

FORM 51-102F3

MATERIAL CHANGE REPORT

1. **Name and Address of Company**

Titanium Corporation Inc. ("**Titanium**" or the "**Company**")

Suite 800, 736 - 8th Ave SW
Calgary, AB T2P 1H4

2. **Date of Material Change**

December 20, 2021

3. **News Release**

A news release was issued by Titanium on December 20, 2021 and disseminated through the facilities of a recognized newswire service and filed on the System for Electronic Document Analysis and Retrieval at www.sedar.com ("**SEDAR**"). The news release would have been received by the securities commissions where Titanium is a reporting issuer in the normal course of its dissemination.

4. **Summary of Material Change**

On December 20, 2021, Titanium announced it was commencing a private placement offering for a minimum of 15.0 million and a maximum of 25.0 million units of the Company ("**Units**") at a subscription price of \$0.20 per Unit for gross proceeds of a minimum of \$3.0 million (the "**Minimum Offering**") and maximum of \$5.0 million (the "**Maximum Offering**" and, together with the Minimum Offering, the "**Offering**"). Each Unit will consist of one common share of the Company (each a "**Common Share**") and one-half of one Common Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitles the holder to acquire one Common Share at a price of \$0.30 per Common Share for a period of four years from the date of issuance. The Common Shares and Warrants issued pursuant to the Offering will be subject to a four month hold period from the closing date.

In connection with the Offering, Titanium entered into definitive subscription agreements with a group of investors (the "**Investor Group**") led by Darren Morcombe and Moss Kadey to purchase 15.0 million Units for gross proceeds of \$3.0 million. Other related parties of the Company have also agreed to, or are expected to agree to, subscribe to the Offering.

The Offering is conditional on, among other things, certain changes being made to the composition of the Board of Directors of Titanium (the "**Board**").

5. **Full Description of Material Change**

Private Placement Offering

On December 20, 2021, Titanium announced it was commencing the Offering. The Offering will be conducted in Canada and to individuals outside of Canada who are eligible under certain exemptions. The maximum gross proceeds available under the Offering is \$5.0 million. Titanium

intends to use the net proceeds of the Offering to pay the costs of the Offering, to fund costs associated with the commercialization of the CVW™ process, including engineering and design costs, to settle all deferred compensation owing to its directors, officers and a former officer in the amount of approximately \$1.1 million, and for general corporate purposes.

Subscription Agreements and Related Party Participation

In connection with the Offering, Titanium entered into subscription agreements with the Investor Group (led by Messrs. Morcombe and Kadey), pursuant to which the Investor Group agreed to purchase 15,000,000 Units for a gross proceeds of \$3.0 million (the "**Investor Subscription**"), 50% of which has been funded into escrow with the balance to be funded on or prior to the issuance of such Units to the Investor Group and their substituted purchasers (if any). Titanium may, if the Investor Subscription is not fully funded and completed by January 12, 2022, access the escrow proceeds to complete the available amount of the Investor Subscription and pursue its other remedies for the balance of the Investor Subscription.

Mr. Kadey, a director and shareholder of the Company with ownership and/or control of more than 10% of the outstanding Common Shares, has agreed to subscribe for 5,000,000 Units. Mr. Kadey and other members of the Investor Group are entitled to allocate their rights and obligations to purchase some or all of the Units they have subscribed for to substituted purchasers who are accredited investors. If allocations are made, Mr. Kadey and other members of the Investor Group (as applicable) will not be obligated to purchase the Units so purchased by their substituted purchasers.

Titanium has also entered into subscription agreements with Messrs. David Macdonald and John Stevens for up to 1,500,000 Units and up to 700,000 Units, respectively, for aggregate gross proceeds of up to \$440,000. Messrs. Macdonald and Stevens are both directors and significant shareholders of the Company.

In addition, Mr. Bruce Griffin, a director of the Company, is expected to subscribe for up to 750,000 Units for gross proceeds of up to \$150,000, and Mr. Kevin Moran (Executive Vice-President and Chief Technology Officer) and Ms. Ingrid Meger (Vice President, Finance and Chief Financial Officer) are expected to subscribe for, in aggregate, up to 275,000 Units for gross proceeds of up to \$55,000.

In aggregate, related parties of the Company have subscribed for up to 11,225,000 Units of the Company for gross proceeds of up to \$2,245,000. Completed subscriptions for such related parties are expected to be lower as a result of allocations to substituted purchasers.

Related Party Disclosures

The participation of insiders in the Offering described above constitute "related party transactions" within the meaning of TSX-V Policy 5.9 and Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"). Titanium is relying on the exemptions from the formal valuation and minority shareholder approval requirements of MI 61-101 contained in sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of the related party participation in the Offering as neither the fair market value (as determined under MI 61-101) of the subject matter of, nor the fair market value of the consideration for, the Offering, insofar as they involve interested parties (as defined under MI 61-101), exceeds 25% of Titanium's market capitalization (as determined under MI 61-101).

There are currently 88,480,791 Common Shares and 3,044,742 warrants to purchase Common Shares issued and outstanding. If Titanium completes the Minimum Offering, a total of 103,480,791 Common Shares and 10,544,742 warrants to purchase Common Shares will be issued and outstanding. If Titanium completes the Maximum Offering, a total of 113,480,791 Common Shares and 15,544,742 warrants to purchase Common Shares will be issued and outstanding.

The following table sets forth the anticipated effect of the Offering on the percentage of securities of the Company beneficially owned or controlled by each related party of the Company participating in the Offering:

Name of Shareholder	Securities⁽¹⁾ Currently Owned, Controlled or Directed (and % of issued and outstanding)	Securities to be Owned, Controlled or Directed (and % of issued and outstanding)⁽²⁾	Securities to be Owned, Controlled or Directed (and % of issued and outstanding)⁽³⁾
Moss Kadey	12,521,945 (12.76%)	20,021,945 (16.60%) ⁽⁴⁾	20,021,945 (14.76%) ⁽⁴⁾
David Macdonald	6,231,184 (6.35%)	7,581,184 (6.28%) ⁽⁵⁾	8,481,184 (6.25%) ⁽⁶⁾
John Stevens	2,966,602 (3.02%)	3,596,602 (2.98%) ⁽⁷⁾	4,016,602 (2.96%) ⁽⁸⁾
Bruce Griffin	107,961 (0.11%)	1,232,961 (1.02%) ⁽⁹⁾	1,232,961 (0.91%) ⁽⁹⁾
Kevin Moran	1,295,102 (1.32%)	1,520,102 (1.26%)	1,520,102 (1.12%)
Ingrid Meger	-	187,500 (0.16%) ⁽¹⁰⁾	187,500 (0.14%) ⁽¹⁰⁾

Notes:

- (1) Inclusive of Common Shares, options to purchase Common Shares, deferred share units convertible into Common Shares, restricted share units convertible into Common Shares and warrants to purchase Common Shares
- (2) Based on completion of the Minimum Offering and 120,639,669 total equity on a fully diluted basis.
- (3) Based on completion of the Maximum Offering and 135,639,669 total equity on a fully diluted basis.
- (4) Assumes Mr. Kadey subscribes for and acquires 5,000,000 Units pursuant to the Offering.
- (5) Assumes Mr. Macdonald subscribes for 900,000 Units, equal to 6% of the Units to be subscribed for pursuant to the Minimum Offering.
- (6) Assumes Mr. Macdonald subscribes for 1,500,000 Units, equal to 6% of the Units to be subscribed for pursuant to the Maximum Offering.
- (7) Assumes Mr. Stevens subscribes for 420,000 Units, equal to 2.8% of the Units to be subscribed for pursuant to the Minimum Offering.
- (8) Assumes Mr. Stevens subscribes for 700,000 Units, equal to 2.8% of the Units to be subscribed for pursuant to the Maximum Offering.
- (9) Assumes Mr. Griffin subscribes for 750,000 Units pursuant to the Offering.
- (10) Assumes Ms. Meger subscribes for 125,000 Units pursuant to the Offering.

The Board did not appoint a special committee of the Board in connection with the Offering. Mr. Brant Sangster, a former director of the Company who objected to the Offering, retired from the Board on December 19, 2021 in advance of the meeting of the Board to approve the Offering. The Board unanimously approved the Offering, including Mr. Scott Nelson (a director and the President and Chief Executive Officer of the Company) who is not participating in the Offering.

Reconstitution of the Board of Directors

Conditional on the Investor Group and their substituted purchasers completing the Investor Subscription by no later than January 12, 2022, Messrs. David Macdonald, John Stevens and Scott Nelson will retire from the Board and Messrs. Darren Morcombe, John Brussa and John Kowal will be appointed in their place.

6. Reliance on subsection 7.1(2) of National Instrument 51-102:

Not applicable.

7. Omitted Information

Not applicable

8. Executive Officer

Scott Nelson
President & CEO
Tel: (403) 561-0439
Email: snelson@titaniumcorporation.com

9. Date of Report

December 30, 2021

READER ADVISORIES

This material change report contains forward-looking information and statements within the meaning of applicable Canadian securities legislation. In particular, this material change contains forward-looking statements including the (i) closing of the Offering and the timing thereof; (ii) the funds to be raised under the Offering; (iii) the use of the funds raised under the Offering; (iv) the characteristics and number of the Units to be purchased pursuant to the subscription agreements entered into by the subscribers under the Offering; (v) insider participation in the Offering; and (vi) the reconstitution of the Board and the timing thereof. Although Titanium believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because Titanium can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including (i) the actual costs incurred in the Offering; (ii) the actual amount of funds raised under the Offering; (iii) the final participation levels of the Investor Group and insiders in the Offering; and (iv) the Company's ability to complete the commercialization of its CVW™ process. Titanium has not commercially demonstrated its technologies and there can be no assurance that such research, pilot programs, and studies will prove to be accurate nor that such commercialization efforts will be successful, as actual results and future events could differ materially from those expected or estimated in such forward-looking statements. Titanium cannot guarantee that any forward-looking information will materialize and the Company cautions readers against relying on any of this forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. Additional information on these and other factors are disclosed in our reports filed with the securities regulatory authorities in Canada from time to time and available on SEDAR (sedar.com).

The forward-looking information and statements contained in this material change report are made as of the date hereof and Titanium undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements made previously may be inaccurate now.