



ANNUAL REPORT

2018

TITAN MINERALS LIMITED
(ACN 117 790 897)
Annual Report
for the year ended 31 December 2018





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CORPORATE DIRECTORY

DIRECTORS:

Matthew Carr
Nicholas Rowley
Robert Sckalor
Cameron Henry

COMPANY SECRETARY:

Zane Lewis

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AUDITORS:

Stantons International Audit and Consulting Pty Ltd
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Western Australia 6005

AUSTRALIAN COMPANY NUMBER:

ACN 117 790 897

AUSTRALIAN BUSINESS NUMBER:

ABN 97 117 790 897

1. DIRECTORS' INFORMATION

The directors and company secretary of Titan Minerals Limited (the "Company" or "Titan") and its controlled entities (together the "Group" or "Consolidated Entity") during the financial year end until the date of this report were as follows:

2. DIRECTORS AND COMPANY SECRETARY

Matthew Carr –

appointed as director on 3 February 2017, current.

Nicholas Rowley –

appointed as a director on 9 August 2016, current.

Robert Skalar –

appointed as director on 7 August 2017, current.

Cameron Henry –

appointed as director on 8 August 2017, current.

Zane Lewis –

appointed as company secretary on 11 August 2016, current.

3. DIRECTORS' MEETINGS

Eight meetings of the directors of the Company have been held during the financial year ended 31 December 2018.

4. PRINCIPAL ACTIVITIES

The Group's principal activities during the course of the financial year were the operation of the Tulin gold toll treatment operation in Peru, and construction of the Vista gold plant. The Company also progressed activities on gold exploration concessions and completed reconnaissance scale work towards development by way of merger and acquisition of a portfolio of gold and copper projects in South America, with a focus on the Andean Terrane.

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND REVIEW OF OPERATIONS

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial year:

The loss of the Group for the year ended 31 December 2018 amounted to \$7,810,308 (31 December 2017: profit of \$12,433,016).

Corporate

On March 26, 2018, Titan announced that it had entered into a bid implementation agreement with Andina Resources Ltd ("Andina"), by which Titan would acquire all of the issued capital in Andina via an off-market takeover bid with Andina shareholders receiving 1 Titan Share for every 1.18 Andina shares held ("Andina Acquisition").

On July 12, 2018, Titan announced that Titan shareholders had approved all resolutions necessary to satisfy conditions under the bidder statement dated May 23, 2018 making the Andina Acquisition unconditional. On July 24, 2018 Titan announced that it held 97.09% of Andina shares on issue. On September 27, 2018 Titan completed the acquisition of all remaining ordinary shares in Andina.

On May 22, 2018, Titan announced that it had received firm commitments to raise approximately A\$11,000,000 by issuing 366,666,666 Titan Shares at \$0.03 per share to institutional and sophisticated investors. Titan advised that the capital raising would be completed in two tranches. On May 28, 2018, Titan announced that it had issued the first tranche of 233,333,333 Titan Shares raising a total of A\$7,000,000. On July 17, 2018, Titan announced that it had issued the second tranche of 133,333,333 Titan Shares to raise A\$4,000,000.

On June 28, 2018, Titan announced that it had appointed Mr. Travis Schwertfeger to the role of Chief Operations Officer and Group Geologist for Titan.

On August 10, 2018, Titan announced that it had engaged Canaccord Genuity (Australia) Limited ("Canaccord") to provide corporate advisory services to Titan in consideration for which Titan had agreed to issue Canaccord 45,000,000 unquoted options comprised of: (i) 12,000,000 options exercisable at \$0.05 each on or before July 1, 2021; (ii) 15,000,000 options exercisable at \$0.06 each on or before July 1, 2021; and (iii) 18,000,000 options exercisable at \$0.07 each on or before July 1, 2021.

Core Gold Merger – Ecuador

Subsequent to the reporting period, Titan and Core Gold Inc. ("Core Gold") jointly announced that the companies have entered into a binding arrangement agreement (the "Arrangement Agreement"), pursuant to which Titan will acquire all of the issued and outstanding Core Gold common shares by way of a share exchange (the "Merger"). The Merger will create a diversified Latin America focused ASX-listed gold company with a robust portfolio of exploration, development and production assets in both the emerging mining jurisdiction of Ecuador and the well-established mining jurisdiction of Peru. The proposed Arrangement Agreement will provide the merged company with a strong pipeline of growth opportunities.

In support of Core Gold and the proposed merger, on 25 March 2019, Titan announced completion of a US\$3 million private placement with Core Gold Limited, as part of the amending agreement announced 12 March 2019. The amendment amended the terms of the previously announced arrangement agreement between Titan and Core Gold of which Titan will acquire all the issued and outstanding Core Gold common shares by way of a court approved share exchange plan of arrangement.

As part of the amending agreement, all of the directors and current senior management of Core Gold holding in aggregate 38,041,981 Core Gold shares, representing 25.1% of the currently issued and outstanding common shares of Core Gold and 23.7% following the private placement, have entered into customary voting and support agreements that require those Directors and senior management to vote in favour of the Merger at the Core Gold shareholder meeting to be convened to approve the Merger. Together with Titan's 5.7%, these shareholders have agreed to vote their 29.4% collective common share position in Core in favour of the Merger.

DIRECTORS' REPORT

Under the Amending Agreement Titan and Core Gold have agreed:

- Termination of the go-shop period in which Core Gold was permitted to solicit superior proposals
- Increase the break fee payable by Core Gold to Titan in the event of a superior cash proposal from C\$500,000 to C\$3,000,000
- Titan's consent will be required for any disposal by Core Gold of non-core assets prior to closing
- Titan's consent will also be required for any private placement of the shares of Core Gold, other than a private placement of up to US\$8 million at not less than C\$0.44 per share

Ecuador Asset Overview

Dynasty Goldfield - Ecuador:

The Dynasty Goldfield project (100% owned), located in the Loja Province in southwestern Ecuador, is an advanced stage gold project with a CIM compliant mineral resource estimate of:

CATEGORY	OZ AU	AU G/T	OZ AG	AG G/T	TONNES
Measured	437,000	4.7	3,567,000	38.1	2,909,000
Indicated	585,000	4.6	4,936,000	38.8	3,958,000
Total M&I	1,022,000	4.6	8,504,000	38.5	6,867,000
Inferred	1,118,000	4.4	9,901,000	39.4	7,825,000

Table 1: Mineral Resource Estimation as per Core press release dated November 5, 2014 for the Canadian NI 43-101 Technical Report titled "Dynasty Goldfield Project, Celica, Loja Province, Ecuador" dated October 22, 2014.

Dynasty Goldfield is currently operating as a small-scale open pit mining operation and is the first fully permitted open pit gold mine in Ecuador. The Dynasty Goldfield project consists of 3 mining concessions at altitudes ranging from 1,100 – 1,800m above sea level and covers an area of approximately 6,700 hectares. 120+ major veins have been identified in 6km strike, predominantly drilled to less than 100m vertical extent. Cerro Verde small scale mining has only exploited 3 of 120 veins and has identified an additional 4 'blind' veins' in ongoing development work. An updated NI 43-101 technical report with restated mineral resource estimation is currently in progress and is expected to be completed prior to mailing of Core Gold's circular.

As at the time of this report, the Company is not in possession of any new information or data relating to the foreign estimate that materially impacts on the reliability of the estimates or the mining entity's ability to verify the foreign estate as minerals resources in accordance with the JORC Code. Titan confirms that the supporting information in the initial market announcement by the Company dated 25 February 2019 ("Initial Announcement") continues to apply and has not materially changed.

The information in this announcement relating to Mineral Resource Estimates for the Dynasty Goldfield Project is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify this foreign estimate as a mineral resource in accordance with the JORC Code and it is uncertain that following further exploration work that this foreign estimate will be able to be reported as a mineral resource in accordance with the JORC Code.

As at the date of reporting, no progress on exploration activity as proposed in the Initial Announcement in accordance with ASX listing rule 5.12.7 has been made towards verifying the foreign estimate as a mineral resource in accordance with the JORC Code.

The foreign estimate has not been verified as a mineral resource in accordance with the JORC Code where (i) the Initial

Announcement of the foreign estimate post-dates the reporting period of this report and (ii) the proposed exploration activity remains subject to completion of the proposed Merger with Core Gold.

Following completion of the Merger (refer to Timetable in the Initial Announcement) it is Titan's intention to undertake an evaluation of the data, and initiate further exploration work planned for the Dynasty Goldfield Project to underpin a mineral resource estimation report in accordance with the JORC Code that will include, but is not limited to: (i) Comprehensive re-logging and digital photograph acquisition of archived diamond core material previously drilled on the project, (ii) in-fill drilling to confirm confidence in projected mineralisation, and selective twinning of previous drilling for verification purposes, (iii) additional metallurgical studies to underpin assumption or predictions to underpin anticipated preliminary economic assessments.

Subject to completion of the Merger and any relevant permitting requirements, the proposed exploration activity and evaluation work is planned to be completed during CY2019, with the aim to have an updated Mineral Resource estimation reported in accordance with the principles of the JORC Code within a year of completion of the Merger. Proposed work will be funded out of the capital raised as a condition of the Arrangement Agreement. The company intends to provide regular updates on timing of a mineral resource update and will regularly report result of exploration activity in compliance with continuous disclosure obligations under ASX listing rule 3.1.

Linderos Project - Ecuador:

The Linderos project (100% owned) is a new high-grade gold discovery identified by Core Gold during its 2017 exploration efforts. Core Gold announced the results of a maiden 2,000m diamond drill test from its 2018 program, which returned select high grade intervals of 5.94 m @ 10.8 g/t Au and 7.80 m @ 5.3 g/t Au. Core Gold's four contiguous Linderos project concessions total 14,317 hectares and are located approximately 45km southwest of Core Gold's Dynasty Goldfield project.

Copper Duke - Ecuador:

The Copper Duke project (100% owned) is an early stage gold-copper exploration project comprised of 11 mineral concessions covering a number of gold and copper porphyry occurrences in an area of approximately 100km². The project is located approximately 18km east of Core Gold's Dynasty Goldfield project and 40km south of its Portovelo mill and processing plant. To date, Core Gold has identified a potential major copper-gold porphyry complex, El Huato, and four additional copper-gold anomalies. Core Gold received the environmental license (drilling permit) in January 2019.

Portovelo Mill and Processing Plant - Ecuador:

The Portovelo mill and processing plant (100% owned) (formerly known as the "Zaruma Mill") hosts a conventional crush, mill, leach, Carbon-in-Pulp ("CIP"), elution and electrowinning circuit. Portovelo has a nameplate capacity of 2,000 tpd. Portovelo

currently processes all ore mined from Core Gold's Dynasty Goldfield project with one of its two available ball mills. Core Gold is currently planning to conduct a refurbishment program on Portovelo in H1 2019 to increase recoveries and throughput.

Zaruma - Ecuador:

The Zaruma project (100% owned) is Core Gold's legacy high-grade gold project in southern Ecuador, 3km from the town of Zaruma. The Zaruma project is currently on care and maintenance as Core Gold evaluates strategic alternatives for the asset. Zaruma initially commenced production in 2013 and ceased production in 2016 producing over 60,000 ounces of gold averaging >8g/t Au. The existing underground 5m x 5m decline portal is located 7.5km from the Portovelo mill and processing plant. This district is a significant, high-grade goldfield, having produced over 5 million ounces of gold historically. The project has numerous underground veins available for exploitation.

Vista Gold Plant - Peru

Titan continues to advance its development strategy for the recently acquired gold treatment arm of its business focused in the Southern Peru region within the highly prospective Andean Terrane. Complimentary to the current ore processing capability, Titan has an ongoing process to develop a land position in Southern Peru with mine development potential to provide Company generated feed to the centralised Vista Gold Plant.

In the 12-month period ending December 2018 the Andina subsidiary acquired by Titan in the reporting period processed 13,900 tonnes of gold bearing material averaging 17.0g/t gold. The Company produced 6,957 oz of gold and 8600 oz silver totalling US\$8,922,000 in metal sales (of which US\$4,207,000 was earned during the period that Titan had acquired Andina) with an average realised gold price of US\$1,264 per oz;

During the reporting Period, Titan accelerated the development of the Vista Gold plant following acquisition to complete construction in 2018, subsequent to which the Company received approval for its Environmental Impact Assessment ("EIA") for the Vista Plant (refer to ASX announcement dated

9 January 2019). The Plant's management team continues to progress requisite physical safety and operational inspections of the plant site with the Direccion Regional De Energia Y Minas (The Regional Energy and Mines Institute, or "DREM"), prior to the DREM issuing the final stage of approval of an operator's permit (Concession of Benefit).

Currently Titan is working through an operational testing phase of the facility while progressing the final stages of permitting and licensing to facilitate sales and commercial scale production. When commissioned and Concession of Benefit and full commercial licencing are granted, the Vista Gold Plant will have a nameplate capacity of 150 tonnes per day, more than triple the operating capacity of the Tulin Gold Plant. The Vista Gold Plant has been designed to increase its capacity to 350 tons per day with minimal capital outlay, when warranted by supply of ore. The team intends to acquire and process high grade ore from licensed artisanal miners in the region in the near term and utilise the Vista Gold Plant's additional capacity to advance a mine development strategy for the company and process any ore mined from several projects identified with mine development potential for providing significant synergies to the group.



Figures 1 to 3: Vista Gold Plant – Leach Tanks for gold recovery (left), Crushed ore stockpiles ready for grinding and processing (upper right), and ball mill grinding circuit and conveyor feed to leach tanks (lower right)

DIRECTORS' REPORT

The strategy to establish expanded production for 2019 at the Company's wholly owned Vista Gold Plant tied in optimally with the expiry of lease at the Tulin Plant. The Tulin Plant, operated by Tulin Gold Co. SAC ("Tulin") was operated under a mining assignment agreement with a private owner negotiated by the previous management (refer to ASX release dated 23 May 2018) and as a result of the expiry of the plant lease, Tulin ceased processing ore at its Tulin plant facility. The extinguishment of lease payments for the Tulin Gold Plant provide a significant cost saving opportunity.

Vista Gold commenced acquisition of ore for processing from existing supply chain acquired in the Andina acquisition and the Titan team continues a planned process to transfer its ore purchasing and processing capability for the Company's gold toll treatment arm of its business to a single location.

The Company received gold-silver bearing material for processing at the Vista plant through December to establish stockpiles for commercial production and commissioning of the plant over the March quarter with over 1,500 tonnes averaging 21.6g/t Au received at the Vista Gold Plant through 31 December 2018.

Las Antas Gold Project - Peru

On 12 September 2018 Titan agreed non-binding indicative terms with Management Environmental Solutions S.A, a privately held Peruvian company, ("Vendor") to acquire up to an 85% ownership interest in the Las Antas gold project in southern Peru ("Las Antas Gold Project").

Subsequent to the reporting period, on 14 January 2019 the Company executed a binding agreement pursuant to which it has been granted an exclusive option to acquire an initial ownership interest of 60% in the Las Antas Gold Project by funding US\$2m in exploration activity within a 2-year period, and further options to acquire up to an additional 25% ownership interest in the Las Antas Gold Project (being a total of up to an 85% interest in the Las Antas Gold Project). Refer to the ASX release dated 12 September 2018 for Indicative Key Terms.



Figure 4 | Las Antas Project location relative to the centralised Vista Gold plant

Las Antas Project - Highlights

Las Antas is located within the prolific epithermal gold belt of Southern Peru (Refer to Figure 4) which contains various precious metal deposits including the Ares Mine (1.2Moz Au & 15Moz Ag) and the Antapite Mine (600koz Au). The Las Antas project itself hosts significant exploration potential for stand alone, bulk tonnage, disseminated style gold mineralization, and provides the Company with a key foothold into a broader district containing multiple high-grade gold-silver veins.

Accessible by paved road to within 8km of the project, Las Antas is 80km East of Peru's prominent PanAmerican Highway and well within trucking distance of the Company's Vista Gold Plant, which is currently undergoing commissioning for early 2019 commencement of commercial production.

The local mining district contains multiple high-grade gold and silver veins located proximal to key prospects within the Las Antas project. Las Antas is an important step towards the Company's objective of generating multiple opportunities with potential to provide high-grade gold ore feed to the centralized Vista Gold Plant. The Company is currently completing progressing environmental permitting authorisation to commence a maiden drilling program on targets defined from historical surface geochemistry and geophysical survey work anticipated to be completed in the December quarter of 2019.

Las Antas Earn-in Agreement - Key Terms

Titan, through a wholly owned Peruvian subsidiary, has executed the Earn-in Agreement to acquire up to an 85% interest in the Project owned by Management Environmental Solutions S.A. ("**Vendor**"), a privately held Peruvian company. The key terms of the Agreement are as follows:

- The Vendor has granted Titan an exclusive right to acquire 60% interest in the Project ("**Earn-In Option**") by completing at least US\$2,000,000 in exploration expenditure within 2 years of receiving all permitting requirements to commence undertaking of exploration activities on the Project ("**Earn-in Obligation**").
- Upon completion of the Earn-In Obligation, Titan will have a period of 60 days within which it may elect to exercise the Earn-In Option. If Titan elects to exercise the Earn-In Option, it must deliver a notice to the Vendor and, within 30 days of delivery of such notice, pay the Vendor an amount of US\$450,000.
- Upon Titan acquiring the initial 60% interest in the Project, Titan and the Vendor will establish a Joint Venture to govern the future conduct of activities in relation to the Project ("**Joint Venture**"), with Titan holding a 60% initial interest in the Joint Venture.
- Upon the date on which a pre-feasibility study is first delivered in relation to the Project ("**Pre-Feasibility Date**"), Titan's interest in the Joint Venture and the Project will be increased by 10%. Titan will be solely responsible for funding the pre-feasibility study.
- Separately, Titan will have an option ("**Buying Option**") to purchase an additional 15% interest in the Joint Venture and the Project from the Vendor in three tranches as follows:

- Tranche 1: Titan can purchase a 5% interest in the Joint Venture and the Project at any time before the Pre-Feasibility Date by paying to the Vendor US\$500,000;
- Tranche 2: Titan can purchase a 5% interest in the Joint Venture and the Project at any time within 60 days following the making of a decision to mine in relation to the Project by paying to the Vendor US\$1,000,000 (provided this must occur within 5 years of the Pre-Feasibility Date); and
- Tranche 3: Titan can purchase a 5% interest in the Joint Venture and the Project at any time within 60 days following the commencement of commercial production in relation to an operating mine on the Project by paying to the Vendor US\$1,000,000,

with Titan's right to exercise any tranche applying irrespective of whether it has previously exercised any other tranche.

- The Vendor to retain a 15% non-diluted interest in the Project subject to financing by the Joint Venture subsequent to the pre-feasibility study.
- The Vendor's contributions to the Joint Venture following the Pre-Feasibility Date will be covered by loan funding from Titan.
- At all times following the formation of the Joint Venture, Titan will retain a first right of refusal over the Vendor's interest in the Project.

The Project features an extensive zone of intense hydrothermal alteration at surface. The broader district contains multiple high-grade gold and silver veins located proximal to key prospects within the Las Antas project. The surface hydrothermal and breccia footprint is host to significant potential for larger scale, bulk tonnage, disseminated style gold mineralization.

Las Antas is hosted by the Calipuy volcanic layered stratigraphy in Southern Peru hosting andesitic flows, ignimbrites, tuffs, volcanic breccias and agglomerate units. The volcanic stratigraphy has been intruded by several andesitic to dacitic stocks, which comprise favourable units for mineralization and at surface are associated with a pervasive hydrothermal alteration system in halos of intense silicification, showing vuggy silica, alunite and illite

Specific to the Las Antas Project area is two prioritized targets areas:

- Yuracmarca Target, 1.5x2.2 km of area with propylitization, argillization and silicification alterations.
- Cerro Amarillo Target, 3.5x2.3 km of area with intense silicification, in parts vuggy silica, altered breccias, alunite and Illite, argillitization and propylitization

The Las Antas project has received early stage modern exploration techniques, with non-systematic geophysical coverage completed in historical exploration activity from 1995 through 1998 under a joint venture between Hochschild and Anaconda. The project area has seen only limited shallow reconnaissance RC drilling before exploration abruptly ceased in 1998.

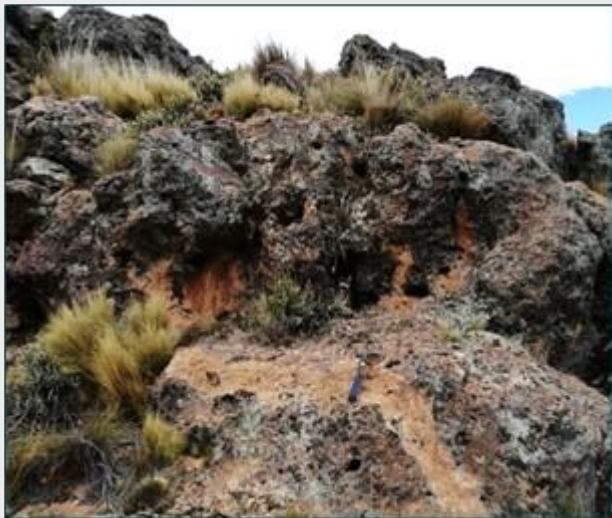


Photo 1 (Left) | Cerro Amarillo Target Area, with intense silicification, localised vuggy silica, altered breccias, alunite, illite and pervasive argillitization.



Photo 2 (Right) | Cerro Amarillo Target, alteration contact between silicification and argillized breccias.

Torrecillas Gold Project - Peru

During the reporting period the Company's geological team completed a review of the historical exploration and previous mine development datasets and completed a detailed field mapping and sampling campaign for the high-grade Torrecillas Gold Project in Peru.

Exploration activity on the project focused on mapping and sampling of previously underexplored areas of the project to assess the project for growth potential through further exploration and to rate and rank numerous targets requiring follow-up work.

The work completed prioritised four vein zones based on strike extent and continuity of high-grade results (refer to Figure 5), including the Rebeca, Preciosa and Ady-Oly vein corridors, with each target area containing multiple narrow vein sets across substantial widths and ranging from 1.8 to 2.7km in strike extent. The priority target areas defined include;

- Ady-Oly Prospect, which comprises numerous sub-parallel vein and vein extensions to the historical resource at the Torrecillas mine area on a complex vein array covering over 2.4km extent proximal to the granitic and Andesitic volcanic host rock contact zone in the area. The area includes numerous >5g/t results from channel samples across veins mapped at surface. Including up to 42.7g/t gold and 22.7g/t gold value returned on new vein extensions identified in recent mapping in a step-out to the southwest.
- Preciosa Prospect is a 2.7km long corridor of veining with multiple high-grade veins mapped on topographic highs. Sampling to date demonstrate strong potential for continuity of gold grades along strike, and additional trench sampling is planned in areas of colluvial cover to assess additional continuity of strike along veins within the target area.

- Rebecca Prospect is an area of relative high vein density and on average returning consistently high grades from representative channel sampling across multiple veins within the 1.8km long vein swarm. Again, vein extent and density are currently focused in areas of best exposure with significant potential to add strike extent and volume through further trenching and follow-up drilling along strike.

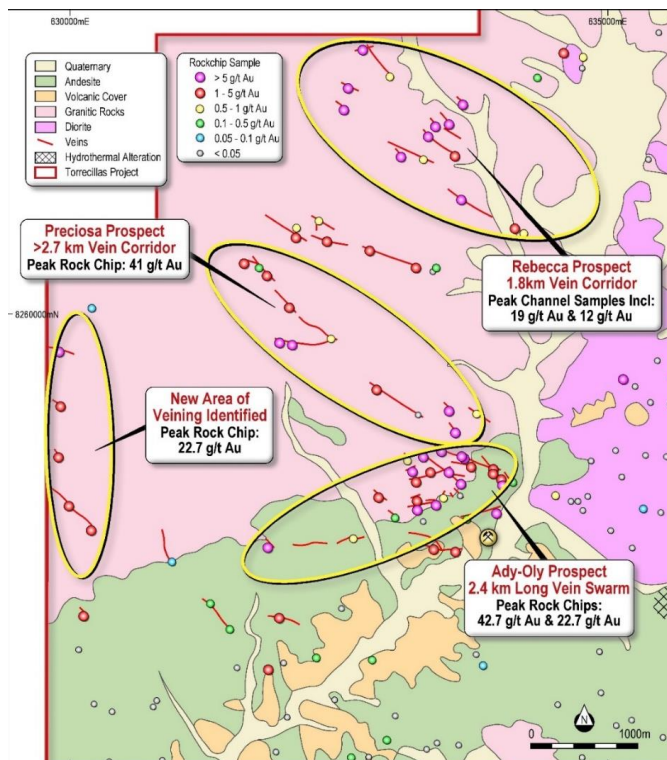


Figure 5 | Location of prioritised high-grade gold target areas at Torrecillas Project in Peru with reported surface sampling locations

Mirador Copper Gold Plant

On 17 April 2018, Titan executed an agreement subject to conditions precedent to acquire Peruvian companies Kairos Capital Peru S.A.C ("Kairos") and M&S Transportes y Servicios Generales S.R.L ("Mirador").

The major assets held by Kairos and Mirador included the 100% owned Mirador processing plant located in Chimbote, Peru ("Mirador Plant") and six (6) 100% owned mineral concessions. The operational Mirador Plant site is fully permitted for up to 350 tonnes per day capacity of the operation, where subject to the results of Titan's due diligence and completion of the acquisition, Titan proposed to upgrade the facility with a carbon in pulp (CIP) circuit.

On 11 September 2018, The Company elected not to proceed with the acquisition of Kairos Capital Peru S.A.C ("Kairos") and M&S Transportes y Servicios Generales S.R.L ("Mirador") and accordingly, will not be acquiring the Mirador Plant.

San Santiago Copper Plant

With the successful acquisition of Andina's Vista Gold Plant, Titan will not restart the gold circuit at San Santiago. Instead, it is proposed that gold will be more cost effectively processed at the available capacity of the Vista Gold Plant. The San Santiago Copper Plant remains in care and maintenance, while the Titan technical team completes ground rationalisation of adjacent exploration tenements and evaluates options for potential divestment of the asset

6. SHARE OPTIONS

As at the date of this report there are 45,000,000 options on issue.

7. INDEMNIFICATION AND INSURANCE OF OFFICERS

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into agreements to indemnify all directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the directors.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a willful breach of duty in relation to the Company. The amount of the premium was \$20,122 which was paid during the financial year. No indemnity has been sought for or paid to auditors.

8. EVENTS SUBSEQUENT TO REPORTING DATE

There has not been any matter or circumstance that have arisen since the end of the financial year, 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, other than:

On January 14, 2019, Titan announced that it has executed a binding agreement pursuant to which Titan had been granted an exclusive option to acquire up to an 85% interest in the Las Antas Project ("Las Antas Earn-In"). Under the Las Antas Earn-In, Titan can earn-in to 60% of the Las Antas Project by funding US\$2,000,000 in exploration activity within a 2-year period. Upon Titan acquiring the 60% interest, Titan and the vendor will establish a joint venture to govern the future conduct of activities in relation to the Las Antas Project, with Titan holding 60% initial interest in the joint venture. The Las Antas Earn-In also provides Titan with an opportunity to acquire an additional 25% interest in the Las Antas Project.

On 25 February 2019 Titan Minerals Limited and Core Gold Inc (TSX-V: CGLD, OTCQX: CGLDF) ("Core Gold") announce that the companies have entered into a binding arrangement agreement (the "Arrangement Agreement"), pursuant to which Titan will acquire all of the issued and outstanding Core Gold common shares by way of a share exchange (the "Merger").

The Merger will be affected by means of a statutory plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia). Under the Arrangement:

- each Core Gold shareholder will receive twenty (20) fully paid ordinary shares in Titan pre-consolidation ("Titan Shares") for every one (1) Core Gold common share (the "Exchange Ratio"); and
- holders of Core Gold Options and Warrants will receive options in Titan on comparable terms, taking into account the Exchange Ratio under the Merger.

In connection with the Merger, Titan will conduct a placement of new Titan Shares to certain eligible institutional and high net worth investors to raise a minimum of A\$20 million at an issue price to be agreed by Titan and Core Gold (each acting reasonably and taking into account the then current market conditions) (the "Placement"). If a minimum of A\$20 million is raised under the Placement, assuming an issue price of A\$0.024 (being the closing price of Titan Shares on the ASX on February 15, 2019), approximately 833,333,333 new Titan Shares will be issued under the Placement. The issue of new Titan Shares under the Placement will be subject to Titan shareholder approval. Completion of the Merger is conditional on completion of the Placement.

On 25 March 2019, the Group raised USD \$3 million via loan facility agreements. The material terms of the loan facility are:

- Amount: US\$3,000,000
- Interest: 15% interest per annum
- Security: Vista Gold S.A.C. and Core Private Placement shares
- Repayment: earlier of 21 days from completion of Titan Core Gold plan of arrangement or 6 months from the draw down date, extendable to 9 months at Titan's election with a minimum repayment of 5 months interest payable if repaid prior to five months from the draw down date

9. DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Company.

The directors have recommended that no dividend be paid by the Company in respect of the year ended 31 December 2018.

DIRECTORS' REPORT

10. LIKELY DEVELOPMENTS

The Company will continue to pursue its principal activity of minerals exploration and gold and copper toll processing in Peru, particularly in respect to the projects, as outlined under the heading 'Significant changes in the state of affairs and Review of operations' of this Report. The Company will also continue to evaluate new business opportunities in Peru.

11. ENVIRONMENTAL ISSUES

The Company's operations comply with all relevant environmental laws and regulations and have not been subject to any actions by environmental regulators.

12. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

13. INFORMATION ON DIRECTORS AND COMPANY SECRETARY

Matthew Carr

Director (Executive Director)

Qualifications and Experience:

Mr Carr is a successful and experienced company director having founded Urban Capital Group. Urban Capital Group is a private equity company with a strong focus on property backed investment and security. Matthew is also the Non-Executive Chairman of Andina Resources Limited.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	N/A
Interest in shares and options of the Company:	67,384,936 Ordinary Shares 7,000,000 Class A Performance Rights 7,750,000 Class B Performance Rights 8,250,000 Class C Performance Rights
Directors meetings attended:	8 of 8 held during term of directorship in financial year
Appointed:	3 February 2017

Nicholas Rowley

Director (Non-Executive Chairman)

Qualifications and Experience:

Mr Rowley is an experienced corporate executive with a strong financial background having previously worked in the financial services industry for over 10 years where he gained widespread experience in corporate advisory, M&A transactions and equities markets, advising domestic and international Institutional sales and high net worth individuals. He also advised on the equity financings of numerous ASX and TSX listed companies predominantly in the mining and resources sector. Mr Rowley currently serves as Director of Corporate Development for Galaxy Resources Ltd (ASX:GXY).

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	Non-Executive Director of Cobalt One Ltd (ASX:CO1) until 4 December 2017. Non-Executive Director of ARC Exploration Limited appoint 31 May 2018 (ASX: ARX).
Interest in shares and options of the Company:	23,489,985 Ordinary Shares 7,000,000 Class A Performance Rights 7,750,000 Class B Performance Rights 8,250,000 Class C Performance Rights
Directors meetings attended:	8 of 8 held during term of directorship in financial year
Appointed:	9 August 2016

Robert Sckalor

Director (Non-Executive Director)

Qualifications and Experience:

Mr Sckalor has 30 years of experience working in the legal and financial markets worldwide and has worked on capital market and financial transactions on five continents. Currently he is Co-Founder and President of Capital Instincts, a Private Equity and Venture related investment company he founded 14 years ago while in London. Prior to founding Capital Instincts, Mr Sckalor was a director and General Counsel for Liquid Capital Markets (LCM), LTD, a London Investment and Financial company. Mr Sckalor assisted with the expansion of the firm from its single office in London to offices in Seoul and Sydney. Previously, Mr Sckalor worked as General Counsel, IDEAglobal Ltd in New York, Singapore and London. At the time, IDEAglobal was the world's largest independent economic research company specializing in fixed income, equity, capital market and currency analysis. Mr Sckalor started his career practicing law, and has been a partner at The Simons Firm and Simons, Cuddy and Friedman. Mr Sckalor obtained his BA from Grinnell College and JD from Washington University, JD.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	N/A
Interest in shares and options of the Company:	3,500,000 Class A Performance Rights
	3,875,000 Class B Performance Rights
	4,125,000 Class C Performance Rights
Directors meetings attended:	8 of 8 held during term of directorship in financial year
Appointed:	7 August 2017

Cameron Henry

Director (Non-Executive Director)

Qualifications and Experience:

Mr Henry comes from a project development and operational background specialising in minerals processing and oil and gas projects across the globe. Mr Henry is from a technical background with tertiary qualifications in engineering and project management and has advised for several ASX listed companies on development, acquisitions, and execution strategies at a number of levels. Mr Henry is currently Managing Director of Primero Group, a private engineering and construction company that specialises in minerals processing and has been a member of the Australian Institute of Company Directors (AICD) for over 5 years.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	Managing Director of Primero Group Limited
Interest in shares and options of the Company:	42,373 Ordinary Shares
	3,500,000 Class A Performance Rights
	4,125,000 Class C Performance Rights
	4,125,000 Class C Performance Rights
Directors meetings attended:	8 of 8 held during term of directorship in financial year
Appointed:	8 August 2017

Zane Lewis

Company Secretary

Qualifications and Experience:

Mr Lewis has over 20 years corporate advisory experience with various ASX and AIM listed companies. Mr Lewis is a fellow of Chartered Secretaries Australia and is a Non-Executive Director and Company Secretary for a number of ASX Listed companies.

Appointed as company secretary on 11 August 2016.

DIRECTORS' REPORT

14. REMUNERATION REPORT (AUDITED)

The Directors present the remuneration report for the Company and the Consolidated Entity for the year ended 31 December 2018. This remuneration report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001 and details the remuneration arrangements for the key management personnel.

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity.

Remuneration is based on fees approved by the Board of Directors.

There is no relationship between the performance or the impact on shareholder wealth of the Company for the current financial year or the previous financial years and either the remuneration of directors and executives or the issue of shares and options to directors. Remuneration is set at levels to reflect market

conditions and encourage the continued services of directors and executives.

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

Matthew Carr Executive Chairman
 Nicholas Rowley Non-Executive Director
 Robert Sckalor Non-Executive Director
 Cameron Henry Non-Executive Director
 Travis Schwertfeger Chief of Operations

Service Agreements

Remuneration and other terms of employment for the Executive Directors and other officers are formalised in a service agreement. For Non-Executive Directors these terms are set out in a Letter of Appointment. The major provisions of the agreements relating to remuneration per year are set out below.

Name	Base Salary	Consulting fees	Term of Agreement	Notice Period
Matthew Carr	-	\$120,000 (until 12 July 2018) \$240,000 (from 13 July 2018)	No fixed term	12/6 months*
Nicholas Rowley	-	\$72,000 (until 31 August 2018) \$96,000 (from 1 September 2018)	No fixed term	N/A
Robert Sckalor	-	\$72,000 (until 31 August 2018) \$60,000 (from 1 September 2018)	No fixed term	N/A
Cameron Henry	-	\$72,000 (until 31 August 2018) \$60,000 (from 1 September 2018)	No fixed term	N/A
Travis Schwertfeger	-	\$180,000	No fixed term	3 months

* Termination benefits: In the case of termination without cause by the Company Mr Carr is entitled to receive 12 months' salary on top of the entitlements mentioned below. In the case of termination without cause by Mr Carr then he is entitled to receive 6 months' salary on top of the entitlements outlined below. Matthew Carr is entitled to an additional 1 months' salary on top of the notice period for each year of continuous service to the company (pro-rata up to the date of leaving the entity).

Under Mr Schwertfeger's Consultancy Agreement, he is entitled to the following performance rights subject to shareholder approval:

- 5,000,000 Class A Performance Rights which vest upon the Shares achieving a daily VWAP of greater than \$0.05 for a period of 10 consecutive Trading Days;
- 5,000,000 Class B Performance Rights which vest upon the Shares achieving a daily VWAP of greater than \$0.06 for a period of 10 consecutive Trading Days; and
- 5,000,000 Class C Performance Rights which vest upon the Shares achieving a daily VWAP of greater than \$0.07 for a period of 10 consecutive Trading Days,

Each have an expiry date that is 2 years from the date of issue.

Details of Remuneration

Compensation 12 months to 31 December 2018

	Short Term Benefits \$	Super-annuation \$	Share based payments \$	Total \$	Percentage of remuneration that is equity based
Compensation of key management based on fees approved by the Board of directors.					
Matthew Carr	180,000	-	236,000	416,000	57%
Nicholas Rowley	80,000	-	236,000	316,000	75%
Robert Sckalor	68,000	-	118,000	186,000	63%
Cameron Henry	68,000	-	118,000	186,000	63%
Travis Schwertfeger	91,400	-	-	91,400	-
TOTAL COMPENSATION – FOR KEY MANAGEMENT PERSONNEL	487,400	-	708,000	1,195,400	-

*Included in Mr Carr's short term benefits are \$60,000 of fees relevant to the aforementioned service agreement effective 13 July 2018 paid from Andina Resources Limited.

Compensation 12 months to 31 December 2017

	Short Term Benefits \$	Super-annuation \$	Share based payments \$	Total \$	Percentage of remuneration that is equity based
Compensation of Directors based on fees approved by the Board of directors.					
Matthew Carr	30,000	-	1,293	31,293	4%
Nicholas Rowley	18,000	-	1,293	19,293	7%
Robert Sckalor	18,000	-	647	18,647	3%
Cameron Henry	18,000	-	647	18,647	3%
Tim Morrison	-	-	-	-	-
TOTAL COMPENSATION – FOR KEY MANAGEMENT PERSONNEL	84,000	-	3,880	87,880	-

Shares and performance rights held by Key Management Personnel

Shareholdings	1 January 2018 or Appointment	Number of Ordinary Shares Issued as Compensation	Net Change Other	31 December 2018 or Resignation
Matthew Carr	5,000,000	-	62,384,936	67,384,936
Nicholas Rowley	5,000,000	-	18,489,985	23,489,685
Robert Sckalor	-	-	-	-
Cameron Henry	-	-	42,373	42,373
Travis Schwertfeger	-	-	110,000	110,000
	10,000,000	-	81,027,294	91,027,294

Performance Rights	1 January 2018 or Appointment	Number of Performance Rights Issued as Incentive	Net Change Other	31 December 2018 or Resignation
Matthew Carr	23,000,000	-	-	23,000,000
Nicholas Rowley	23,000,000	-	-	23,000,000
Robert Sckalor	11,500,000	-	-	11,500,000
Cameron Henry	11,500,000	-	-	11,500,000
Travis Schwertfeger	-	-	-	-
	69,000,000	-	-	69,000,000

DIRECTORS' REPORT

At the General Meeting held on 18 December 2017, shareholders approved to grant 80,500,000 performance rights as remuneration (Class A, B, C). The rights entitled the directors and company secretary to shares in Titan Minerals Limited on achievement of market conditions. Under the plan, the participant was granted performance rights which only vest if certain market conditions are met.

The amount of rights that will vest depends on the achievement of three market-based conditions. The three conditions are market-based condition related to achieving a 10-day volume weighted average price of shares on the ASX of greater than \$0.05, \$0.06 and \$0.07 respectively.

Performance rights convert to shares on the date of vesting with no exercise price or share issue price being payable.

Set out below is the summary of rights granted and approved by shareholders. Management have assessed the likelihood of the rights vesting and have estimated that Class A, B and C market conditions are expected to be achieved prior to expiry.

(i) Fair value of performance rights granted

Set out below is the assessed fair value at grant date of performance rights granted in the previous year.

Performance rights:

	Fair value at grant date
Class A – market	\$0.032
Class B – market	\$0.032
Class C – market	\$0.032

There were no options held by the directors during the year.

Other Information

There were no loans made to any Key Management Personnel during the year or outstanding at year end.

Refer to Note 28 and 29 for further transactions with Key Management Personnel during the year.

During the year the Company did not engage remuneration consultants to review its remuneration policies.

End of Remuneration Report (Audited)

15. BUSINESS RISKS AND UNCERTAINTIES

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company. These include the risks discussed in Note 30 of the consolidated financial statements, along with risks that are widespread and associated with any form of business and specific risks associated with the Company's business and its involvement in the exploration and mining industry generally and in Peru in particular. While most risk factors are largely beyond the control of the Company, the Company will seek to mitigate the risks where possible.

16. INCOMPLETE RECORDS

The Company was under External administration from 25 August 2015 to 4 October 2017, the financial information relating to the period 1 January 2016 to 31 December 2016 and 1 January 2017 to 4 October 2017 was not subject to the same accounting and internal control processes, which include the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report.

Due to there being incomplete records, there may be actions that were taken by the previous directors and officers of the Company and its subsidiaries that the existing board is not aware of. Whilst the Directors are confident the Deed of Company Arrangement process deals with any outstanding liabilities at the parent entity level (as it was the only entity subject to the Deed of Company Arrangement), there is a risk that previous unknown actions may adversely affect the Company's operations and financial position, including those of its retained subsidiaries.

17. LEAD AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the Corporations Act 2001 section 307C the auditors of the Company have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 31 December 2018. A copy of this declaration appears at the end of this report.

A handwritten signature in black ink, appearing to read 'M. Carr', is written over a light blue horizontal line.

Matthew Carr
Executive Director
29th day of March 2019
Perth, Western Australia

AUDITOR'S INDEPENDENCE DECLARATION

Stantons International Audit and Consulting Pty Ltd
trading as

Stantons International
Chartered Accountants and Consultants

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29 March 2019

Board of Directors
Titan Minerals Limited
Suite 6, 295 Rokeby Road
SUBIACO WA 6008

Dear Sirs

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 Audit Director for the audit of the financial statements of Titan Minerals Limited for the year ended 31 December 2018, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

In accordance with a resolution of the directors of Titan Minerals Limited A.C.N. 117 790 897 ("Company"), I state that:

A. In the opinion of the directors

- 1) As set out in Note 2(b), except for the effect of opening balances on the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended 31 December 2018, the Directors are of the opinion that the financial statements:
 - a) give a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of the performance for the year ended 31 December 2018; and
 - b) complying with Australian Accounting Standards and the Corporations Act 2001;
- 2) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 2; and
- 3) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

B. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2018.

On behalf of the Board of Directors.

A handwritten signature in black ink, appearing to read 'M. Carr', written over a light blue horizontal line.

Matthew Carr
Executive Director
29th day of March 2019
Perth, Western Australia

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

		Consolidated Year ended	
	Note	31-Dec-18	31-Dec-17
CONTINUING OPERATIONS			
Revenue	5a	5,802,384	-
Cost of sales		(5,211,220)	-
Gross profit		591,164	-
Other revenue	5a	15,799	2,896
Depreciation charges	5b	(87,202)	-
Administration expenses	5b	(3,097,136)	(600,762)
Foreign exchange gain / (loss)		297,248	(16,261)
Finance costs		(10,903)	-
Impairment (expense) / reversal	5b	(7,066,878)	977,794
Loan forgiveness	5b	-	13,205,162
DOCA expenses		-	(2,350,000)
Share based payments expense	31	(1,230,532)	(4,527)
Other expenses		(154,130)	-
(LOSS) / PROFIT BEFORE INCOME TAX EXPENSE		(10,742,570)	11,214,302
Income tax expense	6	-	-
(LOSS) / PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(10,742,570)	11,214,302
Discontinued operations			
Profit for the year from discontinued operations	24	2,932,262	1,218,714
(Loss) / Profit for the year		(7,810,308)	12,433,016
OTHER COMPREHENSIVE INCOME			
<i>Items that may not be reclassified subsequently to profit or loss</i>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		298,085	1,650,988
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		298,085	1,650,988
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(7,512,223)	14,084,004
EARNINGS PER SHARE			
Basic earnings per share			
From continuing operations	21	(0.523)	2.820
Diluted earnings per share			
From continuing operations	21	(0.523)	2.820
Basic earnings per share			
From discontinued operations	21	0.143	0.306
Diluted earnings per share			
From discontinued operations	21	0.143	0.306

The above Consolidated Statement of Profit of Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



As at 31 December 2018

		Consolidated	
	Note	31-Dec-18	31-Dec-17
CURRENT ASSETS			
Cash and cash equivalents	26(a)	5,459,426	2,931,791
Trade and other receivables	7	1,367,302	289,776
Prepayments	8	889,963	-
Inventories	9	1,081,315	-
Current tax asset	10	825,194	-
Assets classified as held for sale	11	1,716,454	-
TOTAL CURRENT ASSETS		11,339,654	3,221,567
NON-CURRENT ASSETS			
Trade and other receivables	7	80,000	98,097
Property, plant and equipment	12	2,540,047	1,000,000
Mine assets	13	-	172,777
Deferred exploration and evaluation expenditure	15	841,622	-
Intangible assets	16	12,193,538	-
TOTAL NON-CURRENT ASSETS		15,655,207	1,270,874
TOTAL ASSETS		26,994,861	4,492,441
CURRENT LIABILITIES			
Trade and other payables	16	1,074,995	1,064,929
Borrowings	17	1,416,842	174,637
Provisions	18	-	-
TOTAL CURRENT LIABILITIES		2,491,837	1,239,566
NON-CURRENT LIABILITIES			
Trade and other payables	16	119,249	2,204,403
Borrowings	17	3,542,080	-
TOTAL NON-CURRENT LIABILITIES		3,661,329	2,204,403
TOTAL LIABILITIES		6,153,166	3,443,969
NET ASSETS		20,841,695	1,048,472
EQUITY			
Issued capital	19	117,125,794	91,050,880
Reserves	20	4,102,586	2,573,969
Accumulated losses		(100,386,685)	(92,576,377)
TOTAL EQUITY		20,841,695	1,048,472

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
Balance as at 1 January 2017	78,619,000	2,821,000	(1,902,546)	(105,009,393)	(25,471,939)
Profit for the year	-	-	-	12,433,016	12,433,016
Other comprehensive income for the year, net of income tax	-	-	1,650,988	-	1,650,988
Total comprehensive Loss for the year	-	-	1,650,988	12,433,016	14,084,004
Issue of shares under the public offer	6,000,000	-	-	-	6,000,000
Issue of shares under the employee offer	700,000	-	-	-	700,000
Issue of shares under the broker offer	3,160,324	-	-	-	3,160,324
Issue of shares under the SilverStream offer	3,500,000	-	-	-	3,500,000
Issue of shares under the unsecured creditor offer	539,676	-	-	-	539,676
Issue of shares under the Andina offer	2,350,000	-	-	-	2,350,000
Issue of Performance Rights	-	4,527	-	-	4,527
Capital raising costs	(3,818,120)	-	-	-	(3,818,120)
Balance as at 31 December 2017	91,050,880	2,825,527	(251,558)	(92,576,377)	1,048,472
Loss for the year	-	-	-	(7,810,308)	(7,810,308)
Other comprehensive income for the year, net of income tax	-	-	298,085	-	298,085
Total comprehensive income for the year	-	-	298,085	(7,810,308)	(7,512,223)
Issue of shares	28,973,044	-	-	-	28,973,044
Capital raising costs	(818,130)	-	-	-	(818,130)
Acquisition of treasury shares on business combination	(2,080,000)	-	-	-	(2,080,000)
Share based payments	-	1,230,532	-	-	1,230,532
Balance at 31 December 2018	117,125,794	4,056,059	46,527	(100,386,685)	20,841,695

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS



For the year ended 31 December 2018

	Note	Consolidated Year ended	
		31-Dec-18	31-Dec-17
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		5,760,887	713,574
Payments to suppliers and employees		(10,882,303)	(3,797,390)
Finance costs		-	(1,895)
NET CASH USED IN OPERATING ACTIVITIES	26b)	(5,121,416)	(3,085,711)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(1,445,775)	-
Payments of exploration and evaluation costs		(497,143)	-
Loans provided to third party		(1,114,273)	(191,204)
Net cash inflow on acquisition of subsidiary		226,248	-
NET CASH USED IN INVESTING ACTIVITIES		(2,830,943)	(191,204)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of costs)		10,181,910	5,342,204
Proceeds from borrowings		-	810,882
NET CASH PROVIDED BY FINANCING ACTIVITIES		10,181,910	6,153,086
Net increase in cash and cash equivalents		2,229,551	2,876,171
Cash and cash equivalents at the beginning of the year		2,931,791	57,790
Effects of exchange rate changes on the balance of cash held in foreign currencies		298,084	(2,170)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	26a)	5,459,426	2,931,791

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Corporate Information

The consolidated financial statements of Titan Minerals Limited ("Parent Entity" or "Company") and its controlled entities (collectively as "Consolidated Entity" or "the Group") for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019. The Parent Entity is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group's principal activities during the course of the financial year were the operation of the Tulin gold toll treatment operation in Peru, and construction of the Vista gold plant. The Company also progressed activities on gold exploration concessions and completed reconnaissance scale work towards development by way of merger and acquisition of a portfolio of gold and copper projects in South America, with a focus on the Andean Terrane.

Further information on nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure and other related party relationships are provided in notes 22 and 29.

The Group's registered office is in Suite 7, 295 Rokeby Road, Subiaco, WA 6008 Australia.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, to the maximum extent possible given the factors outlined in 2b). Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB) to the maximum extent possible given the points raised below in 2b). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the Directors' on 29 March 2019.

b) Incomplete Records

As disclosed in the 31 December 2017 annual report, the financial report for the year ended 31 December 2017 has been prepared by Directors who received custodianship of the operations of the Group upon effectuation of the Deed of Company Arrangement and resignation of the Administrator on or after 4 October 2017. As such, the Directors did not have control of the Company until control was transferred to them on the effectuation of the deed of company arrangement on 4 October 2017.

As a result of this factor amongst others also disclosed in the annual report, the Directors were unable to state that the 31 December 2017 annual report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor was it possible to state the financial report gives a true and fair view of the Group's financial position.

As the conditions outlined above are relevant to the comparative information in this 31 December 2018 financial report, being the opening balances of the current period, the Directors position on the comparative information is consistent with that of the previous annual report. As opening balances affects the determination of the results of operations and cash flows, the Directors are of the opinion that, except for the impact of opening balances on the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows, this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

c) Basis of preparation

The 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 Australian Dollars unless otherwise noted.

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

d) Critical accounting judgements and key sources of estimation uncertainty

In the application of AIFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

e) New and Revised Standards that are effective for these Financial Statements

The AASB has issued a number of new and revised Accounting Standards and Interpretations are effective for annual periods beginning or after 1 January 2018. These new and revised standards are:

Reference	Title
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 2017-5	Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions
AASB 2018-1	Amendments to Australian Accounting Standards – Transfers of Investments Property, Annual Improvements 2014-2017 Cycle and Other Amendments
AASB Interpretation 22	Foreign Currency Transactions and Advance Consideration

The Group has adopted each of the above new and amended standards. The application of these standards did not have a material impact on the results of the Group for the reporting year, as noted below:

AASB 9 Financial Instruments (AASB 9)

AASB 9 Financial Instruments (AASB 9) replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 January 2018.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The Group has adopted AASB 9 retrospectively in accordance with the standard; changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- a. Amortised cost;
- b. Fair Value through Other Comprehensive Income (FVOCI) – debt investment;
- c. FVOCI – equity investment; or
- d. Fair Value through Profit or Loss (FVTPL)

The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For financial assets measured at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses.

Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

As of 31 December 2017 and 31 December 2018, the Company's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

Cash and cash equivalents and trade and other receivables previously designated as receivables under AASB 139 are now classified as amortised cost under AASB 9. The trade and other payables and borrowings are designated as other financial liabilities, which are measured at amortised cost.

The cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value due to their short-term nature.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

Measurement Category

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost
Borrowings	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustment at 1 January 2018.

AASB 15 Revenue from Contracts with Customers (AASB 15)

The Group has adopted AASB 15 with the date of initial application being 1 January 2018. In accordance with the transitional provisions in AASB 15 the standard has been applied using the full retrospective approach.

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Upon acquisition of Andina Resources Limited, it was determined that the adoption of AASB 15 had no impact on the Group as revenue arises entirely from the sale of gold bullions as described in Note 2. AASB 15 requires that revenue from contracts with customers be recognised upon the transfer of control over goods or services to the customer. The recognition of revenue upon transfer of control to the customer is consistent with the previous revenue recognition policy, as revenue is generally recognition when title over the goods has transferred to the customer. Therefore, this requirement under AASB 15 has resulted in no impact to the financial statements as the revenue recognition timing on gold bullion sales is unchanged.

f) Standards issued but not yet effective and not early adopted by the Company

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting period, some of which are relevant to the Company. The new and amended standards that are relevant to the Company are listed below:

Reference	Title	Summary	Application date of standard
AASB 16	Leases	<p>AASB 16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 <i>Leases</i>. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less).</p> <p>At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance</p>	1 January 2019

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Reference	Title	Summary	Application date of standard
		leases.	
AASB 2018-7	<i>Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures</i>	This Standard amends AASB 128 <i>Investments in Associates and Joint Ventures</i> to clarify that an entity is required to account for long-term interests in an Associate or joint venture, which in substance form part of the net investment in the associate or joint venture but to which the equity method is not applied, using AASB 9 <i>Financial Instruments</i> before applying the loss allocation and impairment requirements in AASB 128.	1 January 2019
AASB 2018-1	Annual Improvements to IFRS Standards 2015–2018 Cycle	The amendments clarify certain requirements in: ▶ AASB 3 <i>Business Combinations</i> and IFRS 11 <i>Joint Arrangements</i> - previously held interest in a joint operation ▶ AASB 112 <i>Income Taxes</i> - income tax consequences of payments on financial instruments classified as equity ▶ AASB 123 <i>Borrowing Costs</i> - borrowing costs eligible for capitalisation.	1 January 2019

The Company has not elected to early adopt any new standards or amendments that are issued but not yet effective. New standards and amendments will be adopted when they become effective.

When adopted, the above standards are not expected to have a material impact to the financial statements.

g) 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 incurred a net loss of \$7,810,308 (2017: net profit \$12,433,016 had a net operating cash outflow of \$5,121,416 (2017: \$3,085,710) and a net investing cash outflow of \$2,830,943 (2017: \$191,204) for the year ended 31 December 2018.

The Consolidated Entity is currently in a positive working capital position of \$8,847,817 (2017: \$1,982,001).

As described in Note 27, the Group has entered into a binding arrangement agreement, pursuant to which Titan Minerals Limited will acquire all of the issued and outstanding Core Gold common shares by way of a share exchange ("the merger"). In connection with the merger, the Group will conduct a placement of new TTM shares to raise a minimum of A\$20 million, for which the issue will be subject to shareholder approval. The completion of the merger is conditional on completion of this placement.

On 25 March 2019, the Group raised USD \$3 million via loan facility agreements. The material terms of the loan facility are:

- Amount: US\$3,000,000
- Interest: 15% interest per annum
- Security: Vista Gold S.A.C. and Core Private Placement shares
- Repayment: earlier of 21 days from completion of Titan Core Gold plan of arrangement or 6 months from the draw down date, extendable to 9 months at Titans election with a minimum repayment of 5 months interest payable if repaid prior to five months from the draw down date

Also on 25 March 2019, the Group announced that it has successfully closed its US \$3,000,000 private placement with Core Gold Inc. acquiring 9,151,363 common shares of Core Gold on a private placement basis.

The Directors are confident that the Group has 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 cash flow.

Should the Group not achieve additional funding required, there is 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.

h) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect those returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary as the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

i) Significant Accounting Policies

The following significant policies have been adopted in the preparation of the Financial Report:

i. Revenue recognition

The group primarily generates revenue from the sale of gold bullion. Revenue from the sale of these goods is recognised when control over the inventory has transferred to the customer, typically at physical delivery when title is transferred to the customer.

ii. Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

iii. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

iv. Trade and other receivables

Trade receivable (without a significant financing component) are initially recognised at their transaction price and all other receivables are initially measured at fair value. Receivables are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model with the objective to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purposes of the assessment whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non recourse features).

The Group recognises an allowance for expected credit losses ("ECLs") for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate ("EIR").

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

v. Inventory

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location but excludes overheads. Cost is accounted for as follows:

- *Bullion* - average fixed direct costs and variable direct costs.
- *Gold in circuit* - average cost.
- *Stores* - purchase cost on a first in first out cost method.
- *Ore stockpiles* - cost of mining on an average cost method.
- *Work in progress* - cost of mining and processing at an average cost method.

vi. Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value commencing from the date the asset is available for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Depreciation on assets utilised in exploration, evaluation and mine development during the pre-production phase is included in the carrying value of Deferred Exploration Expenditure and Mine Assets reflected on the balance sheet. On commencement of production, depreciation is expensed to the Income Statement.

The following estimated useful lives are used in the calculation of depreciation:

Facilities	10 years
Vehicles	5 years
Furniture and fixtures	10 years
Computer and other equipment	4 years
Other plant and equipment	3 – 10 years

vii. Mine assets

Expenditure on mine properties in production or under development are accumulated and brought to account at cost less accumulated amortisation in respect of each identifiable area of interest. Amortisation of capitalised costs is provided on a production output basis, proportional to the depletion of the mineral resource of each area of interest expected to be ultimately economically recoverable.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Should the carrying value of expenditure not

yet amortised exceed its estimated recoverable amount in any period, the excess is written off to the income statement.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which it belongs.

Pre-production revenue from gold sales derived from mine development ore is netted off against capitalised mine development expenditure.

viii. Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

ix. Deferred exploration expenditure

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration and evaluation expenditure, which fails to meet at least one of the conditions outlined above, is written off.

Identifiable exploration assets acquired from another mining company are carried as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above are met. Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration incurred by or on behalf of the entity. Exploration and evaluation expenditure assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that

the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to mine assets.

x. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except with the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

xi. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 'Financial Instruments: Recognition and Measurement'; or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

xii. Trade and other payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

xiii. Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation as at the reporting date. Future restoration costs are reviewed annually and any change in the estimates are reflected in the present value of the restoration provision at reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present value arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

xiv. Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled wholly within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

xv. Financial assets

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity investments', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group's "other financial Assets" held during the year comprise solely of assets classified as "loans and receivables".

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

xvi. Financial Liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the amounts originally received for borrowings and other financial liabilities (net of transaction costs) and the redemption value is recognised in the income statement over the period to maturity using the effective interest method.

Fair value

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties. Where relevant market prices are available, these have been used to determine fair values. In other cases, fair values have been calculated using quotations from independent financial institutions, or by using valuation techniques consistent with general market practice applicable to the instrument.

- (a) The fair values of cash, short-term borrowings and loans to joint ventures and associates approximate to their carrying values, as a result of their short maturity or because they carry floating rates of interest.
- (b) The fair values of medium and long-term borrowings are calculated as the present value of the estimated future cash flows using quoted prices in active markets or an appropriate market based yield curve. The carrying value of the borrowings is amortised cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash outflows through the expected life of the financial liability, or, where appropriate, a shorter period.

An expense is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

xvii. Issued Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

xviii. Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

xix. Foreign currency

Foreign currency transactions

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Titan Minerals Limited and the presentation currency for the consolidated financial statements.

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the year in which they arise except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in consolidated profit or loss on disposal of the net investment.

Foreign operations

On consolidation, the assets and liabilities of the Consolidated Entity's overseas operations are translated at exchange rates prevailing at the yearend closing rate. Income and expense items are translated at the average exchange rates for the year unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

xx. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

xxi. Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The expected life used in the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

xxii. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

xxiii. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key estimates that management has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in the financial statements.

(a) Impairment of property, plant and equipment

The Group reviews for impairment of property, plant and equipment, in accordance with its accounting policy. The recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs to sell and value in use. These calculations require the use of estimates and judgements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group may engage the assistance of third parties to establish the appropriate valuation techniques and inputs to the valuation model.

(b) Impairment of deferred exploration expenditure

The future recoverability of deferred exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related tenement/lease/concession itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(c) Impairment of Goodwill

The Group reviews for impairment on goodwill at each reporting date. In determining the recoverable amount of relevant cash generating units, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows. For goodwill, expected future cash flow estimation is based on future production profiles, commodity prices and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the goodwill.

Furthermore, as the accounting for the business combination has been provisionally determined (refer Note 22) as at the date of this report, the recognition of and associated impairment assessment requirements are subject to change.

4. 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 operating segments are identified by the Board based on reporting lines and the nature of services provided. Discrete financial information about each of these operating segments is reported to the Board on a monthly basis. The Group operates predominately in Peru. The reportable segments are based on aggregated operating segments determined by the similarity of the services provided and other factors.

Segments

The Group has one reportable operating segment, which is the gold toll processing operation in Peru. The information is further analysed based on the mineral sold within the region.

Segment result represents the profit or loss earned by each segment without allocation of corporate administration costs, investment revenue and finance costs or income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Holding Company

Holding Company costs (or unallocated costs, assets and liabilities) are those costs which are managed on a Group basis and not allocated to business segments. They include costs associated with executive management, strategic planning and compliance costs.

Accounting Policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Intersegment Transfers

There have been no intersegment sales during the year.

The following is an analysis of the Group's revenue and results by reportable operating segment for the year under review:

	Revenue		Segment Result	
	Year ended		Year ended	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Continuing operations				
Segment result before income tax – Peru Gold Toll Treatment Processing	5,802,384	-	591,164	-
	5,802,384	-	591,164	-
Other revenue			15,799	2,896
Central administration costs and director salaries and depreciation			(3,338,468)	(600,762)
Foreign exchange gain / (loss)			297,248	(16,261)
Finance costs			(10,903)	-
Loan forgiveness			-	13,205,162
Impairment expense / (reversal)			(7,066,878)	977,794
DOCA Expenses			-	(2,350,000)
Share Based Payments			(1,230,532)	(4,527)
(Loss) / profit before income tax expense			(10,742,570)	11,214,302
Income tax expense			-	-
Loss) / profit for the year from continuing operations			(10,742,570)	11,214,302

The revenue reported above represents revenue generated from processed gold sales, toll treatment revenues and concentrate sales to external customers.

The following is an analysis of the Group's assets by reportable operating segment:

	31-Dec-18	31-Dec-17
Assets		
Peru Gold Toll Treatment Processing	16,988,800	1,270,874
Unallocated assets	10,006,061	3,221,567
Consolidated total assets	26,994,861	4,492,441

The following is an analysis of the Group's liabilities by reportable operating segment:

	31-Dec-18	31-Dec-17
Liabilities		
Peru Gold Toll Treatment Processing	(5,882,362)	(3,347,207)
Unallocated liabilities	(270,804)	(96,762)
Consolidated total liabilities	(6,153,166)	(3,443,969)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. REVENUE AND EXPENSES

The following is an analysis of the Group's revenue for the year from continuing operations:

	Consolidated	
	31-Dec-18	31-Dec-17
(a) Revenue		
Gold Toll Treatment Processing	5,802,384	-
Revenue for continuing operations	5,802,384	-
Other income	15,799	2,896
Other Revenue	15,799	2,896
(b) Expenses		
<i>(i) Depreciation</i>		
Plant and equipment	(87,202)	-
	(87,202)	-
<i>(ii) Administration expenses</i>		
Compliance expenses	(509,556)	*
Legal costs	(81,444)	*
Professional fees and consultants	(1,313,330)	*
Director fees	(331,000)	*
Advertising and investor relations	(51,968)	*
Travel and accommodation	(276,318)	*
Employee benefits expense	(255,080)	*
Other Administration costs	(278,440)	*
	(3,097,136)	(600,762)
<i>(iii) Impairment (expense) / reversal</i>		
Impairment / reversal of impairment - San Santiago ¹	(1,000,000)	1,000,000
Impairment of Deferred exploration and evaluation expenditure assets and mine assets ²	(3,838,030)	-
Impairments relating to Tulin Plant ³	(2,003,072)	-
Impairment – other receivables	(225,776)	(22,206)
	(7,066,878)	977,794

¹The Company reversed the provision for impairment upon the directors resumed custodianship of the Company from administration on 4 October 2017. With the successful acquisition of Andina Resources Limited (including the Vista Gold Plant), the Company decided that the gold circuit at San Santiago would not be restarted. The San Santiago plant remains in care and maintenance while the Company assesses future options for the asset. As a result, the Company has fully impaired the San Santiago plant in the 2018 financial year.

²As a result of the acquisition of Andina Resources Limited as described in Note 23, the Company acquired the full rights to the Torrecillas concession, recognising the fair value of the asset acquired of \$5.4 million. While the Company still continues its exploration plans for this asset, as the asset currently remains as an early stage exploration project, the Company has decided to impair the value of the Torrecillas asset down to Group costs incurred on the project. The impairment is made up of impairment of Deferred exploration and evaluation expenditure assets \$5,228,298 net of the derecognition of the deferred tax liability of \$1,390,268 recognised as a result of business combination.

³The Tulin Plant, operated by Tulin Gold Co. SAC ("Tulin"), a subsidiary of Andina Resources Limited, was operating under a mining assignment agreement with a private owner and as a result of the expiry of the plant lease, Tulin has ceased processing ore at the facility. The expiry of the lease and the non-compliance has resulted in a dispute in finalising the termination of assignment. The Company is working with DREM ('The Direccion Regional De Energia Y Minas' or 'The Regional Energy and Mines Institute') with a focus on the return of the facility back to the underlying owner. Until there is a resolution, the Company is restricted from accessing assets owned by the Company, including ore material stockpiles and operational equipment. As a result of the above, a provision for impairment amounting \$2,003,072 over the restricted assets have been raised.

	Consolidated	
	31-Dec-18	31-Dec-17
(iv) Loan Forgiveness:		
Cash settlements	-	(1,379,183)
Equity settlements	-	(4,739,676)
Book value of loans forgiven	-	19,324,021
	-	13,205,162

* The Company was under External administration from 25 August 2015 to 4 October 2017, consequently the Company did not have sufficient information to allow the level of disclosure required for the year ended 31 December 2017.

6. INCOME TAXES

	Consolidated	
	31-Dec-18	31-Dec-17
Income tax recognised in profit or loss		
Tax expense comprises:		
Deferred tax expense	-	-
Total tax expense	-	-

The prima facie income tax expense on pre-tax accounting loss / profit from continuing operations reconciles to the income tax expense in the financial statements as follows:

(Loss) / Profit from continuing operations	(10,742,570)	11,204,302
Income tax calculated at 27.5% (2017: 27.5%)	(2,954,207)	3,083,933
Expenses that are not deductible / (income that is exempt) in determining taxable profit	2,326,532	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	57,087	-
Tax benefit not recognised as recovery not probable	570,588	(3,083,933)
	-	-

The tax rate used in the above reconciliation is the tax rate of 27.5% (2017: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law.

Deferred tax balances as at 31 December 2018 were not recognised in the statement of financial position. These relate to the deferred tax assets from the following accounts:

Temporary differences	168,239	-
Tax losses – revenue	1,665,551	1,001,705
Tax losses – capital	8,663,325	8,663,325
	10,497,115	9,665,030

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

* The Company was under External administration from 25 August 2015 to 4 October 2017, consequently the Company did not have sufficient information to allow the level of disclosure required for the year ended 31 December 2017.

7. TRADE AND OTHER RECEIVABLES

	31-Dec-18	31-Dec-17
Current		
Trade receivables	14,850	-
GST/VAT receivable	1,010,683	98,572
Other receivables	341,769	191,204
	<u>1,367,302</u>	<u>289,776</u>

At the reporting date no trade receivables were past due but not impaired.

	31-Dec-18	31-Dec-17
Non-Current		
Deposits	80,000	-
Other receivables	-	98,097
	<u>80,000</u>	<u>98,097</u>

8. PREPAYMENTS

	31-Dec-18	31-Dec-17
Current		
Advances to suppliers ⁽¹⁾	868,381	-
Other prepayments	21,582	-
	<u>889,963</u>	<u>-</u>

(1) This balance primarily relates to advances given to mineral suppliers to secure goods in the ordinary course of business.

9. INVENTORIES

	31-Dec-18	31-Dec-17
Raw materials in stockpile	865,778	-
In process ore	208,791	-
Auxilliary materials	6,746	-
	<u>1,081,315</u>	<u>-</u>

10. CURRENT TAX ASSET

	31-Dec-18	31-Dec-17
Current tax receivable	825,194	-
	<u>825,194</u>	<u>-</u>

The balance reflects tax that are eligible for a refund from the Peruvian tax authorities as a result of income tax prepayments and the export of minerals.

11. ASSETS CLASSIFIED AS HELD FOR SALE

	31-Dec-18	31-Dec-17
Property, plant and equipment	1,716,454	-
	<u>1,716,454</u>	<u>-</u>

12. PROPERTY, PLANT AND EQUIPMENT

	San Santiago Plant*	Land	Facilities	Vehicles	Computer Equipment	Furniture and fixtures	Other Plant and Equipment	Work in Progress	Total
Assets at Cost									
Balance at 31 December 2016	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Reversal of impairment	1,000,000	-	-	-	-	-	-	-	1,000,000
Balance at 31 December 2017	1,000,000								1,000,000
Acquisition of subsidiary	-	1,025,474	88,506	453,455	-	44,842	944,813	1,805,284	4,362,374
Additions	-	120,322	-	441,606	22,027	4,962	32,394	527,281	1,148,592
Disposals	-	-	-	(185,658)	-	-	-	-	(185,658)
Transferred to held for sale (Note 11)	-	-	(17,895)	-	-	-	(211,811)	(1,554,908)	(1,784,614)
Exchange differences	-	54,534	3,022	36,193	1,312	2,367	32,950	22,160	152,538
Balance at 31 December 2018	1,000,000	1,200,330	73,633	745,596	23,339	52,171	798,346	799,817	4,693,232
Accumulated depreciation and									
Balance at 31 December 2016	-	-	-	-	-	-	-	-	-
Balance at 31 December 2017	-	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	(34,996)	(356,502)	-	(26,835)	(519,877)	-	(938,210)
Depreciation	-	-	(20,416)	(30,783)	(328)	(2,079)	(33,596)	-	(87,202)
Disposals	-	-	16,501	-	-	-	-	-	16,501
Transferred to held for sale (Note 11)	-	-	-	-	-	-	-	-	-
Impairment	(1,000,000)	-	(31,800)	31,398	-	(10,306)	(249,741)	-	(1,260,449)
Exchange differences	-	-	(2,657)	(4,975)	(3)	(1,860)	(39,002)	-	(48,497)
Balance at 31 December 2018	(1,000,000)	-	(73,368)	(360,862)	(331)	(41,080)	(677,544)	-	(2,153,185)
Net book value									
As at 31 December 2017	1,000,000	-	-	-	-	-	-	-	1,000,000
As at 31 December 2018	-	1,200,330	265	384,734	23,008	11,091	120,802	799,817	2,540,047

* When the directors resumed custodianship of the Company it was noted that the San Santiago plant has a provision for impairment that brought the book value to \$nil. The directors obtained a third-party valuation report on the San Santiago plant from Primero Group Pty Ltd to ascertain what the fair value of the plant should be now that the Company was out of administration. The valuer used an order of magnitude valuation estimate and arrived at a fair value of US\$1,302,500. The directors approved a conservative approach to reverse the provision for impairment back to an ascribed fair value of AU\$1,000,000 for the San Santiago plant during the 31 December 2017 financial year.

In the 31 December 2018 financial year, with the successful acquisition of Andina Resources Limited's Vista Gold Plant, Titan decided it will not restart the gold circuit at San Santiago. As a result, the Group has recognised an impairment of the fully carrying value of \$1,000,000.

13. MINE ASSETS

	Consolidated	
	31-Dec-18	31-Dec-17
Mine assets at cost	172,777	172,777
Impairment	(172,777)	-
Net book value	-	172,777

Reconciliation of the carrying amounts of mine assets at the beginning and end of the current financial year:

Carrying amount at beginning of the year	172,777	500,000
- fair value adjustment on disposal	-	(327,223)
- impairment – refer Note 5(b)	(172,777)	-
	-	172,777

14. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31-Dec-18	31-Dec-17
Deferred exploration expenditure	841,622	-

Reconciliation of the carrying amounts of mine assets at the beginning and end of the current financial year:

Carrying amount at beginning of the year	-	-
- additions	453,811	-
- acquisitions through business combination – refer Note 23	5,400,000	-
- impairment – refer Note 5(b)	(5,055,521)	-
- impact of foreign exchange	43,332	-
	841,622	-

15. INTANGIBLES

	Consolidated	
	31-Dec-18	31-Dec-17
Goodwill ⁽¹⁾	12,110,496	-
Other intangibles	83,042	-
	12,193,538	-

(1) Goodwill relates to the acquisition of Andina Resources Limited as described in Note 23. As described in this note, the accounting for the business combination has been determined provisionally as at the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

16. TRADE AND OTHER PAYABLES

	Consolidated	
	31-Dec-18	31-Dec-17
Current Liabilities		
Trade and other payables	1,074,995	340,952
Employee benefits	-	723,977
	1,074,995	1,064,929
Non- Current Liabilities*		
Trade and other payables	119,249	1,801,826
Tax liabilities	-	402,577
	119,249	2,204,403

* When the directors resumed custodianship of the Company it was noted that a large portion of the payables in the subsidiaries related to debts owed from the period 2010-2017. Some of which pre-dated the Company's acquisition of the subsidiaries. It is directors expectation that the Company will not settle these outstanding liabilities within the next 12 months as the validity of the liabilities cannot be confirmed, and therefore have classified these liabilities as non-current.

17. BORROWINGS

	Consolidated	
	31-Dec-18	31-Dec-17
CURRENT		
<i>Unsecured at amortised cost</i>		
Loans	-	174,637
<i>Secured at amortised cost</i>		
Loan – Silverstream SECZ	1,416,842	-
	1,416,842	174,637
NON CURRENT		
<i>Secured at amortised cost</i>		
Loan – Silverstream SECZ	3,542,080	-
	3,542,080	-
TOTAL BORROWINGS	4,958,922	174,637

Silverstream SECZ Loan

As a result of the acquisition of Andina Resources Limited (refer Note 23), the Group assumed the Silverstream liability has been assumed by the Group. The Silverstream agreement is secured over the Torrecillas concessions and mining operations that the Titan group had with Silverstream SECZ.

The loan is interest free, and requires the total payment of US\$3,700,000 over 15 instalments commencing on 1 July 2018 and ending on 30 June 2022.

18. PROVISIONS

	Consolidated	
	31-Dec-18	31-Dec-17
Current		
Provision for mine closure ⁽¹⁾	-	-
Total Current	-	-
Non-current		
Provision for mine closure	-	-
Total Non-Current	-	-
TOTAL	-	-
<i>Provision for mine closure</i>		
Opening balance	-	328,651
- decrease in the provision	-	(328,651)
Closing balance	-	-

- (1) The provision for mine closure is an environmental management instrument used to evaluate and plan necessary measures before, during and after the closure of operations to eliminate, mitigate and control adverse effects on the area used or disturbed by the mining activity, in order to be considered as a compatible ecosystem with a healthy environment, appropriate for the biological development and landscape preservation. This Environmental Impact Statement has been approved by the Regional Government of Arequipa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. ISSUED CAPITAL

(a) Issued capital reconciliation

Issued capital	31 December 2018		31 December 2017	
	Number	\$	Number	\$
Ordinary shares fully paid	2,563,706,065	119,205,794	1,635,381,023	91,051,880
Treasury shares ⁽¹⁾	-	(2,080,000)	-	-
Total Issued Capital	2,563,706,065	117,125,794	1,635,381,023	91,051,880
Movements in shares on issue				
Balance at the beginning of the financial year	1,635,381,023	91,050,880	3,633,823,438	78,619,000
Consolidation on a 350:1 basis	-	-	(3,623,442,415)	-
Shares issued 5 October 2017, at \$0.01, under the Public Offer	-	-	600,000,000	6,000,000
Shares issued 5 October 2017, at \$0.01, under the Employee Offer	-	-	70,000,000	700,000
Shares issued 5 October 2017, at \$0.01, under the Broker Offer	-	-	316,032,382	3,160,324
Shares issued 5 October 2017, at \$0.01, under the SilverStream Offer	-	-	350,000,000	3,500,000
Shares issued 5 October 2017, at \$0.01, under the Unsecured Creditor Offer	-	-	53,967,618	539,676
Shares issued 5 October 2017, at \$0.01, under the Andina Offer	-	-	235,000,000	2,350,000
Shares issued 28 May 2018, at \$0.03 under Tranche 1 of Share Placement	233,334,333	7,000,030	-	-
Shares issued 16 July 2018, at \$0.03 under Tranche 2 of Share Placement	133,334,333	4,000,010	-	-
Shares issued 10 August 2018, at \$0.032 for the acquisition of Andina Resources Limited	545,263,978	17,448,447	-	-
Shares issued 26 September 2018, at \$0.032 for the acquisition of Andina Resources Limited	16,392,398	524,557	-	-
Capital Raising Costs	-	(818,130)	-	(3,818,120)
Balance at end of financial year	2,563,706,065	119,205,794	1,635,381,023	91,050,880

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.

(1) Treasury shares

As a result of the acquisition of Andina Resources Limited as outlined in Note 23, by way of Andina Resources Limited's holding in Titan Minerals Limited at the date of acquisition, the Group acquired 65,000,000 TTM shares. The shares are carried at cost (being the deemed issue price as per the Andina takeover bid) and recognised as a deduction against Issued capital.

(b) Shares under option – unlisted

Recipient	Number of shares under option	Exercise price	Expiry date	Vested
Canaccord Genuity (Australia) Limited	12,000,000	\$0.05	1 July 2021	100%
Canaccord Genuity (Australia) Limited	15,000,000	\$0.06	1 July 2021	100%
Canaccord Genuity (Australia) Limited	18,000,000	\$0.07	1 July 2021	100%

As at 31 December 2018, there are 45,000,000 unlisted share options issued to corporate advisors.

Unquoted share options granted carry no rights to dividends and no voting rights and details of the movement in unissued shares or interests under option as at the date of this report are:

	Number of Options (Unlisted)
Balance at 1 January 2017	82,275,000
Consolidation on a 350:1 basis	(82,039,929)
Share options lapsed	(25,714)
Total number of options outstanding as at 31 December 2017	209,357
Issue of options	45,000,000
Share options lapsed	(209,357)
Total number of options outstanding as at 31 December 2018	45,000,000

No options were exercised during the year.

20. RESERVES

	Consolidated	
	31-Dec-18	31-Dec-17
Share based payments reserve	4,056,059	2,825,527
Foreign currency translation reserve	46,527	(251,558)
	4,102,586	2,573,969
<i>Movements in Share based payments reserve</i>		
At the beginning of the financial year	2,825,527	2,821,000
Additions	1,230,532	4,527
	4,056,059	2,825,527

The share based payments reserve is used to accumulate the fair value of share based payments issued, including options and performance rights.

Movements in Foreign currency translation reserve

At the beginning of the financial year	(251,558)	(1,902,546)
Movement	298,085	1,650,988
	46,527	(251,558)

The foreign currency translation reserve is used to record exchange differences arising from the translation of subsidiaries from the functional currency (US dollars for Peru) to the presentation currency (AUD).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

21. LOSS PER SHARE

	Consolidated	
	31-Dec-18	31-Dec-17
	Cents	Cents
Basic and diluted loss per share from continuing operations	(0.523)	2.820
	\$	\$
(Loss) / Profit from Continuing Operations Attributable to Equity Holders of Titan Minerals Ltd	(10,742,570)	11,214,302
	No.	No.
Weighted average number of ordinary shares used in the	2,052,757,028	397,709,790
Potential ordinary shares not considered to be dilutive at year end	-	-

	Consolidated	
	31-Dec-18	31-Dec-17
	Cents	Cents
Basic and diluted loss per share from discontinued operations	0.143	0.306
	\$	\$
Profit from Discontinued Operations Attributable to Equity Holders	2,932,262	1,218,714
	No.	No.
Weighted average number of ordinary shares used in the	2,052,757,028	397,709,790
Potential ordinary shares not considered to be dilutive at year end	-	-

There were no potential ordinary shares considered to be dilutive at year end.

22. SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest 2018	Ownership interest 2017	Principal Activity
Mundo Minerals USA	USA	100%	100%	Administrative holding company
Compania Minera Cobrepampa S.A.C	Peru	- ¹	100%	Copper exploration
Empresa Minera Cobrepampa S.A.C	Peru	100% ²	100%	Copper exploration
Grupo Cobrepampa S.A.C	Peru	100% ²	100%	Copper exploration
Korisumaq S.A.C	Peru	100% ²	100%	Copper exploration
Derivados Y Concentrados S.A.C	Peru	- ¹	100%	Processing plant operator
Hogans Heros S.A.C	Peru	100%	100%	Administrative holding company
Hogans Hotel California S.A.C	Peru	100%	-	Administrative holding company
Little Twiggy S.A.C	Peru	100%	-	Administrative holding company
Andina Resources Limited	Australia	100% ³	-	Administrative holding company
Tulin Gold S.A.C	Peru	100% ³	-	Processing plant operator
Vista Gold S.A.C	Peru	100% ³	-	Processing plant operator
Mantle Mining S.A.C	Peru	100% ³	-	Gold exploration
Andean Metals S.A.C	Peru	100% ³	-	Administrative holding company
Porphyry Assets Pty Ltd	Australia	100% ³	-	Administrative holding company
Porphyry Assets S.A.C	Peru	100% ³	-	Administrative holding company

Note 1: Compania Minera Cobrepampa S.A.C and Derivados Y Concentrados S.A.C were disposed of during the year. Refer Note 24 for further details

Note 2: Empresa Minera Cobrepampa S.A.C, Grupo Cobrepampa S.A.C and Korisumaq S.A.C were placed in liquidation during the year, with the process ongoing as at 31 December 2018.

Note 3: Control of these entities was obtained as a result of the acquisition of Andina Resources Limited as described in Note 23.

23. BUSINESS COMBINATION

Acquisition of Andina Resources Limited

On 26 March 2018 the Group announced that it had entered into a bid implementation agreement with Andina Resources Limited ("Andina"), by which Titan would acquire all of the issued capital in Andina via an off-market takeover bid. Under the bid, Andina shareholders will receive 1 fully paid ordinary share in the capital of Titan Minerals Limited for every 1.18 Andina shares held.

On 12 July 2018, the Group's acquisition of Andina became unconditional upon the completion of the key conditions of the takeover bid.

The accounting of the business combination has been determined provisionally as at the date of this report. The Group is obtaining all necessary information to ensure that the fair value of the recognised assets and liabilities on acquisition are accurate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(a) Consideration transferred

	\$
Issued capital (561,656,376 shares)	17,973,004

(b) Assets acquired and liabilities recognised at the date of acquisition

	\$
Current assets	
Cash and cash equivalents	226,248
Trade and other receivables	1,439,816
Prepayments	460,038
Inventories	1,039,005
Financial assets*	2,080,000
Current tax asset	375,823
Non-current assets	
Property, plant and equipment	3,140,477
Deferred exploration and evaluation expenditure	5,400,000
Deferred tax asset	95,922
Current liabilities	
Trade and other payables	765,044
Financial liabilities	1,015,710
Non-current liabilities	
Financial liabilities	4,109,524
Other financial liabilities**	1,114,273
Deferred tax liabilities	1,390,268
Total assets acquired and liabilities recognised at the date of acquisition	5,862,508

*Andina Resources Limited held in its shares in Titan Minerals Limited as at the date of the acquisition with a value of \$2,080,000. Upon acquisition of these shares, they are now recognised by the Group as treasury shares in Equity (refer Note 19) as at year end.

**Other financial liabilities relates to the loan owing from Mantle Mining S.A.C (a subsidiary of Andina Resources Limited), to Hogan's Heros S.A.C (a subsidiary of Titan Minerals Limited). Upon acquisition of Andina, this loan eliminates upon consolidation.

Goodwill arising on acquisition

	\$
Consideration transferred	17,973,004
Less: Fair value of identifiable net assets and liabilities acquired	(5,862,508)
Goodwill (Note 15)	12,110,496

(c) Net cash inflow on acquisition of subsidiary

	\$
Cash and cash equivalents acquired	226,248

There was no cash consideration transferred for the acquisition of Andina Resources Limited.

(d) Impact of acquisitions on the results of the Group

Included in the loss for the year is a \$2,814,457 loss attributable to the operational results of Andina. Revenue for the year of \$5,802,384 relates to the results of Andina.

Had these business combinations been effected at 1 January 2018, the revenue of the Group from continuing operations attributable to Andina would have been \$11,926,530, and the loss attributable to Andina would have been \$8,486,322.

24. DISCONTINUED OPERATIONS

The profit or loss attributable to discontinued operations relate to the disposal of the below entities.

	31 Dec 2018	31 Dec 2017
MPG Group	-	(1,835,586)
Derivado Y Concentrados S.A.C	2,468,151	3,054,300
Compañía Minera Cobrepampa SAC	464,103	-
Total Profit / (loss) for the year from discontinued operations (attributable to owners of the company)	2,932,254	1,218,714

The details of the disposal are outlined below:

Disposal of Derivado Y Concentrados S.A.C

On 15 June 2018, the Group disposed of its 100% owned subsidiary Derivado Y Concentrados S.A.C for 3,500 Soles (AUD \$1,068).

(a) Financial performance

	31 Dec 2018	31 Dec 2017
Profit for the period from discontinued operations		
Revenue	-	638,684
Cost of goods sold	-	(807,242)
Gross profit	-	(168,558)
Depreciation and amortisation charges	-	(213,291)
Administration expenses	-	(853,720)
Loan forgiveness	-	4,548,627
Other expenses	(777,136)	(258,758)
(Loss) / profit for the year from discontinued operations for the year or until date of disposal	(777,136)	3,054,300
Gain on disposal	3,245,287	-
Profit before income tax	2,468,151	3,054,300
Attributable income tax expense	-	-
Profit for the year from discontinued operations (attributable to owners of the company)	2,468,151	3,054,300

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)

	31 Dec 2018	31 Dec 2017
Cash flows from discontinued operations		
Net cash outflow from operating activities	(205,608)	(111,823)

(b) Details of the sale of Derivado Y Concentrados S.A.C

	15 June 2018
Consideration received in cash and cash equivalents	1,068
<u>Analysis of assets and liabilities over which control was lost</u>	
Trade and other payables	2,985,309
Derecognition of foreign currency reserve	258,910
Gain on disposal of subsidiary	3,245,287

The above gain on disposal of subsidiary is included in the profit for the period from discontinued operations.

Disposal of Compañía Minera Cobrepampa SAC

On 29 August 2018, the Group disposed of its 100% owned subsidiary Compañía Minera Cobrepampa SAC for no consideration.

(a) Financial performance and cash flow information

	31 Dec 2018	31 Dec 2017
Profit for the period from discontinued operations		
Revenue	-	-
Cost of goods sold	-	-
Gross profit	-	-
Other expenses	-	-
Profit for the year from discontinued operations for the year or until date of disposal	-	-
Gain on disposal	464,103	-
Profit before income tax	464,103	-
Attributable income tax expense	-	-
Profit for the year from discontinued operations (attributable to owners of the company)	464,103	-

	31 Dec 2018	31 Dec 2017
Cash flows from discontinued operations		
Net cash outflow from operating activities	-	-

(b) Details of the sale of Compañía Minera Cobrepampa SAC

29 August 2018

Consideration received in cash and cash equivalents

-

Analysis of assets and liabilities over which control was lost

Trade and other payables

464,103

Gain on disposal of subsidiary

464,103

The above gain on disposal of subsidiary is included in the profit for the period from discontinued operations.

Disposal of MPG Group

On 4 October 2017 the shares in the entities that made up the MPG group of companies were transferred to the Minera Gold Limited Creditors Trust.

(a) Financial performance and cash flow information

	31 Dec 2018	31 Dec 2017
Loss for the year from discontinued operations		
Revenue - rendering of services	-	3,109
Other income	-	-
	-	3,109
Expenses	-	(1,511,354)
Loss for the year from discontinued operations until date of disposal	-	(1,508,245)
Loss on disposal	(b) -	(327,341)
Loss before income tax	-	(1,835,586)
Attributable income tax expense	-	-
Loss for the year from discontinued operations (attributable to owners of the company)		(1,835,586)
Cash flows from discontinued operations		
Net cash outflow from operating activities	-	(363,663)
Net cash outflows from discontinued operations	-	(363,663)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

(b) Details of the sale of the MPG Group

	<u>4-Oct-17</u>
	<u>\$</u>
Consideration received or receivable:	
Cash	-
Total disposal consideration	-
Carrying amount of net assets sold	4,742,518
Foreign Currency Translation reclassified from reserve to profit or loss on disposal	(5,069,859)
Loss on disposal	(327,341)

The carrying amounts of assets and liabilities as at the date of sale (4 October 2017) were:

	<u>4-Oct-17</u>
	<u>\$</u>
Cash and cash equivalents	-
Other current assets	488,205
Property, plant and equipment	630,367
Other non-current assets	10,198,265
Total assets	11,316,837
Trade and other payables	(3,319,685)
Other non-current liabilities	(3,254,634)
Total liabilities	(6,574,319)
Net assets	4,742,518

* The Company was under External administration from 25 August 2015 to 4 October 2017, consequently the Company did not have sufficient information to allow the level of disclosure required for the year ended 31 December 2017.

25. CONTINGENCIES AND COMMITMENTS

As at reporting date, the Group had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Consolidated	
	31-Dec-18	31-Dec-17
Within one year	37,404	-
In the second to fifth years inclusive	144,234	-
After 5 years		
	<u>181,638</u>	<u>-</u>

Operating leases are comprised of rentals payable by the Group for office rental.

The Group has no other commitments or contingent liabilities as at 31 December 2018.

26. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money markets instruments. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	31-Dec-18	31-Dec-17
Cash at bank and deposits at call	5,459,426	2,931,791
(b) Reconciliation of loss for the year to net cash flows used in operating		
Profit / (Loss) for the year	(7,810,308)	12,433,016
Adjustments for:		
Depreciation and amortisation of non-current assets	87,202	213,291
Share based payments	1,230,532	4,527
Foreign exchange	(297,248)	16,261
Loan forgiveness	-	(17,753,789)
DOCA expenses	-	2,350,000
Provision expense	-	22,206
Impairment / (reversal) of impairment	7,066,878	(1,000,000)
Gain on disposal of subsidiary	(2,932,262)	-
Non-cash financing activities:		
- Assumption of financial liability	1,053,133	-
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	380,386	289,625
Prepayments	(429,926)	-
Inventories	(42,310)	-
Current tax assets	(449,371)	-
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables	(2,978,122)	339,151
Net cash used in operating activities	(5,121,416)	(3,085,712)

(c) Non-cash financing activities

During the year the Group loaned funds to Mantle Mining S.A.C of \$1,114,273. As part of the acquisition of Andina Resources Limited as described in Note 23, the Group acquired the corresponding loan payable, thereby extinguishing the Group's balance.

27. EVENTS AFTER THE REPORTING PERIOD

There has not been any matter or circumstance that have arisen since the end of the financial year, 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, other than:

On January 14, 2019, Titan announced that it has executed a binding agreement pursuant to which Titan had been granted an exclusive option to acquire up to an 85% interest in the Las Antas Project ("Las Antas Earn-In"). Under the Las Antas Earn-In, Titan can earn-in to 60% of the Las Antas Project by funding US\$2,000,000 in exploration activity within a 2-year period. Upon Titan acquiring the 60% interest, Titan and the vendor will establish a joint venture to govern the future conduct of activities in relation to the Las

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Antas Project, with Titan holding 60% initial interest in the joint venture. The Las Antas Earn-In also provides Titan with an opportunity to acquire an additional 25% interest in the Las Antas Project.

On 25 February 2019 Titan Minerals Limited and Core Gold Inc (TSX-V: CGLD, OTCQX: CGLDF) ("Core Gold") announce that the companies have entered into a binding arrangement agreement (the "Arrangement Agreement"), pursuant to which Titan will acquire all of the issued and outstanding Core Gold common shares by way of a share exchange (the "Merger").

The Merger will be affected by means of a statutory plan of arrangement (the "Arrangement") under the Business Corporations Act (British Columbia). Under the Arrangement:

- each Core Gold shareholder will receive twenty (20) fully paid ordinary shares in Titan pre-consolidation ("Titan Shares") for every one (1) Core Gold common share (the "Exchange Ratio"); and
- holders of Core Gold Options and Warrants will receive options in Titan on comparable terms, taking into account the Exchange Ratio under the Merger.

In connection with the Merger, Titan will conduct a placement of new Titan Shares to certain eligible institutional and high net worth investors to raise a minimum of A\$20 million at an issue price to be agreed by Titan and Core Gold (each acting reasonably and taking into account the then current market conditions) (the "Placement"). If a minimum of A\$20 million is raised under the Placement, assuming an issue price of A\$0.024 (being the closing price of Titan Shares on the ASX on February 15, 2019), approximately 833,333,333 new Titan Shares will be issued under the Placement. The issue of new Titan Shares under the Placement will be subject to Titan shareholder approval. Completion of the Merger is conditional on completion of the Placement.

On 25 March 2019, the Group raised USD \$3 million via loan facility agreements. The material terms of the loan facility are:

- Amount: US\$3,000,000
- Interest: 15% interest per annum
- Security: Vista Gold S.A.C. and Core Private Placement shares
- Repayment: earlier of 21 days from completion of Titan Core Gold plan of arrangement or 6 months from the draw down date, extendable to 9 months at Titan's election with a minimum repayment of 5 months interest payable if repaid prior to five months from the draw down date

Also on 25 March 2019, the Group announced that it has successfully closed its US \$3,000,000 private placement with Core Gold Inc. acquiring 9,151,363 common shares of Core Gold on a private placement basis.

28. KEY MANAGEMENT PERSONNEL

	31-Dec-18	31-Dec-17
Remuneration of key management personnel		
Short term employee benefits	487,400	84,000
Post-employment benefits	-	-
Share based payments	708,000	3,880
Termination benefits	-	-
	<u>1,195,400</u>	<u>87,880</u>

Refer to the Remuneration Report on pages 12-14 of the Directors Report for further details.

29. RELATED PARTY TRANSACTIONS

a) Subsidiaries

The ultimate parent entity of the group is Titan Minerals Limited. Details of the ownership of ordinary shares held in subsidiaries are disclosed in Note 22 to the Financial Statements. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in the Note. Details of transactions between the Group and other related parties, if any, are disclosed below.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

As described in Note 23, the Group acquired Andina Resources Limited during the period. Mr Matthew Carr is a director of Andina Resources Limited.

b) Parent entity

The ultimate parent entity of the Group is Titan Minerals Limited.

The Statement of Comprehensive Income and Financial position on the parent entity are summarised below:

	Parent	
	31-Dec-18	31-Dec-17
Statement of Financial Position		
Current assets	5,396,859	3,009,430
Non-current assets	80,000	-
Total assets	5,476,859	3,009,430
Current liabilities	158,100	112,762
Non-current liabilities	-	-
Total liabilities	158,100	112,762
Net Assets	5,318,759	2,896,668
Issued capital	117,125,794	91,050,880
Reserves	4,056,060	2,825,527
Accumulated losses	(115,863,095)	(90,979,739)
Shareholder Equity	5,318,759	2,896,668
	31-Dec-18	31-Dec-17
Statement of Comprehensive Income		
Loss after tax	(24,883,356)	(12,057,002)
Total comprehensive loss	(24,883,356)	(12,057,002)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

c) Expenditure commitments by the parent entity:

	31-Dec-18	31-Dec-17
Not longer than 1 year	-	*
Longer than 1 year and not longer than 5 years	-	-
	-	*

* The Company was under External administration from 25 August 2015 to 4 October 2017, consequently the Company did not have sufficient information to allow the level of disclosure required for the year ended 31 December 2017.

30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, price and foreign exchange risks and ageing analysis for credit and liquidity risk.

Risk management is carried out by senior management under direction of the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas. The consolidated entity is not materially exposed to changes in interest rates in its activities.

The material financial instruments to which the Group has exposure include:

- (i) Cash and short-term deposits;
- (ii) Trade and Other Receivables;
- (iii) Accounts payable; and
- (iv) Borrowings

The carrying values of these financial instruments approximate their fair values. The carrying values of the Group's financial instruments are as follows:

	31-Dec-18	31-Dec-17
Financial Assets		
Cash and Cash Equivalents	5,459,426	2,931,791
Trade and Other Receivables	1,447,302	387,873
Total Financial Assets	6,906,728	3,319,664
Financial Liabilities		
Trade and other payables	1,194,244	3,269,332
Borrowings	4,958,922	174,637
Total Financial Liabilities	6,153,166	3,443,969
Net Exposure	753,562	(124,305)

The table reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of settlement period for all other financial instruments.

	31-Dec-18	31-Dec-17
<i>Trade and other receivables maturing as follows:</i>		
Less than 6 months	1,367,302	289,776
6 months to 1 year	-	-
Later than 1 year but not longer than 5 years	80,000	98,097
Over 5 years	-	-
	1,447,302	387,873

Trade and other payables maturing as follows:

Less than 6 months	1,074,995	1,064,929
6 months to 1 year	-	-
Later than 1 year but not longer than 5 years	119,249	2,204,403
Over 5 years	-	-
	<u>1,194,244</u>	<u>3,269,332</u>

Borrowings maturing as follows:

Less than 6 months	708,416	-
6 months to 1 year	708,416	-
Later than 1 year but not longer than 5 years	3,542,090	-
Over 5 years	-	174,637
	<u>4,958,922</u>	<u>174,637</u>

(a) Market Risk

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from its subsidiaries, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The carrying amounts of the Group's foreign currency denominated assets and monetary liabilities at the end of the reporting year are as follows:

	Assets		Liabilities	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	\$	\$	\$	\$
US dollars	<u>6,808,428</u>	<u>284,628</u>	<u>4,265,073</u>	<u>2,610,821</u>

Interest Rate Risk

All the consolidated entity's financial instruments that are exposed to interest rate risk are either non-interest bearing, bear interest at commercial interest rates or at fixed rates. The weighted average interest rate on cash and short-term deposits at 31 December 2018 was 1.15% (31 December 2017: 0.5%). All receivables, other financial assets and payables are non-interest bearing.

Price risk

The Group is exposed to commodity price risk through its gold sales from the Toll processing operations. The Group does not currently hedge the price at which it sells gold.

(b) Credit Risk

Financial instruments, which potentially subject the consolidated entity to credit risk, consist primarily of cash and short-term deposits. Credit risk on cash, short term deposits and trade receivables is largely minimised by dealing with companies with acceptable credit ratings.

The consolidated entity has no reason to believe credit losses will arise from any of the above financial instruments. However, the maximum amount of loss, which may possibly be realised, is the carrying amount of the financial instrument.

Cash in Australia is held with National Australia Bank Limited which is an appropriate financial institution with an external credit rating of AA-. Cash in Peru is held with Banco De Credito Del Peru which is an appropriate financial institution with an external credit rating of BBB+.

(c) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Management monitors the rolling forecasts of the Group's cash and fair value assets based on expected cash flows. This is generally carried out at a local level in the operating companies of the Group in accordance with the practise and limits set by the Group.

(d) Capital Risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to maintain a suitable capital structure and fulfil the objectives of the Group.

31. SHARE-BASED PAYMENTS

Performance Rights

At the General Meeting held on 18 December 2016, shareholders approved to grant 80,500,000 performance rights as remuneration (Class A, B, C). The rights entitled the directors and company secretary to shares in Titan Minerals Limited on achievement of market conditions. Under the plan, the participant was granted performance rights which only vest if certain market conditions are met.

The amount of rights that will vest depends on the achievement of three market-based conditions. The three conditions are market-based condition related to achieving a 10-day volume weighted average price of shares on the ASX of greater than \$0.05, \$0.06 and \$0.07 respectively.

Performance rights convert to shares on the date of vesting with no exercise price or share issue price being payable.

Set out below is the summary of rights granted and approved by shareholders. Management have assessed the likelihood of the rights vesting and have estimated that Class A, B and C market conditions are expected to be achieved prior to expiry.

(i) Fair value of performance rights granted

Set out below is the assessed fair value at grant date of performance rights granted in the previous year.

Performance rights:

	Fair value at grant date
Class A – market	\$0.032
Class B – market	\$0.032
Class C – market	\$0.032

Options

On 10 August 2018 the Company issued the following 45,000,000 options to Canaccord Genuity (Australia) Limited, comprised of:

- 12,000,000 unquoted options exercisable at \$0.05 each on or before 1 July 2021;
- 15,000,000 unquoted options exercisable at \$0.06 each on or before 1 July 2021; and
- 18,000,000 unquoted options exercisable at \$0.07 each on or before 1 July 2021.

The options were valued using a Black Scholes valuation model. The key inputs into the valuation were:

Options exercisable at:	\$0.05	\$0.06	\$0.07
Grant date	10 August 2018	10 August 2018	10 August 2018
Expiry date	1 July 2021	1 July 2021	1 July 2021
Estimated volatility	75.93%	75.93%	75.93%
Risk-free interest rate	1.82%	1.82%	1.82%
Fair value	\$0.01	\$0.009	\$0.008

Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	31-Dec-18	31-Dec-17
	\$	\$
Shares Issued under the Employee Offer	-	(700,000)
Shares Issued under the Broker Offer	-	(3,160,324)
Shares Issued under the SilverStream Offer	-	(3,500,000)
Shares Issued under the Unsecured Creditor Offer	-	(539,676)
Shares Issued under the Andina Offer	-	(2,350,000)
Performance Rights issued to directors and staff	(826,000)	(4,527)
Options issued to Canaccord Genuity (Australia) Limited	(404,532)	-
Total share-based payments	(1,230,532)	(10,254,527)

32. REMUNERATION OF AUDITORS

	31-Dec-18	31-Dec-17
	\$	\$
<i>Auditor of the parent entity</i>		
Audit and review of the financial report	74,985	66,695
Tax services	-	45,103
	<u>74,985</u>	<u>111,798</u>
<i>Other auditors – associate firms of the auditor of the parent entity in Peru</i>		
Audit or review of the financial report	<u>22,732</u>	<u>-</u>

Stantons International Audit and Consulting Pty Ltd
trading as

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TITAN MINERALS LIMITED

Report on the Audit of the Financial Report

Qualified Opinion

We have audited the financial report of Titan Minerals Limited the Company and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

During the period 25 August 2015 to 4 October 2017, the Company was subject to a Deed of Company Arrangement ("DOCA") and therefore under external administration. On 4 October 2017, the recapitalisation of the Company was completed and the DOCA was fully effectuated. Accordingly, on 4 October 2017, the Company exited external administration and the control of the Company was passed to the directors of the Company.

Since the Directors did not control the Company until it exited external administration, the financial information for the period up to 4 October 2017, and consequently to 31 December 2017, was not subject to accounting and internal control processes that are relevant to the preparation and presentation of the financial report. Accordingly, we are not in a position and do not express any assurance in respect of, the comparative information for the year ended 31 December 2017 and the statement financial position as at 31 December 2017.

The potential impact of the aforementioned basis of qualified opinion on the current year's financial performance and cash flows, prevents us from determining whether adjustments might have been necessary in respect of the income and expenditure for the year ended 31 December 2018 reported in the statement of profit or loss and other comprehensive income and the net cash flows reported in the statement of cash flows.

The Company through its foreign subsidiary, carried inventory stated in the financial statements at \$1,081,315. Due to the reasons outlined in Note 5(b) point 3, we were unable to determine whether any adjustment to this balance was necessary.

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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Emphasis of Matter Relating to Going Concern

In addition to our qualified audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2 to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2018, the Group had cash and cash equivalents of \$5,459,426, and incurred a loss after income tax of \$7,810,308.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully recommencing profitable operations and/or exploiting its mineral and other assets. In the event that the Group is not successful in raising further equity or successfully recommencing profitable operations and/or exploiting its mineral and other assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p><i>Business Combination – Acquisition of Andina Resources Limited and Carrying Value of Goodwill</i></p> <p>During the year, the Company acquired 100% of the issued capital of Andina Resources Limited.</p> <p>The acquisition has been disclosed in Note 23 to the financial report and was considered a key audit matter due to:</p> <ul style="list-style-type: none"> The significance of the transaction (\$17,973,004 consideration paid); and \$5,862,508 net assets acquired resulting in goodwill of \$12,110,496. The judgement required in the application of AASB 3 Business Combinations ("AASB 3"). <p>AASB 3 required the Group to determine, if the transaction is an asset acquisition or a business combination.</p>	<p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> Examining the contract for the acquisition of Andina Resources Limited; Reviewing and assessing the determination made by the Group whether the transaction is an asset acquisition or a business combination; Assessing the fair value of consideration paid for the acquisition of Andina Resources Limited; Examining the net assets of Andina Resources Limited as at the date of acquisition; Considering the adequacy of the financial report disclosures contained in Note 23 in relation to AASB 3; and Review of the Carrying Value of Goodwill as at 31 December 2018.

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Issued Capital

The Group's Issued Capital amounted to \$117,125,794. During the reporting period, 928,325,042 ordinary shares were issued resulting in an increase in Issued Capital of \$26,074,914 (net of capital raising costs).

Issued Capital is a key audit matter due to:

- the quantum and value of share capital issued during the year; and
- the varied nature of the movements during the year.

We have expended significant audit effort on ensuring the Issued Capital was appropriately accounted for and disclosed.

Inter alia, our audit procedures included the following:

- i. Obtaining an understanding of the underlying transactions;
- ii. Verifying all issued capital movements to the relevant ASX announcements; Agreements and Directors Minutes;
- iii. Vouching proceeds from capital raisings to bank statements and other relevant supporting documentation;
- iv. Verifying underlying capital raising costs and ensuring these costs were appropriately recorded;
- v. Ensuring consideration paid in shares for Business combination is measured in accordance with AASB 3 Business Combinations and agreed the share issues to the relevant supporting documentation; and
- vi. Ensuring the requirements of the relevant accounting standards and disclosures achieve fair presentation and reviewing the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Titan Minerals Limited for the year ended 31 December 2018 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director
West Perth, Western Australia
29 March 2019

ANALYSIS OF HOLDINGS OF LISTED SHARES AND OPTIONS IN THE COMPANY

	Ordinary Shares
1 — 1,000	94
1,001 — 5,000	33
5,001 — 10,000	9
10,001 — 100,000	438
100,001 — and over	722
Total number of holders	<u>1,296</u>
Holdings of less than a marketable parcel	<u>219</u>

REGISTERED OFFICE OF THE COMPANY

Suite 7, 295 Rokeby Road
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Fax: +61 (8) 6166 0261

Voting Rights

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

Automic Share Registry
Level 2
267 St Georges Terrace
Perth WA 6000

Telephone (within Australia): 1300 992 916
Telephone (outside Australia): +61 3 9315 2333

COMPANY SECRETARY

The name of the Company Secretary is Zane Lewis.

TAXATION STATUS

Titan Minerals Limited is taxed as a public company.

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

Rank	Holder Name	Securities	%
1	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	187,702,652	7.32%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	104,390,470	4.07%
3	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	95,551,262	3.73%
4	TAZGA TWO PTY LTD <TAZGA TWO A/C>	92,833,334	3.62%
5	CITICORP NOMINEES PTY LIMITED	92,079,985	3.59%
6	BNP PARIBAS NOMS PTY LTD <DRP>	81,805,402	3.19%
7	ROCKFORD INVESTMENT FUND P/L <ROCKFORD INV A/C>	79,800,000	3.11%
8	J STIMPSON PTY LTD <HOEK A/C>	75,000,000	2.93%
8	MR REEGAN BUSWELL <HAS BEEN INVESTMENTS A/C>	75,000,000	2.93%
9	UBS NOMINEES PTY LTD	72,559,005	2.83%
10	SILVERSTREAM SEZC	65,095,991	2.54%
11	FISKE NOMINEES LIMITED	40,000,000	1.56%
12	RICHSHAM NOMINEES PTY LTD	34,550,338	1.35%
13	TEXBRIDGE HOLDINGS PTY LTD	33,366,666	1.30%
14	VONROSS NOMINEES PTY LTD	32,900,000	1.28%
15	ANDINA RESOURCES LIMITED	32,500,000	1.27%
16	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	31,825,669	1.24%
17	IAN MALCOLM CARR & MATTHEW IAN CARR <IAN CARR FAMILY S/F A/C>	28,505,392	1.11%
18	RATDOG PTY LTD	27,415,254	1.07%
19	ML CARR PTY LTD <CARR FAMILY A/C>	26,340,524	1.03%
20	RANGWELL BOYS PTY LTD <THE RANGA FAMILY A/C>	25,000,000	0.98%
	TOTAL	2,563,706,066	100.00%

SUBSTANTIAL SHAREHOLDERS

Holder Name	Securities	%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	187,702,652	7.32%

Consistency with business objectives - ASX Listing Rule 4.10.19

In accordance with Listing Rule 4.10.19, the Group states that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives. The business objective is primarily exploration for natural resources and acquisition of resource based projects. The Group believes it has used its cash in a consistent manner to which was disclosed under the Prospectus dated 18 August 2017.

TENEMENTS

Project	Location	Tenement	Interest held
Torrecillas	Southern Peru	Retorno-I	100%
Torrecillas	Southern Peru	Retorno-II	100%
Torrecillas	Southern Peru	Retorno-III	100%
Torrecillas	Southern Peru	Retorno-IV	100%
Torrecillas	Southern Peru	Retorno-V	100%
Torrecillas	Southern Peru	Retorno-VI	100%
Torrecillas	Southern Peru	Retorno-VII	100%
Torrecillas	Southern Peru	Retorno-IX	100%
Torrecillas	Southern Peru	RetornoXIV	100%
Torrecillas	Southern Peru	RetornoXV	100%
Torrecillas	Southern Peru	RetornoX	100%
Torrecillas	Southern Peru	Retorno XX	100%
Torrecillas	Southern Peru	Retorno XXXIV	100%
Torrecillas	Southern Peru	Retorno XXXII	100%
San Santiago	Southern Peru	San Santiago De Acari	100%
San Santiago	Southern Peru	Virgen Del Carmen 2004P	100%

CORPORATE GOVERNANCE STATEMENT

The directors of Titan Minerals support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the appendix 4G released to ASX and posted on the Company website at www.titanminerals.com.au.

The directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.



ASX:TTM

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