



ASX RELEASE

30th January 2024

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Ticket

ASX: TSL

QUARTERLY OPERATIONS REPORT TO 31st DECEMBER 2023

- Applications have been made to the Sri Lankan Board of Investment for formal approval of the investment structure of the Mannar Heavy Mineral Project
- The Company continues to engage directly with Government Ministers and Departmental Heads of the Ministries and regulatory bodies and has received every encouragement for the project and the much needed inbound investment and economic stimulus that it will bring to Sri Lanka and the underdeveloped northwest of the country

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 and 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 agreements have been secured with affected landowners for the priority zone 1 of the Mannar Heavy Mineral Project ([ASX:TSL 6/11/2023](#))¹. The Company's representatives have been meeting with affected landowners to explain the proposed project (Figures 1) 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](#))² as well as housing the Company's initial processing plant and operations. (Figure 2 and 3)

The Central Environment Authority ("CEA") has initiated environmental clearance for the project ([ASX:TSL 27/7/23](#))³ and also recently completed their initial site visit in conjunction with the Environmental Impact Assessment consultants ("EIA") ([ASX:TSL 24/10/23](#))⁴. (Figure 4)



Figure 1: Process of signing Land Access Agreements at Mannar.



Figure 2: Priority zone 1 Land Access Agreement area at Mannar Island.

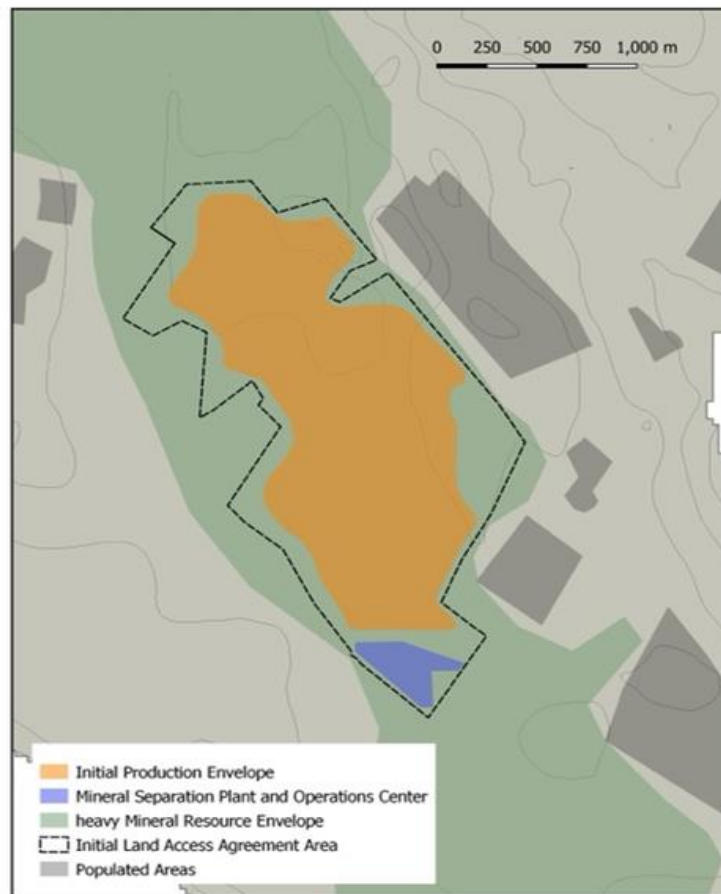


Figure 3: Mannar Island initial production envelope, Mineral separation plant and operations centre



Figure 4: Identifying locations for environmental clearance review.

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 1).

Table 1 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	

CAPITAL RAISE

Company has finalised a capital raise further to the placement and rights issue recently completed by the Company ([ASX:TSL 16/11/2023](#))⁵. On 13 July 2023, the Company announced its intention to undertake a capital raise of up to approximately \$2,506,398 through a placement to sophisticated and professional investors and a 1:5 non renounceable rights issue to eligible shareholders, both priced at \$0.005 per Share and including a 1:1 free attaching option (exercisable at \$0.023 and expiring 16 February 2026). CPS Capital Group acted as lead manager to the placement and rights issue and facilitated placement of the rights issue shortfall. The placement and rights issue were completed pursuant to a prospectus dated 13 July 2023 raising a total of \$1,809,736, with the shortfall securities to be placed within three months of the rights issue closing (being 1 November 2023).

Applications for shortfall securities under the rights issue were received shortly following the closing date due to unforeseen delays. To facilitate such applications being accepted, the Company agreed to issue securities to applicants on the same terms as under the placement and rights issue subject to shareholder approval under Listing Rule 7.1.

Applications for a total of 122,885,200 Shares and 122,885,200 free attaching options have been received from existing Shareholders, clients of CPS Capital Group and new investors to raise a total of \$614,426 (before costs). The funds raised will be aggregated with funds raised from the placement and rights issue and used to fund progression of the IML application on the Mannar Island Project and associated activities (including GSMB approvals, completion of the Environmental Impact Assessment (EIA) report on the Mannar Island Project and obtaining initial land access agreements and approvals) and for general working capital purposes.

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 \$108k and \$28k 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 \$346k 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:

Note 1 ASX Announcement : 6th of November 2023, Land Access Agreements signed for Mannar Priority 1 Zone.

Note 2 ASX Announcement 12th May 2023, Scoping Study Mannar Heavy Mineral Project

Note 3 ASX Announcement 27th July 2023, Central Environmental Authority Confirms initiation of environmental clearance.

Note 4 ASX Announcement 24th October 2023, Central Environment Authority presentation and site visit completed .

Note 5 ASX Announcement 16th November 2023, Capital Raise update.

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")

31 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(136)	(277)
	(e) administration and corporate costs	(288)	(476)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
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)	-	-
1.9	Net cash from / (used in) operating activities	(423)	(752)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	(352)
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(346)	(868)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	-	-
2.6	Net cash from / (used in) investing activities	(346)	(1,220)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	711	2,575
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	(59)	(191)
3.5	Proceeds from borrowings	-	-
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)	-	-
	Proceeds from shares yet to be issued	-	-
3.10	Net cash from / (used in) financing activities	652	2,384

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	599	70
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(423)	(752)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(346)	(1,220)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	652	2,384

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	482	482

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	482	599
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	482	599

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	108
6.2	Aggregate amount of payments to related parties and their associates included in item 2	28
<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>		

7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
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.		
	-		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(423)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(346)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(769)
8.4 Cash and cash equivalents at quarter end (item 4.6)	482
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	482
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.63
<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?	
Answer: Yes, the Company will be required to raise further cash and is considering its options. The Company has always been well supported in its capital raising initiatives and believes it would be successful in raising sufficient funds to continue with the planned level of operations.	
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.	
<i>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.</i>	

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: 30 January 2024

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.