results. In our view, this is a less reliable valuation method than approaches which utilise earnings or cash flows owing to the degree of subjectivity involved in the selection of an appropriate multiple and in comparing the net assets between companies which may have different financing strategies.

Net Asset/Orderly Realisation of Assets

The net asset/orderly realisation of assets basis is commonly applied to businesses which are not going concerns or are not generating economic returns on the assets employed in the business. In such circumstances, the business is valued by reference to the individual assets and liabilities held rather than by reference to the income stream arising from the business as a whole.

Market Approach

The market approach estimates the fair market value based on market prices in actual transactions and asking prices of assets currently available for sale. The valuation process is essentially that of comparison and correlation between the subject asset and other similar assets. Considerations such as location, time of sale, physical characteristics, replacement cost and conditions of sale are analysed for comparable assets and are adjusted to indicate a current value of the asset.

In considering the most appropriate technique to use for the purposes of valuing Titan, we have been mindful that Titan does not have any existing producing assets and that most of its key projects are short term in nature. Many of Titan's exploration targets have not advanced to a stage where earnings and cash flows can be reasonably estimated. In these circumstances, we consider that the most appropriate method for valuing Titan is the fair market value of its underlying net assets. NH Cole has been engaged to assess the value of Titan's mineral assets. NH Cole has used a combination of the DCF methodology (for advanced projects) and the market approach for other exploration assets (using a range of indicators) as the primary tools for assessing the fair market value of the underlying assets. We concur with the valuation approaches adopted and have used this independent valuation in our assessment of the value of Titan. The remaining assets and liabilities of Titan have been assessed by reference to market values and cost as appropriate.

The fair market value of Titan as a whole is the price which an independent party would be likely to be prepared to pay in the open market over a reasonable period where potential acquirers had full information to acquire all of the shares of the Company. This basis is likely to be equal to or exceed the amount that might be distributed to shareholders following an orderly realisation of assets which would include, for example, consideration of redundancy payments.

In assessing the value of ConsMin shares it is reasonable to consider recent share market traded prices. These share prices reflect minority trades in ConsMin which is consistent with the fact that Titan shareholders will each (and collectively) receive minority shareholdings in ConsMin under the Offer. In addition, the operations of Titan are small in comparison to ConsMin. The acquisition of Titan will not have a significant impact on the operations or activities of ConsMin. Accordingly, the recent share prices are effectively the cash equivalent of the ConsMin Offer to Titan's shareholders.

5.0 Valuation of Shares in Titan

5.1 Approach

We have valued Titan on the basis of the fair market value of the company as a whole, being the price which an independent party would be likely to be prepared to pay in the open market to acquire all of the shares in Titan over a reasonable period where potential acquirers had full information. Importantly, such an assessment implicitly recognises that the value to an independent party is not constrained by access to financial and other resources necessary to fully commercially exploit the assets held by Titan. Consistent with this approach, in making our assessment of the value of Titan we have considered the tax benefits which may be available to a purchaser of Titan assuming a 100% controlling interest in Titan is acquired.

5.2 Summary of Values

We have assessed the value of Titan shares to be in the range of 8.1 cents to 13.7 cents with a preferred value of 11.2 cents. Our valuation is summarised in the table below.

		Book Value	Titan Valuation Summary		
	Note	31 March 2006	Low	High	Preferred Value
Titan Valuation summary		$M	$M	$M	$M
ASSETS					
Cash or cash equivalents	1	2.1	2.1	2.1	2.1
Receivables	1	0.5	0.5	0.5	0.5
Property Plant & Equipment	2	0.3	0.3	0.3	0.3
Investment in BioHeap™	3	0.0	0.0	2.0	0.5
Mineral tenements	4	12.0	29.1	47.8	39.3
Tax losses	5	0.0	3.0	4.0	4.0
TOTAL ASSETS		**14.9**	**35.0**	**56.7**	**46.7**
LIABILITIES					
Accounts payable	1	0.5	0.5	0.5	0.5
Borrowings	6	0.1	0.1	0.1	0.1
Provisions	7	0.4	0.4	0.4	0.4
Capitalised corporate overheads	8	0.0	3.7	4.5	3.8
TOTAL LIABILITIES		**1.0**	**4.7**	**5.5**	**4.8**
VALUE OF NET ASSETS		**13.9**	**30.3**	**51.2**	**41.9**
Number of shares on issue (million)		373.5	373.5	373.5	373.5
Value per share (cents)		**3.7**	**8.1**	**13.7**	**11.2**

These assessed values for Titan shares reflect the broad range of possible outcomes for Titan's near term development projects under expectations for future nickel prices current at the date of our report. We note that the nickel price has increased by in excess of 30% since the Announcement Date and is currently trading at levels in excess of average prices prevailing in recent years. Whilst the future nickel prices used in the evaluation of Titan's near term development projects reflect some moderation from the current spot price for nickel, the nickel price used in the assessment of our preferred value is only 3% above the average spot price for the past two years as expressed in Australian dollars and 24% above the equivalent nickel price for the past five years. The historical prices and future demand in relation to the nickel industry are discussed further in Appendix B.

Notes

1) Working Capital

The net assets of Titan include cash, receivables and accounts payables. We consider that the fair value of these items is reasonably approximated by their book values at 31 March 2006.

2) Property, Plant and Equipment

Titan holds sundry corporate, administrative and exploration related assets. For the purposes of our assessment, book values at 31 March 2006 have been taken as representative of the fair value of these assets.

3) Investment in POL (BioHeap™)

Titan holds 4,987,500 ordinary shares in POL. In assessing the value of Titan's interest in POL, we have been mindful of the terms of the investments made in POL by both Outokumpu and RAB Capital during 2005 at US$0.50 per share. POL has a number of active trial projects and joint venture opportunities, however the commercial exploitation of the BioHeap™ technology and progress to a listing on AIM has not been as favourable as originally anticipated. POL has limited cash on hand and will need to undertake a potentially dilutive equity raising in the near future. The investment has been fully written down by Titan.

We have adopted a valuation range of $nil to $2.0 million for Titan's interest in POL with a preferred value of $0.5 million. To determine the upper bound of our valuation range for POL, we have scaled back the value of Titan's interest in POL inferred from the equity subscriptions made by Outokumpu and RAB Capital by 40% to reflect its current less favourable circumstances and prospects. Our lower range is based on POL being unable to successfully fund and commercially exploit the technology. Our preferred value reflects the potential dilution which we consider may eventuate if other parties contribute equity to continue POL's operations.

4) Mineral Interests

NH Cole has assessed a valuation range for Titan's mineral exploration assets of $29.1 million to $47.8 million, with a preferred value of $39.3 million (refer Appendix D for the NH

Cole report). The range of values assigned by NH Cole to each mineral exploration asset is set out below.

Valuation of Titan's mineral interests	Low	High	Preferred
Widgie Townsite Project	10.0	17.0	14.0
Armstrong Project (50%)	5.0	9.5	7.5
Other Widgiemooltha projects with quantified resources	9.2	13.2	11.0
Munda gold resource (50%)	1.4	2.1	1.8
Widgiemooltha exploration	2.0	3.0	2.5
Carr Boyd Rocks exploration (50%)	1.5	3.0	2.5
Titan mineral interests	**29.1**	**47.8**	**39.3**

The nature of the near development projects and the high volatility of the nickel price have generated a reasonably broad valuation range for the mineral interests set out above.

We have considered the independent report prepared by NH Cole. In considering the fair value of the mineral interests, we have reviewed the methodologies applied and the key assumptions used in the valuations undertaken by NH Cole.

As indicated previously, NH Cole has used a combination of the DCF methodology (for advanced projects) and the market approach for other exploration assets (using a range of indicators) in assessing the fair market value of the underlying assets. We consider that the methodologies applied are appropriate for the purposes of the assessment.

We note that the valuation outcomes for the near development mineral projects are particularly sensitive to relatively small changes in the forecast nickel price over the anticipated mining timeframe. The preferred values for these projects are based on the market based future prices current at the date of our report. Sensitivity analysis has been undertaken by NH Cole reflecting forecast prices at 20% below and 10% above these future prices, which in part has been used to assess the lower and upper valuation range for these projects. We consider that these assumptions are reasonable for use in our assessment of the value of Titan notwithstanding the resulting broad valuation range.

In assessing the value of the mineral interests, NH Cole has made no allowance for corporate or administrative costs above those directly associated with the underlying projects or for the utilisation of either existing tax losses held by Titan or those which may be available to a purchaser of all of the shares in Titan. A purchaser may be able to achieve a reset of the tax cost base of assets to market values through an asset based purchase or by acquiring all of the shares in Titan and transferring Titan into an existing tax consolidated group.

5) Available Tax Benefits

Our valuation approach assesses a value for Titan shares (and its underlying assets) on the basis of the fair market value of the Company as a whole, being the price which an independent party would be likely to be prepared to pay to acquire all of the shares of the

Company. Consistent with this approach, we have assessed the value of tax benefits associated with Titan and its projects having regard to the prospect of their utilisation by an independent purchaser.

At 30 June 2005, Titan had carried forward tax losses amounting to approximately $25.9 million. Some of these losses are subject to existing restrictions on their utilisation. There are further complex taxation rules associated with the utilisation of carry forward tax losses upon a change of ownership which limit the availability of such losses to a purchaser of a company. However, further tax rules provide an opportunity for a purchaser which is already a tax consolidated group to elect not to transfer tax losses. In making such an election, a purchaser may avoid a reduction in the new tax cost base of assets which would arise if the tax losses were transferred.

For the purposes of our valuation assessment, we have assessed the value of the tax losses to a potential purchaser by reference to the estimated benefit provided by not having to reduce the tax cost base of the assets acquired in the event that the purchaser elects not to transfer the losses. We have cross checked this assessment against our estimate of the potential value of the losses through utilisation assuming earnings levels consistent with the NH Cole assessment less an allowance for corporate and administrative costs.

Having regard to these factors, we have assessed the value of the tax losses (or equally the benefit to a purchaser in foregoing the tax losses) to be in the range of $3.0 million to $4.0 million with a preferred value of $4.0 million.

6) Borrowings

Borrowings comprise finance lease payables and the deferred financing of insurance premiums.

7) Provisions

Provisions are not material to our valuation assessment and have been taken at book value.

8) Corporate Overheads

Titan incurs corporate overheads in relation to managing its business, maintaining a corporate office in Perth and associated with its ASX listing. These costs have not been incorporated in the valuations of Titan's exploration assets. In order to reflect the costs of Titan's corporate overheads in our valuation, we have capitalised the annual corporate overheads of Titan over a three to four year period consistent with the timeframe adopted by NH Cole for the development and mining of these projects. We have made an allowance for corporate overheads of between $3.7 million and $4.5 million on an after tax basis based on cost estimates provided by the management of Titan. Our preferred allowance accords with the project development timeframe of the NH Cole base case.

5.3 Comparison with Share Price

Titan's shares have traded at a volume weighted average price of 5.5 cents for both the one and three months prior to the Announcement Date. Our assessed value for Titan's shares on a 100% controlling interest basis of 8.1 cents to 13.7 cents with a preferred value of 11.2 cents is significantly above the prices at which Titan's shares traded on the ASX in the relevant period prior to the Announcement Date.

Titan has a significant exposure to the traded price of nickel. All of its near term development projects and its exploration tenement holdings are related to nickel mineralisation or the prospect of nickel mineralisation. Between the Announcement Date and the date of this report, the Australian dollar equivalent of the spot price of nickel on the London Metals Exchange ("LME") has increased by in excess of 30%. Over this same period, the share price of a number of Australian listed companies whose principal activities are nickel exploration and/or production have increased between 5% and 63% with an average share price increase over six companies examined of 28%.

The market traded price of Titan shares increased to the value inferred by the ConsMin Offer following announcement of the Offer. Since this date, the market traded price of Titan shares has continued to be influenced by the terms of the ConsMin Offer and has not experienced a further corresponding increase due to the more favourable nickel price. In the absence of the Offer, we consider that the traded price of Titan shares would have increased in response to the changed nickel price albeit from its lower price range prior to the Offer.

6.0 Valuation of Shares in ConsMin

6.1 Approach

It is expected that in the long run ConsMin's share price will fluctuate in response to general market movements, changes in the minerals industry and future events specific to ConsMin. A fully informed market makes an assessment on value incorporating all available information on a company's prospects, future cashflows and risk. Assuming no abnormal circumstances, the share market typically provides an objective measure of the fair market value of shares in a listed company. We have no reason to challenge this assumption, which is supported by the following considerations:

- the ASX Listing Rules impose continuous disclosure obligations on listed companies with the objective of keeping markets fully informed;
- ConsMin shares are actively traded, with over 144% of the total issued capital changing hands during the one year prior to the Announcement Date;
- ConsMin is represented in the S&P/ASX200 share index; and
- there are a number of Australian mineral companies by which ConsMin's performance may be benchmarked.

Based on publicly available information, there is no reason to believe that there is a material mispricing of ConsMin shares by the market. We believe it is reasonable to assume that the market price represents an unbiased estimate of value and is the best guide to valuing ConsMin shares for the purpose of assessing the ConsMin Offer. We have also considered a number of broker reports on ConsMin issued in March 2006.

It is possible to undertake a fundamental analysis of ConsMin and make an assessment of value, however we have no additional information to that already available in the market. In addition, any assessment of full underlying value would need to be judgementally discounted in order to estimate the fair market value of a minority interest in ConsMin. We have no reason to believe that this approach would provide a more reliable estimate of value than that provided by the share price and consideration of broker estimates.

6.2 Summary of Values

The following table summarises the weighted average ConsMin share price for various periods prior to the announcement of the ConsMin Offer as well as independent broker valuations and price targets carried out in the month prior to the announcement of the Offer.

Source	Period	VWAP	Value
ASX	Since announcement and up to 5 May 2006	2.69	
ASX	1 month prior	2.41	
ASX	3 months prior	2.70	
ASX	6 months prior	2.96	
ASX	12 months prior	3.26	
ASX	24 months prior	2.93	
Macquarie Research Equities[1]	3-Mar-06		2.74
RBC Capital Markets[1]	3-Mar-06		3.00
ABN-AMRO Morgans[1]	7-Mar-06		2.65
Patersons[1]	7-Apr-06		3.26
CSM price at offer date			**2.72**
	Low	High	Preferred
PwC Valuation	**2.40**	**3.00**	**2.70**

Note 1: 12 month price target

The above table demonstrates the downward trend in the ConsMin share price over the past year. This trend has been primarily attributable to ConsMin’s exposure to the volatility in the price of manganese ore, but also due to increased uncertainty over the management of ConsMin. As previously indicated, high demand followed by over-supply of manganese ore and liquidation of manganese alloys by Chinese producers has weakened the effective selling price for manganese ore in the six months to 31 December 2005. This has led to a sharp reduction in ConsMin’s profit for the six months to 31 December 2005 profit which was below market expectations. Further pressure has also been placed on the share price of ConsMin over this period by the uncertainty concerning the continuation of key personnel.

The recent increase in the market price of nickel by in excess of 30% is favourable for ConsMin and will be reflected in improved cash flow from its nickel operations. This will not have been fully factored into the broker reports reflected above and is unlikely to be reflected in the share price prior to the commodity price increase. Nevertheless, whilst ConsMin has a growth strategy for its nickel operations, these currently represent only part of its mineral portfolio which is still dominated by its manganese operations. Accordingly, such increases in the nickel price will not have as marked an impact on the share price of ConsMin as for single commodity nickel miners and explorers such as Titan. The broker reports summarised above assessed the value of ConsMin’s nickel operations at their respective assessment dates to represent between 15% and 30% of ConsMin’s net asset value (the 30% in part reflecting higher nickel price assumptions).

Having regard to the factors outlined above, we have adopted a range for ConsMin shares of $2.40 to $3.00 for the purpose of valuing the ConsMin Offer. This represents a range between the VWAP analysis over the last one month (being the lowest VWAP price range over the past twelve months) and the publicly available valuations performed by independent brokers as adjusted by PwCS for the increased nickel prices and some restoration of market confidence in the underlying earnings of ConsMin’s manganese operations.

Based on the terms of the Offer, this valuation range equates to an effective Offer price of 8.9 cents to 11.1 cents per Titan share.

7.0 Evaluation and Conclusion

The Offer consideration comprises one ConsMin share for every 27 Titan shares.

Regardless of the outcome of the Offer, the prices of ConsMin shares will vary in the future, based on market movements, developments in the minerals industry and changes to ConsMin's specific circumstances. We have assessed the fairness of the consideration offered with reference to the current fair market value of a share in ConsMin.

7.1 Fairness

ASIC Policy Statement 75 states an offer is "fair" if the value of the Offer price or consideration is equal to or greater than the value of the securities the subject of the Offer. This comparison must be made assuming 100% ownership of the target company.

Our preferred value for Titan on a 100% controlling interest basis is 8.1 cents to 13.7 cents with a preferred value of 11.2 cents per share.

Set out in the table below is a comparison of our assessment of the fair market value of a Titan share on a 100% controlling interest basis with the consideration being offered by ConsMin under the Offer. The table illustrates a range of values for both Titan (on a controlling interest basis) and ConsMin shares (on a minority interest basis) centred on our preferred estimate of the fair market values of each of these.

	PwC Valuation		
	Low cents	High cents	**Preferred Value cents**
Titan	8.1	13.7	**11.2**
ConsMin	240.0	300.0	**270.0**
Implied consideration[1]	8.9	11.1	**10.0**
Discount[1]	**9.9%**	**-19.0%**	**-10.7%**
Note 1: based on 1 ConsMin share for every 27 Titan shares			

As indicated above, the value of the ConsMin Offer lies within, but at the lower end, of our range of values for Titan shares. The upper range of the assessed value of ConsMin shares is 19.0% below our upper range for Titan shares whilst the upper range of values for ConsMin shares only approximates our assessed preferred value of a Titan share.

The analysis above is based on a valuation of Titan's net assets and ConsMin's fair market value considering current share prices and movements as well as independent broker valuations. We have also compared the value of ConsMin shares to the Titan share price based on recent trading prices. Due to the changed market expectations of ConsMin following the release of its results for the six months ended 31 December 2005, we have considered the implied value of the consideration using the weighted average traded price of Titan and ConsMin shares for the one month period prior to the Announcement Date. We have also considered the weighted average prices of ConsMin's shares since the Announcement Date. These analyses are summarised in the table below.

Period	Titan Share	Period	ConsMin Share	Inferred Consideration	**Premium**
	$		$	$	
1 month prior	0.055	1 month prior	2.41	0.089	**62.3%**
1 month prior	0.055	Since Announcement	2.69	0.100	**81.4%**

Based on the prices of Titan and ConsMin shares in the one month prior to the announcement of the Offer, the Offer represents a 62% premium to Titan shareholders. This increases to 81% using the volume weighted average ConsMin share price for the period subsequent to the Announcement Date). However, we consider that the latter comparison is misleading because the prospects of Titan have improved since the Announcement Date due to the significant increase in the traded price of nickel and also as the market traded price of Titan's shares reflects its financially constrained position.

Share market prices for minority parcels of Titan shares do not reflect the premium associated with a 100% controlling interest in Titan. In order to make the assessment of the fairness of the Offer as required by ASIC Policy Statement 75, it is necessary to assess the appropriateness of the premium for control being paid under the Offer.

Numerous empirical studies have demonstrated significant control premia being paid in takeovers in public stock markets. The studies have generally found control premia paid range between 15% and 30% above the price of minority shares prior to the takeover announcement. These levels of control premia are consistent with our professional experience, however on occasions control premia outside this range are observed particularly where additional takeover benefits may accrue to the bidder or where shares are thinly traded prior to the Offer.

In our view, the share price of Titan reflects, in part, its limited ability to commercially exploit its asset base without further equity raising and therefore the potential dilution of the interests of existing shareholders. This position is reflected in the assessed value of Titan shares (assessed without such constraints) being well above the share market prices. Accordingly, whilst we consider that the premium being paid above the market traded price of Titan's shares prior to the Offer is within the range demonstrated by empirical studies, we consider that due to the limited financial circumstances of Titan and improved prospects for Titan's assets since the Announcement Date, an appropriate control premium is not being paid.

In our opinion, despite the value of the ConsMin Offer being in the region of the value of Titan shares on a controlling interest basis, on balance we consider that the Offer is not fair.

7.2 Reasonableness

Under ASIC Policy Statement 75, an offer may be "reasonable" if, despite not being fair but after considering other significant factors, shareholders should accept the Offer in the absence of any higher bid before the close of the Offer.

In considering the reasonableness of the Offer, we have taken into account a range of factors including:

- the extent to which the assessed value of the ConsMin Offer lies within our range of values for Titan shares;
- the prospect of future dividends;
- synergies that may be realised if the Offer was accepted;
- the relative liquidity and volatility of share price trading;
- operational benefits that may result if the Offer is successful;
- the prospects of an alternative offer or proposal on more favourable terms being made; and
- the consequences for Titan shareholders if the Offer is not accepted.

(a) Value of the ConsMin Offer

The value of the ConsMin Offer lies within our range of values for Titan shares albeit it is below our assessed preferred value for Titan shares (as described in Section 5 of this report).

(b) Dividends

ConsMin has paid fully franked dividends to shareholders annually over the past four years. Individual shareholder preference for dividend payments may vary, however Titan has not paid any dividends since listing on the ASX.

ConsMin Dividend History			
Financial Year	Interim Dividend (cents)	Final Dividend (cents)	Total Divdend (cents)
FY06	3.0	n/a	n/a
FY05	6.0	12.0	12.0
FY04	3.0	5.0	6.0
FY03	2.3	2.8	5.0
FY02	2.5	2.5	3.0

(c) Potential Synergies

If ConsMin obtains full ownership of Titan, then Titan would no longer be listed on the ASX leading to savings in corporate and administrative costs as many of Titan's corporate functions would be absorbed into ConsMin's existing structure. Titan is not able to realise these synergies itself and therefore these have not been included in our valuation of Titan. However, the potential synergy benefits may add to the value of ConsMin shares if the Offer was to be successful. In this situation, Titan shareholders will collectively hold approximately 6% of ConsMin shares and therefore the existing ConsMin shareholders will retain the majority of the benefit of any synergies realised.

(d) Liquidity and Share Price Volatility

Historically there has been greater depth of trading and liquidity in ConsMin shares than there has been in Titan shares. The increased liquidity offered by ConsMin's shares will be of benefit to Titan shareholders who accept the Offer.

The ConsMin share price has been less volatile than that of Titan over the last four years. It is common for shares in resource exploration and single commodity companies such as Titan to be more volatile than the share price of mining companies such as ConsMin with producing mines and focus on several commodities. Whilst also influenced by specific corporate events, an analysis of the associated historical share price volatilities for ConsMin and Titan is shown in the table below.

Period	Range	
	ConsMin	Titan
1 year[1]	40% - 45%	70% - 85%
4 year[2]	30% - 45%	30% - 80%

Source: Bloomberg

Note 1; Annualised volatility based on the average daily volatilities

Note 2: Annualised volatility based on the average monthly volatilities

(e) Operational Benefits

Titan will need to raise further capital prior to the end of June 2006 in order to maintain ongoing evaluation and exploration activities necessary to advance its projects to a position whereby they may be developed. Further additional capital will also need to be raised to fund the development of the projects when, and if, they reach a bankable feasibility stage. Titan's financial position, limited cash resources and the lack of any current income producing assets constrains Titan's ability to commercially exploit its asset base without either seeking capital from existing shareholders or diluting the interests of current shareholders.

ConsMin has a number of established income producing assets and has substantially greater capacity to access capital from existing cash flow or to source external debt or equity finance. The acquisition of Titan by ConsMin is likely to enhance the prospect of Titan's asset base being commercially developed.

(f) Alternative Offers

In assessing the reasonableness of the Offer, we have considered the likelihood of an alternative takeover offer being made for Titan shares.

We note that ConsMin holds 19.9% of Titan's shares as well as being involved in two key joint ventures with Titan, namely Armstrong and Munda. We believe that this significantly reduces the likelihood of an alternative takeover offer for Titan shares emerging from a third party and we understand that at the date of this report the Board of Titan is not aware of any potential alternative takeover offer for Titan shares.

The Directors of Titan recently announced that they were in discussions with a third party in relation to an alternative proposal for the future of Titan. The alternative proposal would have involved a capital raising by way of a share placement and significant farm-in arrangements in relation to certain of Titan's mineral tenements. The Independent Directors of Titan considered that this alternative proposal had sufficient merit to be considered further as it had the potential to provide an alternative to the ConsMin Offer. However, at this time the Independent Directors of Titan have been unable to progress the alternative proposal to a form where they consider it provides a more favourable position for Titan shareholders than the revised ConsMin Offer.

We do not consider that the alternative proposal is more favourable to Titan shareholders than the ConsMin Offer. However, we recognise that some Titan shareholders may be more attracted to the investment profile of Titan under the alternative proposal in that it may have provided a greater ongoing exposure to nickel exploration activities (than offered by the ConsMin consideration).

(g) Consequences of Not Accepting the Offer

The Offer is not subject to any minimum acceptance by Titan shareholders. If Titan shareholders do not accept the Offer, they will remain as minority shareholders in Titan with ConsMin holding a shareholding interest of at least 19.9% of Titan.

The Titan share price following expiry of the Offer will be subject to normal market forces and may trade at levels above or below our assessed Offer price. However, we note that Titan will remain financially constrained and notwithstanding favourable improvements to the nickel price since the Announcement Date, we do not consider that circumstances have changed sufficiently to support a Titan share price above that inherent under the Offer.

If ConsMin increases its shareholding sufficiently to take effective control of Titan without moving to full ownership, there may be reduced attractiveness for minority holdings of shares in Titan. Conversely, minority shareholders may benefit from the increased financial capacity which may be brought to Titan by its majority shareholder. However, ConsMin may be unwilling to provide capital for the benefit of minority shareholders and the manner in which ConsMin intends to develop

Titan's assets in the event of majority but not full equity ownership is not fully detailed in the Bidder's Statement.

Our reasonableness analysis is limited to consideration of the ConsMin Offer and the proposed terms of the alternative proposal considered by the Independent Directors. After considering the factors noted above and in the absence of a more favourable takeover offer or alternative proposals, we consider the ConsMin Offer is reasonable to the shareholders of Titan.

7.3 Offer Conditions and Other Factors

We have considered whether there are conditions of the ConsMin Offer or other factors which may impact the decision by Titan shareholders as to whether or not to accept the Offer. We have considered the Offer conditions, the future intentions of ConsMin and the taxation implications for Titan shareholders in accepting the Offer.

Bidder's Statement Conditions

ConsMin's Offer is conditional on a number of specific factors contained within the Bidder's Statement. The main points are summarised below:

- no prescribed occurrences;
- no material adverse change in relation to Titan;
- the closing price of nickel as quoted on the London Metal Exchange not falling below US$12,500 per metric tonne at any time after the Bid Date up to the end of the Offer Period;
- no breach of any material contracts, all required regulatory approvals being granted and no farm-out agreements or financing arrangements being entered into by Titan, and
- acquisition or cancellation of the Titan employee options.

Each condition is a separate and distinct condition and is for the benefit of CNPL alone and may only be relied upon by CNPL. The majority of conditions are within the typical range of conditions included in such takeover offers.

Future Intentions

The Bidder's Statement sets out ConsMin's intentions with respect to the Titan business and operations should its Offer succeed.

If ConsMin acquires 100% of Titan, it intends to replace the Board of Directors and seek to retain existing employees and personnel whose skills are highly regarded and who have extensive knowledge of Titan's assets. ConsMin will undertake a review of Titan's activities and assets to evaluate its prospects, strategic relevance, funding requirements and financial performance. If ConsMin completes the compulsory acquisition of Titan, it intends to apply for Titan to be removed from the official list of the ASX. ConsMin will also consider closing Titan's corporate head office and absorbing these functions within its own structure. ConsMin makes no mention of its intentions regarding Titan's Kalgoorlie office.

If ConsMin does not acquire 100% of Titan but can exercise control, ConsMin will implement the intentions as described above to the extent that it is economically and practically feasible and subject to the requirements of the Listing Rules, the Corporations Act and any other relevant laws or regulations.

Taxation

Shareholders should consult their tax advisers in relation to their personal circumstances.

If Titan shareholders accept the Offer and dispose of their Titan shares, they may incur a capital gains tax liability. This will depend on the tax cost base of the Titan shares held and whether capital gains tax rollover relief is available.

Australian tax legislation provides for rollover relief where the bidder successfully acquires 80% or more of the target company under the Offer. Simply stated, any capital gain that may crystallise due to a shareholder's acceptance of the Offer should be eligible for rollover relief, such that no capital gains tax will be payable, provided the bidder successfully acquires 80% or more of the target company. Additionally, shareholders who accept the Offer will not incur any stamp duty or brokerage on the sale of Titan shares or the acquisition of ConsMin shares.

Individual Shareholder Investment Objectives

An individual shareholder's decision in relation to the Offer may be influenced by his or her particular circumstances. We have considered the Offer from the perspective of Titan shareholders as a whole. We have not considered the effect of the Offer on individual shareholders nor have we considered their individual objectives, financial situation or needs. Due to their particular circumstances, individual shareholders may place different emphasis on various aspects of the Offer from the views expressed in this report. Accordingly, individuals may reach different conclusions as to whether the Offer is fair and reasonable.

7.4 Conclusion

In summary, we consider that there are reasonable grounds to accept the Offer in the absence of an alternative takeover offer or proposal on more favourable terms emerging.

We note that the Independent Directors of Titan have recently held discussions with a third party in relation to an alternative proposal which has not progressed at the date of this report. We note that the ConsMin Offer expires on 29 May 2006. It is possible that a revised alternative proposal may be considered by the Independent Directors of Titan before expiry of the Offer period. It is unlikely that a revised alternative proposal will be considered if ConsMin gains control of Titan.

For the reasons set out above, in our opinion, in the absence of an alternative takeover offer or proposal on more favourable terms, the ConsMin Offer is not fair but is reasonable to the shareholders of Titan.

Appendix A Declarations and Disclosures

Qualifications

PricewaterhouseCoopers Securities Ltd ("PwCS") is beneficially owned by the partners of PricewaterhouseCoopers ("PwC"), a large international firm of chartered accountants and business advisors. PwC Securities holds an Australian Financial Services Licence and, as such, is licensed to provide advice on securities related matters.

Roger Port, the person responsible for the preparation of this report, is a partner in PwC and an authorised representative of PwCS. Roger is an Associate of the Institute of Chartered Accountants in Australia and a Senior Fellow of the Financial Services Institute of Australasia (formerly the Securities Institute of Australia) and a member of the Australian Institute of Company Directors. He has extensive experience in the preparation of corporate valuations and the provision of corporate financial advisory services to corporations involved in takeovers, capital raisings and mergers and acquisitions.

Independence

We have considered our independence from Titan and related parties having regard to ASIC Practice Note 42 and we do not consider that there are any circumstances which conflict with our independence from Titan and which hinder our ability to provide objective independent advice.

Neither PwCS, PwC nor the authors of this report has at the date of this Report, or have had within the previous two years, any shareholding in or other relationship with either Titan or related parties (other than the provision of professional services for time based fees) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer.

Neither PwCS, PwC nor the authors of this report has any interest in the outcome of the proposed transactions. PwCS is entitled to receive a fee from Titan based on normal professional hourly rates for the time taken in respect of the preparation of this report. Our estimated fee for this report is $70,000 plus GST. PwCS received a fee of $12,500 plus GST for preliminary work undertaken in November 2005 in anticipation of the requirement for an independent expert's report for Titan in relation to a possible transaction between Titan and Reed Resources Limited.

Draft Report

During the course of the engagement, PwCS provided draft copies of this report to Titan's Directors and management for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of PwCS alone. The changes made to the report as a result of these reviews have not changed the opinions reached by PwCS.

Indemnity

The terms of our appointment include a provision that Titan will indemnify PwCS, PwC and its employees, officers and agents against any claim, liability, loss or expense, cost or damage and liabilities arising out of reliance on any information or documentation provided by Titan which is false or misleading or incomplete.

Consent

PwCS has consented in writing to this report including the Financial Services Guide in the form and context in which it appears being included in the Target Statement distributed to Titan shareholders.

Neither PwCS nor PwC has authorised or caused the issue of all or any part of the Target Statement. Neither the whole nor any part of this report nor any reference to it may be included in or with or attached to any other document, circular, resolution, letter or statement without the prior consent of PwCS to the form in which it appears.

Appendix B Further Information in relation to the Nickel Industry

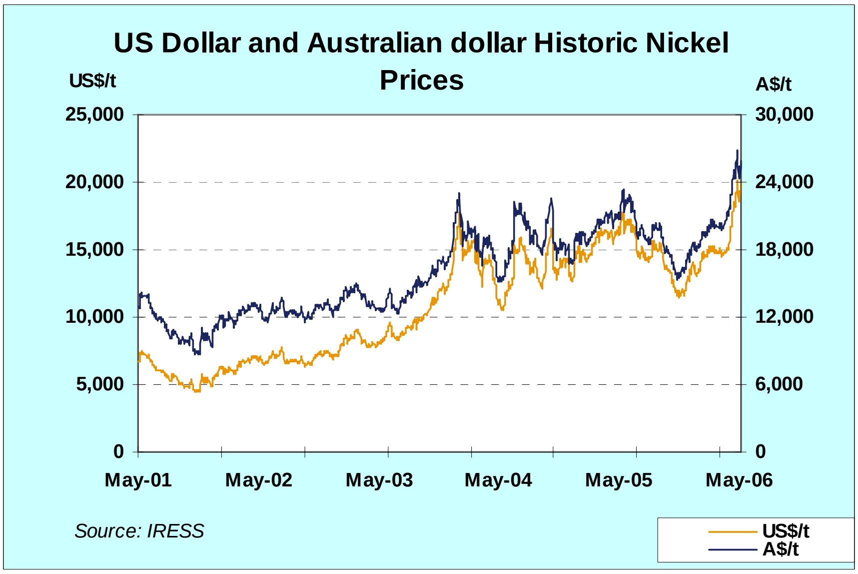
The primary focus of Titan's activities is exploration for nickel and the commercial development of nickel deposits. The outlook for Titan and its principal assets is influenced by the success of its exploration and evaluation activities and the outlook for nickel.

Nickel is primarily used as an alloy to impart strength, corrosion resistance and other electrical, heat and magnetic properties. Its major use is in the manufacture of stainless steel. Stainless steel comprises approximately 8% nickel and accounts for approximately two thirds of current worldwide nickel consumption. Most of the remaining demand for nickel is for use in non-steel applications such as anodes, nickel salts in electrolytes for plating, catalysts in the chemical industry and non-ferrous alloys such as cupronickel for coinage. Russia, Australia, and Canada account for nearly half of the world's nickel production.

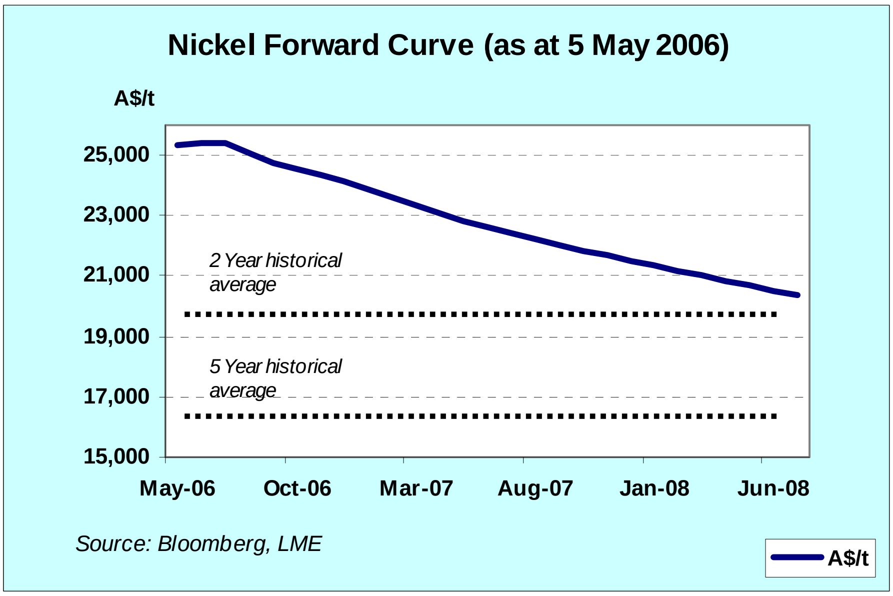
Nickel is mined from both lateric and sulphidic deposits. Sulphide ores are generally associated with volcanic rock and extend at depth. These types of ore bodies have accounted for the majority of world nickel production in the past 50 years and are currently estimated to contribute 60% of world production. Most of the nickel production in Western Australia is from sulphide deposits using underground mining methods. Laterite deposits are lower grade deposits which have resulted from the weathering process under which near surface nickel sulphides have been converted to oxide ores and are more suited to open-cut mining. However the lateritic ores are more mineralogically and chemically complex requiring complex processing.

Both ConsMin and Titan have focus on sulphidic deposits which are suitable for treatment at the Kambalda nickel concentrator.

The nickel industry has been volatile suffering from supply and demand imbalances. Current buoyant nickel prices are driven by Chinese demand for stainless steel. As the manufacture of stainless steel accounts for approximately 65% of nickel consumption, the demand and price for nickel is directly linked to continued growth of that market and available supply. The continuation of the tight demand-supply situation (driven by Chinese demand) is forecast to sustain higher than average prices for nickel in the short-term.



Increased global supply, particularly from laterite projects, is anticipated to bring the market back to a more balanced position in the longer term with a reduction in nickel prices in real terms. Set out below are the forward contract nickel prices from bids on the London Metals Exchange (LME) as at 5 May 2006.



Appendix C Sources of Information

In preparing our report we have had access to and relied upon the following major sources of information:

- Titan Annual Reports (audited) for the two years ended 30 June 2005 and reviewed financial statements for the six months ended 31 December 2005;
- Management accounts of Titan to March 2006;
- Titan strategic business plan;
- Budgets and Forecasts made available from Titan Management;
- ConsMin Bidder's Statement dated 7 April 2006;
- Annual reports for ConsMin for the two years ended 30 June 2005 and the Half yearly report for the six months ended 31 December 2005;
- Various publicly available information on ConsMin and Titan including ASX announcements, media releases, broker reports, and industry information;
- Information on comparable listed companies (Bloomberg and IRESS);
- Share market data and related information (Bloomberg and IRESS);
- ABARE Australian Commodities Statistics (March 2006);
- AME Mineral Economics;
- London Metals Exchange (Bloomberg); and
- Access Economics Minerals Monitor report dated September 2005.

We have also had the benefit of discussions with the Directors and senior management of Titan in relation to the historical and prospective operating and financial performance of Titan.

Appendix D NH Cole Technical Expert's Report

N H Cole and Associates Pty Ltd

PROJECT INVESTMENT AND MINERAL INDUSTRY ADVISORS

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5 May 2006

PricewaterhouseCoopers Securities Ltd
QV1
250 St Georges Terrace
PERTH WA 6000

Attention: Mr Roger Port, Authorised Representative

Dear Sirs

VALUATION OF THE MINERAL PROJECT INTERESTS OF TITAN RESOURCES LIMITED

This report assesses the fair market value as at May 2006 of the mineral project interests of Titan Resources Limited ("Titan"). The securities of Titan are the subject of a current takeover offer from Consolidated Nickel Pty Ltd, a wholly owned subsidiary of Consolidated Minerals Limited ("ConsMin").

The sole and restricted purpose of this valuation report is for use and reference by PricewaterhouseCoopers Securities Ltd ("PwCS") and by those parties entitled to receive a copy of the PwCS Independent Expert Report, to which this report is appended, within Titan's Target's Statement in response to the ConsMin takeover offers. The present report should not be used or relied upon by any other party for any purpose.

Titan's Western Australian mineral project interests covered in this report include projects in the Widgiemooltha Dome south of the city of Kalgoorlie, and an exploration project at Carr Boyd Rocks, north north-east of Kalgoorlie:

- Widgiemooltha Dome, northern section and northerly extension, including two 50 per cent pre-development joint ventures shared with ConsMin, and several other 100 per cent owned less advanced but also, partly, pre-development projects.

- Widgiemooltha Dome, southern section, covering many kilometres of prospective but as yet quite under-explored exploration areas with prominent nickel sulphide deposit exploration potential.

- Carr Boyd Rocks, a copper-nickel project the subject of a farm-in from a committed exploration party joint venturer.

These nickel project interests are held by a wholly owned subsidiary of Titan, Australian Nickel Mines NL ("ANM").

1. EXECUTIVE SUMMARY

Titan has a very strong land position around the Widgiemooltha Dome, in a geological setting which has hosted numerous nickel sulphide mines since the late 1960s. In the region, Titan has eight separate nickel sulphide resources projects, two of which are now held as 50/50 joint ventures.

The fair market value assessment of the project interests of Titan as at May 2006 are set out in Table 1, referred to each of the following sections of this report, where each of the interests is described and assessed.

Table 1
TITAN RESOURCES LTD MINERAL PROJECT INTERESTS - FAIR MARKET VALUE ASSESSMENT

	1 Report 2 Section	3 Low Val ue A$ million	Preferred Value A$ million	High Value A$ million
Widgie Townsite project	5	10.0	14.0	17.0
Armstrong Project (50%)	6	5.0	7.5	9.5
Other Widgiemooltha projects with quantified resources	7	9.2	11.0	13.2
Munda joint venture (50%)	8	1.4	1.8	2.1
Widgiemooltha exploration	9	2.0	2.5	3.0
Carr Boyd Rocks exploration (50%)	10	1.5	2.5	3.0
All Titan mineral project interests		29.1	39.3	47.8

The valuations indicated in Table 1 are current as at the date hereof, and may be subject to change in the light of further information.

The large majority of the assessed valuation arises through the Widgiemooltha region projects that Titan previously acquired from WMC Resources Ltd[1], with most of those resources committed to supplying any sulphide nickel ore mined to the concentrator at Kambalda, providing such ores meet agreed specifications. Materials mined from portions of three projects are unlikely to meet the target specifications, ie the Armstrong project, which is expected to recommence mining in the next several months, and the less advanced Widgie 3 and Cooke deposits.

Commodity price and exchange rate assumptions used for this valuation assessment are discussed in the following section.

2. VALUATION METHODOLOGY

For the preparation of independent expert valuation reports on mineral project interests, the appropriate professional standards are as set down in the provisions of the Valmin Code[2] of The Australasian Institute of Mining and Metallurgy ("The AusIMM"). The Valmin Code has been observed in the preparation of this report.

As defined in the Valmin Code, the value, or fair market value, of a mineral asset or mineral project interest, is the estimated amount of money or the cash equivalent or some other consideration for which the interest should change hands on the reference date of the valuation - for this report as at May 2006 - between a willing buyer and a willing seller in an arms length transaction, wherein each party had acted knowledgeably, prudently and without compulsion. The value has two components, the underlying "technical value" of the asset, which relates to the projected net economic or cash flow derived value, and a premium relating to market, strategic or other considerations which, depending on the circumstances at the time, can be either positive, negative or zero. Value is time and circumstance specific; asset values and market premia or discounts change as overall market conditions and commodity prices and exchange rates and their future projections change, while the value of a specific asset at a particular point in time can be dependent upon the nature of the interests of the actual or potential stakeholder.

The nature of the valuations determined in this report is of fair market value, rather than technical value.

For the valuation of mineral projects in production or in feasibility study stages, where mineral resources and/or ore reserves have been established, the method most commonly used for determination of such projects' future net economic benefit or technical valuation range is the after-tax discounted cash flow valuation technique. Using this technique, a net present value ("NPV") of the projected future after-tax cash flows is calculated, based on a set of assumptions which relate to commodity prices, exchange rates, capital and operating costs, production levels, reserves, and marketing arrangements. This method has been adopted for the present valuation of the Widgie Townsite and Armstrong projects, because of the range and availability of data which provide a level of confidence in applying this method for the determination of a technical valuation.

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1 References in this report to WMC Resources Limited include references to its predecessor companies, Western Mining Corporation Limited and WMC Limited.

2 "Valmin Code" is the Code and Guidelines for Technical Assessment and/or Valuation of Mineral and Petroleum Assets and Mineral and Petroleum Securities for Independent Expert Reports, 2005 Edition, which is binding on members of The AusIMM, and applies to all relevant reports issued from 29 April 2005.

The other Widgiemooltha region projects with quantified mineral resources, but without any form of preliminary mine planning, have been valued on a yardstick basis, having regard to mineral resources and potential ore reserves, and other factors including possible capital expenditures, profitability and cut-off grades.

The extensive Widgiemooltha exploration portfolio, which is considered secondary to the likely and potential mining projects, has been valued with regard to the assessed prospectivity of the areas, notional farm-out terms and the past exploration expenditure method, which assesses the degree of value adding, positive or negative, arising from relevant accumulated expenditures on the subject tenements, and also takes into account forward expenditure considered committed. A similar approach has been adopted for the assessment of the Carr Boyd Rocks exploration joint venture.

Except where otherwise noted, all references to mineral resources and ore reserves herein are in accordance with the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves, 2004 Edition ("the JORC Code"), as defined in and required under Appendix 5A of the ASX Listing Rules, effective 17 December 2004. The person responsible for compilation of the information leading to the estimates of mineral resources shown in the following sections is Mr Peter McMickan, a full time employee of Titan, who has the relevant experience in relation to the mineralisation reported on to qualify as a Competent Person as defined under the JORC Code.   Mr McMickan has consented in writing to the form and context in which reference is made to this responsibility.

References herein to dollars are to Australian dollars, expressed in May 2006 terms, except where otherwise indicated.

For discounted cash flow purposes, projected after-tax cash flows for Titan's two pre-production mining projects have been discounted on the basis of a nominal terms risk-weighted discount rate of 15.0 per cent per annum from the end of April 2006, the reference date for valuation purposes.

Having regard to recent market rates, the forward estimates shown in Table 2, with nickel prices and forward exchange rates as advised by PwCS, have been adopted for the purposes of the current assessment and valuation. References in this report to nickel prices, except where otherwise noted, are to the LME (London Metal Exchange) cash seller and settlement price.

Table 2
COMMODITY PRICE AND EXCHANGE RATE ASSUMPTIONS

	Nickel Price US$/tonne	Forward FX Rate A$1.00=US$	Nickel Price A$/tonne	Gold Price US$/ounce	Gold Price A$/ounce
June 2006	19425	0.7577	25637	600	792
June 2007	17080	0.7523	22704	550	731
September 2007	16600	0.7507	22113	525	699
December 2007	16160	0.7490	21575	500	668
March 2008	15731	0.7474	21048	500	669
June 2008	15302	0.7456	20523	500	671

The principal information sources used in the preparation of this report are listed in Appendix 2.

3. OVERVIEW OF TITAN'S WESTERN AUSTRALIAN MINERAL PROJECTS

Titan, through ANM, successively acquired several groups of nickel tenement interests in Western Australia:

- In March 2001, Titan purchased the Carr Boyd Rocks exploration property from Defiance Mining NL. Together with the acquisition of eight other adjacent but secondary prospecting licences some months later, the Carr Boyd Rocks project acquisition cost is recorded as at 31 December 2005 in Titan's accounts at $904,236. Titan entered a Carr Boyd Rocks farm-out agreement with a subsidiary of Yilgarn Mining Ltd in April 2005.

- In September 2001, Titan completed the purchase of the Widgiemooltha North project area from WMC Resources Ltd, announced late in the 2001 financial year, for a consideration comprising $515,000 cash, royalties of 1.0 per cent payable to WMC Resources Ltd on all production, and at other levels to third parties on certain tenements, and the obligation for Titan to provide all ore produced meeting the relevant specification to the KNO (Kambalda Nickel Operations, now owned beneficially by BHP Billiton Ltd, under the umbrella of its Nickel West business unit) concentrator at Kambalda. The principal nickel deposits included in the Widgiemooltha North package, listed from north to south locations over a distance of about 10 kilometres, were
    - Zabel
    - McEwen
    - Armstrong, now the subject of a 50/50 ConsMin joint venture
    - Cooke
    - 132N, and
    - Mt Edwards.

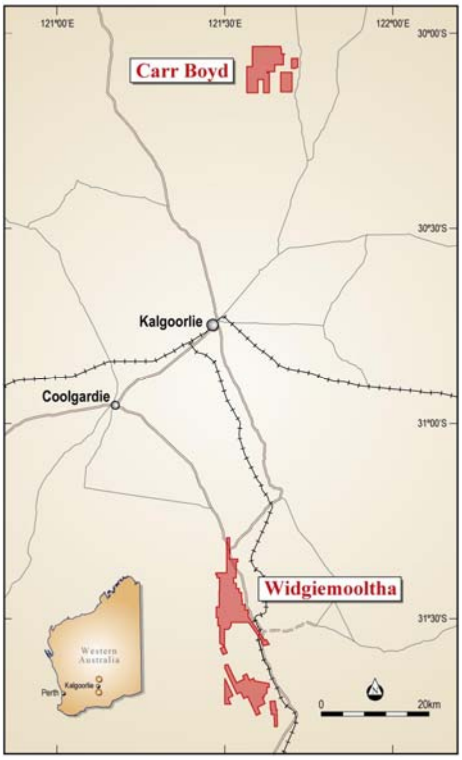
- In December 2003, Titan completed the purchase, announced in September 2003, of the nickel rights in its remaining four Widgiemooltha region project areas from WMC Resources Ltd for a consideration comprising $3.1 million cash, third party royalty payment obligations on some of the tenements, and the obligation for Titan to provide all specification nickel ore[3] to the KNO concentrator. These four areas comprised

- Central Widgiemooltha, with the following nickel deposits:
  - Widgie Townsite
  - Munda, now the subject of a 50/50 ConsMin joint venture
  - Widgie3
- Mandilla, to the north
- Mt Eaton to the south, and
- Pioneer to the far south south-east of the Widgiemooltha Dome.

- In November 2004, Titan acquired the gold rights and title to the Munda mining lease M15/87 from Reliance Mining Ltd, now a subsidiary of ConsMin, for a consideration of $500,000 and in January 2005 entered the current joint venture with ConsMin.

- In September 2005, ConsMin exercised its option to acquire 50 per cent of the Armstrong nickel project, for a total consideration of $3.5 million.

The locations of Titan's mineral project interests in Western Australia are shown in Figure 1.



Attributed to Titan May 2006

Figure 1

WESTERN AUSTRALIA PROJECT AREAS LOCATION MAP

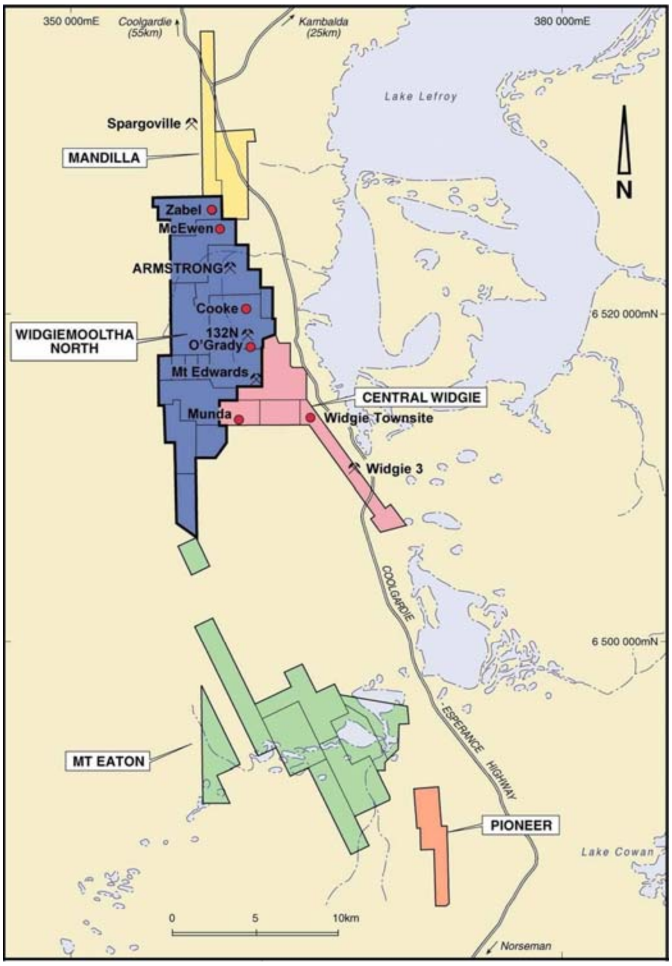
1

3 But not gold ore, if any, able to be produced, for example from the Munda project area.

An important component of Titan's two lots pf project acquisitions from WMC Resources in 2001 and 2003 is the opportunity and obligation to supply all of any mined komatiite-hosted nickel sulphide ore to the KNO concentrator, providing it meets certain specifications. The same arrangements also applied under the terms of sale of several other such mining properties in the Kambalda and Widgiemooltha districts. Securing of such ores for the KNO concentrator was strategically important for WMC Resources Ltd, and remains so for the Nickel West unit. The reason for this is because it is only by blending the concentrates from such ores with concentrates from the northern Nickel West mines at Mt Keith and Leinster that it is possible for the Nickel West Kalgoorlie smelter to be operated to its design parameters.

The Widgiemooltha projects are located around the Widgiemooltha Dome geological structure, at a distance of 50 to 100 kilometres south of the city of Kalgoorlie. The Carr Boyd Rocks exploration joint venture is located approximately 80 kilometres north north-east of Kalgoorlie.

Figure 2 shows the locations of the Widgiemooltha region tenements and the key Titan projects.



Attributed to Titan May 2006

Figure 2

WIDGIEMOOLTHA REGION PROJECT LOCATIONS

In the Widgiemooltha region, Titan has estimated mineral resources in eight different deposits, over a distance of about 13 kilometres, all located within a few kilometres west of the Coolgardie-Esperance Highway.
The estimates of resources as at 31 March 2006, prepared and expressed in keeping with the JORC Code, are set out in Table 3.

Table 3
WIDGIEMOOLTHA MINERAL RESOURCES AS AT 31 MARCH 2006

Deposit	Measured Resources		Indicated Resources		Inferred Resources		Total Resources		Tonnes
	tonnes	% Ni	tonnes	% Ni	tonnes	% Ni	tonnes	% Ni	nickel
Widgie Townsite	233,000	2.17	1,081,000	1.83	764,000	1.89	2,078,000	1.89	39,270
Cooke					196,000	1.29	196,000	1.29	2,530
Armstrong*			111,000	1.72	26,000	1.76	137,000	1.73	2,370
Armstrong**	35,000	2.14	384,000	1.92	56,000	2.26	475,000	1.98	9,410
McEwen					3,350,000	1.35	3,350,000	1.35	45,230
Zabel					580,000	1.81	580,000	1.81	10,410
132N					396,000	1.54	396,000	1.54	6,100
Munda					256,000	1.94	256,000	1.94	4,970
Widgie 3					641,000	1.46	641,000	1.46	9,360
Total	268,000	2.17	1,576,000	1.88	6,265,000	1.47	8,109,000	1.60	129,650

* Resources above 240 metres RL   ** Resources, below 240 metres RL

In the case of the Munda deposit, there is a separate JORC classified Inferred Resource estimated at 512,000 tonnes at a grade of 2.80 g/t gold, with 46,300 contained ounces of gold, based on a cut-off grade of 1.0 g/t gold, which is discussed in Section 8.

Both the Armstrong deposit and the Munda deposit are subject to 50/50 joint ventures with ConsMin. Taking this into account, the attributable contained metal in Titan's share of resources is 121,280 contained tonnes of nickel and 23,150 contained ounces of gold.

In addition to the JORC Code mineral resources estimates shown above, Titan also holds the Mt Edwards project which is described in Section 7.6.

For assessment and valuation purposes, an important variable is the nickel price which, at the relevant transaction times, was at the approximate levels shown in Table 4.

Table 4
HISTORICAL AND RECENT NICKEL PRICES

Period	Titan Transaction	Nickel Price per Tonne
March 2001	Titan's purchase of principal Carr Boyd Rocks project tenements	US$6,000
June 2001	Assumed time of Titan's concluding first WMC Resources Ltd deal	US$7,000
September 2003	Announcement of Titan's second WMC Resources Ltd deal	US$9,600
November 2004	Announcement of Titan's Munda gold rights and lease acquisition	US$14,000
April 2005	Announcement of Titan's Carr Boyd Rocks farmout to Yilgarn Mining Ltd	US$16,300
September 2005	Disposal by Titan of half interest in Armstrong project to ConsMin	US$14,500
Recent	LME cash seller and settlement price as at 2 May 2006	US$19,395

4. THE WIDGIEMOOLTHA DOME GEOLOGICAL SETTING

The Widgiemooltha Dome lies within the southern portion of the Norseman–Wiluna greenstone belt, a component of the Archaean-Yilgarn block of Western Australia. It is in a somewhat parallel position to the Kambalda Dome, located from about 25 to 60 kilometres to the north-east and north, which contains world class nickel sulphide deposits, and where ore production has occurred continuously since the initial discoveries in mid to late 1960s. In contrast to other sulphide nickel ore provinces, where large tonnage but low grade nickel deposits have been delineated, for example as at Mount Keith in Western Australia, both of these domal structures have characteristically hosted relatively small komatiite-hosted deposits, though with relatively high nickel ore grades, mainly from small to moderate tonnage underground mining operations.

The predominant rocks are ultramafic, mafic and felsic metavolcanics, and metasediments. Granitoids, porphyry, dolerite dykes and pegmatites intrude this succession. The local geology is dominated by the Widgimooltha Dome, interpreted as a granitoid diapir, that is flanked by sequences of mafic and ultramafic metalvolcanics comprising tholeiitic and nickel-bearing komatiitic extrusive sequencess, thin interflow sediments and minor high magnesium oxide mafic flows.

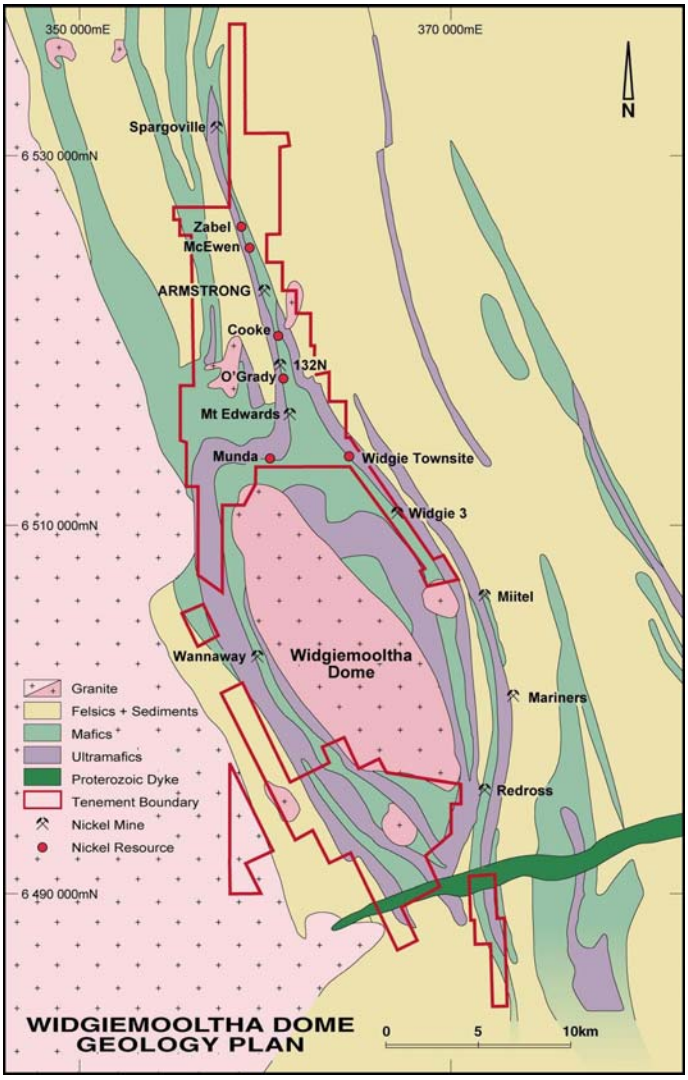
Three phases of ductile deformation have been defined and are characterized by open to tight folding and cleavage development. Late stage brittle deformation is characterized by north north-west and east-west faults. These deformational events have resulted in localised disruption and remobilisation of the nickel bearing sulphide lenses.

The stratigraphy at deposit scale typically consists of the Archaean age Mt Edwards basalt overlain by the Widgiemooltha komatiite. The ultramafic succession consists of a series of flows with intercalated sediments, and displays evidence of carbonate-chlorite alteration around the mineralised lenses.

The elongated lenses of nickel sulphide mineralization are located both on the komatiite-basalt contact, and within the ultramafic sequence above the contact. A vertical zonation of the style and mineralogy of the sulphides is often observed, with massive to semi-massive, matrix and disseminated nickel bearing sulphides noted towards the base of the mineralised lens, grading upwards into weakly disseminated and fracture fill sulphides. As a result the better nickel grades are typically present towards the base of the lenses.

Pyrrhotite and pentlandite, with minor amounts of pyrite and chalcopyrite, are identified as the primary contributors to the mineral assemblage. Locally elevated arsenic levels suggest the presence of nickel arsenides, such as gersdorffite and niccolite.

The geological setting in the Widgiemooltha region can be seen in Figure 3.



Attributed to Titan May 2006

Figure 3

WIDGIEMOOLTHA LOCATION PLAN AND GEOLOGY

The mining tenements on which Titan's Widgiemooltha projects are located comprise 27 mining leases, three prospecting licence and two exploration licences, with a total area of 227 square kilometres.

5. WIDGIE TOWNSITE PROJECT (Titan 100%)

The Widgie Townsite project, about one kilometre south-east of the Widgiemooltha settlement, covers one of the resources acquired by Titan in the late 2003 Central Widgiemooltha acquisition. The estimated resources, as shown in Table 3, total 2.08 million tonnes at 1.89 per cent nickel, for 39,270 contained nickel tonnes, with 63 per cent of the resource tonnage being in the measured and indicated categories.

The nature of the mineralisation is well understood, with three parallel, south plunging, sub-vertical shoots named NO1, NO2 and NO3 lenses. The lenses are characteristically located within a central ultramafic unit, which itself is bounded by basalt mafic units to the west and east.

A conceptual underground study has been undertaken, to a scoping study level of detail for a potential underground development accessed by decline. Development of the decline would be commenced in the western footwall basalt, where the base of oxidation is much closer to the surface, either via a box cut to a depth of about 35 metres. This would allow development of the underground decline to be undertaken in fresh rock.

The scoping study has assumed mine development to the 110 metres RL level, which is at a vertical depth of about 230 metres from the surface. A further higher grade zone of over 2 per cent nickel is known from limited earlier drilling at vertical depths from 300 metres to 450 metres. Further exploration may enhance the status of this zone, and allow it to be considered for possible future exploitation.

Summary aspects from the underground mining study are set out below.

- Applied cut-off grade of 2.0% nickel
- Mining tonnage of 270,000 tonnes
- Mined grade of 2.41% nickel
- Mined nickel contained of 6,535 tonnes
- Deemed metallurgical recovery of 84%, for 5,489 recovered nickel tonnes
- Total of capital and operating jumbo, 4,020 metres
- Capital development cost estimate of $9.1 million
- Capital plant cost estimate of $2.8 million
- Operating cost estimate of $31.3 million
- Royalties payable at a total of 3.5% of the value of delivered metal
- Estimated project life of 20 months

The scoping study, while comprehensive, is not considered to be at a level of detail that will yet allow an estimation of ore reserves. The further work components considered necessary for that to be possible include geotechnical assessment, hydrological studies, detailed mine scheduling, development of budget costs and resolution of infrastructure services, covering, power, water air and underground mining services. It is expected this could be achieved within three to four months.

The nature of the proposed mine, which is quite similar in proposed design to many other small mines in the region, lends itself to contractor mining. Material mined would be hauled to the surface and stockpiled for cartage to the KNO concentrator under the standard KNO milling contract.

If a decision is made by Titan to go forward with the Widgie Townsite project, it is expected that decline development could be under way during the first quarter of 2007, with production by the middle of that year.

A production and cash flow model has been developed for the relatively short life Widgie Townsite project, from which the discounted cash flow analysis and sensitivity analyses shown in Table 5 have been derived, using the commodity price and exchange rate assumptions set out in Table 2, and a risk-weighted discount rate of 15 per cent per annum, with the choice of discount rate applied reflecting the fact that the project has not yet been the subject of a final decision to go to production, although this is assessed as very likely, following the completion of the further feasibility study and related work described above.

Table 5
AFTER-TAX DISCOUNTED CASH FLOW ANALYSIS RESULTS – WIDGIE TOWNSITE PROJECT

	Net Present Value of After-tax Net Cash Flow Discounted at 15% per annum A$ millions
Base Case	14.0
Sensitivity Analyses	
Nickel prices reduced by 20%	6.5
Nickel prices increased by 10%	17.7
Foreign exchange rates reduced by A$1.00 = US$0.05*	16.3
Project delay of 12 months	8.3
Reduction of discount rate to 10% per annum	15.5

* The foreign exchange rate sensitivity can be interpreted, by way of example, of a June 2006 Base Case exchange rate of A$1.00 = US$0.7577 reduced to A$1.00 = US$0.7077.

A key factor arising from the sensitivity analysis lies in the valuation impact arising in the event that the Widgie Townsite project had to be delayed for 12 months. This has a relatively severe impact for three contributing reasons:

- The project will miss the opportunity for the highest possible nickel prices, in line with the future nickel price trend shown in Table 2.
- The time value of money, over one year, discounted at 15 per cent per annum.
- Increased operating and capital costs over the 12 month period, which increases have been assumed at a CPI rate of 3 per cent per annum.

Based on discounted cash flow analysis and having regard for the sensitivity analyses, the fair market value for the Widgie Townsite underground project is assessed in the range of $10.0 million to $17.0 million, with a preferred value of $14.0 million.

6. ARMSTRONG PROJECT (Titan 50%)

The Armstrong project resources were discovered by WMC Resources Ltd in 1980, and were later acquired by Titan from WMC Resources Ltd as part of the September 2001Widgiemooltha North acquisition.

The estimated mineral resources for the Armstrong project are shown in Table 3. 81 per cent of the total 137,000 tonnes of resources above 240 metres RL are in the Indicated Resources category, with part of such resources considered suitable for potential open pit mining. Of the material below 240 metres RL, 88 per cent of the total of 475,000 tonnes are in the Measured and Indicated Resources categories. The nickel mineralisation occurs at the mafic-ultramafic contact zone where, beneath the base of the planned open pit, there are good underground mining widths, in some cases over several metres.

Based on a relatively detailed prefeasibility study completed early in 2004, Titan subsequently determined to proceed with the development of an initial open pit at Armstrong, to be followed by underground operations, with the intention of supplying ore long term to the KNO concentrator under the existing offtake contract. The pre-stripping of overburden commenced in April 2004. The first ore was delivered from Armstrong to the KNO concentrator on 15 and 16 October 2004. Shortly after, Titan was advised that the ore was outside the agreed specification, with mining operations then suspended in December 2004.

Titan in the middle of 2005 entered an option agreement with ConsMin, which was exercised on 30 September 2005, with ConsMin having made total payments of $3.5 million for the acquisition of 50 per cent of the project.

The joint venturers have subsequently been planning for the recommencement of mining operations, which will depend, inter alia, on two significant conditions precedent:

- The obtaining of concentrator capacity to mill the ore, which could either be via a concentrator owned by the Titan/ConsMin joint venture, which is under active consideration, or by the use of toll milling facilities if this option is available and can be negotiated.

- The establishment of a nickel concentrate offtake agreement for the sale of nickel concentrates.

In the ConsMin 7 April 2006 Bidders Statement, it is stated as ConsMin's present intention, if it acquires 100 per cent of Titan, to re-activate the Armstrong mine, subject to being the successful tenderer for a disused gold plant which would need to be reconfigured, so as to allow for preparation of nickel concentrates for smelting[4]. It is understood that negotiations are in progress, which may lead to such a mill being acquired in

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[4] It is possible such a mill could be reconfigured in such a way as to allow the processing of any gold ore from the Munda joint venture project, which is described in Section 8.1.

the near term at a relatively low capital cost, but with the concurrent assumption of certain rehabilitation obligations at the end of the project life.

In assessing the options for resumption of Armstrong operations, Titan has initiated concentrate sales inquiries in recent months via five separate international smelter purchasers of nickel sulphide concentrates, anticipating the production of approximately 20,000 tonnes of sulphide nickel concentrates per annum. Each of these was provided with the following indicative concentrate specifications:

- 10% sulphide nickel
- 0.2% non-sulphide nickel
- 17% iron
- 17% magnesium oxide
- 0.33% arsenic
- 14.3% sulphur
- 0.13% cobalt
- 1.0% copper

The balance of the concentrate content was indicated as silicate minerals, with minor alumina.

For comparative revenue assessment purposes, it is assumed that a similar level of concentrator performance would be achieved, whether the ore is trucked, as previously intended, to the KNO concentrator at Kambalda or to another facility either owned or used for toll milling by Titan/ConsMin. At an assumed average nickel ore grade slightly better than 2.0 per cent nickel, the deemed metallurgical recovery is 80 per cent.

Based on the most favourable nickel sulphide smelter response from the several Titan inquiries, for assessment purposes, the following smelter schedule terms have been assumed:

- All concentrate delivery freight and handling charges payable by the concentrate supplier, at an indicative level of US$60 per tonne.
- Payable contents 80% for nickel, 80% for copper and 22% for cobalt.
- Treatment charge US$110 per tonne of concentrate.
- Refining charges US$0.70 per pound of nickel and US$0.40 per pound of copper.
- Nickel revenue price participation ranging, with step functions, from 20 per cent between US$5 and US$6 per pound to 10 per cent for all sales above US$7 per pound.
- Quotational periods of 3, 5 and 4 months after month of arrival for nickel, copper and cobalt respectively.
- Payment for 90 per cent of value of metals in concentrate, 30 days after end of month in which concentrate is delivered.
- Possible penalties: not yet known, but possible for magnesium oxide and arsenic levels indicated.

For the purposes of assessment and valuation, it is assumed a mill will be acquired and a short-term commitment made by the joint venture to re-commence mining operations, with the following key assumed mining parameters:

- Open pit mining of 114,000 tonnes at 1.57% nickel grade, from August to November 2006, at around 30,000 tonnes per month, at an overburden stripping ratio of 3.3:1

- Underground mining of 283,000 tonnes at 2.38% nickel grade, from March 2007 until November 2008, at 15,000 tonnes per month, using an uphole retreat stoping method
- Assumed metallurgical recoveries of 78% for open pit ore and 85% for underground ore
- Total capital expenditure costs of $7.9 million, including $3 million for purchase and conversion of a concentrator, and an extra allowance of $1.5 million for related end of project life rehabilitation
- Total minesite operating costs of $48.6 million, equivalent to $123 per tonne of ore mined, with direct open pit costs at $71 per tonne and underground costs at $112 per tonne
- Arsenic penalties averaging $4.60 per tonne of ore treated, based on 500 ppm content in open pit material and 600 ppm in underground material
- Royalties payable at a total of 6.0% of the value of delivered metal, taken as the FOB value of concentrates
- Estimated project life of 28 months

A production and cash flow model has been developed for the Armstrong open pit and underground operations. Revenues have been estimated on the basis of the smelter schedule terms indicated above. From this model, the discounted cash flow analysis and sensitivity analyses shown in Table 6 have been derived, using the commodity price and exchange rate assumptions set out in Table 2. An after-tax risk-weighted discount rate of 15 per cent per annum has been applied, with the choice of discount rate reflecting, inter alia, the fact that the project has not yet been committed for re-commencement, although this intention is shared between the joint venturers, subject to securing milling capacity for the production of nickel concentrates for smelting.

Table 6
AFTER-TAX DISCOUNTED CASH FLOW ANALYSIS RESULTS – ARMSTRONG PROJECT (50%)

	Net Present Value of After-tax Net Cash Flow Discounted at 15% per annum A$ millions
Base Case	10.8
Sensitivity Analyses	
Nickel prices reduced by 20%	3.2
Nickel prices increased by 10%	14.6
Foreign exchange rates reduced by A$1.00 = US$0.05	13.0
Project delay of 12 months	5.7
Reduction of discount rate to 10% per annum	11.8

Based on discounted cash flow analysis and having regard for the sensitivity analyses, the fair market value for Titan's 50 per cent interest in the Armstrong open pit and underground project is assessed in the range of $5.0 million to $9.5 million, with a preferred value of $7.5 million which, at the 100 per cent project level, is equivalent to $1,273 per tonne of contained nickel in resources. The low end of the valuation range for the one-half interest is noted as being higher than the $3.5 million paid by ConsMin for 50 per cent in the third quarter of 2005, which reflects the degree of value-adding over the past several months by the joint venture, and also the stronger nickel price environment.

7. OTHER WIDGIEMOOLTHA NICKEL DEPOSITS WITH QUANTIFIED RESOURCES (Titan 100%)

The several projects discussed in this section are 100 per cent owned by Titan. All of the deposits described in this section are subject to the KNO milling offtake agreement, although portions of the Widgie 3 and Cooke deposits have been assessed as having characteristics which would produce ore falling outside the offtake agreement specifications.

For all of these deposits the estimates of mineral resources are in the inferred category, classified according to the JORC Code. There is no JORC Code estimate of mineral resources for the Mt Edwards project.

For the purpose of the fair market valuation assessment of these projects with quantified nickel resources, having regard to the value of $594 per tonne of nickel derived from the cost of ConsMin's entry to 50 per cent of the Armstrong project, ranges applied to the following projects have ranged from moderate to relatively low, in the following terms:

- Moderate range $300 to $400 per tonne of nickel in resources.

- Relatively low range $100 to $150 per tonne of nickel in resources, but with lower ranges still applied for both the Zabel and McEwen deposits, the likelihood of development of which are less certain than for the other projects.

These valuation ranges are adopted, having regard to the recent record nickel price environment, and also to the relatively high level of recently renewed activity in the Western Australian mineral exploration sector.

7.1 Widgie 3 (M15/94, resource of 641,000 tonnes at 1.46% Ni, with contained 9,360 tonnes of nickel)

The Widgie 3 deposit was previously mined by WMC Resources Ltd between 1988 and 1991, by both open pit and underground methods, to a depth of about 100 metres. It is described as having the characteristics of many of the Kambalda ore bodies. It is located about 6 kilometres north-west of the Miitel nickel mine owned by Mincor Resources ("Mincor"), and in a similar contact zone setting.

Potential exists for further near surface mineralisation to be defined, and for small tonnage high grade pods or shoots below the prior mine workings. Relatively sparse drilling below mined area indicates excellent potential at depth, intercept of +2 per cent nickel material known to depths of about 300 metres. Further drilling is required to test the depth extensions.

It appears quite possible that the old existing open pit can be deepened a further 40 to 60 metres, to a depth of about 100 metres. A recent drilling result of 7.3 metres at 2.94 per cent nickel has not been included in the most recent resource estimate, but is well within the vertical depth of a potential open pit extension.

From Titan's interpretation of drilling results, the Widgie 3 mineralisation is considered to be outside the KNO offtake agreement specifications. Like the Armstrong project, and also the Cooke deposit considered below, development of Widgie 3 will depend on securing access to a concentrator, for the production of nickel concentrates for external sale.

For the Widgie 3 deposit, which is assessed as having good prospects for redevelopment, the fair market value is ascribed in the range of $2.8 million to $3.7 million.

7.2 132N (M15/101, resource of 396,000 tonnes at 1.54% Ni, with contained 6,100 tonnes of nickel)

The 132N deposit was previously a small WMC Resources Ltd open pit mine, developed to a vertical depth of about 40 metres.

A scoping study on the possibility of resuming open pit operations to a depth of a bout 90 metres has been completed, indicating the possibility of mining 17,700 tonnes of material at 2.72 per cent nickel, although with a very high stripping ratio. There is also good underground potential, initially to a depth of about 130 metres, and possibly down plunge for a further 200 metres depth.

This project area also takes in the O'Grady prospect, which is nearby to 132N, which has reported a drilling intercept of 1.76 metres at 4.27 per cent nickel at almost 300 metres depth. A lot more positive results would be needed to enhance the potential of the O'Grady prospect, although the successful drilling by Titan is positioned in one of three identified anomalous identified EM zones, most of is as yet untested by drilling.

For the 132N nickel resource, for which further open pit mining appears likely to be possible, fair market value is ascribed in the range of $1.8 million to $2.4 million.

7.3 Cooke (M15/101, resource of 196,000 tonnes at 1.29% Ni, with contained 2,530 tonnes of nickel)

The Cooke deposit is located between the Armstrong and 132N projects, also in and very near the same mafic-ultramafic contact zone. The deposit includes thick zones of consistent disseminated–matrix nickel mineralisation, with strong but irregular contact mineralisation in two vertical north plunging shoots, from near surface to a depth of 300 metres, mostly below the base of oxidation. An excellent drilling intersection has been recorded in hole WDD0061, for 4.85 metres at 6.66 per cent nickel.

Though relatively low in grade, one of the shoots indicates the potential for mining widths of several metres. The basalt footwall and hanging wall afford good ground conditions for any underground mining activity.

Prior metallurgical testwork has shown relatively deep supergene mineralisation, making the near-surface material unsuitable for processing under the KNO offtake agreement, thus any future open pit development would require access to a different concentrator.

For the Cooke nickel resource, fair market value is ascribed in the range of $0.3 million to $0.4 million.

7.4 Zabel (M15/97, resource of 580,000 tonnes at 1.81% Ni, with contained 10,500 tonnes of nickel)

Zabel was discovered by International Nickel in the late 1960s. It is located at the northern end of a significant mineralised trend over a distance of 3.5 kilometres, which takes in the McEwen resources and the Cipollini prospect. There is poor outcrop, with extensive transported cover.

At Cipollini, no significant results were reported there from an initial 12 hole RC drilling program, but further work is considered warranted.

Drilling at Zabel has indicated that the contact mineralisation is restricted in extent, and also structurally complex. One hole has reported a drilling intersection of 4.85 metres at 6.66 per cent nickel, though at a vertical depth over 200 metres, indicating the possibility of higher grade underground potential.

For the Zabel nickel resource, fair market value is ascribed in the range of $0.5 million to $0.8 million.

7.5 McEwen (M15/653, resource of 3,350,000 tonnes at 1.35% Ni, with contained 45,230 tonnes of nickel)

McEwen is a large, low grade dominantly disseminated nickel deposit in ultramafic hanging wall, and also a separate thin but higher grade mafic-ultramafic contact zone. Titan has indicated that an economic assessment is to be carried out.

A possible outcome from such an assessment is that an outcome similar to that for Widgie Townsite will emerge. The scoping study for Widgie Townsite has demonstrated the ability to consider selective mining of higher grade zones, with the potential for recovery of a total of 270,000 tonnes of mined material out of a total resource of 2.08 million tonnes, but at much better than the average grade of resources. The known resources at McEwen are between 60 and 200 metres deep, so the capital works involved for underground access which could be considered via the adjacent basalt structure may not be prohibitive in cost.

For the large but low grade McEwen nickel resource, fair market value is ascribed in the range of $1.4 million to $2.3 million.

7.6 Mt Edwards (M15/101, no JORC Code estimate of mineral resources)

Mt Edwards is located 5 kilometres north-west of Widgiemooltha. It was a 1967 International Nickel discovery, which was later acquired by WMC Resources Ltd in April 1981, after an active prior 18 month option period.

It was operated by WMC Resources Ltd as an underground mine, from August 1980 until April 1986, and thereafter from 1989 until September 1994, with historical production of 952,000 tonnes of 2.69 per cent nickel ore. After closure, the mine infrastructure was removed from the site, along with rehabilitation of the site.

It is reported that mining resumed in 1989 "utilising a predominantly bulk mining approach", from which comment it is assumed that the earlier mining had involved selective and thereby higher cost mining methods. The ore mined was from a relatively continuous shoot, sub-vertical to steep west dipping, and plunging steeply to the north. The maximum strike length of the ore zone was 220 metres, extending to at least 550 metres below surface. The potential for any possible at depth extensions of the shoot in not known from material available to N H Cole and Associates Pty Ltd.

The nickel sulphide mineralogy includes pyrrhotite, pentlandite, pyrite and chalcopyrite, with sulphides present in massive, disseminated and sedimentary forms.

While there are blocks of remnant mineralisation at Mt Edwards, this material has not been reported in compliance with the JORC Code. From 1992 until mine closure in September 1994, there were several estimates of ore reserves by WMC Resources Ltd, partly arising from difficulties encountered with mining conditions as a result of geotechnical failures, including the collapse of the access decline in May 1993. In 1992, ore reserve estimates were quoted as

- "Factorised Geological Reserve" of 2,091,986 tonnes at 2.33 per cent nickel; and
- "Planned Mining Reserve", net of unavailable pillars, of 664,249 tonnes at 2.16 per cent nickel.

The Planned Mining Reserve was estimated with the application of parameters including a cut-off grade of 1.0 per cent nickel, maximum internal waste of 1.5 metres and minimum vertical heights and horizontal widths of 2 metres. The cut-off grade was adopted at a time when the nickel price was about US$7,000 per tonne. Notwithstanding significantly higher costs in 2006 compared to 1992, if 1 per cent nickel was the appropriate cut-off in 1992, then a lower, perhaps considerably lower, cut-off grade would now be applied.

The subsequent June 1993 Planned Mining Reserve was reduced to 159,000 tonnes at 2.48 per cent nickel, apparently due to the removal of some large low grade sections, certain reinterpretations, and an increase in the cut-off grade, attributable to a more costly mining method and a lower nickel price.

An interpretation of previous WMC Resources Ltd resource calculations, not prepared in keeping with the JORC Code, and expressed only in broad terms is for a remnant mineral resource of approximately 900,000 tonnes at 1.79 per cent nickel, for 16,180 tonnes of contained metal. With further work, this may be able to be amended and upgraded in due course to a JORC Code estimate of resources for Mt Edwards. Pending such work, there appears to be a strong possibility that redevelopment and exploitation of the remnant resources will be possible.

For the Mt Edwards project, fair market value is ascribed in the range of $2.4 million to $3.6 million.

7.7 Overall Assessment and Valuation

Of the projects considered in this section, it is assessed that there are good prospects for mining operations to be planned at a fairly early stage for Widgie 3, 132N and Mt Edwards.

The total assessed fair market valuation for the projects described in this Section 7, is in the range of $9.2 million to $13.2 million, as shown in the Table 7 summary, with a preferred fair market valuation of $11.0 million.

Table 7
VALUATION RANGE SUMMARY – OTHER TITAN RESOURCES PROJECTS

Project	Contained Tonnes of Nickel Metal	Fair Market Value – Low $ million	Fair Market Value – High $ million
Widgie 3	9,360	2.8	3.7
132N	6,100	1.8	2.4
Cooke	2,530	0.3	0.4
Zabel	10,500	0.5	0.8
McEwen	45,230	1.4	2.3
Mt Edwards	16,180	2.4	3.6
Total	79,400	9.2	13.2

This valuation range appears reasonable for the seven projects reviewed in this section, with a unit derived valuation of $139 per tonne of nickel, at the preferred valuation level of $11.0 million. By comparison, with the preferred valuation of $14.0 million attributable to the more advanced Widgie Townsite project discussed in Section 5 is equivalent ot $357 per tonne of nickel in resources.

The reasons for the Table 7 average equivalent value of $139 per tonne of nickel in resources being so much lower than the other Western Australian unit values shown in Appendix 1 include the fact that none of the project resources are classified in the Measured Resources or Indicated Resources categories, they are all much lower in average nickel grades, and none has had any recent feasibility study work undertaken.

8. MUNDA JOINT VENTURE (Titan 50%, ConsMin 50%)

The Munda lease, M15/87, is located 4 kilometres west of Widgiemooltha, on the north-west flank of the Widgiemooltha Dome, and 2 kilometres south-west of the former Mt Edwards underground nickel mine. The Munda mining lease has separately estimated nickel and gold resources.

Restricted rights to Munda were acquired as part of Titan acquisition of the Central Widgiemooltha areas from WMC Resources in December 2003. Titan acquired rights to the gold potential at Munda in November 2004.

Titan now has a 50/50 joint venture with ConsMin over the Munda project. Titan manages the exploration activities, and ConsMin will manage any mining activities.

The project development concept for Munda is for a possible early gold open pit development, which would provide access to the subsequent mainly underground development of the nickel resources. It will be by development of the mainly overlying potential open pit gold resource that access will become possible to the contiguous underground nickel resource, without the need for an independent shaft to be sunk for underground access.

8.1 Munda Gold Resource

Resolute Mining Limited entered a joint venture for the gold potential of the Munda lease with the then owner, WMC Resources Ltd, in 1999. Mining commenced at the Munda and Bass open pits in September 1999, but ceased early in 2000 due to adverse operating costs.

By November 2004, Titan had acquired the Munda gold rights, for a $500,000 consideration, when the gold price was approximately US$450 per ounce. It then entered into the ConsMin Munda joint venture, with ConsMin earning its 50 per cent equity interest in November 2005. Titan manages the exploration phase of the joint venture.

The gold resources in the Munda deposit are estimated on an ordinary kriged basis, for 2.5 metre by 10 metre by 10 metre blocks, within five mineralised domains. The estimates of Inferred Resources for a range of gold cut-off grades are set out in Table 5.

Table 5
MUNDA DEPOSIT INFERRED GOLD MINERAL RESOURCES

Cut-off Grade g/t Au	Tonnes	Gold Grade g/t	Contained Gold Ounces
0.0	543,000	2.7	47,100
1.0	512,000	2.8	46,300
2.0	311,000	3.7	36,600
5.0	57,000	6.2	11,300

From a review of the Munda deposit cross sections, which have been plotted 20 metres apart, it appears that a small to medium sized short life open pit mine to a depth from surface of about 120 to 150 metres, with a fairly high stripping ratio might be involved, accessed via a deepening of the old open pit workings. A preliminary opinion is expressed that a 1.0 g/t gold grade cut-off grade might apply, assuming the gold price profile set out in Table 2, with gold prices in the range, indicated in Table 2, of about A$670 to A$730 per ounce.

At a 1.0 g/t gold cut-off grade, Titan's 50 per cent Munda project joint venture interest has an attributable share of 23,150 ounces of contained gold in Inferred Mineral Resources.

There has been no detailed mine planning for the gold and nickel Munda deposits, but subject to mine planning, if demonstrated as viable, an open pit gold project should be able to be relatively quickly established, partly so as to facilitate the earliest possible access to future underground nickel resources.

Any open pit gold mine at Munda would be planned so as to optimise and to accelerate the means of entry to the separate nickel resources, discussed in the foregoing section. It is quite possible that part of any gold project overburden removal cost could be capitalised as part of the development cost for accessing the underground sulphide nickel resources.

In the absence of mine planning detail or cash flow analysis, even at a conceptual project level of detail, for a potential open pit gold development in the upper areas of the Munda deposits, the assessment and valuation of Titan's share of gold in resources is approached in relation to the recent gold price of US$650 per ounce, and the assumed short term price of A$792 per ounce of gold shown in Table 2.

For valuation purposes, a yardstick valuation range of A$35 to A$50 per contained ounce in inferred Munda gold resources has been applied. This range has been selected, having regard for current high gold prices, the relatively immature status of the Munda gold Inferred Resource, the potential for early project development and the lack of potential open pit mine planning.

For the Munda gold resource, fair market value for Titan's one-half interest is ascribed in the range of $0.8 million to $1.2 million.

8.2 Munda Nickel Resource

Over a vertical depth ranging from 40 metres to 200 metres, Munda contains a currently estimated Inferred Resource of 256,000 tonnes at a grade of 1.94 per cent nickel, with 4,970 tonnes of contained nickel metal.

Nickel mineralisation is hosted in three main shoots. High grade nickel mineralisation is in the form of poddy contact shoots, with a broad disseminated component. The basalt-ultramafic contact dips at approximately 55º to the north, striking east-west. Two of the best recorded drilling intercepts to date have been 6 metres at 3.66 per cent nickel and 5.5 metres at 3.87 per cent nickel, in the deepest holes so far drilled, 100 metres apart at a vertical depth of 350 metres. The nickel resource is open at depth, with the best deep hole intercepts in a defined EM anomaly. It is assessed as possible that further drilling may prove the potential for deeper seated zones of mineralisation.

For the Munda nickel resource, fair market value for Titan's one-half interest is ascribed in the range of $0.6 million to $0.9 million.

8.3 Overall Assessment and Valuation

In overall terms, fair market value for Titan's one-half interest in Munda is assessed within the range of $1.4 million to $2.1 million, with a preferred value of $1.8 million.

9. WIDGIEMOOLTHA EXPLORATION AREAS (Titan 100%)

Titan's Widgiemooltha tenements cover some 220 square kilometres around the Widgiemooltha Dome, which has been a significant nickel sulphide mine production source for over 30 years, with known mines and resources broadly distributed around the Dome. The orebodies discovered to date have typically been of limited strike length but elongate down plunge.

Titan's tenements cover 100 kilometres of the prospective basalt-ultramafic contact zone which has hosted most of the nickel deposits in the region.

A recent study reviewed 64 potential targets on Titan's tenements, according to mineralised trends, geochemistry, structural complexity, strike length and the lack or extent of drilling coverage in areas with apparently high prospectivity. The most highly ranked exploration targets are located near and to the south of Widgie Townsite and Widgie 3, and near and to the west of Munda. Other good to moderately ranked targets occur in the southern Mt Eaton and Pioneer areas, located on good trends but with poor historical drilling coverage, though generally under-explored because of the extent of surficial coverage to the south.

Excellent examples of the prospectivity of the Widgiemooltha Dome basalt-ultramafic contact zone can be seen in the Miitel, Wannaway, Mariners and Redross underground mines, operated by Mincor, mainly in known resources acquired from WMC Resources Ltd in 2000 and 2001. Since 2001, Mincor has discovered North Miitel, with total resources of 514,000 tonnes at 3.8 per cent nickel, and more recently South Miitel with resources of 258,000 tonnes at 4.0 per cent nickel. All of the Mincor mines, which have grades between 2.2 per cent and 2.9 per cent nickel, are located on the basalt-ultramafic contact zone, located south of Titan's Widgiemooltha North and Central Widgiemooltha projects, and generally north of the Mt Eaton tenements.

It is our assessment that the most highly prospective targets in the central tenement areas will be subject to exploration by Titan in the near to medium term. It is assessed as quite likely that the southern Mt Eaton and Pioneer tenements, which take in some 25 kilometres of the southern end of the Widgiemooltha Dome, would be considered attractive by third parties if a farm-out were offered by Titan.

Titan's Widgiemooltha tenements are located in areas where there is already a strong history of sulphide nickel discoveries and mines, and are highly rated. With the assessed likelihood of further discoveries in due course, and the current very active nickel exploration climate, for valuation purposes, a fair market value of $2 million to $3 million is ascribed to Titan's exploration areas, with a preferred value of $2.5 million.

10. CARR BOYD ROCKS EXPLORATION PROJECT (Yilgarn earning 51%)

In March 2001, Titan, via ANM, purchased the Carr Boyd Rocks exploration project, 80 kilometres north north-east of Kalgoorlie, from Defiance Mining NL. The project covers a large tenement block of 225 square kilometres, including 17 granted tenements and a further 23 under application.

The Carr Boyd Rocks layered mafic-ultramafic intrusive complex constitutes an important nickel-copper exploration target within driving distance of the established infrastructure at Kalgoorlie. The nickel-copper mineralisation was first discovered in 1968 and is associated with a large layered Voiseys Bay style mafic intrusive structure. The basal contact zone of the Carr Boyd intrusive complex remains largely untested by drilling, with most previous drilling concentrated around the mined breccia pipes and at the Carr Boyd mine complex, testing the potential for the discovery of additional ore shoots of a similar style to the known breccia zones.

The Carr Boyd Rocks intrusive complex also has potential for platinum group metal mineralisation in more differentiated rocks that crystallised in the upper part of the mafic-ultramafic sequence. Exploration by previous explorers has returned anomalous platinum and palladium values over widths of 13 metres to 25 metres, with a peak value of 2.2 ppm platinum plus palladium recorded.

The known mineralisation occurs in three ore shoots or breccia pipes, within two broader zones of disseminated sulphide mineralisation.

10.1 Historical Background to Carr Boyd Rocks

The Carr Boyd Rocks nickel sulphides in breccia pipes were first mined from 1969 to 1975 by Great Boulder Mines Ltd and North Kalgurli (1912) Ltd, and then for a short period by Western Mining Corporation Ltd in 1977, for total production of 210,000 tonnes of 1.44 per cent nickel and 0.46 per cent copper. At the time of the 1977 mine closure, the remaining reported resources to a vertical depth of 300 metres were estimated, on a basis that is not to JORC Code standards, at 548,000 tonnes grading 1.53 per cent nickel and 0.49 per cent copper.

Previous drilling at the Tregurtha prospect, located about 3 kilometres south of the Carr Boyd breccia pipes, intersected 12 metres of disseminated sulphide mineralisation grading 1.0 per cent nickel, 0.4 per cent copper and 1.2 ppm platinum group metals. This mineralisation is above the basal contact and the hole did not reach that contact.

Defiance Mining NL reported 900,000 tonnes of predominantly measured and indicated resources at grades of 1.54 per cent nickel and 0.52 per cent copper. Titan carried out further drilling during 2002 and reported a "measured and indicated resource of 815,000 tonnes averaging 1.11% Ni" containing 9050 tonnes of nickel in November 2002, apparently in five shoots. The copper content of this resource was not stated.

Calculation of this resource was predicated on the use of Titan's BioHeapTM technology. Approximately 200,000 tonnes of this resource, at average grade, was reported as less than 100 metres in depth, and possibly suitable for open pit mining. While there was no reference to cut-off grades, the style of mineralisation with wide sulphide intercepts (for example 33 metres of 1.82 per cent nickel and 0.86 per cent copper in hole CBD18) is such that a cut-off grade of around 1 per cent nickel would apply.

10.2 Yilgarn Mining Limited

In April 2005, Titan entered into the Carr Boyd Rocks farm-out agreement with a subsidiary of Yilgarn Mining Ltd ("Yilgarn"), with the following key terms:

- Payment of $100,000 cash plus a minimum commitment to spend $500,000 on exploration by June

2006, which has now been spent.

- Total minimum expenditure of $3,500,000 by Yilgarn before 30 June 2009, to earn 51 per cent.
- Further $2,500,000 expenditure by Yilgarn to earn 75 per cent.
- Further $1,800,000 expenditure by Yilgarn to earn 90 per cent.

At the various stage points, Titan can elect to contribute. Should Yilgarn earn the 90 per cent interest, Titan's 10 per cent interest will revert to a 1 per cent net smelter return royalty and Yilgarn will assume 100 per cent equity in the project.

Yilgarn has recently reported the results from its initial drilling campaigns, with key points as under:

- Two shallow reverse circulation drilling programs, in the south-western section of the mafic-ultramafic intrusive complex, including the Tregurtha prospect area and at the Carr Boyd mine area, totalling 5145 metres in 48 holes and one deep diamond drill hole to 579.9 metres.
- Best result obtained of 10 metres at 0.86 per cent nickel and 0.58 per cent copper from 10 metres depth in hole CBC097, at the eastern end of the Tregurtha lode.
- The historical Mine Area, with the existing sulphide ore shoots, is considered to be highly prospective, and there are plans to continue to test that area at depth beneath existing drill holes. Down hole EM in the ore diamond hole drilled by Yilgarn identified a conductive body down dip of the known nickel-copper mineralisation.
- The testing of the potential of the intrusive to host very significant nickel, copper and platinum group metals mineralisation will almost certainly require deep drilling, at least to 1000m depth.
- Plans to assess the economic potential of the existing resources in the breccia pipes at Carr Boyd, in view of on-going historically high nickel and copper prices.

10.3 Carr Boyd Rocks Assessment and Valuation

Together with the acquisition shortly afterwards of eight other adjacent but secondary prospecting licences some months later, the Carr Boyd Rocks March 2001 project acquisition cost is recorded as at 31 December 2005 in Titan's accounts at $904,236. The acquisition was at a time when the price of nickel was about US$6,000 per tonne, compared to recent prices in excess of US$19,000 per tonne.

In addition to the major nickel price increase, a further value-adding factor is the increase of 74 per cent in the rate of Western Australian mineral expenditure, from $90.8 million in the March 2001 quarter, to $158.0 million in the latest reported December 2005 quarter. These combined factors suggest a current valuation multiple of several times the initial acquisition cost.

It is also noted that at the time of Titan's November 2002 Carr Boyd Rocks resource estimate, the nickel price was about US$7,300 per tonne. It is possible that a review of the potential upper zone open pit project economics might prove positive in terms of a short term bulk mining project, which appears to be under consideration by Yilgarn.

If, by June 2009, Yilgarn has spent a total of $3.6 million, ie entry cost of $100,000 cash, plus $3.5 million on exploration to earn 51 per cent, then that equates to $3.6 million for 51 per cent of the project. At a discount rate of 15 per cent per annum, such expenditures have a current value of $3.34 million, or $6.55 million for 100 per cent of the project. Attributing this level of value to the project is comparable to assigning a past expenditure method multiplier of unity, reflecting sound but not exciting results.

For the purpose of the current valuation, it is assumed that Yilgarn will complete the expenditure of $3.5 million by June 2009 and that Titan will elect to retain a contributing equity interest of 49 per cent which, on a pro-rata basis, is equivalent to $3.21 million.

By Titan's late 2002 resources estimates, there are 9050 tonnes on nickel contained in measured and indicated resources, with apparent potential for the conversion of such resources to mineable ore reserve, with lower cut-off grades now likely to be applicable because of higher nickel prices. Applying yardstick contained nickel multipliers of $350 to $500 per tonne of nickel, the resulting values are in the range of $3.2 million to $4.5 million for 100 per cent of the exploration project, or $1.6 million to $2.2 million for a 49 per cent equity share.

For the Carr Boyd Rocks exploration project, the fair market value for Titan's interest is ascribed in the range of $1.5 million to $3.0 million, with a preferred value of $2.5 million.

11. VERIFICATION OF TENEMENTS AND TITLES

By its report dated 18 April 2006, Mineral Titles Solutions Pty Ltd in the capacity of an independent tenement specialist firm as required by Paragraph 67 of the Valmin Code, has reported to N H Cole and Associates Pty Ltd in satisfactory terms that all of the interests held by Titan in Western Australia are in good standing. In keeping with the Valmin Code definition of a Specialist, the principal of Mineral Titles Solutions Pty Ltd has the relevant levels of independence, competence and Western Australian experience. That principal is not a member of any professional association having an enforceable code of ethics, but has been retained because of the special circumstance that tenement specialists known to the undersigned are not normally members of any such associations.

The Widgiemooltha region tenements comprise a total of 27 mining leases, three prospecting licence and two exploration licences, all of which pre-date the enactment of Native Title legislation and are thus not liable to claim. The other Western Australian exploration areas, as described in Section 10, are subject to the relevant heritage and cultural preservation legislation such that archaeological and sacred sites will be protected from unauthorised disturbance.

12. PRIOR VALUATIONS AND ASSESSMENTS

No direct third party valuation or assessment reports pertaining to the Titan projects have previously been undertaken and/or been available to N H Cole and Associates Pty Ltd.

13. STATEMENT OF CAPABILITY

The undersigned is a Fellow and past Councillor of The AusIMM, and a Fellow of the Securities Institute of Australia with experience of more than 20 years in the financial analysis, valuation, and investment appraisal of resources projects. Specifically, more than 100 separate projects have been assessed or valued, the majority of which have related directly to the determination of a consideration which could fairly or reasonably be paid by interested purchasers for mining or mineral projects or project interests. The undersigned previously has been responsible for the provision of independent expert reports in the assessment of takeover bids or other proposals involving resources companies, as required under corporate regulatory guidelines and Australian Stock Exchange Listing Rule requirements for independent expert valuation and assessment opinions. The undersigned is responsible for and is a contributor to all sections of this report.

14. PRIOR INVOLVEMENT AND INDEPENDENCE

N H Cole and Associates Pty Ltd and the undersigned are independent of Titan and ConsMin. N H Cole and Associates Pty Ltd will receive a fixed professional fee plus reimbursement for out of pocket costs for the preparation of this report, payment for which is not contingent on the outcome of the current takeover bids for the securities of Titan. There is no pecuniary or other interest which could reasonably be regarded as being capable of affecting the independence of N H Cole and Associates Pty Ltd or the undersigned.

N H Cole and Associates Pty Ltd and the undersigned, and members of his immediate family have no interest or entitlement in the securities of Titan or ConsMin, or in the any of the project areas the subject of this report, and have had no prior client relationship with Titan or ConsMin, except in the case of Titan for some preparatory project assessment work towards the end of 2005 in anticipation of a possible takeover bid for Titan by Reed Resources Limited.

15. LIMITATIONS, CONSENT AND DECLARATIONS

This assessment and valuation has been based largely on a detailed examination of information about the mineral project interests of Titan, largely on the basis of reports and other information made available by officers of Titan. The statements and opinions contained herein are given in good faith and represent our own independent assessment of the information provided. All of such information has been presented in a professional manner and is believed to be true, complete as to material details and not misleading.

The assistance provided by Titan and their officers in facilitating the preparation of this report is acknowledged. The work undertaken for the purpose of this report in no way constitutes a technical audit of any of the project interests reviewed.

N H Cole and Associates Pty Ltd has been indemnified by Titan in respect of any consequential damages, costs and expenses arising from the circulation or use of this report other than from proven wilful misconduct or negligence.

An advanced draft copy of this report was submitted to Titan for comment as to any errors of fact or misunderstandings or misinterpretations, or substantive disagreements as to the assumptions made explicitly or implicitly in this report, but expressly not in relation to the valuation methodology or valuation conclusions drawn in the report. No substantive changes to this report have been made as a result of the review by Titan.

N H Cole and Associates Pty Ltd and the undersigned hereby consent to the form and context in which references to this report are made within the Independent Expert Report of PwCS to which a copy of this report is appended.

The undersigned hereby declares that this report has been prepared independently and in accordance with the Valmin Code. The undersigned further declares that he is a Corporate Member of The Australasian Institute of Mining and Metallurgy, and is subject to the Codes of Ethics of that body.

Yours faithfully
N H Cole and Associates Pty Ltd

N H Cole
B E (Hons), FAusIMM, FSIA, MCIM
Principal and Managing Director

Appendix 1

OTHER VALUATION REFERENCES, AUSTRALIAN NICKEL COMPANIES

There are several points of reference for Australian company nickel project valuations, summarised in Table 6.

Table 6
AUSTRALIAN NICKEL COMPANY VALUATIONS

Company	Recent Market Capitalisation	Nickel – Tonnes in Mineral Resources	Average Grade % Ni	Valuation $/tonne Ni in Resources
Mincor Resources Ltd	$167 million	68,109	3.9%	$2,452
Independence Group NL	$351 million	83,200	5.6%	$4,229
Australian Mines Ltd	$9.6 million	9,342	2.9%	$1,022
Sally Malay Mining Ltd	$226 million	134,355	2.32%*	$1,685
Western Areas NL	$323 million	117,300	3.24%	$1,197
Allegiance Mining NL	$180 million	118,200	1.02%	$1,523

* Reported as nickel equivalent grade, accounting for copper and cobalt credits.

Most of those companies listed above in Table 6 have interests, as discussed below, in the high grade small tonnage operations, from deposits previously owned by WMC Resources Ltd, in the Kambalda Dome and Widgiemooltha Dome regions, south and south-west of Kalgoorlie.

Mincor operates the Miitel, Wannaway, Mariners and Redross mines, in tenements acquired from WMC Resources Ltd in 2001, the locations of which are shown in Figure 3 above, all on the Wigdgiemooltha Dome. 90 per cent of its 1.76 million tonnes of resources as at June 2005 are estimated in the Measured and Indicated Resources categories.

Independence Group NL operates the Long mine, a former Kambalda WMC Resources Ltd mine acquired in September 2002. 93 per cent of its 1.48 million tonnes of high grade resources as at June 2005 are estimated in the Measured and Indicated Resources categories.

Australian Mines Ltd owns and operates the former WMC Resources Ltd Blair mine, south-east of Kalgoorlie. 56 per cent of its relatively small 325,500 tonnes of resources are estimated in the Measured and Indicated Resources categories.

Sally Malay Mining Ltd has a 75 per cent joint venture interest in the Lanfranchi mine, in the Kambalda region, and 100 per cent of the Sally Malay mine in the far north of Western Australia, which has copper and cobalt credits.

Western Areas NL owns 100 per cent of the Forrestania nickel underground projects, in a different Archaean greenstone belt, but in a similar komatiite-hosted environment as the deposits at Kambalda and Widgiemooltha, with reported mineral resources and ore reserves as at February 2006, not reported in keeping with the JORC Code.

Many of the deposits owned by the foregoing companies bear similarities to the Titan nickel projects, as described in Sections 5 to 7, insofar as they mostly involve relatively selective underground mining practices. The grades of the various Titan resources are lower, and only 23 per cent of Titan's total estimated resources are in the Measured and Indicated Resources categories. All of the foregoing companies are also in current production.

Allegiance Mining NL owns 100 per cent of the Avebury project in the west of Tasmania. It is a bulk mining project, with mining widths of 10 to 40 metres. It is not comparable with the komatiite-hosted Western Australian projects, with 11.6 million tonnes of resources reported at an average grade of 1.02 per cent nickel, for a cut-off grade of 0.4 per cent nickel. 64 per cent of its resources as at November 2005 are estimated in the Measured and Indicated resources categories. The Avebury mine is currently being developed, with a production target date of late in 2006.

In terms of valuation parameters, a point of reference can be seen in the cash commitments, totalling $3.5 million, made by ConsMin to acquire its 50 per cent interest in the Armstrong project in the third quarter of 2005. At the time, 87 per cent of the reported resources were in the Measured and Indicated Resources categories. One half of the total of 11,775 tonnes of contained nickel in he resources is equivalent to $594 per tonne of nickel in resources. At the time of the third quarter of 2005, the average nickel price was about US$14,500 per tonne.

Appendix 2

PRINCIPAL INFORMATION SOURCES

In addition to the specific source references listed below, N H Cole and Associates Pty Ltd has had unrestricted access to the all information available to or developed by or on behalf of Titan, and to internal production and financial models and management reports.

1. WMC Resources Ltd, Australian Nickel Mines NL and Titan Resources NL, Sale Agreement, 18 September 2001

2. WMC Resources Ltd, Australian Nickel Mines NL and Titan Resources NL, Sale Agreement, Central Widgiemooltha, Mandilla, Mt Eaton and Pioneer Sales Packages, 10 September 2003

3. Stephenson, W, Golder Associates Pty Ltd, Pre-Feasibility Study of the Armstrong Nickel Deposit, Australian Nickel Mines, February 2004

4. Titan Resources Ltd, Carr Boyd Rocks Nickel Project, Western Australia, Information Memorandum, January 2005

5. Hellman & Schofield Pty Ltd, Resource Estimation, Widgie Townsite Deposit, Western Australia, June 2005

6. McMickan, P, Titan Resources Ltd, The Geology and Resources of the Mt Edwards Nickel Deposit, Widgiemooltha, WA, December 2005

7. Sauter, P, Sauter Geological Services Pty Ltd, Widgiemooltha Nickel Project Target Ranking, Widgiemooltha, Western Australia, January 2006

8. Hellman & Schofield Pty Ltd, Resource Estimation, Munda Gold Deposit, Western Australia, March 2006

9. Simpson, G, Rapallo Consulting & Contracting Engineers, Widgie Townsite Deposit, Conceptual Underground Study #2, Draft Report, 21 March 2006

10. Hastie, C, Rapallo Consulting & Contracting Engineers, 132 North Deposit, Pit Optimisation –

Revised Model, Draft Report, 13 April 2006

11. Yilgarn Mining Limited, Quarterly Report for Period Ending March 31, 2006, 30 April 2006

Appendix E Financial Services Guide

PRICEWATERHOUSECOOPERS SECURITIES LTD
FINANCIAL SERVICES GUIDE
This Financial Services Guide is dated 9 May 2006

1. **About us**

PricewaterhouseCoopers Securities Ltd (ABN 54 003 311 617, Australian Financial Services Licence no 244572) ("PwCS") has been engaged by Titan Resources Limited to provide a report in the form of an Independent Expert's Report that is to be included in a target statement for Titan's response to the bidder's statement lodged by Consolidated Minerals Limited on 7 April 2006.

You have not engaged us directly but have been provided with a copy of the Report as a retail client because of your connection to the matters set out in the Report.

2. **This Financial Services Guide**

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about PwCS generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report and how complaints against us will be dealt with.

3. **Financial services we are licensed to provide**

Our Australian Financial Services Licence allows us to provide a broad range of services, including providing financial product advice in relation to various financial products such as securities, interests in managed investment schemes, derivatives, superannuation products, foreign exchange contracts, insurance products, life products, managed investment schemes, government debentures, stocks or bonds and deposit products.

4. **General financial product advice**

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. **Fees, commissions and other benefits we may receive**

PwCS charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity who engages us to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report, our fees are as disclosed in Appendix A of this Report.

Directors or employees of PwCS, PricewaterhouseCoopers, or other associated entities, may receive partnership distributions, salary or wages from PricewaterhouseCoopers.

6. **Associations with issuers of financial products**

PwCS and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, PricewaterhouseCoopers may be the auditor of, or provide financial services to, the issuer of a financial product and PwCS may provide financial services to the issuer of a financial product in the ordinary course of its business.

7. **Complaints**

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Industry Complaints Service ("FICS"), an external complaints resolution service. You will not be charged for using the FICS service.

Contact Details

PwCS can be contacted by sending a letter to the following address:

Mr Roger Port
PricewaterhouseCoopers Securities Ltd
QV1 Building
250 St Georges Terrace
PERTH WA 6000

Appendix F Glossary of Terms

A$	Australian dollar
ABARE	Australian Bureau of Agricultural and Resource Economics
ASIC	Australian Securities and Investment Commission
ASX	Australian Stock Exchange Limited
Bidder	ConsMin
Bidder's Statement	Bidder's Statement dated 7 April 2006 given by ConsMin to Titan and each holder of Titan Shares under Part 6.5 Division 2 of the Corporations Act
Corporations Act	Corporations Act 2001 (Cth)
ConsMin	Consolidated Minerals Limited
ConsMin share	Fully paid ordinary share in ConsMin
DCF	Discounted cash flow
Directors	Directors of Titan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EPS	Earnings per share
IER	Independent Expert's Report
Independent Directors	Titan Independent Directors
Independent Expert	PricewaterhouseCoopers Securities Ltd
Independent Technical Expert's Report	The report prepared by the Independent Technical Expert set out in Appendix D
Market capitalisation	Value of shares outstanding multiplied by the current share price per share
NPAT	Net profit after tax
Offer	ConsMin takeover offer to acquire Titan shares
PwCS	PricewaterhouseCoopers Securities Ltd
Target	Titan
Target Statement	Document / statement prepared by Titan under Part 6.5 Division 3 of the Corporations Act
Technical Expert	NH Cole and Associates Pty Ltd
Titan	Titan Resources Limited
Titan share	Fully paid ordinary share in Titan
US$	United States Dollar
VWAP	Volume weighted average price for a defined period