



ABN 65 009 131 533

**Interim Financial Report for the Half Year Ended
31 December 2021**

Contents

Page

Corporate information	2
Directors' report	3
Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the consolidated financial statements	10
Directors' declaration	14
Independent auditor's report on review of interim financial report	15
Auditor's independence declaration	17

Corporate Information

Directors

Mr James Searle
Mr Jason Ferris
Mr Lee Christensen

Company Secretary

Mr Alan Armstrong

Registered Office

Level 11, 216 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9481 0389
Facsimile: (08) 9463 6103

Share Registry

Computershare Investor Services Pty Limited
Reserve Bank Building
Level 2, 45 St Georges Terrace
PERTH WA 6000

Place of Incorporation

Western Australia

Principal Place of Business

Level 11, 216 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9481 0389
Facsimile: (08) 9463 6103

Auditors

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
Perth WA 6000

Bankers

National Australia Bank
100 St Georges Terrace
PERTH WA 6000

Stock Exchange

ASX Limited
Central Park
152 - 158 St Georges Terrace
PERTH WA 6000

ASX Code

TSL

Titanium Sands Limited

Directors' Report For the half year ended 31 December 2021

2

The directors of Titanium Sands Limited ("the Company") and its wholly owned subsidiaries (together referred hereafter as "the Group" or "the Consolidated Entity") submit herewith the interim financial report for the half year ended 31 December 2021. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The directors of the Company at any time during or since the end of the half year are:

Mr James Searle
Mr Jason Ferris
Mr Lee Christensen

Company Secretary

Mr Alan Armstrong

Principal Activities

The current principal activity and key focus for the Group during the period is mineral exploration.

Operating Results

The net loss of the Company for the half year ended 31 December 2021 was \$560,947 (2020: net loss \$859,510).

Review of Operations during the Period

During the 6 months to the 31st of December 2021 operational activities on the Mannar Island Heavy Mineral Project in Sri Lanka continued to be constrained by the Covid-19 pandemic. However preparations made during this period have enabled the recommencement of operations with a drilling program in early January (ASX:TSL 4/1/22¹). In addition, the easing of pandemic conditions in late 2021 has permitted Sri Lankan regulatory authorities such as the Geological Survey and Mines Bureau (GSMB) to return to normal operations, resulting in the renewal of core exploration tenure for the project.

The outlook for the next 6 months of operations includes:

- Completion of the current 304 hole resource infill and extension drilling program and analysis of results.
- A mineral resource update following on from the drilling program.
- An updated scoping study for the Mannar Heavy Mineral Project.

RESOURCE CONVERSION AND EXTENSION DRILLING

As announced to the market (ASX:TSL 4/1/22¹) a resource upgrade and extension program was commenced. The program will consist of about 304 holes to a nominal depth of 12m for a total meterage of around 3,600m. The program is being undertaken within the company's high grade zone as outlined in the initial scoping study (ASX:TSL 16/06/2020²). The high-grade zone currently contains a mineral resource¹ of 93Mt at 5.24%THM of which 32% is in the indicated category (Table 1). This high-grade zone represents only 35% of the total current mineral resource estimate for the project of 265Mt at 4.38%THM (Table 2).

The primary objective of the drilling will be to convert more of the resource in the high-grade zone from an inferred to indicated mineral resource category by decreasing the RC aircore drill line separation from a nominal 400m to 200m. A secondary objective will be to drill 12m deep holes beneath a 2.2km² area of the high-grade zone resource only tested by shallow auger drilling down to 2-3m below surface.

Sample preparation is being undertaken through the Company's on-site sample preparation facilities will be undertaken concurrently with the drilling. Analytical laboratory determinations of Total Heavy Mineral content is being undertaken in a specialised independent laboratory.

An updated resource estimate will follow allowing for a revision of the project's scoping study and will assist the company's proposed mining license application process.

The Sri Lankan Geological Survey and Mines Bureau Technical Services Division (GSMBTS) has been contracted to supervise the drilling program and on site sample preparation. Drilling is being carried out using the Company's own RC/Aircore drilling rig.

As announced to the market (ASX:TSL 28/1/22) 74 of the 304 hole program have been completed. While the program is progressing well it is tracking slightly behind schedule due to inclement weather and seasonal rains. Measures are being implemented to improve drilling and sample handling logistics and wet season conditions are expected to abate shortly.

As also reported (ASX:TSL 28/1/22) sample preparation is being undertaken in the onsite sample preparation facilities with analyses being undertaken by a mineral sands laboratory in South Africa.

Titanium Sands Limited

Directors' Report

For the half year ended 31 December 2021

3

TENURE

As announced to the market (ASX:TSL 22/12/21⁴) EL351 was renewed for a 2-year term expiring 23rd of December 2023. This renewal confirms TSL's 5 most important exploration licences are compliant and current until at least mid 2023 (Table 3).

CORPORATE

As announced to the market (ASX:TSL 04/01/2022⁵) Titanium Sands Ltd was re-instated to Quotation on the ASX following the release by the Company regarding the commencement of explorations works.

COVID-19 IMPACT ON OPERATIONS

To date Sri Lanka has experienced 640,000 COVID-19 cases and 16,055 deaths in a population of 21 million (<https://www.worldometers.info/coronavirus/country/sri-lanka/>). In August 2021 the Sri Lanka was coping with its worst period of the pandemic with over 5,000 cases per day deaths exceeding 200 per day. Functioning of Government Departments and businesses were severely curtailed and forced to operate for extended periods with only limited staff for much of 2021. Travel to and from Sri Lanka has also been severely curtailed. During November and December 2021 COVID-19 cases have diminished significantly and restrictions on movement and in work places have been eased. The more infectious Omicron variant is now established in Sri Lanka and its trajectory is uncertain.

Corporate activities in Australia are being handled in keeping with local recommendations with everything being done via the internet with no significant change from normal.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	16.96	29.51	7.25	0.75	20.39	3.25	0.62	0.1	0.12	0.9
Inferred	36.07	63.05	4.29	0.99	25.10	1.80	0.33	0.07	0.08	0.47
Total	53.03	92.56	5.24	0.92	23.60	2.27	0.42	0.08	0.09	0.61

Table 1 Mineral resource estimate for a higher grade zone contained within the resources tabulated below for a 2% (THM) lower cut off. Previously reported to the ASX in full compliance with the JORC 2012 requirements see below

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	37.78	66.14	5.54	0.83	11.63	2.48	0.46	0.1	0.1	0.51
Inferred	113.62	198.79	3.99	1.06	17.56	1.77	0.3	0.08	0.1	0.3
Total	151.4	264.93	4.38	1.00	16.08	1.95	0.34	0.08	0.10	0.35

Table 2 Mineral Resource Estimate based on a lower cut off of 2% (THM). Previously reported to the ASX in full compliance with the JORC 2012 requirements see below

Exploration Licence	Holder	EL	Validity	Area	Status
EL 370	Kilsythe Exploration (PVT) LTD	4/05/2021	3/05/2023	31km ²	Current
EL 351	Sanur Minerals (PVT) LTD	13/12/2021	12/12/2023	15km ²	Current
EL 425	Sanur Minerals (PVT) LTD	19/11/2021	18/11/2023	10km ²	Current
EL 423	Orion Minerals (PVT) LTD	15/11/2021	14/11/2023	5km ²	Current
EL 424	Orion Minerals (PVT) LTD	15/11/2021	14/11/2023	8km ²	Current
EL 180/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	45km ²	Renewal Pending
EL 182/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	26km ²	Renewal Pending
EL 371	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	4km ²	Renewal Pending
EL 372	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	51km ²	Renewal Pending
			Total	195km ²	

Table 3 Mannar Island Project tenure*.

*All necessary applications and submissions for the renewal of tenure have been lodged and are expected to be renewed in due course.

Titanium Sands Limited

Directors' Report

For the half year ended 31 December 2021

4

COMPLIANCE STATEMENTS

Previously Reported Exploration Results and Mineral Resources

This report includes information (Table 1 and 2) that relates to Exploration Results and Mineral Resources prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcement as follows: Released to the ASX 24/9/2020 "Project update and garnet added to resource estimate". This announcement is available to view on the Company's website www.titaniumsands.com.au. The Company confirms that it is not aware of any new information or data that materially affect the information included in the relevant market announcement and, in the case of estimates of the Company's Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply with respect to the resource block model and total heavy mineral content and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," "further" and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in additional Mineral Resources.

Competent Persons

Except where indicated, exploration and technical information above have been reviewed and compiled by James Searle BSc (hons), PhD, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy, with over 37 years of experience in metallic and energy minerals exploration and development, and as such has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Searle is the Managing Director of Titanium Sands Limited and consents to the inclusion of this technical information in the format and context in which it appears.

Previously Reported information foot notes for reference

This report includes information that relates to announcements previously made to the ASX including exploration Results and Mineral Resources prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows:

¹ ASX Announcement 04/01/2022 Resource Infill and Extension Drilling Program Commences

² ASX Announcement 16/06/2020 Scoping Study Confirms Potential for Major Dredging Project.

³ ASX Announcement 28/01/22 Update on Resource Infill and Extension Drilling Program

⁴ ASX Announcement 24/09/20 Project Update and Garnet Added to Resource Estimate

⁵ ASX Announcement 04/01/2022 Re-instatement to Quotation.

Events Subsequent to the Reporting Date

On 4 January 2022 the Company announced commencement of infill and extension drilling at the Company's project in Sri Lanka and that its securities had recommended trading on the Australian Securities Exchange having been voluntarily suspended since 23 April 2021.

On 11 February 2022 the Company announced that it had obtained a convertible note facility to borrow up to \$2,000,000 from two major shareholders. The facility is repayable in cash or shares at the election of the funder on or before 10 March 2023. The facility accrues interest at a rate of 9% per annum and converts at a price of \$0.041 per share.

There has been no other events subsequent to the end of the period that would have had a material effect on the Group's financial statements as at 31 December 2021.

Dividends

No dividends have been paid or declared by the Company to members during the half year ended 31 December 2021.

Titanium Sands Limited

Directors' Report

For the half year ended 31 December 2021

5

Auditor's Independence Declaration

The auditor's independence declaration is included within this financial report and forms part of the directors' report for the half year ended 31 December 2021.

Dated at Perth on 15th March 2022.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to be 'James Searle', written over a faint circular stamp.

James Searle
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2021

	31 Dec 2021	31 Dec 2020
	\$	\$
Other income	306	-
Administrative expenses	(279,385)	(343,732)
Audit expenses	(18,987)	(13,351)
Director fees	(215,916)	(159,407)
Corporate advisory fees	(30,000)	(30,000)
Consulting fees	-	(46,166)
Share based payment expense	-	(247,612)
Depreciation	(16,965)	(19,452)
Results from operating activities	(560,947)	(859,720)
Finance income	-	210
Finance expenses	-	-
Net finance (expenses)	-	210
(Loss) before income tax	(560,947)	(859,510)
Income tax expense	-	-
(Loss) for the period	(560,947)	(859,510)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	467,420	(3,075,716)
Other comprehensive income for the period	467,420	(3,075,716)
Total comprehensive (loss) for the period	(93,527)	(3,935,226)
(Loss) per share		
Basic and diluted (loss) per share (cents)	(0.04)	(0.07)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited

7

Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31 Dec 2021 \$	30 Jun 2021 \$
Current Assets			
Cash and cash equivalents		800,764	1,573,514
Trade and other receivables		46,205	77,679
Total current assets		846,969	1,651,193
Non-current assets			
Exploration and evaluation expenditure	4	27,180,880	26,505,822
Property, plant and equipment		67,366	86,818
Total non-current assets		27,248,246	26,592,640
Total assets		28,095,215	28,243,833
Current Liabilities			
Trade and other payables	5	115,384	170,475
Total current liabilities		115,384	170,475
Total liabilities		115,384	170,475
Net assets		27,979,831	28,073,358
Equity			
Issued capital	6	35,706,530	35,706,530
Reserves	7	871,542	404,122
Accumulated losses		(8,598,241)	(8,037,294)
Total equity		27,979,831	28,073,358

The above Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited

8

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2021

	Issued Capital	Options Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2020	33,729,831	5,854,552	(1,491,585)	(6,529,415)	31,563,383
Loss for the period	-	-	-	(859,510)	(859,510)
Foreign currency translation	-	-	(3,075,716)	-	(3,075,716)
Total comprehensive loss for the period	-	-	(3,075,716)	(859,510)	(3,935,226)
Shares issued	2,367,000	-	-	-	2,367,000
Share issue costs	(390,301)	-	-	-	(390,301)
Share based payment	-	407,612	-	-	407,612
Balance as at 31 December 2020	35,706,530	6,262,164	(4,567,301)	(7,388,925)	30,012,468
Balance as at 1 July 2021	35,706,530	6,262,164	(5,858,042)	(8,037,294)	28,073,358
Loss for the period	-	-	-	(560,947)	(560,947)
Foreign currency translation	-	-	467,420	-	467,420
Total comprehensive loss for the period	-	-	467,420	(560,947)	(93,527)
Shares issued	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share based payment	-	-	-	-	-
Balance as at 31 December 2021	35,706,530	6,262,164	(5,390,622)	(8,598,241)	27,979,831

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

For the six months ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
Cash flows from operating activities			
Cash paid to suppliers and employees		(562,351)	(655,157)
Interest received		306	210
Net cash used in operating activities		(562,045)	(654,947)
Cash flows from investing activities			
Payments for exploration assets		(210,705)	(213,270)
Net cash used in investing activities		(210,705)	(213,270)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		-	2,147,871
Proceeds from issue of options		-	400
Net cash received from financing activities		-	2,148,271
Net (decrease) / increase in cash and cash equivalents		(772,750)	1,280,054
Cash and cash equivalents at 1 July		1,573,514	1,039,857
Cash and cash equivalents at 31 December		800,764	2,319,911

The above Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2021

10

1. Reporting Entity

Titanium Sands Limited is a company domiciled in Australia. The interim financial report of the Group is as at and for the half year ended 31 December 2021.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the last annual financial report as at and for the year ended 30 June 2021.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2021. The interim financial report is approved by the Board of Directors on 15th March 2022.

Estimates

Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2021.

Going Concern

For the period ended 31 December 2021 the Group has incurred a net loss of \$560,947 (2020: \$859,510), experienced net cash outflows from operations of \$562,045 (2020: outflow \$654,947) and net cash outflows from investing activities of \$210,705 (2020: outflow \$213,270). As at 31 December 2021 the cash balance is \$800,764 (June 2021: \$1,573,514).

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- On 11 February 2022 the Company announced that it had obtained a convertible note facility to borrow up to \$2,000,000 from two major shareholders. The facility is repayable in cash or shares at the election of the funder on or before 10 March 2023. The facility accrues interest at a rate of 9% per annum and converts at a price of \$0.041 per share;
- The Directors are confident the Group will be successful in sourcing further capital from the issue of additional equity securities to fund the ongoing operations of the Group if required, having previously been successful when raising funds through equity issues; and
- The ability of the Group to further scale back certain parts of their activities that are non-essential so as to conserve cash.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the company not continue as a going concern.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2021

11

3. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 30 June 2021.

New or amended standards adopted by the entity

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Segment reporting

The Group operates in one reportable segment, being mineral exploration in Sri Lanka. The Board of Directors review internal management reports on a regular basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

4. Exploration and evaluation expenditure

	31 December 2021 \$	30 June 2021 \$
Exploration and evaluation assets		
Balance at the beginning of period	26,505,822	30,595,978
Exploration costs capitalised	221,406	261,372
Foreign currency translation	453,652	(4,351,528)
Balance at the end of reporting period	27,180,880	26,505,822

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Group conducts impairment testing on an annual basis when indicators of impairment are present at the reporting date.

5. Trade and other payables

	31 Dec 2021 \$	30 Jun 2021 \$
Current		
Trade payables	76,285	98,769
Accrued expenses	39,099	71,705
	115,384	170,475

6. Issued Capital

a) Share capital

Fully paid ordinary shares

	Number	\$
On issue at 1 July 2020	1,196,149,471	33,729,831
Placement	50,000,000	2,200,000
Share purchase plan	3,795,447	167,000
Share issue costs	-	(390,301)
On issue at 30 June 2021	1,249,944,918	35,706,530
On issue at 1 July 2021	1,249,944,918	35,706,530
On issue at 31 December 2021	1,249,944,918	35,706,530

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2021

12

7. Reserves

	31 December 2021	30 June 2021
	\$	\$
Reserves		
Option and equity settled reserve ¹	6,262,164	6,262,164
Foreign currency translation reserve ²	(5,390,622)	(5,858,042)
	<u>871,542</u>	<u>404,122</u>

¹ The Option and Equity Settled Reserve is used to record the fair value of equity incentives issued.

² The Foreign Currency Translation Reserve is used to record exchange rate differences arising on translation of foreign subsidiaries.

a) Outstanding Share Options & Performance Shares

As at 31 December 2021 the Company had the following convertible securities outstanding:

Details	Type	Number
Options exercisable at \$0.10 expiring 17 November 2023	Listed options	66,897,716
Options exercisable at \$0.05 expiring 10 March 2023	Unlisted options	208,750,000
Options exercisable at \$0.044 expiring 29 November 2022	Unlisted options	19,125,000
Class B Performance Shares	Unlisted performance shares	33,333,333

8. Commitments and Contingent Liabilities

In the opinion of the directors, there were no significant changes in commitments or contingent liabilities during the period ended 31 December 2021.

9. Related Party Transactions

In the opinion of the directors, there were no significant changes in related party transactions during the period ended 31 December 2021.

10. Interest in Controlled Entities

Controlled entities	Country of incorporation	Percentage owned 31 December 2021	Percentage owned 30 June 2021
Srinel Holdings Limited	Mauritius	100%	100%
Kilsythe Investments (Pvt) Ltd	Sri Lanka	100%	100%
Kilsythe Exploration (Pvt) Ltd	Sri Lanka	100%	100%
Singha Lanka Investments (Pvt) Ltd	Sri Lanka	100%	100%
Hammersmith Ceylon (Pvt) Ltd	Sri Lanka	100%	100%
Applex Ceylon (Pvt) Ltd	Sri Lanka	100%	100%
Bright Angel Limited	Mauritius	100%	100%
Rotim Investments (Pvt) Ltd	Sri Lanka	100%	100%
Sanur Asia Investments (Pvt) Ltd	Sri Lanka	100%	100%
Hammersmith Investments (Pvt) Ltd	Sri Lanka	100%	100%
Orion Minerals (Pvt) Ltd	Sri Lanka	99%	99%
Melville Investments (Pvt) Ltd	Sri Lanka	100%	100%
Sanur Minerals Investments (Pvt) Ltd	Sri Lanka	100%	100%
Ambrosden Resources (Pvt) Ltd	Sri Lanka	100%	100%
Melville Resources (Pvt) Ltd	Sri Lanka	100%	100%

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2021

13

11. Events Subsequent to the Reporting Date

On 4 January 2022 the Company announced commencement of infill and extension drilling at the Company's project in Sri Lanka and that its securities had recommended trading on the Australian Securities Exchange having been voluntarily suspended since 23 April 2021.

On 11 February 2022 the Company announced that it had obtained a convertible note facility to borrow up to \$2,000,000 from two major shareholders. The facility is repayable in cash or shares at the election of the funder on or before 10 March 2023. The facility accrues interest at a rate of 9% per annum and converts at a price of \$0.041 per share.

There are no other events subsequent to the end of the period that would have had a material effect on the Group's financial statements as at 31 December 2021.

Directors' Declaration

The Directors of Titanium Sands Limited declare that:

- a) the interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2021 and of its performance for the six month period ended on that date; and
 - (ii) comply with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Perth on 15th March 2022.

Signed in accordance with a resolution of the directors:

A handwritten signature in dark ink, appearing to be 'James Searle', written over a light blue rectangular stamp.

James Searle
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Titanium Sands Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Titanium Sands Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

The block contains a handwritten signature in dark ink. The signature appears to read 'J Prue' in a cursive, stylized script.

Jarrad Prue

Director

Perth, 15 March 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TITANIUM SANDS LIMITED

As lead auditor for the review of Titanium Sands Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Titanium Sands Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2022