



ABN 65 009 131 533

**Interim Financial Report for the Half Year Ended
31 December 2023**

Contents

	Page
Corporate information	2
Directors' report	3
Consolidated statement of profit or loss and other comprehensive income	11
Consolidated statement of financial position	12
Consolidated statement of changes in equity	13
Consolidated statement of cash flows	14
Notes to the consolidated financial statements	15
Directors' declaration	21
Independent auditor's review report	22
Auditor's independence declaration	24

Corporate Information

Directors

Mr James Searle
Mr Jason Ferris
Mr Lee Christensen

Company Secretary

Mr Alan Armstrong

Registered Office

Level 8, 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 8, 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 2023

3

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 2023. 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 2023 was \$1,447,708 (2022: net loss \$643,223).

Review of Operations during the Period

OVERVIEW

The Mannar Island Heavy Mineral Sands Project in Northwest Sri Lanka is 100% controlled by Titanium Sands Ltd (Figure 1). The project is an ilmenite feedstock project with minor credits from other mineral components. The high quality ilmenite product is expected to find a ready market with titanium slag and sulphate route pigment producers in the Middle East, Korea, India, China and elsewhere. Following the completion of a positive scoping study in May 2023 the operational priority (¹ [ASX Announcement of the 12th of May 2023](#)) for Titanium Sands Ltd to the 31st of December 2023 has been the processes necessary for securing an Industrial Mining License (IML) and other regulatory approvals for the project.

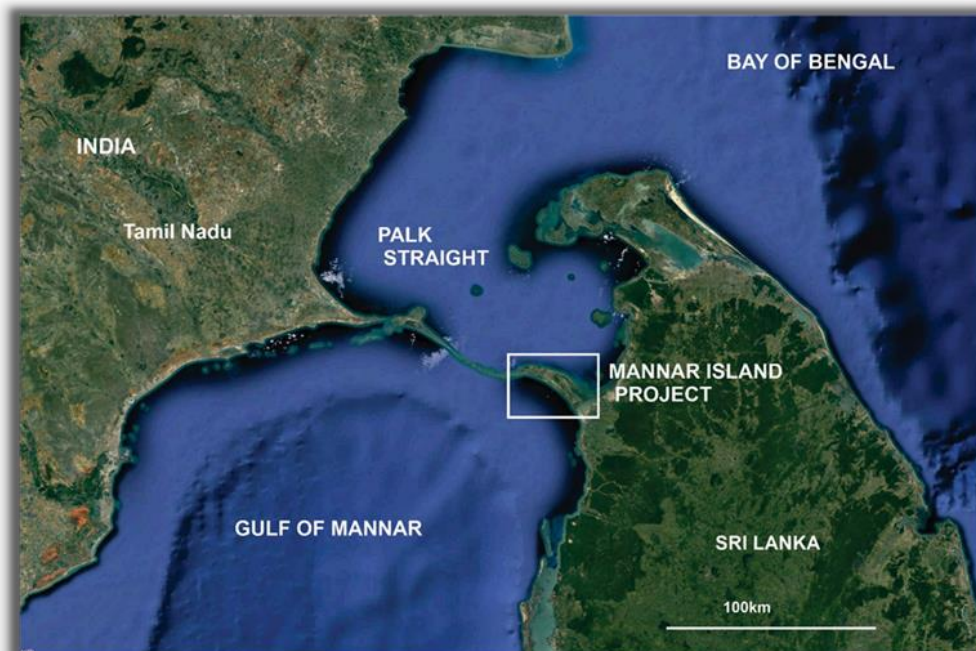


Figure 1 Location of the Mannar Island Heavy Mineral Sand Project, northwest Sri Lanka.

Titanium Sands Limited

Directors' Report For the half year ended 31 December 2023

4

MINERAL RESOURCES

A mineral resource estimate (MRE) was completed in (Table 1) March 2023 ([ASX TSL 15/3/2023²](#)). Based on a 2% THM (Total Heavy Mineral) lower cut-off grade the MRE stands at 318 Mt at 4.17% THM.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	83.3	145.7	4.28	1.76	18.41	1.90	0.35	0.08	0.09	0.44
Inferred	98.5	172.3	4.07	1.31	16.37	1.87	0.31	0.08	0.10	0.30
Total	181.7	318.0	4.17	1.52	17.30	1.88	0.33	0.08	0.10	0.37

Table 1 Mineral Resource Estimate based on a 2% THM lower cut off. A complete JORC2012 compliant statement of this MRE is contained in [ASX TSL 15/3/2023²](#).

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	50.7	88.7	5.45	1.39	15.54	2.48	0.44	0.10	0.11	0.58
Inferred	56.2	98.4	5.27	1.26	15.50	2.48	0.40	0.11	0.13	0.41
Total	106.9	187.0	5.36	1.32	15.52	2.48	0.42	0.10	0.12	0.49

Table 2 Mineral Resource Estimate based on a 3% THM lower cut off. A complete JORC2012 compliant statement of this MRE is contained in [ASX TSL 15/3/2023²](#)

A continuous higher grade zone measuring 10km by up to 2km and down to depth of 8-12m (the zone remains largely open at depth) was identified within the above mineral resource (Figure 2). Using the 2% lower cut off the higher grade resource contains 145.6Mt at 4.48% THM (Table 2) or for a 3% lower cut off (Table 3) 82.0Mt at 6.03% THM. This higher grade zone was used as the basis for the scoping study previously reported to the ASX ([ASX TSL 12/5/ 2023¹](#)).

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	62.4	109.1	4.32	2.04	23.05	1.92	0.35	0.07	0.09	0.53
Inferred	20.9	36.5	4.93	2.13	24.97	2.31	0.39	0.08	0.11	0.58
Total	83.3	145.6	4.48	2.07	23.53	2.02	0.36	0.07	0.10	0.54

Table 3 Mineral resource estimate for a higher grade zone contained within the resources Tabulated above for a 2% lower cut off*. [ASX TSL 15/3/2023²](#)

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	35.0	61.1	5.78	1.62	20.70	2.64	0.48	0.09	0.12	0.73
Inferred	12.0	21.0	6.78	1.71	22.59	3.27	0.53	0.10	0.14	0.82
Total	47.0	82.0	6.03	1.64	21.18	2.80	0.49	0.09	0.13	0.75

Table 4 Mineral resource estimate for a higher grade zone contained within the resources Tabulated above for a 3% lower cut off*. ([ASX TSL 15/3/2023²](#)).

*Notes to tables 1 ,2 3 and 4 above:

- Mineral assemblage is reported as in situ weight percentage of the resource.
- Appropriate rounding of the numbers has been applied.

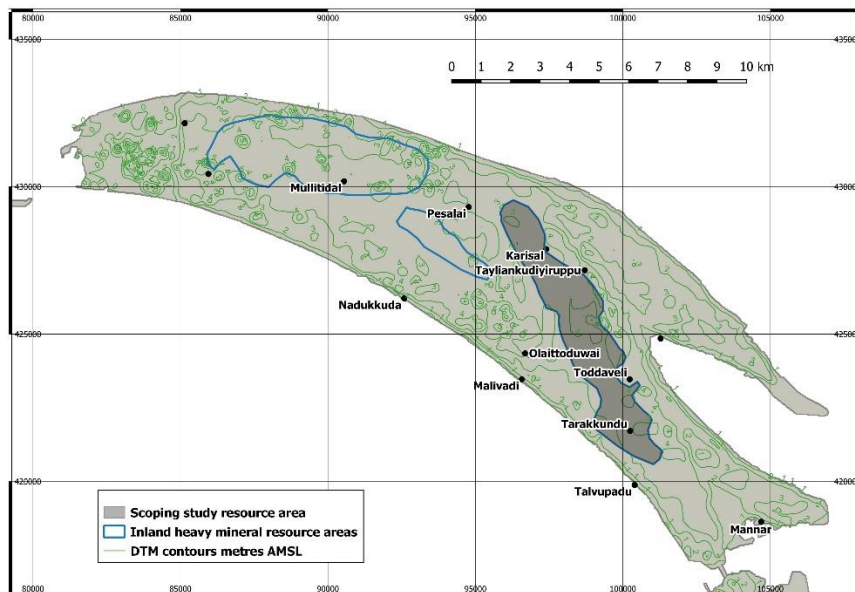


Figure 2 Inland mineral resource areas including scoping study mineral resource area.

SCOPING STUDY

The scoping study (*ASX TSL 12/5/ 2023¹*) scenario was selected on a project format with a modest capital hurdle but of sufficient scale and project life that its products would be attractive to potential offtake partners. Consequently the study was based on a single dredge continuously mining the higher grade zone identified in the resource modelling and measuring 10km by up to 2 km wide zone at rate of 4 million tonnes per annum over a period of 20 years (Figure 3). This zone contains 82million tonnes at 6.03% THM on a lower grade cut-off grade of 3% (Table 4) out of the total current mineral resource estimate of 187 million tonnes at 5.36%THM on a 3% THM lower cut off (Table 2). The mineral resources subject to this scoping study scenario therefore represent 44% of the total mineral resource estimates for the project at lower cut off of 3%.

The scoping study has indicated that this project scenario is economically robust and consequently subsequent more definitive studies could also examine the feasibility of second or even third dredges and expanded processing capacities to potentially exploit capital and operational efficiencies.

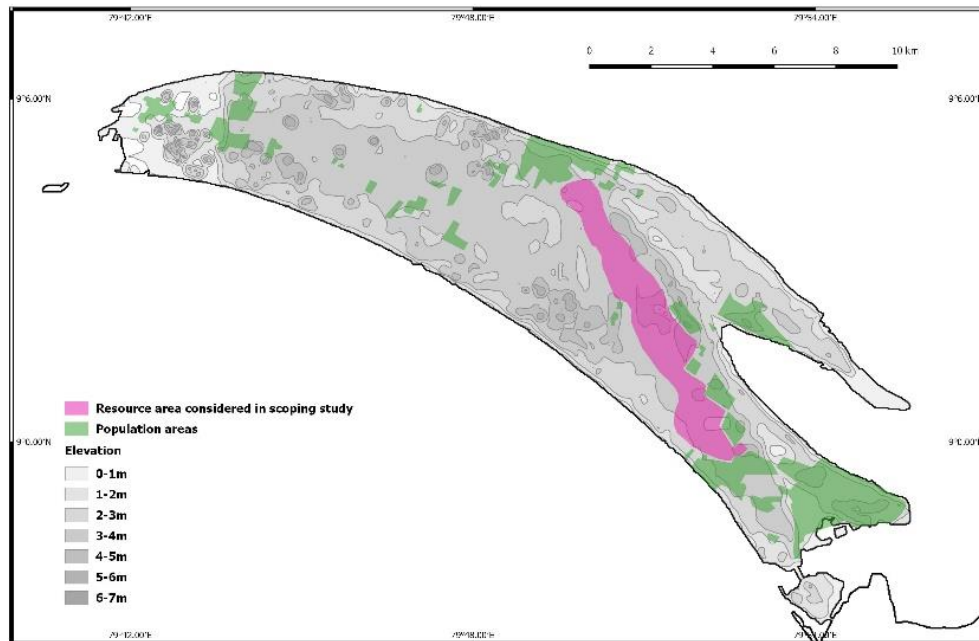


Figure 3 Portion of resource considered in the scoping study base case.

BOARD OF INVESTMENT APPLICATION

The Board of Investment (BOI) of Sri Lanka, is a Government Agency tasked to be the central facilitation point for investors, it is also responsible for permitting imports and exports for projects under section 17 of the BOI law as well as providing other investor related services. Titanium Sands Ltd on behalf of its Sri Lankan subsidiaries has been invited by the BOI to make applications designed to initiate regulatory approvals for use of land for its project treatment plant and local corporate structuring for the inbound investment. These applications are now in progress.

ENVIRONMENTAL IMPACT ASSESSMENT (EIA)

As part of the Environmental Impact Assessment (EIA) and the regulatory process leading to a mining license and other regulatory approvals land access agreement have been secured with affected landowners for priority zone 1 of the Mannar Heavy Mineral Project ([ASX:TSL 6/11/2023](#))³. The Company representatives have been meeting with affected landowners to explain the proposed project (Figures 4) and the plans for the progressive development of sustainable commercial plantation agriculture as an integral part of the operation.

Included within the priority 1 zone are the areas allocated for mining part of the 82mt high-grade zone outlined in the Company's scoping study ([ASX:TSL 12/5/23](#))¹ as well as housing the Company's initial processing plant and operations. (Figure 5 and 6)

The Central Environment Authority ("CEA") has initiated environmental clearance for the project ([ASX TSL 27/7/23](#))⁴ and also recently completed their initial site visit in conjunction with the Environmental Impact Assessment consultants ("EIA") ([ASX:TSL 24/10/23](#))⁵. (Figure 7)

Titanium Sands Limited

Directors' Report

For the half year ended 31 December 2023

7



Figure 4: Process of signing Land Access Agreements at Mannar.



Figure 5: Priority zone 1 Land Access Agreement area at Mannar Island.

Titanium Sands Limited

Directors' Report

For the half year ended 31 December 2023

8

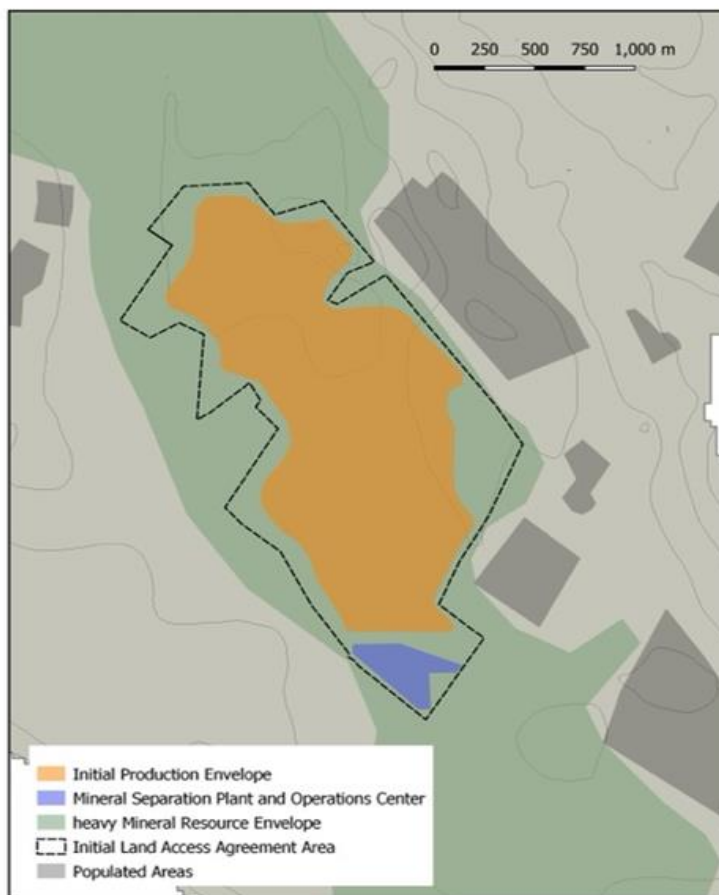


Figure 6: Mannar Island initial production envelope, Mineral separation plant and operations centre.



Figure 7: Identifying locations for environmental clearance review.

Titanium Sands Limited

Directors' Report For the half year ended 31 December 2023

9

TENURE

The Geological Survey and Mines Bureau (GSMB) has approved the Company's applications for the change of status for a further 4 exploration licenses into retention status pending the completion of the mining lease application process. TSL's five most important exploration licences covering the core resources of the project will now be held as retention licences (Table 5).

Table 5 Mannar Island Project tenure.

Exploration License	Holder	EL	Validity	Area	Status
EL 370	Kilsythe Exploration (PVT) LTD	4/05/2021	3/05/2023	31km ²	Current retention
EL 351	Sanur Minerals (PVT) LTD	13/12/2019	12/12/2021	15km ²	Current retention
EL 345	Sanur Minerals (PVT) LTD	29/10/2021	28/10/2023	10km ²	Current retention
EL 343	Orion Minerals (PVT) LTD	29/10/2021	28/10/2023	5km ²	Current retention
EL 344	Orion Minerals (PVT) LTD	29/10/2021	28/10/2023	8km ²	Current retention
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	

OPERATIONAL OUTLOOK

The operational outlook for the next 6 months will remain focussed on the regulatory approval processes for the Mannar Heavy Mineral Project. Completion of the Environmental Impact Assessment is a major step in the application process for an Industrial Mining License.

Previously Reported Information Footnotes

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

¹ ASX Announcement 12th May 2023, *Scoping Study Mannar Heavy Mineral Project*.

² ASX Announcement 15th March 2023 *Updated Resource Estimate Mannar Heavy Mineral project*.

³ ASX Announcement 6th of November 2023 *Land Access Agreements signed for Mannar Priority 1 Zone*.

⁴ ASX Announcement 27th July 2023 *CEA confirms initiation of environmental clearance*.

⁵ ASX Announcement 24th of October 2023 *Central Environment Authority presentation and site visit completed*.

These announcements are available to view on the Company's website www.titaniumsands.com.au

COMPLIANCE STATEMENTS

Previously Reported Exploration Results and Mineral Resources

This report includes information (Tables 1, 2,3 and 4) that relates to Mineral Resources prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows: Released to the **ASX (ASX Announcement 15th March 2023 : Updated Resource Estimate- Mannar Heavy Mineral Project)**. This announcements 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.

Titanium Sands Limited

Directors' Report

For the half year ended 31 December 2023

10

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 40 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.

Events Subsequent to the Reporting Date

There has been no 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 2023.

Dividends

No dividends have been paid or declared by the Company to members during the half year ended 31 December 2023.

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 2023.

Dated at Perth on 1st March 2024.

Signed in accordance with a resolution of the directors.



James Searle
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Other income		-	2,425
Administrative expenses		(335,168)	(221,518)
Audit expenses		(16,991)	(14,426)
Director fees		(247,141)	(213,500)
Corporate advisory fees		(24,000)	(35,000)
Share based payment expense		(62,500)	-
Depreciation		-	(17,663)
Results from operating activities		(685,800)	(499,682)
Finance income	4	4,186	4,509
Finance expenses	4	(766,094)	(148,050)
Net finance (expenses)		(761,908)	(143,541)
(Loss) before income tax		(1,447,708)	(643,223)
Income tax expense		-	-
(Loss) for the period		(1,447,708)	(643,223)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(1,711,322)	(66,339)
Other comprehensive income for the period		(1,711,322)	(66,339)
Total comprehensive (loss) for the period		(3,159,030)	(709,562)
(Loss) per share			
Basic and diluted (loss) per share (cents)		(0.08)	(0.05)

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.

Consolidated Statement of Financial Position

As at 31 December 2023

	Note	31 Dec 2023 \$	30 Jun 2023 \$
Current Assets			
Cash and cash equivalents		481,852	68,530
Trade and other receivables		164,676	26,402
Total current assets		646,528	94,932
Non-current assets			
Exploration and evaluation expenditure	6	19,615,465	20,572,535
Property, plant and equipment		4,531	7,123
Other assets	5	452,420	-
Total non-current assets		20,072,416	20,579,658
Total assets		20,718,944	20,674,590
Current Liabilities			
Trade and other payables		99,065	171,985
Financial Liabilities		-	250,000
Total current liabilities		99,065	421,985
Total liabilities		99,065	421,985
Net assets		20,619,879	20,252,605
Equity			
Issued capital	7	40,088,472	37,011,951
Reserves	8	(7,588,850)	(6,327,311)
Accumulated losses		(11,879,743)	(10,432,035)
Total equity		20,619,879	20,252,605

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

Titanium Sands Limited

13

Consolidated Statement of Changes in Equity

For the six months ended 31 December 2023

	Issued Capital	Options Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2022	35,768,901	6,262,164	(16,505,966)	(9,198,007)	16,327,092
Loss for the period	-	-	-	(643,223)	(643,223)
Foreign currency translation	-	-	(66,339)	-	(66,339)
Total comprehensive loss for the period	-	-	(66,339)	(643,223)	(709,562)
Shares issued	1,511,000	-	-	-	1,511,000
Share issue costs	(416,000)	-	-	-	(416,000)
Share based payment	148,050	297,758	-	-	445,808
Balance as at 31 December 2022	37,011,951	6,559,923	(16,572,305)	(9,841,230)	17,158,338
Balance as at 1 July 2023	37,011,951	6,649,465	(12,976,776)	(10,432,035)	20,252,605
Loss for the period	-	-	-	(1,447,708)	(1,447,708)
Foreign currency translation	-	-	(1,711,322)	-	(1,711,322)
Total comprehensive loss for the period	-	-	(1,711,322)	(1,447,708)	(3,159,030)
Shares issued	3,386,661	-	-	-	3,386,661
Share issue costs	(310,140)	-	-	-	(310,140)
Share based payment	-	449,783	-	-	449,783
Balance as at 31 December 2023	40,088,472	7,099,248	(14,688,098)	(11,879,743)	20,619,879

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 2023

	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Cash flows from operating activities			
Cash paid to suppliers and employees		(753,233)	(475,344)
Interest received		1,063	2,425
Net cash used in operating activities		(752,170)	(472,919)
Cash flows from investing activities			
Payments for exploration assets		(865,827)	(347,794)
Payments to vendor for entity to be acquired		(352,420)	-
Net cash used in investing activities		(1,218,247)	(347,794)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		2,383,739	1,380,861
Payment for termination of institutional investment		-	(535,000)
Net cash received from financing activities		2,383,739	845,861
Net (decrease) / increase in cash and cash equivalents		413,322	25,148
Cash and cash equivalents at 1 July		68,530	534,379
Cash and cash equivalents at 31 December		481,852	559,527

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 2023

15

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 2023.

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 2023.

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 2023. The interim financial report is approved by the Board of Directors on 1st March 2023.

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 2023.

Going Concern

For the period ended 31 December 2023 the Group has incurred a net loss of \$1,447,708 (2022: \$643,223), experienced net cash outflows from operations of \$752,170 (2022: outflow \$472,919) and net cash outflows from investing activities of \$1,218,247 (2022: outflow \$347,794). As at 31 December 2023 the cash balance is \$481,852 (2022: \$559,527).

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:

- 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 2023

16

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 2023.

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. Finance Income / Expense

	31 December 2023 \$	31 December 2022 \$
Finance Income		
Interest	4,186	4,509
Finance Expenses		
Extinguishment of financial liability	766,094	148,050

Finance expense of \$766,094 is to recognise the excess of the fair value of the shares and options issued to the Chief Operating Officer and to Willis Holdings, refer Note 7.

5. Other assets

	31 December 2023 \$	30 June 2023 \$
Other assets		
Funds advanced to vendors	452,420	-

The funds advanced to vendors represents amounts transferred to James Global (Pvt) Ltd as consideration for the acquisition. The amounts advanced will be applied towards the consideration payable for the acquisition of James Global (Pvt) Ltd. Pursuant to the terms of the acquisition in the event the acquisition does not proceed amounts advanced are to be refunded to the Company.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2023

17

6. Exploration and evaluation expenditure

	31 December 2023 \$	30 June 2023 \$
Exploration and evaluation assets		
Balance at the beginning of period	20,572,535	16,371,142
Exploration costs capitalised	790,125	727,688
Transfer to other assets	(100,000)	-
Foreign currency translation	(1,647,195)	3,473,705
Balance at the end of reporting period	19,615,465	20,572,535

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.

7. Issued Capital

a) Share capital	Number	\$
Fully paid ordinary shares		
On issue at 1 July 2023	1,406,397,846	37,011,951
Placement	382,885,200	1,914,426
Rights Issue	141,947,180	709,735
Shares issued on conversion of note facility ¹	40,000,000	560,000
Shares issued pursuant to employee share option plan	12,500,000	62,500
Employee shares ²	10,000,000	140,000
Share issue costs	-	(310,140)
On issue at 31 December 2023	1,993,730,226	40,088,472
On issue at 1 July 2023	1,406,397,846	37,011,951
On issue at 31 December 2023	1,993,730,226	40,088,472

¹ 40,000,000 shares and attaching options were issued to Willis Holdings Limited on conversion of a convertible note facility of \$200,000. The shares were valued at the share price at grant date (\$0.014) with the excess of the fair value of the shares and options (refer to Note 4) expensed as an extinguishment of a financial liability.

² 10,000,000 shares and attaching options were issued to the incoming Chief Operating Officer in lieu of \$50,000 salary payment. The shares were valued at the share price at grant date (\$0.014) with the excess of the fair value of the shares and options (refer to Note 4) expensed as an extinguishment of a financial liability.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2023

18

8. Reserves

	31 December 2023 \$	30 June 2023 \$
Reserves		
Option and equity settled reserve ¹	7,099,248	6,649,465
Foreign currency translation reserve ²	(14,688,098)	(12,976,776)
	<u>(7,588,850)</u>	<u>(6,327,311)</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

As at 31 December 2023 the Company had the following convertible securities outstanding:

Details	Type	Number
Options exercisable at \$0.023 expiring 16 February 2026	Unlisted options	1,014,559,664

<i>Movement in option and equity settled reserve</i>	Number	\$
Opening balance at 1 July 2023		6,649,465
Broker options ¹	381,625,000	
Employee options ²	105,000,000	133,689
Conversion options ²	10,000,000	63,219
Facility fee options issued ³	40,000,000	252,875
Free attaching options to the Placement	20,000,000	-
Options expired	524,832,380	-
	(66,897,716)	-
Closing balance	1,014,559,664	7,099,248

¹ 105,000,000 options were issued to the Broker for services provided during the Placement. The Company could not value the services provided and therefore used a Black & Scholes option pricing model to value the options. The options vest immediately and the following table lists the inputs to the model used in their valuation:

Grant Date	28/09/2023
Expected Volatility	100%
Expected Life	2.4 years
Fair Value	\$0.00126
Number Issued	105,000,000
Dividend Yield	Nil
Exercise Price (\$)	\$0.023
Share Price at Grant Date (\$)	\$0.005

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2023

19

² 10,000,000 shares and attaching options were issued to the incoming Chief Operating Officer in lieu of \$50,000 salary payment (refer to Note 7) and 40,000,000 shares and free attaching options were issued to Willis Holdings Limited on conversion of a convertible note facility of \$200,000 (refer to Note 7). The options vest immediately and the following table lists the inputs to the model used in their valuation:

Grant Date	28/11/2023
Expected Volatility	100%
Expected Life	2.2 years
Fair Value	\$0.00632
Number Issued	50,000,000
Dividend Yield	Nil
Exercise Price (\$)	\$0.023
Share Price at Grant Date (\$)	\$0.014

³ Options issued pursuant to funding facility agreement entered into by the Company in April 2023. The options were deemed granted and expensed in April 2023 but only issued during the current period.

9. 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 2023.

10. Related Party Transactions

In April 2023 the Company entered into a convertible facility with Willis Holdings Limited (an entity related to Robert Nelson, Jason Ferris' father in law). During the period \$200,000 was converted following shareholder approval through the issue of 40,000,000 fully paid ordinary shares and 40,000,000 attaching options. The deemed total fair value of the shares and options issued was \$812,875 (refer to note 6 and 7) due to the market price of the shares at grant date (date of shareholder approval) being \$0.014. The surplus fair value of \$612,875 was expensed as an extinguishment of a financial liability.

During the period 10,000,000 shares and attaching options were issued to the incoming Chief Operating Officer in lieu of \$50,000 salary payment. The shares were valued at the share price at grant date (date of shareholder approval) being \$0.014 with the excess of the fair value of the shares and options (refer to Note 4) expensed as an extinguishment of a financial liability.

In the opinion of the directors, there were no other significant changes in related party transactions during the period ended 31 December 2023.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2023

20

11. Interest in Controlled Entities

Controlled entities	Country of incorporation	Percentage owned 31 December 2023	Percentage owned 30 June 2023
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%

12. Events Subsequent to the Reporting Date

There are no 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 2023.

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 2023 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 1st March 2024.

Signed in accordance with a resolution of the directors:



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 2023, 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 2023 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 2023 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

BDO


Jarrad Prue

Director

Perth, 1 March 2024

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 2023, 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
1 March 2024