



ASX RELEASE

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31<sup>st</sup> July 2023

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Directors

Lee Christensen  
Dr James Searle  
Jason Ferris

Ticket

ASX: TSL

## QUARTERLY OPERATIONS REPORT TO 30th JUNE 2023

- **Scoping Study confirms potential for major long life financially robust heavy mineral dredging project**
- **TSL to enter into JV and strategic partnership with major Sri Lankan diversified company JAT Holdings Plc**
- **Sri Lankan Geological Survey and Mines Bureau (GSMB) has completed its regulatory review of final exploration reports and has approved progression to an Environment Impact Assessment (EIA) and the mining lease application process**

### SCOPING STUDY

As reported in full during the June Quarter ([ASX announcement 12/5/2023<sup>1</sup>](#)), a Scoping Study of the Mannar Heavy Minerals Project confirmed the potential for a major long life financially robust heavy mineral dredging project. The Scoping Study was focussed on a portion (35%) of the total project mineral resource estimate, defined to date over a 20 year production period processing 4 million tonnes per annum.

This initial project scope was found to have an NPV<sub>10%</sub> of A\$545 million (EBITDA, 10% discount rate), an IRR of 52%, a capital payback period of under 2 years and a globally competitive revenue to cost ratio of 2.75. CAPEX was estimated at AUD\$122 million.

The Scoping Study has also highlighted the potential for second and possibly third dredge expansion opportunities over and above the first stage 4Mtpa project and indicate further studies into expanded processing capacities are clearly warranted.

### JOINT VENTURE AND STRATEGIC PARTNERSHIP WITH JAT HOLDINGS

Titanium Sands has entered into a binding term sheet to acquire James Global (Pvt) Ltd, which is an associate company of JAT Holdings PLC. JAT Holdings is a major diversified Colombo Stock Exchange listed company, which has various businesses including supplying finishing and furnishing solutions including coatings and paints and accessories to local and international markets and the direct sourcing of titanium dioxide based pigments used in its products. As previously announced ([ASX announcement 2/5/2023<sup>2</sup>](#)).

James Global holds heavy mineral sand exploration tenure on the NE Coast of Sri Lanka. TSL and JAT Holdings intend to form a joint venture for the further exploration and development of ground held by James Global. As part of the agreement JAT will also assist with Sri Lankan management and operational matters for TSL’s Sri Lankan subsidiaries.

James Global’s geological team has identified exploration tenure along the NE coast of Sri Lanka with widespread occurrences of heavy mineral sands in Pleistocene to modern sedimentary sequences. James Global currently holds Exploration Licence No. EL/391 which comprises of 19 square kilometer grid units along the coastal stretch between Nilaweli and Thevikallu in North- East Sri Lanka (refer to Figure 1 below).

It is proposed that an initial 50 or more hole due diligence exploration drilling program be conducted on the ground held by James Global, which could include additional exploration permits introduced to James Global by JAT Holdings, within 3 months of settlement. Subject to the results of this initial exploration, TSL will look to undertake further work to define a JORC 2012 compliant heavy mineral resource.

The existing ground held by James Global, compliments TSL’s existing Mannar Island Project and future growth plans. TSL remains focused on delivering a high-grade HMS project in Sri Lanka and the proposed acquisition and joint venture with JAT Holdings PLC secures a very strong in-country partner to assist in meeting these objectives.

## PROGRESS WITH MINING LEASE APPLICATION AND EIA PROCESSES

Sri Lankan Geological Survey and Mines Bureau (GSMB) has completed its required regulatory review of final exploration reports and has approved progression to an Environment Impact Assessment (EIA) and the mining lease application process ([ASX announcement 18/7/2023<sup>3</sup>](#)). As part of the review the GSMB is also required to assess the potential economic viability of the project. On receipt of the GSMB review of the project, the Central Environment Agency (CEA) has confirmed the initiation of environmental clearance and has requested the Basic Information Questionnaire (“BIQ”) be submitted for each license held. The Company is in the process of finalising these now for submission([ASX announcement 27/7/2023<sup>4</sup>](#)).

## TENURE

The GSMB has approved the Company’s application for the retention of the term of license EL370 has been granted. The retention has been granted for a further 1-year term expiring on 16 May 2024. During the July quarter, the tenure holdings otherwise remained unchanged. TSL’s 5 most important exploration licences are compliant and current until at least Oct-2023 (Table 1).

Exploration License	Holder	EL	Validity	Area	Status
EL 370	Kilsythe Exploration (PVT) LTD	4/05/2021	16/05/2024	31km <sup>2</sup>	Current retention
EL 351	Sanur Minerals (PVT) LTD	13/12/2019	12/12/2023	15km <sup>2</sup>	Current
EL 345	Sanur Minerals (PVT) LTD	29/10/2021	28/10/2023	10km <sup>2</sup>	Current
EL 343	Orion Minerals (PVT) LTD	29/10/2021	28/10/2023	5km <sup>2</sup>	Current
EL 344	Orion Minerals (PVT) LTD	29/10/2021	28/10/2023	8km <sup>2</sup>	Current
EL 180/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	45km <sup>2</sup>	Renewal Pending
EL 182/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	26km <sup>2</sup>	Renewal Pending
EL 371	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	4km <sup>2</sup>	Renewal Pending
EL 372	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	51km <sup>2</sup>	Renewal Pending
			Total	195km <sup>2</sup>	

**Table 1 Mannar Island Project tenure**

## PAYMENTS TO RELATED PARTIES

The total amount paid to related parties of the Company and their associates, as per item 6.1 and 6.2 of the attached Appendix 5B was \$57k and \$6k respectively. These payments are for Directors fees, salaries and superannuation during the quarter.

## OTHER ASX REQUIREMENTS

ASX Listing Rule 5.3.1: Exploration and Evaluation expenditure during the Quarter was \$88k focussed on preparation and commencement of the resource infill and extension drilling program. ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

### Ends-

The Board of Directors of Titanium Sands Ltd authorised this announcement to be given to ASX.

Further information contact:

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## COMPLIANCE STATEMENTS

### *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. The information was extracted from the Company's previous ASX announcements as follows:

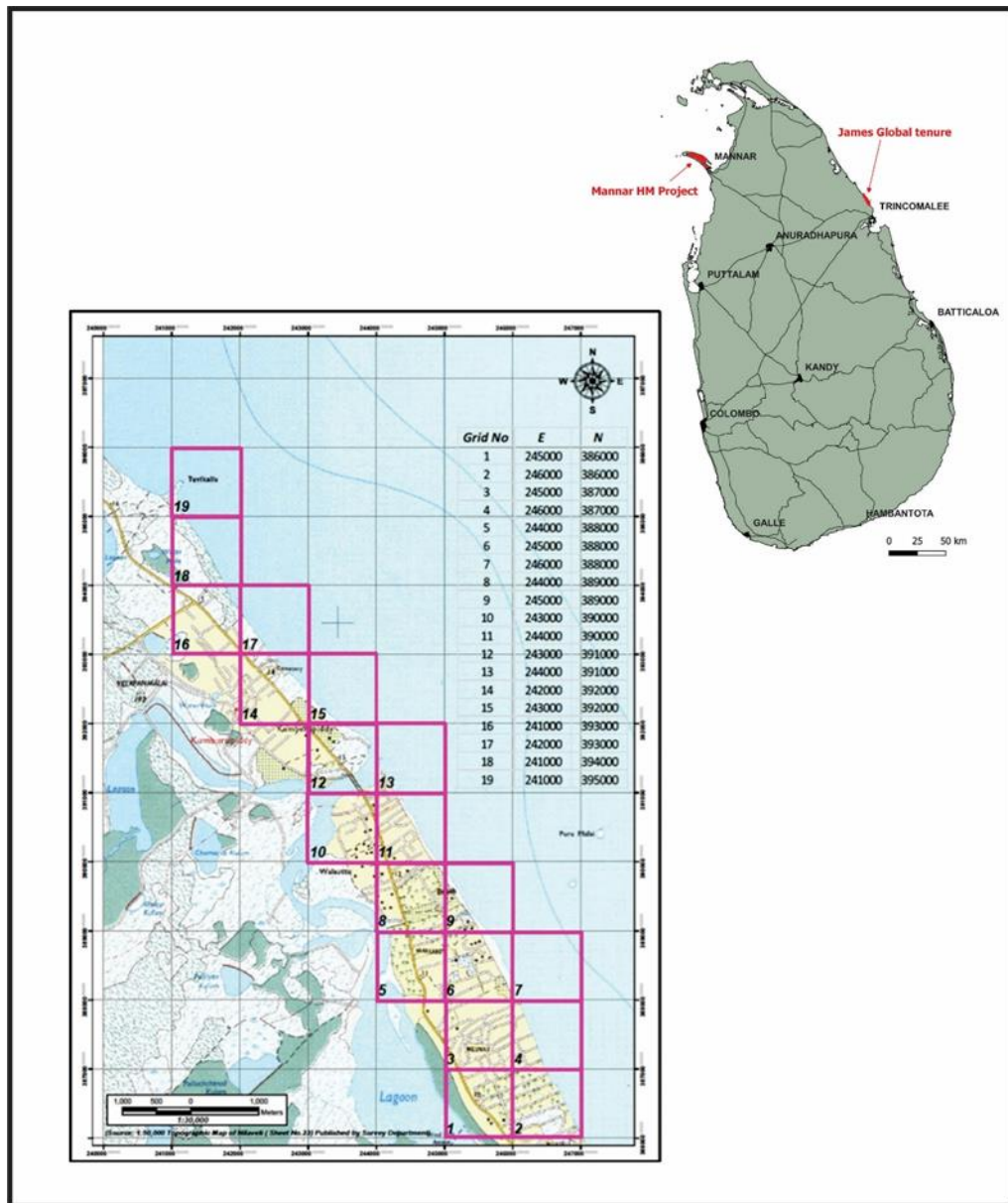
**1 ASX Announcement : 12<sup>th</sup> May 2023 Scoping Study- Mannar Heavy Mineral Project.**

In accordance with ASX Listing Rule 5.19.2, TSL confirms that all the material assumptions underpinning the forecast financial information contained in the Scoping Study as reported to the ASX on 12th May 2023, continue to apply and have not materially changed.

**2 ASX Announcement : 2<sup>th</sup> May 2023 Acquisition of James Global, partnership with JAT Holdings.**

**3 ASX Announcement : 18<sup>th</sup> July 2023 GSMB approve and identify Mannar Project as viable.**

**4 ASX Announcement : 27<sup>th</sup> July 2023 CEA confirms initiation of environmental clearance.**



**Fig. 1: Location Map of the Selected Grid Units along the Coastal Stretch between North of Nilaweli and Thevikallu in Trincomalee District**

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

Titanium Sands Limited

**ABN**

65 009 131 533

**Quarter ended ("current quarter")**

30 June 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(83)	(448)
(e) administration and corporate costs	(96)	(435)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	3
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(179)</b>	<b>(880)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	(100)	(100)
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(88)	(582)
(e) investments	-	-
(f) other non-current assets	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(188)</b>	<b>(682)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,511
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(128)
3.5	Proceeds from borrowings	250	250
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Termination of institutional investment	-	(535)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>250</b>	<b>1,098</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	187	534
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(179)	(880)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(188)	(682)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	250	1,098

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>70</b>	<b>70</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	70	187
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>70</b>	<b>187</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	57
6.2	Aggregate amount of payments to related parties and their associates included in item 2	6
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	700	250
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>700</b>	<b>250</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>450</b>
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Funding facility provided by 2 major shareholders of up to \$700k. Facility is unsecured at an interest rate of 10% p/a. Repayment of the facility us by no later than 8 September 2023 and may be in cash or shares (at an issue price of \$0.023 per share) at the election of the funder. Refer to ASX announcement 26 April 2023.</p>		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(179)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(88)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(267)
8.4 Cash and cash equivalents at quarter end (item 4.6)	70
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	70
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>0.26</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
<p>Answer: Yes, as announced on 13<sup>th</sup> July 2023, the Company announced a Placement to sophisticated and professional investors to raise \$1.1M (before costs). The Placement was completed on 19 July 2023. The Company also announced it would be conducting a non-renounceable rights issue to raise an additional 1.4M (before costs). The rights issue is expected to be completed during the September 2023 quarter.</p>	



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**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**


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8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, for the reasons noted in 8.8.2 above.

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2023

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

### Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.