



TITANIUM
Exploration Partners

Form ADV Part 2A: Brochure

Titanium Exploration Partners, LLC

March 2020

Principal Office

Titanium Exploration Partners, LLC
2100 McKinney Avenue
Dallas, TX 75201
214-751-8900
<http://titaniumep.com>

This Brochure provides information about the qualifications and business practices of Titanium Exploration Partners, LLC (“TEP” or the “Company”). If you have any questions about the contents of this Brochure, please contact us at 214-751-8900 or by email at halloran@titaniumep.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about TEP is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2: Material Changes

The following material changes in TEP's Brochure were made since the Company's initial registration with the SEC became effective on August 1, 2017:

- Item 8 – TEP added a disclosure describing cybersecurity risks
- Item 15 – TEP enhanced its disclosure regarding custody of client assets

Item 3: Table of Contents

Item 1: Cover Page.....	1
Item 2: Material Changes.....	2
Item 3: Table of Contents.....	2
Item 4: Advisory Business	2
Item 5: Fees and Compensation	3
Item 6: Performance Based Fees and Side-by-Side Management	3
Item 7: Types of Clients.....	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9: Disciplinary Information	9
Item 10: Other Financial Industry Activities and Affiliations	9
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	9
Item 12: Brokerage Practices	9
Item 13: Review of Accounts.....	10
Item 14: Client Referrals and Other Compensation.....	10
Item 15: Custody	10
Item 16: Investment Discretion.....	11
Item 17: Voting Client Securities.....	11
Item 18: Financial Information	11

Item 4: Advisory Business

TEP is a Dallas, Texas-based investment firm focused on the acquisition and development of operated and non-operated oil and gas assets in leading shale plays across the United States. TEP advises investors seeking to build a diverse portfolio of assets through the acquisition of operated and non-operated working interests as well as creating partnerships with established upstream oil and gas operators. TEP is focused on the Eagle Ford Shale in Texas, the Permian Basin in Texas and the SCOOP/STACK plays in Oklahoma. TEP also reviews investment opportunities in other top shale plays in the United States. TEP's services are limited to these types of investments.

TEP was founded in 2014 by Peter M. Halloran, Executive Chairman and Chief Investment Officer and Charles B. Simmons, Jr., Chief Executive Officer. Mr. Halloran and Mr. Simmons are the principal owners of TEP.

As of December 31, 2019, TEP manages \$4,060,395 of assets on a discretionary basis and \$383,713,110 of assets on a non-discretionary basis.

Item 5: Fees and Compensation

TEP receives fees for the services it provides monthly in advance. These services include sourcing opportunities for investment in oil and gas properties, underwriting those opportunities, negotiating acquisition terms, managing the cash flows of the assets that have been acquired, evaluating drilling proposals received for the assets, monitoring the performance of the assets and preparing exit opportunities for the assets. The fees for these services vary where one investment group covers much of the overhead expenses incurred by TEP while another is charged a fixed percentage of the Enterprise Value (as calculated by unreturned capital contributions plus outstanding debt) of the assets that have been acquired by this investment group. TEP is also responsible for managing third party service providers where such outside services must be approved in advance by the owner of the assets. Investors in TEP's limited partnerships are invested exclusively in investment vehicles where TEP does not serve as the investment adviser but does provide other asset management services for a fee. Investors in TEP's limited partnerships will bear their proportionate share of the expenses charged by TEP including accounting, banking and legal expenses, as well as their proportionate share of expenses incurred by the other investment vehicles, including the fees from TEP's asset management agreements with those investment vehicles.

Item 6: Performance Based Fees and Side-by-Side Management

TEP does not charge investors in its investment vehicles a performance based fee. However, TEP does share in the carried interest earned by the two limited partnerships in which it invests its investors' assets. TEP's investors will not be charged carried interest by these two investment vehicles.

Item 7: Types of Clients

TEP provides its non-discretionary investment advisory services to two large private equity groups investing in oil and gas assets. TEP also manages two private partnerships on a discretionary basis that invest in the private funds managed by the two previously mentioned private equity groups.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategy and Methods of Analysis

TEP's investment strategy is focused on the acquisition and development of operated and non-operated oil and gas assets in leading shale plays across the United States. The investment process begins by identifying what TEP believes to be unconventional upstream oil and gas plays in the U.S. having the most favorable economics. An engineering study is then conducted to determine target areas within that play which offer the most consistently economic drilling results, such target areas are known as the 'core of the play' in industry parlance. TEP sources mineral leases for sale that overlap with its target areas while having a preference for the non-operated working interests of those mineral leases over the operated working interests. TEP then recommends an acquisition

price for those working interests. That price recommendation is determined after a financial model has been built using a reservoir engineering report of type curves and decline curves for the mineral leases. If the acquisition is approved by one of the large private equity groups TEP then assists in the negotiation of a Purchase-Sale Agreement.

Risks

Oil and gas interests and investments therein are speculative, involve a high degree of risk and are suitable only for persons who are able to bear the risk of loss of their entire investment. Such interests should be purchased only by persons who have the resources to assume such risks on a long-term basis. Prospective investors should consult their own legal, tax, and financial advisors in relation to the offering. Prospective investors should carefully consider the following selected risks, in addition to others, before investing in oil and gas. The order in which the following risks are presented is not intended to represent the relative magnitude of the risks described

Risks Associated with Ownership Interests in Producing Properties

Volatility of Commodity Prices

Market factors beyond TEP's control may adversely affect the price from the sale of the oil and gas produced by the properties. Furthermore, the sale price of oil and gas may be extremely volatile. A decrease in oil or gas prices would have an adverse effect on the amount realized by TEP from its interests in oil and gas properties. Some of the factors that may affect the price of oil and gas include the amount of domestic production, the level of imports of oil and gas, the market demand on a regional, national and worldwide basis, weather, competition from other sources of energy, and variations in, and the imposition of, governmental regulations upon the oil and gas industry. Oil and gas markets are seasonal and cyclical. Prices of oil and gas are subject to wide fluctuations in response to relatively minor changes in circumstances, and there can be no assurance that future prolonged decreases in such prices will not occur. There can be no assurance that oil and gas prices will not decrease in the future, thereby decreasing the amount realized by TEP with respect to its interest in oil and gas properties.

Risk of Purchasing Interests in Producing Properties

Any oil and gas investment involves significant risks, and the properties' profitability cannot be assured. The economic success of TEP is greatly dependent upon the ability of TEP to identify properties that will maximize TEP's return on investment and to acquire these properties on a favorable economic basis. TEP's selection of such properties is, however, an inherently subjective process.

Estimation of future cash flows from oil and gas, which is an integral part of the property selection process, depends upon evaluation of existing engineering and production data. There is no assurance that these properties will continue to produce oil and gas at levels consistent with their production history.

Dependence on Operators

TEP may have limited or no control over the operation of the oil and gas producing properties in which the TEP purchases interests, and may instead be dependent on independent third party operators for their operation. Operators usually are corporations or other entities that are engaged in the business of supervising the drilling and production of wells. The ability of TEP to realize income from its interests in the properties will depend on the continuing production of oil and gas from the properties, which, in turn, will depend in part on the managerial ability of these operators.

Lack of Certainty as to Expected Cash Flows

Estimates of expected cash flows made by TEP in purchasing properties may not be accurate and if inaccurate may result in TEP overpaying for properties. Most oil and gas wells generally experience their maximum output shortly after production is commenced and thereafter output declines until it no longer is economical to operate the well. The rate of this decline and the point at which further operation will not be justified varies among wells. In addition, production can fluctuate significantly. As a result, the estimates of expected cash flows made by TEP in purchasing wells may not be accurate and if incorrect may result in TEP overpaying for wells and therefore reduce the return realized by TEP.

Drilling and Operating Risks

Oil and gas drilling activities are subject to numerous risks, many of which are beyond TEP's control. Operations may be curtailed, delayed or canceled as a result of title problems, weather conditions, compliance with governmental requirements, mechanical difficulties, equipment failures, strikes or other labor problems, and shortages or delays in the delivery of equipment. In addition, oil and gas assets may be susceptible to hydrocarbon drainage from production by other operators on adjacent properties. Industry operating risks include risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as oil spills, gas leaks, ruptures or discharges of toxic gases, the occurrence of any of which could result in substantial losses due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. Costs associated with maintaining and repairing wells in which TEP purchases an interest will affect the income produced by the properties.

Uncertainty of Cash Distributions

TEP cannot give any assurances as to the amount or timing of cash distributions investors may receive from TEP. Investors will not begin to receive cash distributions until TEP acquires interests in properties and it begins to receive proceeds from sales of production. The acquisition of interests in properties by TEP and the receipt of proceeds by TEP may take a significant amount of time or may not occur.

Limitations on Production Due To Unitization or Pooling Regulations

The operations of TEP may also be subject to various conservation matters, including the regulation of the size of drilling and spacing units or proration units, the number of wells which may be drilled in a unit, and the unitization or pooling of oil and gas assets. In this regard, some states allow forced pooling or integration of tracts to facilitate exploration while other states rely on voluntary pooling of lands and leases, which may make it more difficult to develop oil and gas assets. In addition, state conservation laws establish maximum rates of production from oil and gas wells, generally prohibit the venting or flaring of gas, and impose certain requirements regarding the ratable purchase of production. The effect of these regulations may be to limit the amounts of oil and gas that the operating company can produce from its wells and to limit the number of wells or the locations at which it can drill.

Specific Government Regulation of Exploration, Development and Production

Crude oil and natural gas exploration, development and production are subject to various types of regulation by local, state and federal agencies. These laws and regulations govern, among other things:

- Issuing permits and bonds in connection with drilling activities;
- Regulating operations on secondary recovery projects;
- Regulating the location of wells;
- Regulating the method of drilling and casing of wells;
- Regulating the surface use and restoration of properties upon which wells are drilled; and
- Regulating the plugging and abandonment of wells.

Production and Severance Taxes

Each state generally imposes a production or severance tax with respect to production and sale of crude oil, natural gas and natural gas liquids within their respective jurisdictions.

Competition

TEP will encounter competition from other purchasers of properties, including those willing to accept lower rates of return when acquiring desirable oil and gas properties. Increased competition could have the effect of increasing the purchase prices of those properties such that they cannot be acquired using TEP's criterion, or, if they can, they must be purchased at or close to a price that will give TEP only its minimum acceptable yield. TEP cannot give any assurance that it will be able to bid successfully against current or future competitors, or that competitive pressures it may face would not harm its business or operating results.

In addition, no assurance can be given that enough suitable oil and gas properties will be available for acquisition by the operating company, and therefore the amount of cash available for reinvestment or distributions investors receive from TEP may be less than anticipated.

Lack of Control Over Properties

In most instances, TEP will not acquire a 100% ownership interest in properties. Instead, it will acquire fractional interests with other parties owning the remaining interests. Although TEP will have the right to sell its proportionate interests in the production from the properties, it will share ownership and, therefore, it also will share control of the Properties with others.

Leasehold Defects

Producing properties acquired by TEP are generally purchased without general warranty of title. Even though title disputes are infrequent for existing properties that have established production histories, there can be no assurance that TEP will not incur losses resulting from title defects or from defects in the assignment of leasehold rights. In most instances TEP will not obtain title opinions. The lack of a title opinion increases the possible risk of loss for TEP. Furthermore, in certain instances, TEP may decide to purchase properties even though certain technical title defects exist if it believes it to be in the best interests of TEP.

Other Risks Associated with Investments

No Prior or Current Market; Determination of Offering Price

Ownership interests in investment vehicles will be transferable only in accordance with certain restrictions in the governing partnership agreements. There is presently no market for the interests and an active public market will not likely develop. By investing in the interests, each investor acknowledges that he or she has been advised, and understands, that no public market exists or is expected to exist for the resale of the interests. Purchasers of the interests may not, therefore, be able to liquidate their investments readily. Investors should be prepared to bear the risk of investment until they are liquidated. Investors will not own direct interests in oil and gas properties or other assets of TEP. As a result, these interests cannot be sold, exchanged for other property, or used as collateral for borrowings by investors. There is no market price for the interests.

Limited Diversification

To the extent that capital is invested predominantly in interests in properties in a particular geographical area there is an increased exposure to an adverse occurrence that affects that particular market or geographical area. Such an occurrence would adversely affect the operations and revenues of the Properties to a greater extent than if capital is invested in interests in properties with greater geological and geographical diversification. TEP intends to diversify its acquisitions of interests in oil and gas properties; however, the limited size of the overall investment may prevent it from achieving broad geological and geographical diversification, with a consequently higher risk of loss associated with the properties.

Investors' Limited Control Over Fund

Investors will take no part in the management or control of operations. The success of investments will be dependent upon the decisions made by the advisors of the asset holdco's into which TEP invests and where TEP acts as sub-advisor. The voting rights of investors are limited to approval of certain extraordinary matters such as certain amendments of the partnership agreement, dissolution of the agreement and removal of the TEP management team.

Limited Operating History

TEP has a limited operating history on which an investor can evaluate its business or base any estimate of TEP's future earnings prospects. As a result, investors will not have access to substantial historical information that would be helpful in deciding whether to invest in TEP. TEP will evaluate and purchase oil and gas wells using a methodology generally accepted in the oil and gas industry. There can be no assurance, however, that TEP will achieve the same results or return on investment, if any, as witnessed in previous investments.

Dependence on Key Personnel

TEP's operations are highly dependent upon the efforts of its executive management team who have significant experience in selecting and purchasing oil and gas properties. Their experience is expected to be an important element in TEP's operations. The loss of members of the management team while TEP is in the process of identifying, analyzing and purchasing properties could adversely affect TEP's investment in interests in properties.

Conflicts of Interest

TEP will bear all management responsibility for the operations of TEP. The only assurance investors have that TEP will not abuse its discretion in selecting oil and gas properties in which TEP will acquire interests and in making other business decisions affecting TEP is, the business integrity and fiduciary obligations of the management team, as well as the economic incentive provided to them if TEP is profitable. The outside petroleum engineers, geologists and land professionals who TEP may utilize to assist in evaluating and identifying properties in which TEP may acquire interests are independent contractors who may provide similar information to other entities that may compete with TEP for the acquisition of interests in such properties. TEP will take steps to ensure that conflicts of interest arising from the outside consultants' services are resolved to TEP's satisfaction. This may result, from time to time, in TEP being required to engage firms other than those TEP typically hires.

General Economic Conditions

General economic conditions may affect TEP's activities. Interest rates, general levels of economic activity, and participation by other investors in the financial markets may adversely affect the value and number of investments made by TEP or considered for prospective investment.

Securities Law Matters

Interests are not and will not be registered under the Securities Act or any other securities laws, including state securities or Blue Sky laws. Interests will only be offered and sold to Accredited Investors as defined in Rule 501 of Regulation D under the Securities Act. Interests will be offered without registration in reliance upon the Securities Act exemption for transactions not involving a public offering. Investors will be required to make certain representations to TEP, including that they are making an investment for their own account, for investment purposes only and not with a view to distribution, and that they have the ability to bear the economic risk of an investment in TEP.

Cybersecurity Risks

As the use of technology has grown, there are ongoing cybersecurity risks that make TEP and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that TEP is subject to a cyber-attack or other unauthorized access is gained to its systems, TEP and its clients may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to TEP or its clients. Cyber-attacks affecting TEP's service providers holding its financial or client data may also result in financial losses to clients, despite efforts to prevent and mitigate such risks under TEP's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since TEP does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

Item 9: Disciplinary Information

There have been no legal or disciplinary events during the past 10 years that are material to a client's or prospective client's evaluation of TEP's advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

TEP and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

TEP has different compensation arrangements with each of its investors. A conflict of interest may arise due to TEP's differing economic interests among investors. TEP has disclosed this conflict in writing to its investors.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

TEP has developed and implemented a Code of Ethics (the "Code") which sets forth standards of conduct that are expected of all TEP employees and addresses conflicts that may arise from personal trading. The Code requires that TEP and its employees comply with applicable Federal securities laws, and meet their fiduciary obligations to the Company's clients and investors and adhere to sound business ethics and principles. Each of TEP's employees must acknowledge their receipt of

the Code, their understanding of the provisions contained in the Code, and their agreement to abide by the principles, policies and procedures set forth in the Code, upon commencement of employment, annually and following any amendments to the Code.

Employees must have written pre-clearance for all transactions involving IPOs, private placements (e.g., hedge funds or private equity funds) and any securities of public companies in the energy / oil and gas industry before completing the transactions.

TEP will provide a copy of the Code to any investor or prospective investor upon request.

Item 12: Brokerage Practices

TEP will make hedging transaction recommendations for assets where TEP has assisted in the underwriting process. If accepted, TEP will be responsible for executing these hedging transactions.

The trading counterparties selected to execute these hedging transactions are determined by the financial institutions that provide the credit facility for the investments that have been made. When considering which financial institution to recommend for a project, TEP considers both the terms of the credit facility as well as the financial institution's ability to execute efficient hedging transactions.

When a more favorable price can be achieved, TEP will recommend to a particular investment group that they aggregate a hedging transaction. If the investment group agrees, then we will execute the transaction in accordance with their instructions.

Item 13: Review of Accounts

TEP prepares weekly written reviews for the investment groups of all investments where it provides ongoing supervisory or management services. These weekly written reviews are prepared by TEP's engineering department and include updates on well performance, cash flows and drilling schedules. TEP also provides quarterly written reports to the banks financing these investments. TEP's CFO prepares these written reports for the banks that include updated reserve information, cash flow and lease operating expense data.

Item 14: Client Referrals and Other Compensation

TEP does not receive any economic benefit from a person who is not a client for providing investment advice or other advisory services to TEP's clients. The Company does not compensate any person for advisory client referrals.

Item 15: Custody

TEP may be deemed to have constructive custody of certain client assets because its affiliate is the general partner of its limited partnership investment vehicles ("LPs"). Actual custody of the funds

and other securities, not invested in oil and gas assets, are held by a qualified custodian, not with TEP.

Pursuant to Rule 206(4)-2 under the Investment Advisers Act of 1940, each LP is subject to an annual audit conducted by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each LP's audited financial statements, prepared in accordance with generally accepted accounting principles, are distributed to investors within 120 days of each LP's fiscal year-end.

Item 16: Investment Discretion

In accordance with the terms and conditions of the limited partnership agreement ("LPA") of the two private partnerships receiving its services, TEP has discretionary management authority because a related party acts as the General Partner of each of those private partnerships.

Item 17: Voting Client Securities

TEP does not provide investment advice concerning publically-traded securities. Therefore, this item does not apply to the Company.

Item 18: Financial Information

TEP does not solicit the prepayment of more than \$1,200 in fees per client, six months or more in advance. The Company does not have any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients and investors. TEP has not been the subject of a bankruptcy petition at any time during the past ten years.