

An aerial photograph of a river valley in a mountainous region. The river is a light brown color, winding through a lush green forest. The surrounding hills are covered in dense vegetation, with some areas showing signs of erosion or deforestation. A small, light-colored building is visible in the middle of the forest.

# INTERIM FINANCIAL REPORT

FOR PERIOD ENDING 30 JUNE 2022



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Focussed on the exploration and development of the rich copper and gold deposits in the prolifically mineralised cordilleras of Southern Ecuador's Andean Terrain.



# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

Mr Peter Cook	Non-Executive Chairman
Mr Matthew Carr	Acting CEO and Executive Director
Mr Nicholas Rowley	Non-Executive Director
Mr Barry Bourne	Non-Executive Director
Ms Tamara Brown	Non-Executive Director

## COMPANY SECRETARY

Mr Zane Lewis

## STOCK EXCHANGE LISTING

ASX: TTM

## REGISTERED OFFICE

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Fax: +61 8 6375 2799  
Email: [info@titanminerals.com.au](mailto:info@titanminerals.com.au)

## AUDITORS

Stantons  
Level 2, 40 Kings Park Road  
West Perth Western Australia 6005

## SHARE REGISTRY

Automic Share Registry  
Level 5, 191 St Georges Terrace  
PERTH, WA 6000  
Phone: +61 2 9698 5414

## SOLICITORS

Thomson Geer Lawyers  
Level 27, Exchange Tower, 2 The Esplanade  
Perth, Western Australia 6000

## AUSTRALIAN COMPANY NUMBER

117 790 897

## AUSTRALIAN BUSINESS NUMBER

97 117 790 897

## Interim Financial Report

Period ending 30 June 2022



## DIRECTORS REPORT

The Directors of Titan Minerals Limited (**Titan** or the **Company**) (**ASX:TTM**) present their report together with the financial report of the Group (being the Company and its subsidiaries) for the financial half-year ended 30 June 2022 and the auditor's review report. The use of the words Company and Group are interchangeable for the purposes of this report and the financial report.

### Directors Information

The directors and company secretary of the Company at any time during or since the previous annual report were as follows:

**Peter Cook** – Non-Executive Director and Chairperson appointed 31 August 2021.

**Matthew Carr** – Executive Director appointed 3 February 2017, acting CEO from 1 April 2022

**Nicholas Rowley** – Non-Executive Director appointed 9 August 2016.

**Barry Bourne** – appointed as director on 19 October 2021, current.

**Tamara Brown** – appointed as director on 1 April 2022, current.

**Laurence Marsland** – Managing Director appointed 15 July 2019, departed 31 March 2022.

**Zane Lewis** – Company Secretary appointed 11 August 2016.

### Principle activities

The Company's main undertaking is the exploration and development of its gold and copper assets in southern Ecuador.

The Company's main are assets are:

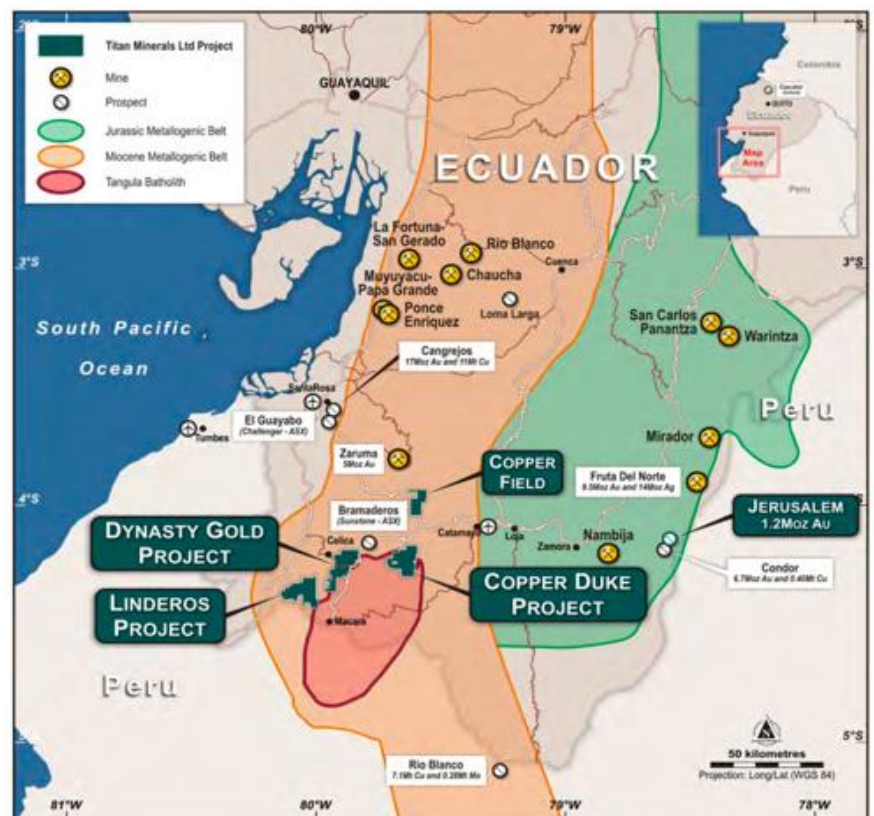
- The Dynasty Project
- The Linderos Project
- The Copper Duke Project

Other assets in the portfolio are:

- The Jerusalem Project
- The Copper Field Project

The assets lie proximal to a major flexure of the Andean Terrane where porphyry copper and epithermal gold-silver deposits are associated with early to late Miocene aged magmatism along the margin of the extensive Cretaceous aged Tangua Batholith.

Access to the main projects is excellent, all within close proximity to the Pan American and coastal highways. Well paved regional all-weather roads enable access to the projects. Regional airports exist approximately two hours by road from the projects with daily connections to Ecuador's capital city, Quito.



### MESSAGE FROM THE CEO

I stepped up into the role of CEO following the sudden departure of the Managing Director, Lawrence Marsland at the end of March 2022. I am pleased to present you an update of the Company's activities for the first half of the financial year.

Calendar year 2022 marked a significant turning point for Titan Minerals. Following considerable changes and additions to our technical capability and extensive technical reviews of past works and future direction, we have now landed with a renewed focus on the technical aspects of geology and exploration.

This has been the catalyst for what I expect to be the most exciting phase for Titan and for our shareholders. The foundation assets of the Company were accumulated through the acquisition of the troubled Core Gold in March 2020. We have since completed drilling and generative exploration on those assets which has validated them and their potential. We began building a team of experienced and successful specialists to oversee and guide our activities from late 2021 and into 2022, which I see as a natural steppingstone in the evolution of the company.

Significant operational appointments were Michael Skead and Pablo Morelli, both highly credentialed explorers, with considerable experience in porphyry and epithermal vein style deposits in South America. The addition of exploration capability allows for a strong technical focus to endure into future developments at the projects, with the clear mandate to enhance Dynasty and to test targets identified within the high-quality projects at Linderos and Copper Duke.

In addition, we appointed Melanie Leighton in our Perth office to assist with bridging the gap between technical and corporate. Melanie is an experienced geologist, her time working at Hot Chili Ltd gave her exposure to the exploration and development of large-scale copper porphyry deposits in South America, and she is a welcome addition to our team.

In the first half of 2022, we rounded out our board with the appointment of experienced engineer and corporate director, Tamara Brown who had previously worked with Newcrest and Lundin Gold in Ecuador. Tamara's experience and network presents a valuable addition to the Company and attracting someone of Tamara's calibre is a testament to the potential in Titan's assets that Tamara saw while working and reviewing for Newcrest.

Highly experienced geological consultants Dr Scott Halley and Nick Oliver have been engaged to review the geochemistry and structural controls at Dynasty with some very positive outcomes and high priority targets identified from their preliminary work. To secure the services of such highly regarded technical specialists gives further endorsement to the quality of the projects that Titan holds.

One of the real champions of our team and possibly the most understated appointment in 2022 is Cecilia Penaherrera who joined as the Manager of Titans Community and Social Relations ("CSR") team. Through Cecilia and her team, Titan has been accepted and respected by the local communities and government. The communities at Dynasty, Linderos and Copper Duke had never previously been aligned with mining and exploration companies, this meant that access and continued workflow for basic exploration work had been interrupted due to lack of engagement and understanding of what both sides needed. The Company and the communities are now heavily engaged and communicate and co-operate well.

Our projects are in a stable part of Ecuador where mining is accepted and well supported. Our local communities are friendly farming families. We are showing them the economic and social benefits that mining and mineral exploration from even emerging companies like Titan can bring. New employment opportunities have been created, and locals are now trained in new skills that are transferable to other exploration companies and areas within Ecuador that can go beyond Titan. These are just the basic fingerprints of sustainability for us as explorers.

I look forward to the second half of the year when the outcome of our efforts should begin to bear fruit.

**Matthew Carr, CEO**

## ECUADOR PROJECTS OVERVIEW

Recent works by Titan's technical team has gathered geological evidence to suggest that the Dynasty Gold and Linderos Projects exhibit overlapping metal deposition systems i.e., the projects have both high-grade epithermal veining and large-scale porphyry systems which appear to overlap or be adjacent to each other. This overlapping of mineral systems has a potential economic impact on the development of a much larger mineralised system.

Significant drill, channel and rock chip results paired with robust geological datasets have highlighted several compelling targets that are set to feature in follow up exploration work programs in the coming months at Dynasty and Linderos.

The Company is confident that it can unlock the true potential at each of its projects through systematic exploration; by compilation of high-quality geological datasets, and by utilising highly experienced key technical consultants to guide exploration efforts and to help define high conviction targets.

### Dynasty Project

The Company made significant advances on exploration work programs at its Dynasty Project during the half year.

All assays have now been received from drilling completed by Titan at the Cerro Verde and Iguana prospects in 2021, with results highlighting the potential for considerable additional epithermal gold and silver mineralisation and significant extensions confirmed by drilling.

Exploration work at Dynasty has outlined an extensive one kilometre wide zone of epithermal veining that extends over nine kilometres. The project is considered largely underexplored, with exploration to date somewhat limited by previous lack of access, which has now been largely resolved.

Results and geological observations indicate the potential for an increase in resource volumes, with previous sampling campaigns focused only on dominant quartz veins, and halo alteration material surrounding those veins not previously sampled. This represents an opportunity for the Company to review previous sampling intervals, and potentially expand the sampling to include mineralised halo material surrounding high-grade veins.

During the half year, the Company undertook a significant relogging campaign to ensure that almost 27,000 metres of historical diamond core is logged to a consistent standard to enable a 3D geological model to be built. The purpose of this geological model is twofold and will be used to support:

1. To enable robust resource estimation consistent with the standards of JORC 2012 when the time comes; and
2. Drill targeting of extensional and additional high grade epithermal gold-silver mineralisation and porphyry copper mineralisation

The drill core relogging exercise remains ongoing, while the Company also continues to advance its exploration efforts to test the broader project potential.

A detailed program of downhole and surface geological mapping and multi-element geochemistry also highlighted the potential for Dynasty to host a large-scale porphyry copper system in addition to the gold and silver epithermal system/s.

A recent study of multi-element geochemistry has identified Cerro Verde to exhibit a classic metal zoning pattern: it has an inner core of porphyry Cu, with proximal Mo grading out into progressively cooler Se, Sn, Bi, Te, As and Sb.



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Geophysical datasets have also been acquired by Titan, with compilation of consistent and robust datasets being a focus for the Company during the period. This large data assimilation exercise will support a 3D geological model to aid in more predictive exploration drill targeting and to support ongoing modelling for resource estimation updates.

Mapping has been focused on the Cerro Verde prospect, where detailed geological mapping has been undertaken over the Brecha-Comanche, Foto, Encuentros, Gorda, Regorda and Kaliman targets, particularly where previous open pit mining has exposed the structures.

Key findings from the mapping suggests:

- Shear zones are predominantly northeast-southwest striking, with secondary shear zones striking north-south that are responsible for emplacement of dykes; and east-west extensional veins that host thicker mineralised structures.
- The Kaliman porphyry target exhibits characteristics of the shallow portion of a copper porphyry system, with alteration mapped at surface indicating advanced argillic, phyllic and minor potassic alteration.

Stream sediment Bulk Leach Extractable Gold (BLEG) sampling has also been undertaken over the broader project area, with the aim of unveiling the exploration potential across the entire concession package, especially in the central and southern portion, where there have been no exploration activities completed to date.

A 200 x 50 metre soil sampling program has commenced in the southern portion of the Cerro Verde prospect and has been designed to extend existing soil sampling coverage across the Kaliman porphyry target down to La Zanja.

### Linderos Project

Titan's focus during the period has been to advance exploration activities by gathering further geological information through surface mapping and geochemical sampling at the Copper Ridge Porphyry and Meseta Gold prospects at the Linderos Project.

Previous work has highlighted the potential for high-grade gold mineralisation near surface within the Meseta prospect, with results from mapping and surface channel sampling confirming the presence of strike extensive vein hosted high-grade gold at surface.

The Copper Ridge prospect features surface copper-molybdenum anomalism highlighted by channel and soil sampling completed by Titan. Recent mapping has confirmed that copper-molybdenum mineralisation is centered on dioritic porphyry intrusions approximately one kilometre in diameter, with these porphyritic intrusions also containing abundant mineralised quartz veining and copper oxide mineralisation at surface.

Some of the better results returned from channel sampling at Copper Ridge during the reporting period include 46m @ 0.24% copper and 9.71ppm molybdenum in channel CRC040; 32m @ 0.21% copper and 3.91 ppm molybdenum in channel CRC051; and 26m @ 0.22% copper and 9.76 ppm molybdenum in channel CRC037.

Historical diamond drilling at Copper Ridge has returned significant intersections including 99.75m @ 0.26% copper from 255m downhole (ERIKA01); and 84.85m @ 0.32% copper from surface to end of hole (ERIKA02). These historical drill holes have been relogged by Titan, with geological observations suggesting that higher-grade mineralisation is associated with a dioritic porphyry intrusion.

A strong correlation between increasing vein abundance, copper and molybdenum grades and alteration intensity with depth has been observed in relogging of historical drill holes. The density of quartz veinlets in stockwork array is evident throughout two east-west corridors, and these individual veinlets can reach a maximum width of two centimetres and can collectively aggregate to 10 to 20 percent of total rock volume.

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The porphyry intrusions are characterised by intense phyllic alteration, interpreted to be overprinting potassic alteration. This hypothesis is based upon strong quartz vein development at surface and some relic patches of potassic alteration observed in historical drill holes.

Titan believes that the Copper Ridge prospect has the potential to contain a large-scale copper porphyry system, given its favourable location and evidence gathered from historical and recent exploration activities.

A soil sampling campaign was completed on a 200m x 200m grid at Linderos East and Chorrera concessions. The results confirming the existence of a mineralisation assemblage typical for a copper-molybdenum porphyry system at Copper Ridge prospect, showing a coherent copper and molybdenum core surrounded by tellurium and bismuth donut shaped anomaly. A structurally controlled polymetallic, gold-silver-arsenic-lead, epithermal system can also be observed in the soil geochemistry at the Meseta Gold prospect, which partly overprints the copper-molybdenum porphyry system.

Mineralisation at Meseta is associated with quartz-pyrophyllite alteration, suggesting a deep seated high-sulphidation epithermal system. Sulphide mineralisation including pyrite, arsenopyrite, galena and in some cases visible gold was observed in channel samples.

Drill testing of high priority targets identified at the Copper Ridge and Meseta Gold prospects commenced in early September and the Company looks forward to sharing the results of its maiden drilling campaign into these exciting prospects.

### Copper Duke Project

Titan completed several soil sampling campaigns at the Copper Duke Project during the period over the El Huato, Landanuma and Blanquillo prospects. The assembly of a comprehensive multi-element soil geochemical dataset is key in the technical team's strategy to systematically explore the Copper Duke Project and to identify high priority targets.

The Company expects to have the results from all surface geochemical campaigns in the coming months.

### Copper Field Project

No exploration activity was completed on the Copper Field Project during the half year.

### Jerusalem Project

The Jerusalem Project sits on a 2.5sq km tenement landlocked between its neighbour, Luminex Resources' gold projects. Historic drilling has defined a low quality 43-101 mineral resource estimate containing significant gold and silver in very narrow epithermal veins exhibiting boiling zone textures.

Titan recovered this Project as part of the Core Gold takeover. Core Gold had previously lost the title and it was regranted to Titan in a statutory process in 2019.

Titan has completed no activity on the ground. Titan has been in continual dialogue with the government about gaining access and displacing unofficial community miners across the site.

Titan has also had discussions with its neighbour Luminex Resources who are also enduring the problematic issue of unconventional mining. Whilst technically this could be termed illegal mining, the reality is that community members have been undertaking small-scale mining here for decades. Titan does however have legal title to the ground.

## OPERATING RESULTS

The loss from continuing operations of the Group for the half-year ended 30 June 2022 amounted to US\$825 thousand (30 June 2021: profit of US\$1,169 thousand). Discontinuing operations contributed a profit after tax of US\$2,458 thousand (2021: loss of US\$1,006 thousand).

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## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND REVIEW OF OPERATIONS

Significant changes in the state of affairs of the Consolidated Entity and review of operations have been in the prior sections of the Directors Report.

## EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance, as described in Note 12 to the Financial Statements, that have arisen since the end of the financial period, that has significantly affected or may significantly affect, the operations of the Group, the results of the operations, or the state of the affairs of the Group in the future financial years.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on the following page and forms part of the Directors' Report for the financial half-year ended 30 June 2022.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'Matt Carr', positioned above a horizontal line.

Matt Carr  
Executive Director  
13 September 2022  
Perth, Western Australia

## Competent Person's Statements

Pursuant to Listing Rule 5.13, Titan confirms that it is not in possession of any new information or data in respect to either the Dynasty Gold Project, Copper Gold or the Jerusalem Gold Project and the supporting information provided in the relevant initial Announcements (being the ASX release dated 30 April 2020 with respect to the Dynasty Gold and Copper Duke Projects and the ASX release dated 21 September 2020 with respect to the Jerusalem Gold Projects) continues to apply and has not materially changed





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13 September 2022

Board of Directors  
Titan Minerals Limited  
Level 1, 35 Richardson Street  
WEST PERTH WA 6005

Dear Directors

**RE: TITAN MINERALS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Titan Minerals Limited.

As the Audit Director for the review of the interim financial statements of Titan Minerals Limited for the half year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
(Authorised Audit Company)

**Samir Tirodkar**  
Director

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
TITAN MINERALS LIMITED****Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of Titan Minerals Limited ("the Company") and the entities it controlled ("the Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising 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 Titan Minerals Limited, does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and
- (b) 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 our 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* has been given to the directors of the Company on 13 September 2022.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 2(b) to the interim financial statements which indicates that the consolidated financial statements have been prepared on the going concern basis. The Group incurred a loss after tax from continuing operations of US\$825,000 and had cash and cash equivalents of US\$2,707,000. The Group had net operating cash outflows of US\$1,721,000 and working capital of US\$5,971,000. As stated in Note 2(b), these events or conditions, along with other matters as set forth in Note 2(b), indicate that a material uncertainty



exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### ***Directors' Responsibility for the Half-Year Financial Report***

The directors of the Titan Minerals Limited, 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 Company's financial position as at 30 June 2022 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**

**Samir Tirodkar**  
**Director**  
West Perth, Western Australia  
13 September 2022



## DIRECTORS' DECLARATION

The Directors of Titan Minerals Limited declare that:

1. As set out in Note 2, the Directors are of the opinion that the financial statements:
  - a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements; and
  - b) give a true and fair view of the Group's financial performance for the half-year ended 30 June 2022;
2. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the Directors by:

A handwritten signature in dark ink, appearing to read 'Matt Carr', written over a horizontal line.

Matt Carr  
Executive Director  
13 September 2022  
Perth, Western Australia

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2022

	Half year ended	
	30 June 2022	30 June 2021
	USD	USD
Notes	\$ 000's	\$ 000's
<b>Expenses</b>		
General and administration	(479)	(1,393)
Salaries and wages	(261)	(456)
Professional fees	(476)	(796)
Stock-based compensation	6	(204)
Insurance	(59)	(49)
<b>(Loss) from operations</b>	<b>(1,269)</b>	<b>(2,898)</b>
Other income	465	403
Finance expense	(91)	(370)
Fair value (loss) of financial assets	(102)	(902)
Impairment	-	(55)
Gain (loss) on extinguishment of liabilities	-	108
Net foreign exchange gain (loss)	172	(332)
Net gain on disposal of subsidiaries	-	5,215
<b>Net (loss) / profit for the period from continuing operations</b>	<b>(825)</b>	<b>1,169</b>
Profit / (Loss) from discontinuing operations	2,458	(1,006)
<b>Profit for the period attributable to shareholders of the Company</b>	<b>1,633</b>	<b>163</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences on translation	(222)	45
<b>Total comprehensive profit for the period attributable to shareholders of the Company</b>	<b>1,411</b>	<b>208</b>
(Loss) / profit per share from continuing operations – basic and diluted (cents)	(0.059)	0.103
Profit / (loss) per share from discontinuing operations – basic and diluted (cents)	0.174	(0.088)

Notes to the condensed consolidated financial statements form part of these financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 USD \$ 000's	31 Dec 2021 USD \$ 000's
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,707	8,762
Receivables and prepaid expenses	4	8,278	9,025
Financial assets		163	228
Assets classified as held for sale	6	872	872
Inventories		93	83
<b>Total current assets</b>		<b>12,113</b>	<b>18,970</b>
<b>Non-current assets</b>			
Receivables	4	2,033	1,783
Properties, plant and equipment		259	171
Exploration and evaluation expenditure	5	32,056	28,133
<b>Total non-current assets</b>		<b>34,348</b>	<b>30,087</b>
<b>Total assets</b>		<b>46,461</b>	<b>49,057</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	7	5,001	6,552
Loans payable	8	1,033	1,088
Liabilities classified as held for sale	6	108	2,543
<b>Total current liabilities</b>		<b>6,142</b>	<b>10,183</b>
<b>Non-current liabilities</b>			
Provision for closure and restoration		494	494
<b>Total non-current liabilities</b>		<b>494</b>	<b>494</b>
<b>Total liabilities</b>		<b>6,636</b>	<b>10,677</b>
<b>Net assets</b>		<b>39,825</b>	<b>38,380</b>
<b>Shareholders' equity</b>			
Issued capital	9	170,423	170,383
Reserves		21,889	22,117
Accumulated losses		(152,487)	(154,120)
<b>Total shareholders' equity</b>		<b>39,825</b>	<b>38,380</b>

Notes to the condensed consolidated financial statements form part of these financial statements.



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2022

	Share Capital US \$000's	Foreign currency translation reserve US \$000's	Share Based Payment Reserves US \$000's	Accumulated losses US \$000's	Total Shareholder (Deficit) Equity US \$000's
<b>Balance at 1 January 2021</b>	150,494	(414)	20,372	(161,644)	<b>8,808</b>
Net profit for the period	-	-	-	163	<b>163</b>
Other comprehensive income	-	45	-	-	<b>45</b>
Total comprehensive profit for the period	-	45	-	163	<b>208</b>
<i>Transactions with owners in their capacity as owners</i>					
Share based payments	-	-	204	-	<b>204</b>
<b>As at 30 June 2021</b>	<b>150,494</b>	<b>(369)</b>	<b>20,576</b>	<b>(161,481)</b>	<b>9,220</b>
<b>Balance at 1 January 2022</b>	170,383	713	21,404	(154,120)	<b>38,380</b>
Net profit for the period	-	-	-	1,633	<b>1,633</b>
Other comprehensive income	-	(222)	-	-	<b>(222)</b>
Total comprehensive profit for the period	-	(222)	-	1,633	<b>1,411</b>
<i>Transactions with owners in their capacity as owners</i>					
Issue of shares	40	-	-	-	<b>40</b>
Share based payments	-	-	(6)	-	<b>(6)</b>
<b>As at 30 June 2022</b>	<b>170,423</b>	<b>491</b>	<b>21,398</b>	<b>(152,487)</b>	<b>39,825</b>

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 30 June 2022

	Half-year ended	
	30 June 2022 USD \$ 000's	30 June 2021 USD \$ 000's
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(1,721)	(3,662)
Interest and other costs of finance paid	-	(62)
<b>NET CASH (USED IN) IN OPERATING ACTIVITIES</b>	<b>(1,721)</b>	<b>(3,724)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments of exploration and evaluation costs	(5,091)	(4,157)
Payments for property, plant and equipment acquired	(116)	(102)
Proceeds from the sale of Zaruma sale (including interest)	600	2,000
Proceeds from the sale of Peru subsidiary	500	900
Proceeds from sale of property, plant and equipment	-	401
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>(4,107)</b>	<b>(958)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	-	1,661
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>-</b>	<b>1,661</b>
Net (decrease) increase in cash and cash equivalents	(5,828)	(3,021)
Cash and cash equivalents at the beginning of the period	8,762	3,272
Effects of exchange rate changes on the balance of cash held in foreign currencies	(227)	(59)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>2,707</b>	<b>192</b>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Titan Minerals Limited is a for-profit listed public company, incorporated in Australia and operates in Australia (corporate office) and in South America. The Group's registered office is in Level 1, 35 Richardson Street West Perth WA 6005 Australia.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### Statement of compliance

The half-year financial report is a general purpose condensed financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction the annual financial report for the year ended 31 December 2021 and the company's ASX announcements up to the date of release of this financial report.

The financial statements were authorised for issue by the Directors on 13 September 2022.

#### (a) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars unless otherwise noted.

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise indicated.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

#### *Comparative information*

Comparative information relating to the profit or loss and other comprehensive income for the six months ended 30 June 2021 and the statement of financial position as at 31 December 2021 have been reclassified to separate the loss from discontinuing operations for the comparative half year and assets held for sale at 31 December 2021. This is not a restatement of prior year comparatives.

#### (b) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. The Consolidated Entity realised a net profit for the half year of \$1,633 thousand after the extinguishment of liabilities associated with the previous sale of assets, but incurred an underlying net loss of \$825 thousand and had net operating cash outflows of \$1,721 thousand (2021: \$3,724 thousand) for the period ended 30 June 2022.

The Group is currently in a working capital surplus position of \$5,971 thousand (31 December 2021: \$8,787 thousand).

The Titan Group is focused on the exploration and evaluation of its three main concession or tenement groups in Ecuador, namely the Dynasty Gold project, Copper Duke project and the Linderos project.



## Interim Financial Report

Period ending 30 June 2022



The directors have prepared a cash flow forecast, which indicates that Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Included in the forecast are capital raisings and asset sales to be finalised within the next 12 months.

The Group expects to receive US\$4 million before 31 December 2022 of the consideration receivable for the Group's sale of the sale of Zaruma mine and Portovelo process plant to Pelorus Minerals Limited.

The Directors are confident that the Group will have sufficient cash to fund its activities within the next 12 months from the date the financial statements are approved and will be able to meet existing commitments as they fall due. The Directors will also continue to carefully manage discretionary expenditure in line with the Group's cashflow.

Should the Group not achieve additional funding required, there is **material** uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

### 3. SEGMENT INFORMATION

#### Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision-maker) in assessing performance and in determining the allocation of resources.

The Group's principal activities is exploration and development of gold and copper assets in Ecuador. These activities are all located in the same geographical area being Ecuador. Given there is only one segment being in one geographical area, the financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole.

### 4. RECEIVABLES AND PREPAID EXPENSES

	Consolidated	
	30 Jun 2022 US \$000's	31 Dec 2021 US \$000's
<b>CURRENT</b>		
Other receivables	430	614
Prepaid expenses	28	91
Consideration receivable – Vista Gold SAC <sup>1</sup>	320	820
Consideration receivable – Pelorus Minerals Limited <sup>2</sup>	7,500	7,500
	<b>8,278</b>	<b>9,025</b>
<b>NON-CURRENT</b>		
Other receivables <sup>3</sup>	2,033	1,783
	<b>2,033</b>	<b>1,783</b>

## Interim Financial Report

Period ending 30 June 2022



- (1) During the 6 month period to 30 June 2022, the Group received US\$500 thousand in consideration payments from its sale of Vista Gold SAC previously completed.
- (2) The consideration receivable for the Group's sale of the sale of Zaruma mine and Portovelo process plant to Pelorus Minerals Limited as at 30 June 2022 is \$7,500 thousand. The remaining amounts receivable are past due and payable as per the below:
  - US\$2.5 million Second Deferred Consideration Payment, due upon the earlier of:
    - 1 December 2021; and
    - receipt by Pelorus of the capital raising proceeds from its IPO, which Pelorus is proposing to complete by 31 October 2021.
  - US\$2.5 million Third Deferred Consideration Payment due by 1 March 2022. As at the date of this report; and
  - US\$2.5 million Fourth Deferred Consideration Payment due by 1 June 2022.

Interest has been incurred on the amounts unpaid from their due date at a rate of 20% per annum, with the full amount accrued paid as at 30 June 2022.

No provision for the outstanding consideration receivable has been recognised as at 30 June 2022.

- (3) Other receivables (non-current) relate to VAT recoverable from foreign taxation authorities. The recoverability of this VAT is based on the commencement of mining operations and as such, have been classified as non-current assets.

## 5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	30 Jun 2022 US \$000's	31 Dec 2021 US \$000's
<b>Capitalised exploration and evaluation expenditure</b>	<b>32,056</b>	<b>28,133</b>
Reconciliation of carrying amounts at the beginning of the period to the end of the period:	<b>6 months to 30 June 2022</b>	<b>12 months to 31 December 2021</b>
At the beginning of the period	28,133	18,374
- expenditure for the period	3,923	9,814
- impairment	-	(55)
At the end of the period	32,056	28,133

# Interim Financial Report

Period ending 30 June 2022



## 6. DISCOUNTED OPERATIONS

### Assets and liabilities classified as held for sale

	Consolidated	
	30 Jun 2022 US \$000's	31 Dec 2021 US \$000's
<b>Assets classified as held for sale</b>		
PP&E – Land surface rights: Zaruma & Portovelo <sup>1</sup>	872	872
<b>Liabilities classified as held for sale</b>		
Tax liabilities: Coriorcco and Las Antas	-	(563)
Tax liabilities: Zaruma & Portovelo	-	(756)
Provision for closure and restoration: Zaruma & Portovelo	(108)	(1,224)
<b>Net Assets / (Liabilities) classified as held for sale</b>	<b>764</b>	<b>(1,671)</b>

1. These balances represent the assets and liabilities requiring the legal transfer of title to Pelorus Minerals Limited under the Share Sale Agreement as described below. The transfer process is awaiting completion by the relevant government authorities.

	Consolidated	
	30 Jun 2022 US \$000's	30 Jun 2021 US \$000's
Zaruma mine & Portovelo plant (Ecuador)	1,895	(1,006)
Coriorcco and Las Antas	563	-
<b>Profit / (loss) from discontinuing operations</b>	<b>2,458</b>	<b>(1,006)</b>

The profit from discontinuing operations was derived from the extinguishment of various liabilities and a change in estimate associated with provision liabilities.

### Cash flows from discontinuing operations

	Consolidated	
	30 Jun 2022 US \$000's	30 Jun 2021 US \$000's
Proceeds from the sale of Zaruma	-	2,000
Interest received on outstanding proceeds	600	-
<b>Cash flows from discontinuing operations</b>	<b>600</b>	<b>2,000</b>

## Interim Financial Report

Period ending 30 June 2022



### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Consolidated	
	30 Jun 2022	31 Dec 2021
	US \$000's	US \$000's
<b>CURRENT</b>		
Trade and other payables	4,844	6,303
Government payables – IVA, Taxes, Royalty, Concessions	157	249
	<b>5,001</b>	<b>6,552</b>

Included in Trade and other payables is an amount of US\$2,484 thousand that are past due and payable. The majority of these liabilities were acquired as part of the acquisition of the Core Gold Inc. acquisition.

### 8. LOANS PAYABLE

	Consolidated	
	30 Jun 2022	31 Dec 2021
	US \$000's	US \$000's
Sophisticated and professional investors loan	1,033	1,088
	<b>1,033</b>	<b>1,088</b>

In August 2021, the Group entered into an unsecured debt facility with a group of sophisticated and professional investors.

The material terms of the debt facility are:

- Amount: A\$1,500,000.
- Repayment date: 1 April 2022 (extended to 1 December 2022)
- Interest: 15% per annum payable at repayment date
- Facility establishment fee: 5%

The total interest accrued but not paid as at 30 June 2022 is US\$129 thousand (2021: US\$55 thousand).

### 9. ISSUED CAPITAL

#### Issued capital reconciliation

	30 June 2022	
	Number	US \$000's
<b>Issued capital</b>		
Ordinary shares fully paid	<b>1,410,220,582</b>	<b>170,423</b>
<b>Movements in shares on issue</b>		
Balance as at 1 January 2022	1,409,720,582	170,383
Shares issued to consultant	500,000	40
<b>Balance at end of half year</b>	<b>1,410,220,582</b>	<b>170,423</b>



## Interim Financial Report

Period ending 30 June 2022



### Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

#### (a) Shares under option – unlisted

	Number of Options (Unlisted)
<b>Total number of options outstanding as at 1 January 2022</b>	<b>91,120,000</b>
Share options issued	5,000,000
Share options forfeited	(15,000,000)
<b>Total number of options outstanding as at 30 June 2022</b>	<b>81,120,000</b>

No options were exercised during the period.

## Interim Financial Report

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### 10. RELATED PARTY TRANSACTIONS

During the period, Director Tamara Brown was issued 5,000,000 options as part of her appointment as a Director. The options had the following terms and conditions:

Vesting category	Vesting Condition	Options	Exercise Price (AUD)	Expiry Date
A	The Company announcing on its ASX Market Announcements Platform a minimum 2,000,000 ounces of gold (Au) or gold equivalent (in accordance with clause 50 of the JORC code) at the Dynasty Gold Project in Ecuador.	1,250,000	\$0.0001	25 August 2024
B	The Company announcing on its ASX Market Announcements Platform a minimum 2,500,000 ounces of gold (Au) or gold equivalent (in accordance with clause 50 of the JORC code) at the Dynasty Gold Project in Ecuador.	1,250,000	\$0.0001	25 August 2024
C	The VWAP of Company Shares is at least \$0.20 for 10 consecutive trading days	1,250,000	\$0.0001	25 August 2024
D	The VWAP of Company Shares is at least \$0.30 for 10 consecutive trading days or at 24 months after the issue of the Incentive Options.	1,250,000	\$0.0001	25 August 2024

Below is a summary of the key inputs and valuation methodology of the incentive options issued:

Vesting Category	A	B	C	D
Valuation model	Black-Scholes	Black-Scholes	Hoadleys Hybrid ESO Model	Hoadleys Hybrid ESO Model
Options exercisable at (AUD):	\$0.0001	\$0.0001	\$0.0001	\$0.0001
Grant date	1 April 2022	1 April 2022	1 April 2022	1 April 2022
Expiry date	25 August 2024	25 August 2024	25 August 2024	25 August 2024
Estimated volatility	97%	97%	97%	97%
Risk-free interest rate	1.76%	1.76%	1.76%	1.76%
Fair value (AUD):	\$0.0979	\$0.0979	\$0.0606	\$0.0503

During the period, it was agreed to increase the remuneration of Executive Director Matthew Carr, effective from 1 April 2022, from \$180,000 per annum to \$240,000 per annum.

Other than the above, there were no changes to the nature of related party transactions than as disclosed in the 31 December 2021 annual report.

## 11. CONTINGENT LIABILITIES

There have been no changes to contingent liabilities and commitments since the 31 December 2021 annual report.

## 12. SUBSEQUENT EVENTS

The directors are not aware of any material subsequent events.