



ABN 65 009 131 533

**Interim Financial Report for the Half Year Ended
31 December 2022**

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Corporate Information

Directors	Mr James Searle Mr Jason Ferris Mr Lee Christensen
Company Secretary	Mr Alan Armstrong
Registered Office	Level 8, 216 St Georges Terrace PERTH WA 6000 Telephone: (08) 9481 0389 Facsimile: (08) 9463 6103
Share Registry	Computershare Investor Services Pty Limited Reserve Bank Building Level 2, 45 St Georges Terrace PERTH WA 6000
Place of Incorporation	Western Australia
Principal Place of Business	Level 8, 216 St Georges Terrace PERTH WA 6000 Telephone: (08) 9481 0389 Facsimile: (08) 9463 6103
Auditors	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 Perth WA 6000
Bankers	National Australia Bank 100 St Georges Terrace PERTH WA 6000
Stock Exchange	ASX Limited Central Park 152 - 158 St Georges Terrace PERTH WA 6000
ASX Code	TSL

Titanium Sands Limited

Directors' Report For the half year ended 31 December 2022

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The directors of Titanium Sands Limited (“the Company”) and its wholly owned subsidiaries (together referred hereafter as “the Group” or “the Consolidated Entity”) submit herewith the interim financial report for the half year ended 31 December 2022. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The directors of the Company at any time during or since the end of the half year are:

Mr James Searle

Mr Jason Ferris

Mr Lee Christensen

Company Secretary

Mr Alan Armstrong

Principal Activities

The current principal activity and key focus for the Group during the period is mineral exploration.

Operating Results

The net loss of the Company for the half year ended 31 December 2022 was \$643,223 (2021: net loss \$560,947).

Review of Operations during the Period

Overview

The Mannar Island Heavy Mineral Sands Project in Northwest Sri Lanka is 100% controlled by Titanium Sands Ltd (Figures 1). The project is an ilmenite feedstock project with minor credits from other mineral components. The high quality ilmenite product is expected to find a ready market with titanium slag and sulphate route pigment producers in the Middle East, Korea, India, China and elsewhere.

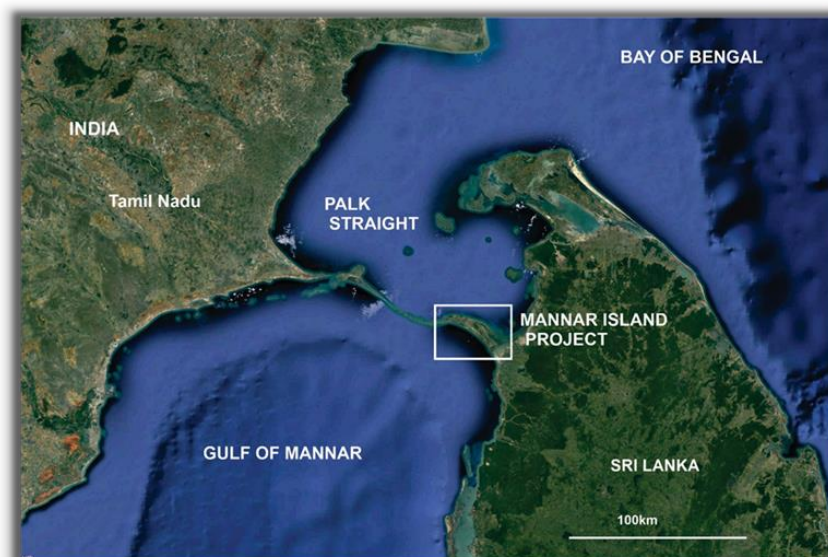


Figure 1 Location of the Mannar Island Heavy Mineral Sand Project, northwest Sri Lanka.

As Covid-19 conditions began to improve in early 2022 Sri Lanka has experienced significant economic and political issues. Deterioration of the national accounts due to a combination of the economic consequences of Covid-19, principally on the inbound tourism industry, and longer term national economic management issues led to significant inflation and drastic deterioration in the balance of payments. The resulting social and political disruptions combined with a drastic shortage of transport and other fuels further disrupted operations from time to time.

However in the 6 months since June 2022, a new interim multiparty government has resulted in some stabilisation in both the economic and political situation. This has enabled the government to engage with the International Monetary Fund and sovereign debt holders to try and negotiate a long term national economic plan for the country.

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Directors' Report

For the half year ended 31 December 2022

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Receding Covid-19 issues and stabilisation of the political and economic situation in the six months to 31 December 2022 allowed the resumption of resource definition and extension reverse circulation/air core drilling at the project site. As reported (¹[ASX Announcement: 25th August 2022](#)) previously a 315 hole RC/aircore resource infill and extension drilling program was completed in August and samples consigned to a laboratory in South Africa for analysis

Mineral Resources

An updated mineral resource estimate (MRE) was completed in September 2020 with garnet added to the heavy mineral suite (Table 1) (²[ASX Announcement of the 14th September 2020](#)). Based on a 2% THM (Total Heavy Mineral) lower cut-off grade the MRE stands at 264.93 Mt at 4.38% THM.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	37.78	66.14	5.54	0.83	11.63	2.48	0.46	0.1	0.1	0.51
Inferred	113.62	198.79	3.99	1.06	17.56	1.77	0.3	0.08	0.1	0.3
Total	151.4	264.93	4.38	1.00	16.08	1.95	0.34	0.08	0.10	0.35

Table 1 Mineral Resource Estimate based on a 2% THM lower cut off. A complete JORC2012 compliant statement of this MRE is contained in ²[ASX Announcement of the 14th September 2020](#)

A continuous higher grade zone measuring 10km by 2km and down to depth of 8-12m (the zone remains largely open at depth) was identified within the above mineral resource (Figure 3). Using the 2% lower cut off the higher grade resource contains 92.56Mt at 5.24% THM Table 2. This zone was used as the basis for the scoping study previously reported to the ASX (³[ASX Announcement 16th of June 2020](#)).

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	16.96	29.51	7.25	0.75	20.39	3.25	0.62	0.1	0.12	0.9
Inferred	36.07	63.05	4.29	0.99	25.10	1.80	0.33	0.07	0.08	0.47
Total	53.03	92.56	5.24	0.92	23.60	2.27	0.42	0.08	0.09	0.61

Table 2 Mineral resource estimate for a higher grade zone contained within the resources Tabulated above for a 2% lower cut off*.

*Notes to tables:

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

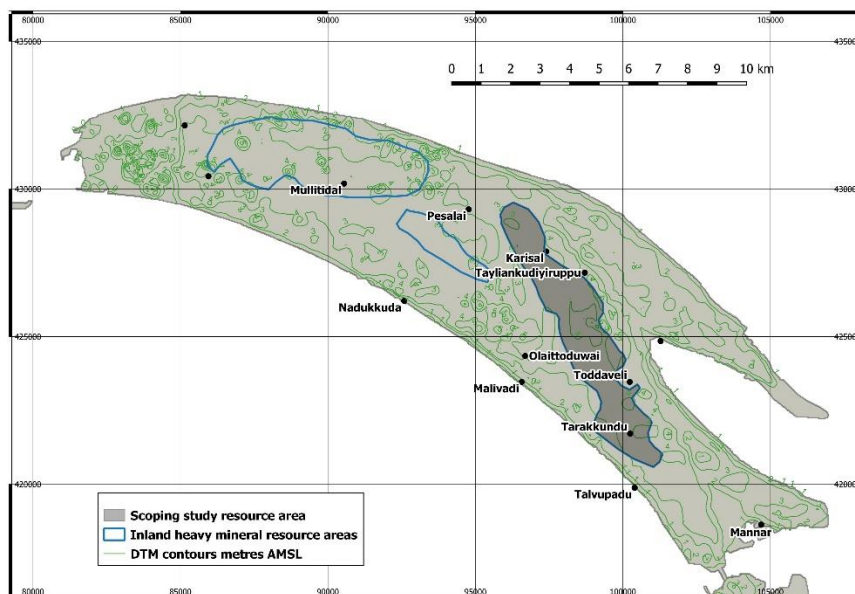


Figure 2 Inland mineral resource areas including scoping study mineral resource area.

A scoping study was announced in June 2020 (³ [ASX announcement 16th June 2020](#)). The scoping study was based on the concept of production from the contiguous 10km by 2km zone of the mineral resource containing 92.56Mt at 5.24% THM shown in Figures 2 and 3 Table 2. The scoping study base case of a single dredge led operation indicated the potential for an economically robust long life project. The study also indicated that there was the potential, subject to further technical studies, to expand the project to 2 or even 3 dredges based on processing the larger 264.93Mt resource.

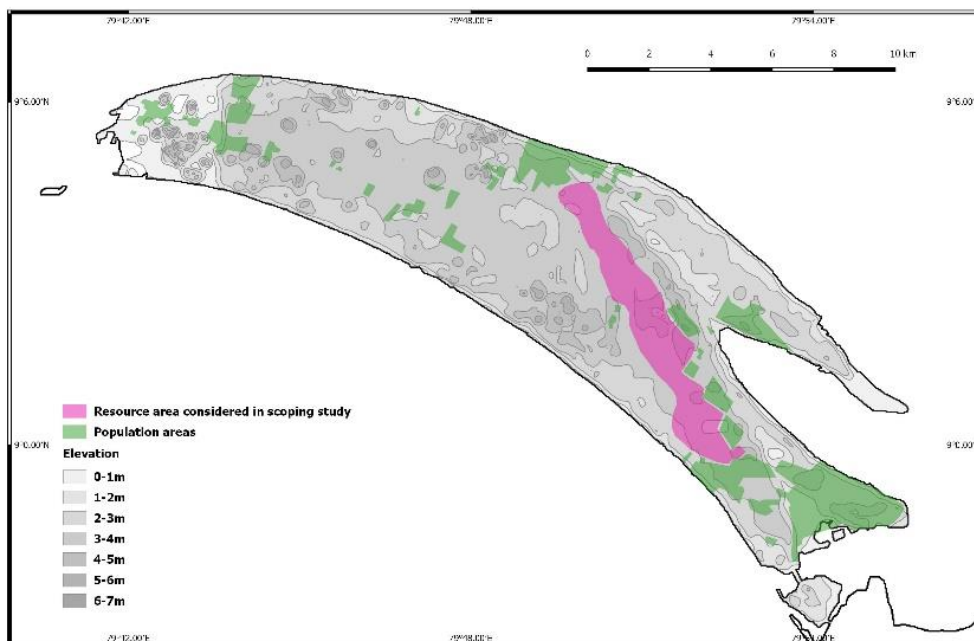


Figure 3 Portion of resource considered in the scoping study base case.

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Directors' Report

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Metallurgical test work on composite drill hole samples was undertaken by a specialist metallurgical laboratory on composites of heavy minerals produced by heavy media separations in the analytical laboratory. The aim of the test work was to characterise the mineral products that could be produced by analyses representing standard processing techniques such as gravity, magnetic and electrostatic separation processes. This test work also gave indications of mineral recoveries that could be expected for the mineral products. This work while sufficient for a scoping study cannot be regarded as optimised. The potentially saleable products that were able to be separated during test work were:

- Ilmenite (including Hi Ti, leucoxene, and pseudorutile).
- Rutile
- Zircon
- Garnet

Mining studies carried out as part of the scoping study have indicated that dredge mining is the most viable and environmentally low impact means of sand recovery. The Mannar island heavy mineral sands are contained in near continuous bodies from 2-3m above the water table down to at least 10m below the water table. Drilling has shown there is little or no induration and the slimes (<45 micron) components are less than 1%. This makes dredge mining the most suitable option. The project concept for the scoping study is for a dredge mining down to 10m below the level of the dredge pond. The design of the dredge head has not yet been determined but is likely to be either a 'rose cone' design or a bucket wheel.

The dredge will feed a floating wet concentration plant (WCP). The primary concentrate would then be feed a centrally located mineral separation plant (MSP). It is anticipated that in an initial mining scenario the dredge will advance along the continuous 10km long and up to 2km wide zone (Figures 3 and 4) that the scoping study scenario is based on.

Sand tails will be discharged from the WCP to the dredge pond void to re-establish a landform for progressive rehabilitation. Fines from the WCP will be pumped through a thickener with water being returned to the dredge pond and the fines being utilised in the rehabilitation process. The exceptionally low <1% fines content is expected to allow very efficient water recirculation between the WCP and the dredge pond resulting in minimal disturbance of ground water levels. Further hydrologic modelling and monitoring are planned.

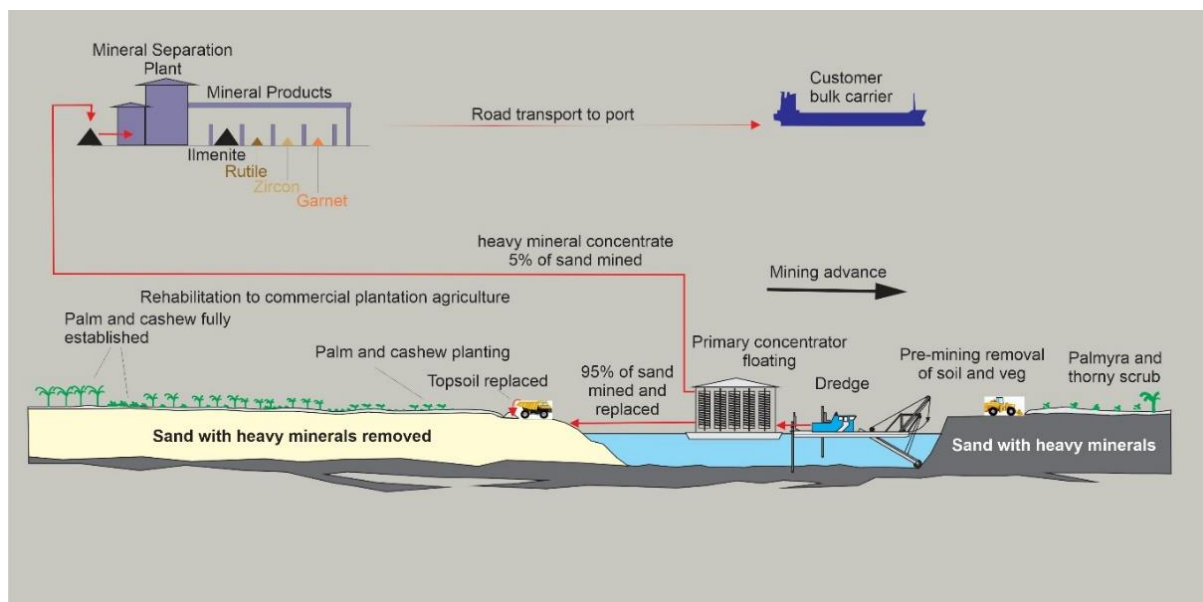


Figure 4 Dredge led sand recovery and progressive rehabilitation to enhanced productivity plantation agriculture.

A process flow sheet was developed based on the metallurgical test work (Figure 5). Concept level engineering designs and equipment specification for the wet concentrator circuit (WCP) and a mineral separation plant (MSP) were undertaken by Mineral Technologies Pty Ltd based on the process flow sheet.

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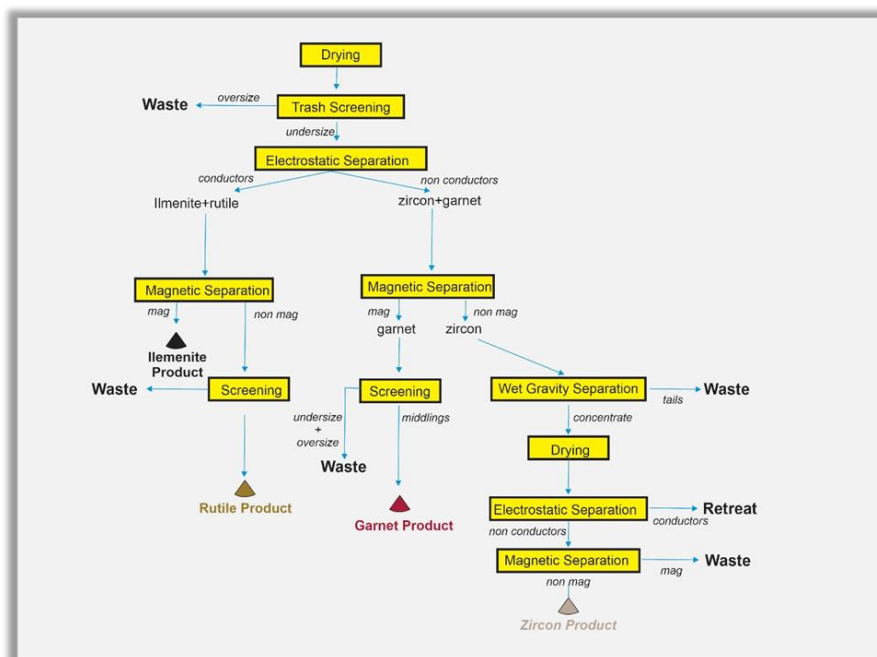


Figure 5 Mannar Island Project process flow sheet.

A quality and market review of the project's mineral products specifications were commissioned from TZ Minerals International Pty Ltd, a leading global consultancy group in mineral sands markets. The assessments were based on the metallurgical test work based on composite samples.

The ilmenite product was judged a high quality product with potential end users in the titanium slag and sulphate route pigment producers. The other mineral products (rutile, zircon, and garnet) were also considered likely to find ready markets. Discussions with a number of potential offtake parties are ongoing.

Infill and Extension Resource Drilling

An infill and extension resource drilling program was commenced in January 2022 ([4ASX Announcement 4th January 2022](#)) and completed in August 2022 ([1ASX Announcement: 25th August 2022](#)). All samples from the program have been processed at the project site and consigned to specialist independent laboratory in South Africa for analysis.

The program consisted of about 315 holes to a nominal depth of 12m for a total meterage of 3,600m. The program was undertaken within the company's high grade zone as outlined in the initial scoping study. The high-grade zone currently contains a mineral resource¹ of 93Mt at 5.24% THM of which 32% is in the indicated category (Table 1). This high-grade zone represents only 35% of the total current mineral resource estimate for the project of 265Mt at 4.38% THM (Table 2).

The primary objective of the drilling was to convert more of the resource in the high-grade zone from an inferred to indicated mineral resource category by decreasing the RC aircore drill line separation from a nominal 400m to 200m. A secondary objective was to drill 12m deep holes beneath a 2.2km² area of the high-grade zone resource only tested by shallow auger drilling down to 2-3m below surface.

Total heavy mineral (THM) analyses from the drilling program were received in January 2023 ([5ASX Announcement: 23rd January 2023](#)). Mineralogical and chemical analyses are on going and expected to be completed in February.

An updated resource estimate will follow allowing for a revision of the project's scoping study and will assist the company's proposed mining license application process.

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Operational Outlook

With the impacts of Covid-19 and its variants ameliorating and the economic and political situation in Sri Lanka apparently stabilising the operational outlook for the project over the next 12 months continues to be positive includes:

- Completion of a resource update for the scoping study resource area.
- Based on the upgraded resource an updated and more detailed scoping study will produced.
- Application for the issue of an Industrial Mining License (IML) for the Project.
- Completion of a comprehensive Environmental Impact Assessment and Management Plan.
- Advancing discussion with offtake partners.

Tenure

TSL's 5 most important exploration licences are compliant and current until at least mid-2023 (Table 3).

Exploration Licence	Holder	EL	Validity	Area	Status
EL 370	Kilsythe Exploration (PVT) LTD	4/05/2021	3/05/2023	31km ²	Current
EL 351	Sanur Minerals (PVT) LTD	13/12/2021	12/12/2023	15km ²	Current
EL 425	Sanur Minerals (PVT) LTD	19/11/2021	18/11/2023	10km ²	Current
EL 423	Orion Minerals (PVT) LTD	15/11/2021	14/11/2023	5km ²	Current
EL 424	Orion Minerals (PVT) LTD	15/11/2021	14/11/2023	8km ²	Current
EL 180/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	45km ²	Renewal Pending
EL 182/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	26km ²	Renewal Pending
EL 371	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	4km ²	Renewal Pending
EL 372	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	51km ²	Renewal Pending
			Total	195km ²	

Table 3 Mannar Project tenure.

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Directors' Report For the half year ended 31 December 2022

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Previously Reported Information Footnotes

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

¹ A drilling program completion announcement titled "*Completion of infill and extension drilling program*" announced to the ASX on the 25th August 2022.

² A resource update in full compliance with JORC 2012 requirements titled "*Project Update and Garnet Added to Resource Estimate*" announced to the ASX on the 14th September 2020.

³ A scoping study announcement titled "*Scoping Study Confirms Potential for Major Dredging Project*" announced to the ASX on the 16th June 2020.

⁴ An infill and resource extension drilling announcement titled "*Resource Infill and Extension Drilling Program Commences*" announced to ASX on the 4th January 2022.

⁵ Drilling results announcement titled "*Final Results from the 2022 Resource Infill and Extension Drilling*" announced to the ASX on the 17th January 2023.

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

COMPLIANCE STATEMENTS

Previously Reported Exploration Results and Mineral Resources

This report includes information (Tables 1 and 2) that relates to Exploration Results and Mineral Resources prepared and first disclosed under JORC Code 2012. The information was extracted from the Company's previous ASX announcements as follows: Released to the ASX 14/9/2020 "Project update and garnet added to resource estimate" and released to the ASX 29/4/2022 "Resource Infill and Extension Drilling Encouraging First Results". These announcements are available to view on the Company's website www.titaniumsands.com.au. The Company confirms that it is not aware of any new information or data that materially affect the information included in the relevant market announcement and, in the case of estimates of the Company's Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply with respect to the resource block model and total heavy mineral content and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements.

Forward-Looking Statements

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should," "further" and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in additional Mineral Resources.

Competent Persons

Except where indicated, exploration and technical information above have been reviewed and compiled by James Searle BSc (hons), PhD, a Competent Person who is a Member of the Australian Institute of Mining and Metallurgy, with over 37 years of experience in metallic and energy minerals exploration and development, and as such has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Searle is the Managing Director of Titanium Sands Limited and consents to the inclusion of this technical information in the format and context in which it appears.

Events Subsequent to the Reporting Date

On 16 February 2023 the Company issued 274,727,284 free attaching options to participants in the Placement completed on 11 August 2022 and 40,000,000 options to the Lead Manager of the Placement. The options were approved by shareholders at the AGM on 17 November 2022 and are unquoted and exercisable at \$0.023 on or before 16 February 2026.

There has been no other events subsequent to the end of the period that would have had a material effect on the Group's financial statements as at 31 December 2022.

Dividends

No dividends have been paid or declared by the Company to members during the half year ended 31 December 2022.

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Directors' Report For the half year ended 31 December 2022

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Auditor's Independence Declaration

The auditor's independence declaration is included within this financial report and forms part of the directors' report for the half year ended 31 December 2022.

Dated at Perth on 9th March 2023.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, consisting of a stylized 'J' and 'S' followed by a horizontal line.

James Searle
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2022

	31 Dec 2022	31 Dec 2021
	\$	\$
Other income	2,425	306
Administrative expenses	(221,518)	(279,385)
Audit expenses	(14,426)	(18,987)
Director fees	(213,500)	(215,916)
Corporate advisory fees	(35,000)	(30,000)
Share based payment expense	-	-
Depreciation	(17,663)	(16,965)
Results from operating activities	(499,682)	(560,947)
Finance income	4,509	-
Finance expenses	(148,050)	-
Net finance (expenses)	(143,541)	-
(Loss) before income tax	(643,223)	(560,947)
Income tax expense	-	-
(Loss) for the period	(643,223)	(560,947)
Other comprehensive income		
Items that may be reclassified to profit and loss		
Exchange differences on translation of foreign operations	(66,339)	467,420
Other comprehensive income for the period	(66,339)	467,420
Total comprehensive (loss) for the period	(709,562)	(93,527)
(Loss) per share		
Basic and diluted (loss) per share (cents)	(0.05)	(0.04)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
Current Assets			
Cash and cash equivalents		559,527	534,379
Trade and other receivables		49,661	23,370
Total current assets		609,188	557,749
Non-current assets			
Exploration and evaluation expenditure	4	16,639,437	16,371,142
Property, plant and equipment		25,073	42,637
Total non-current assets		16,664,510	16,413,779
Total assets		17,273,698	16,971,528
Current Liabilities			
Trade and other payables	5	115,360	139,927
Financial Liabilities		-	504,509
Total current liabilities		115,360	644,436
Total liabilities		115,360	644,436
Net assets		17,158,338	16,327,092
Equity			
Issued capital	6	37,011,951	35,768,901
Reserves	7	(10,012,383)	(10,243,802)
Accumulated losses		(9,841,230)	(9,198,007)
Total equity		17,158,338	16,327,092

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

Titanium Sands Limited

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Consolidated Statement of Changes in Equity

For the six months ended 31 December 2022

	Issued Capital	Options Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2021	35,706,530	6,262,164	(5,858,042)	(8,037,294)	28,073,358
Loss for the period	-	-	-	(560,947)	(560,947)
Foreign currency translation	-	-	467,420	-	467,420
Total comprehensive loss for the period	-	-	467,420	(560,947)	(93,527)
Shares issued	-	-	-	-	-
Share issue costs	-	-	-	-	-
Share based payment	-	-	-	-	-
Balance as at 31 December 2021	35,706,530	6,262,164	(5,390,622)	(8,598,241)	27,979,831
Balance as at 1 July 2022	35,768,901	6,262,164	(16,505,966)	(9,198,007)	16,327,092
Loss for the period	-	-	-	(643,223)	(643,223)
Foreign currency translation	-	-	(66,339)	-	(66,339)
Total comprehensive loss for the period	-	-	(66,339)	(643,223)	(709,562)
Shares issued	1,511,000	-	-	-	1,511,000
Share issue costs	(416,000)	-	-	-	(416,000)
Share based payment	148,050	297,758	-	-	445,808
Balance as at 31 December 2022	37,011,951	6,559,922	(16,572,305)	(9,841,230)	17,158,338

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

Consolidated Statement of Cash Flows
For the six months ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(475,344)	(562,351)
Interest received		2,425	306
Net cash used in operating activities		(472,919)	(562,045)
Cash flows from investing activities			
Payments for exploration assets		(347,794)	(210,705)
Net cash used in investing activities		(347,794)	(210,705)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		1,380,861	-
Proceeds from issue of options		-	-
Payment for termination of institutional investment		(535,000)	-
Net cash received from financing activities		845,861	-
Net (decrease) / increase in cash and cash equivalents		25,148	(772,750)
Cash and cash equivalents at 1 July		534,379	1,573,514
Cash and cash equivalents at 31 December		559,527	800,764

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

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2022

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1. Reporting Entity

Titanium Sands Limited is a company domiciled in Australia. The interim financial report of the Group is as at and for the half year ended 31 December 2022.

2. Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Group since the last annual financial report as at and for the year ended 30 June 2022.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2022. The interim financial report is approved by the Board of Directors on 9th March 2023.

Estimates

Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2022.

Going Concern

For the period ended 31 December 2022 the Group has incurred a net loss of \$643,223 (2021: \$560,947), experienced net cash outflows from operations of \$472,919 (2021: outflow \$562,045) and net cash outflows from investing activities of \$347,794 (2021: outflow \$210,705). As at 31 December 2022 the cash balance is \$559,527 (2021: \$800,764).

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its exploration activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Directors are confident the Group will be successful in sourcing further capital from the issue of additional equity securities to fund the ongoing operations of the Group if required, having previously been successful when raising funds through equity issues; and
- The ability of the Group to further scale back certain parts of their activities that are non-essential so as to conserve cash.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the company not continue as a going concern.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2022

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3. Significant accounting policies

The accounting policies applied by the Group in this interim financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 30 June 2022.

New or amended standards adopted by the entity

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Segment reporting

The Group operates in one reportable segment, being mineral exploration in Sri Lanka. The Board of Directors review internal management reports on a regular basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

4. Exploration and evaluation expenditure

	31 December 2022 \$	30 June 2022 \$
Exploration and evaluation assets		
Balance at the beginning of period	16,371,142	26,505,822
Exploration costs capitalised	309,006	413,658
Foreign currency translation	(40,711)	(10,548,338)
Balance at the end of reporting period	16,639,437	16,371,142

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Group conducts impairment testing on an annual basis when indicators of impairment are present at the reporting date.

5. Trade and other payables

	31 Dec 2022 \$	30 June 2022 \$
Current		
Trade payables	44,766	71,124
Accrued expenses	70,594	68,803
	115,360	139,927

6. Issued Capital

a) Share capital

Fully paid ordinary shares

	Number	\$
On issue at 1 July 2022	1,258,459,204	35,768,901
Placement	137,363,642	1,511,000
Shares issued on conclusion of institutional investment ¹	10,575,000	148,050
Share issue costs	-	(416,000)
On issue at 30 June 2022	1,406,397,846	37,011,951
On issue at 1 July 2022	1,258,459,204	35,768,901
On issue at 31 December 2022	1,406,397,846	37,011,951

¹ Shares issued to Bulk Commodity Holdings LLC on conclusion of institutional investment at a deemed issue price of \$0.014 per share.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2022

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7. Reserves

	31 December 2022	30 June 2022
	\$	\$
Reserves		
Option and equity settled reserve ¹	6,559,922	6,262,164
Foreign currency translation reserve ²	(16,572,305)	(16,505,966)
	<u>(10,012,383)</u>	<u>(10,243,802)</u>

¹ The Option and Equity Settled Reserve is used to record the fair value of equity incentives issued.

² The Foreign Currency Translation Reserve is used to record exchange rate differences arising on translation of foreign subsidiaries.

a) Outstanding Share Options & Performance Shares

As at 31 December 2022 the Company had the following convertible securities outstanding:

Details	Type	Number
Options exercisable at \$0.10 expiring 17 November 2023	Listed options	66,897,716
Options exercisable at \$0.05 expiring 10 March 2023	Unlisted options	208,750,000
Options exercisable at \$0.023 expiring 3 years from date of issue ¹	Unlisted options	40,000,000
Class B Performance Shares	Unlisted performance shares	33,333,333

¹ These options to be issued to the Broker for services provided during the Placement were approved at the Annual General Meeting held on 17 November 2022. The Company could not value the services provided and therefore used a Black & Scholes option pricing model to value the options. The options will vest immediately and the following table lists the inputs to the model used in their valuation:

Grant Date	17/11/2022
Expected Volatility	100%
Expected Life	3 years
Fair Value	\$0.00744
Number Issued	40,000,000
Dividend Yield	Nil
Exercise Price (\$)	\$0.023
Share Price at Grant Date (\$)	\$0.014

8. Commitments and Contingent Liabilities

In the opinion of the directors, there were no significant changes in commitments or contingent liabilities during the period ended 31 December 2022.

Titanium Sands Limited

Notes to the consolidated financial statements For the half year ended 31 December 2022

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9. Related Party Transactions

In the opinion of the directors, there were no significant changes in related party transactions during the period ended 31 December 2022.

10. Interest in Controlled Entities

Controlled entities	Country of incorporation	Percentage owned 31 December 2022	Percentage owned 30 June 2022
Srinel Holdings Limited	Mauritius	100%	100%
Kilsythe Investments (Pvt) Ltd	Sri Lanka	100%	100%
Kilsythe Exploration (Pvt) Ltd	Sri Lanka	100%	100%
Singha Lanka Investments (Pvt) Ltd	Sri Lanka	100%	100%
Hammersmith Ceylon (Pvt) Ltd	Sri Lanka	100%	100%
Applex Ceylon (Pvt) Ltd	Sri Lanka	100%	100%
Bright Angel Limited	Mauritius	100%	100%
Rotim Investments (Pvt) Ltd	Sri Lanka	100%	100%
Sanur Asia Investments (Pvt) Ltd	Sri Lanka	100%	100%
Hammersmith Investments (Pvt) Ltd	Sri Lanka	100%	100%
Orion Minerals (Pvt) Ltd	Sri Lanka	99%	99%
Melville Investments (Pvt) Ltd	Sri Lanka	100%	100%
Sanur Minerals Investments (Pvt) Ltd	Sri Lanka	100%	100%
Ambrosden Resources (Pvt) Ltd	Sri Lanka	100%	100%
Melville Resources (Pvt) Ltd	Sri Lanka	100%	100%

11. Events Subsequent to the Reporting Date

On 16 February 2023 the Company issued 274,727,284 free attaching options to participants in the Placement completed on 11 August 2022 and 40,000,000 options to the Lead Manager of the Placement. The options were approved by shareholders at the AGM on 17 November 2022 and are unquoted and exercisable at \$0.023 on or before 16 February 2026.

There are no other events subsequent to the end of the period that would have had a material effect on the Group's financial statements as at 31 December 2022.


Directors' Declaration

The Directors of Titanium Sands Limited declare that:

- a) the interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2022 and of its performance for the six month period ended on that date; and
 - (ii) comply with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Dated at Perth on 9th March 2023.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

James Searle
Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Titanium Sands Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Titanium Sands Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

A handwritten signature in dark ink, appearing to read 'J Prue', is written over a faint, light blue BDO logo.

Jarrad Prue

Director

Perth

9 March 2023

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TITANIUM SANDS LIMITED

As lead auditor for the review of Titanium Sands Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Titanium Sands Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth
9 March 2023