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ABN 65 009 131 533

**Interim Financial Report for the Half Year Ended
31 December 2019**

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Corporate Information

Directors

Mr James Searle
Mr Jason Ferris
Mr Lee Christensen

Company Secretary

Mr David McEntaggart

Registered Office

Level 11, 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 11, 216 St Georges Terrace
PERTH WA 6000
Telephone: (08) 9481 0389
Facsimile: (08) 9463 6103

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

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

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Directors Report For the half year ended 31 December 2019

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 2019. 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 David McEntaggart

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 2019 was \$947,280 (2018: \$408,072).

Review of Operations during and subsequent to the end of the Period

Titanium Sands Ltd (“Company”) is focussed on the Mannar Island heavy mineral sands in north west Sri Lanka (Figure 1). Mannar Island is a sand island 26 Km long and up to 5 Km wide, extending west towards Palk Straight that separates Sri Lanka from Tamil Naidoo in India. A 3 Km road and rail causeway links the island to the Sri Lankan Mainland.

Over the 6 months to the 31st of December 2019 the Company has carried out auger and RC aircore drilling designed to increase both the scale and definition of the mineral resources previously identified in the project area. In addition a comprehensive due diligence has been carried out on a group of exploration licences adjacent to the Company’s existing tenure. The Company received approval for the acquisition at a general meeting of shareholders on 21 February 2020 and completed the acquisition on 10 March 2020.

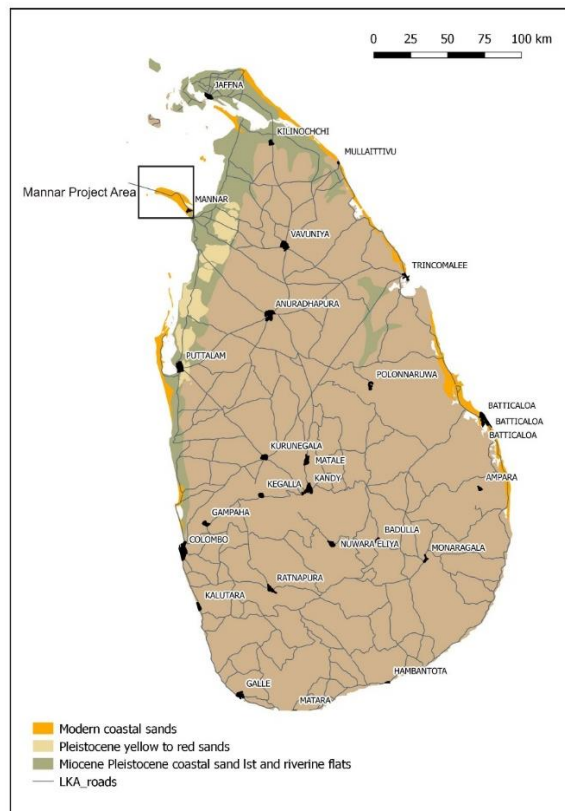


Figure 1 Location of the Mannar island Project NW Sri Lanka

**Directors Report
For the half year ended 31 December 2019**

SRI LANKAN MINERAL SANDS PROJECT

RC Aircore Drilling Program

The Company commenced an RC aircore drilling program in August 2019 to test under the surface exposed heavy mineral resources already defined on the Mannar Island Project. A total of 473 RC aircore drill holes were completed by the 15th of December 2019, for a total of 5,632m (Figure 2). Target depth for the holes was 12m. As reported subsequent to the end of the period (ASX Announcement 5 February 2020, 20 February 2020 and 6 March 2020) assay results confirmed heavy mineral concentrations down to 5 to 12m below much of the surface exposed mineral resource in the middle of Mannar Island (Figures 3 and 4).

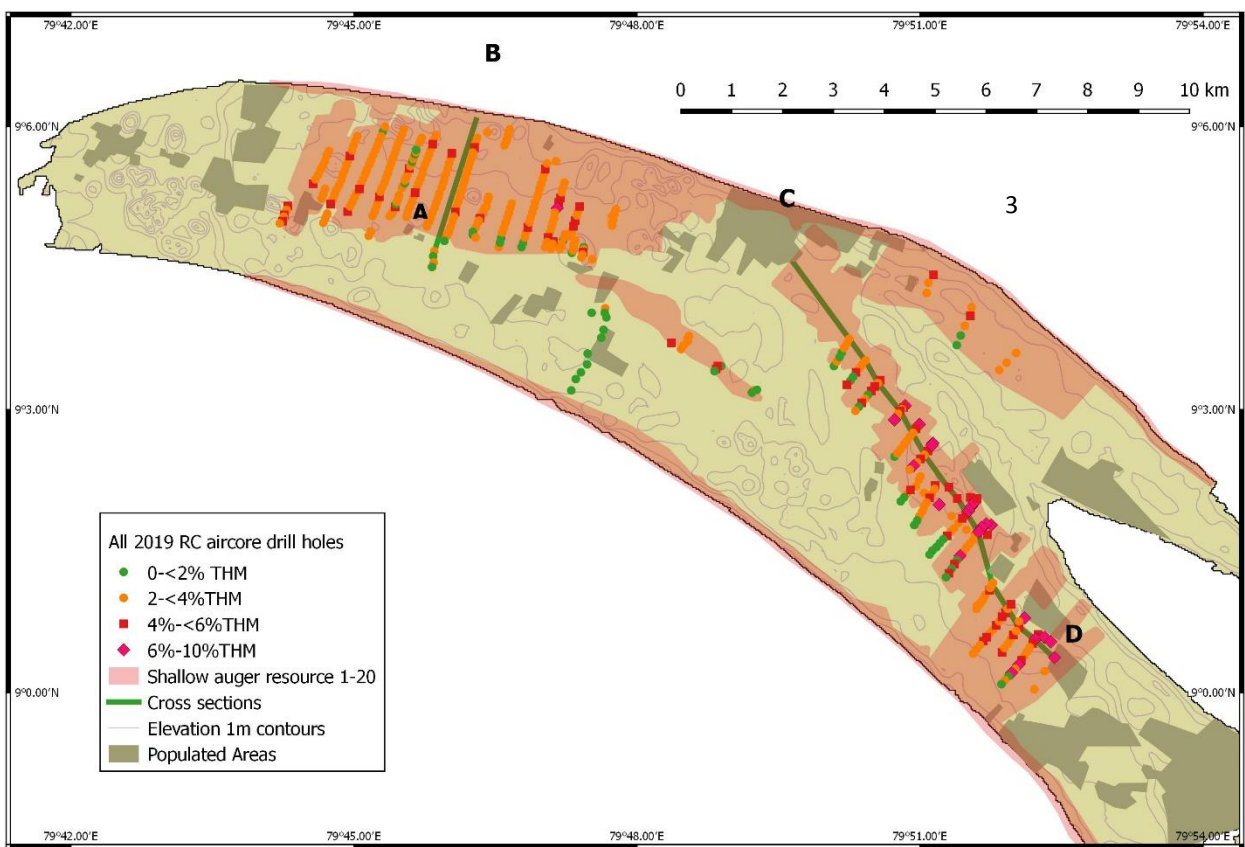


Figure 2 RC drilling and other drilling on the Mannar Island Project.

Directors Report
For the half year ended 31 December 2019

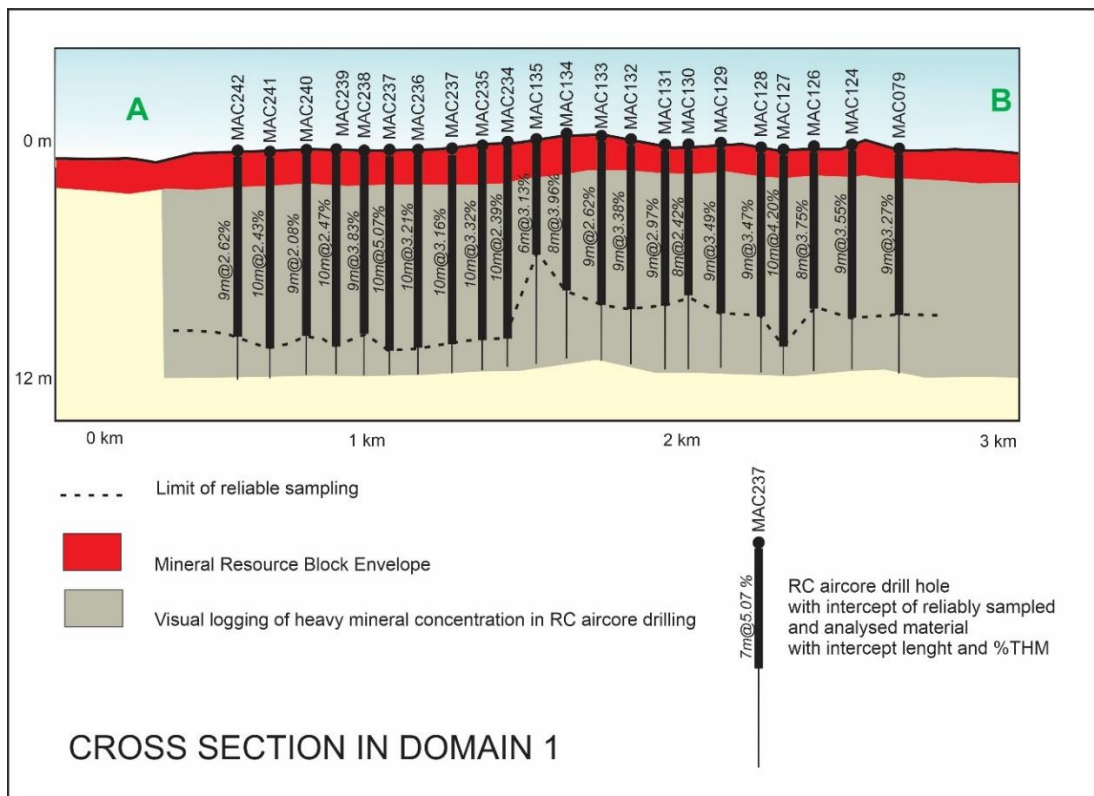


Figure 3 RC aircore cross section A-B location shown in Figure 2.

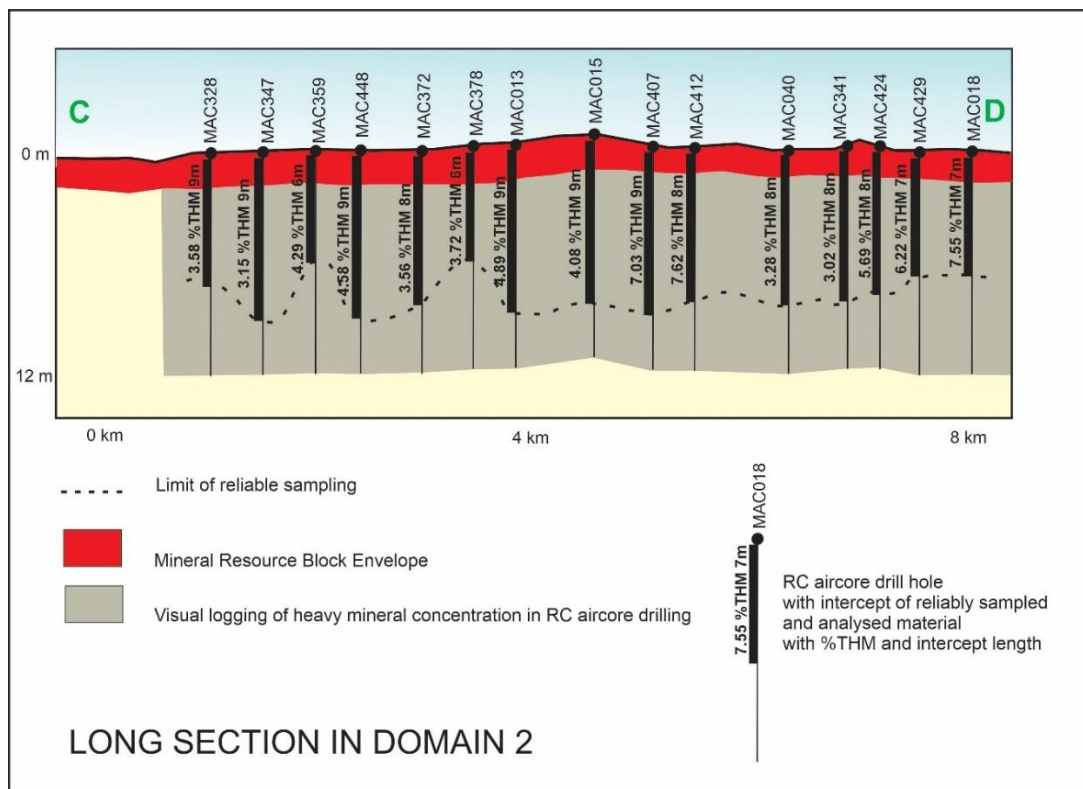


Figure 4 RC aircore cross long section C-D location shown in Figure 2.

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Directors Report For the half year ended 31 December 2019

Acquisition Additional Mannar Island Tenure

During the period the Company entered into an Agreement to acquire additional tenure on Mannar Island ('Acquisition Tenure') with high grade mineral sands. The Acquisition Tenure adjoins the current tenure held by the Company on Mannar island (Figures 5). The Company received approval for the acquisition at a general meeting of shareholders on 21 February 2020 and completed the acquisition on 10 March 2020.

A comprehensive technical due diligence was undertaken on the proposed acquisition tenure. This included the development of a mineral resource estimate on the tenure (ASX Announcement 18th of September 2019) (Figure 6) . The mineral resource estimate was 31.92Mt at 7.45% Total Heavy Minerals (Table 1).

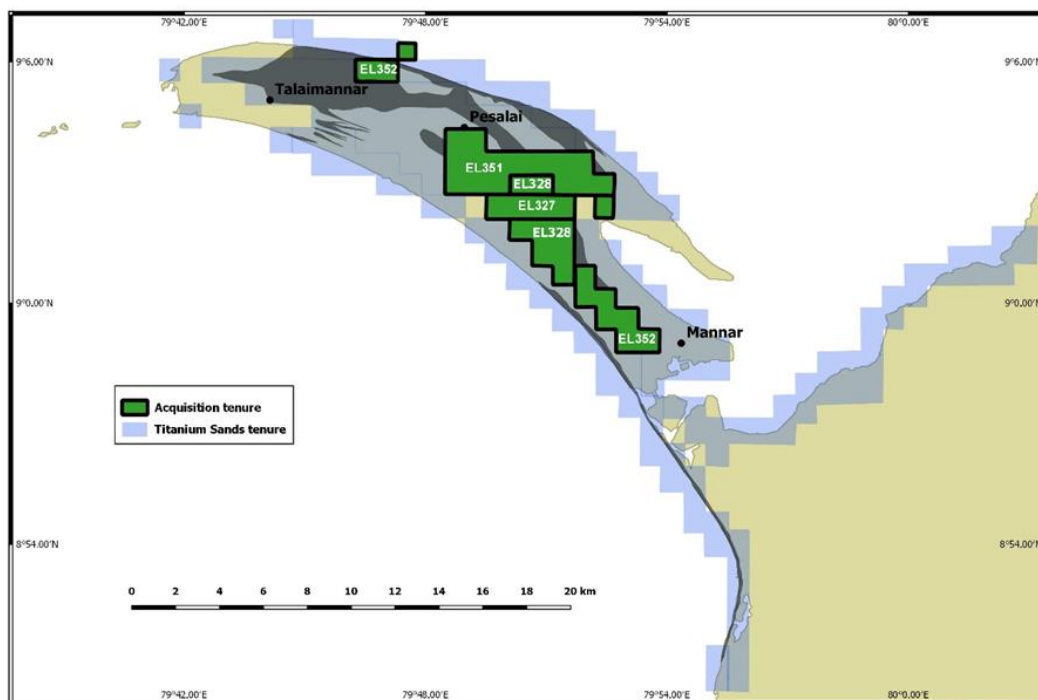


Figure 5 Acquisition Tenure

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Directors Report
For the half year ended 31 December 2019

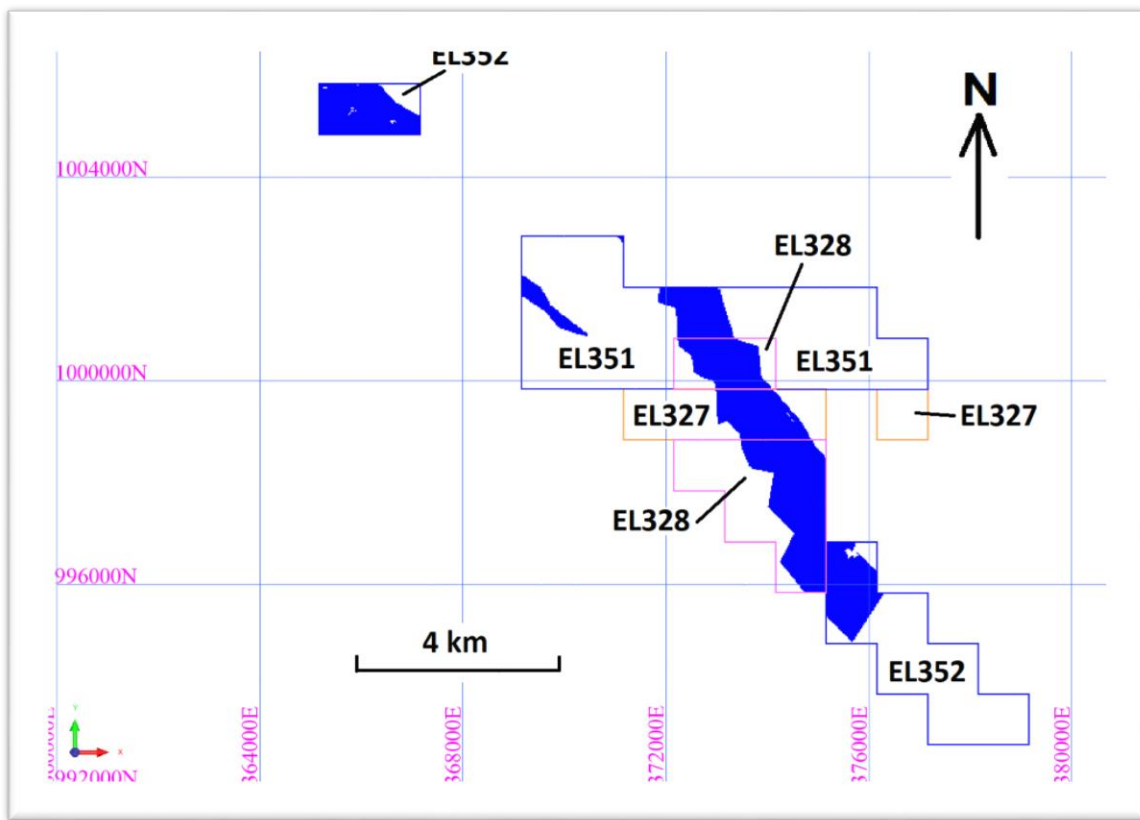


Figure 6 Inferred Mineral Resources for the acquisition tenure (ASX Announcement 18th of September 2019).

Domain	Licence	Volume (Mm ³)	Tonnes (M)	THM %	Silt %	Oversize %	Ilm %	Leu %	Rut %	Zir %
1	EL352	1.83	3.21	4.04	0.62	2.40	2.03	0.30	0.10	0.09
	Sub Total	1.83	3.21	4.04	0.62	2.40	2.03	0.30	0.10	0.09
2	EL327	3.03	5.27	9.26	0.74	19.11	4.94	0.67	0.11	0.18
	EL328	7.91	13.77	7.59	0.80	16.41	3.53	0.58	0.10	0.13
	EL351	2.22	3.87	9.17	0.78	25.06	4.75	0.87	0.13	0.15
	EL352	3.01	5.24	6.37	0.61	14.87	1.99	0.37	0.07	0.07
	Sub Total	16.18	28.15	7.89	0.75	17.82	3.67	0.60	0.10	0.13
3	EL351	0.31	0.55	5.03	0.43	0.64	2.09	0.56	0.16	0.12
	Sub Total	0.31	0.55	5.03	0.43	0.64	2.09	0.56	0.16	0.12
Grand Total		18.32	31.92	7.45	0.73	15.97	3.48	0.57	0.10	0.13

Table 1 Inferred mineral resource estimate for the acquisition tenure.

	Status	Expiry	Area Km2
EL351	renewal pending	15/05/2019	15
EL352	renewal pending	15/05/2019	10
EL327	renewed for 2nd 2yr	13/12/2020	5
EL328	renewed for 2nd 2yr	13/12/2020	8

Table 2 Acquisition tenure, exploration licenses. Renewal applications have been lodged for all tenure not current and tenure managers in Sri Lanka advise there should be no impediment to renewal in due course.

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Directors Report For the half year ended 31 December 2019

Tenure

The Company currently has 5 exploration licenses on Mannar Island and the adjacent mainland coast, covering an area of 166 square kilometres (Table 3). This will increase to 204km² with the Acquisition Tenure.

Exploration License #	Location	Area	EL Validity		Interest at 31 December 19
			From	To	
EL180/R/3	Mannar Island, Sri Lanka	45 Sq. Km	05.03.2019	04.03.2021	100%
EL182/R/3	Mannar Island, Sri Lanka	26 Sq. Km	05.03.2019	04.03.2021	100%
EL370	Mannar Island, Sri Lanka	40 Sq. Km	14.12.2017	13.12.2019	100%
EL371	Mannar Island, Sri Lanka	4 Sq. Km	26.02.2018	25.02.2020	100%
EL372	Mannar Island, Sri Lanka	51 Sq. Km	26.02.2018	25.02.2020	100%

Table 3 Current Titanium Sands Ltd tenure. Renewal applications have been lodged for all tenure not current and tenure managers in Sri Lanka advise there should be no impediment to renewal in due course.

Operational Outlook for the next 6 months from 31st of December 2019

Over the next 6 months the Company looks forward to completion of the following:

- An updated mineral resource estimate incorporating all the results from the RC aircore drilling below the current surface exposed mineral resource.
- Completion of a scoping study that will provide a first pass assessment of mining scenarios, capital and operating costs and project cash flows.

Competent Persons and Compliance Statements

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.

The Company confirms that it is not aware of any new information or data that materially affect the information included in the relevant market announcements and, in the case of estimates of 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 with the exception noted in the text of this report that in future resource updates are likely to include block modelling of the garnet content in addition. 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.

Directors Report For the half year ended 31 December 2019

Events Subsequent to the Reporting Date

On 10 March 2020 the Company completed the acquisition of Bright Angel Limited through the issue of 417,500,000 shares and 208,750,000 options exercisable at \$0.05 on or before 10 March 2023. The acquisition of Bright Angel Limited provides the Group with exploration licences adjacent to the Company's existing Mannar Island Project.

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 2019.

Dividends

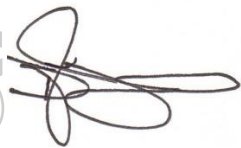
No dividends have been paid or declared by the Company to members during the half year ended 31 December 2019.

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 2019.

Dated at Perth on 11 March 2020.

Signed in accordance with a resolution of the directors.



James Searle
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Other income		2,915	-
Administrative expenses		(446,418)	(288,309)
Audit expenses		(10,765)	(16,503)
Director fees		(228,876)	-
Corporate advisory fees		(48,000)	-
Share based payment expense		(200,000)	(93,546)
Depreciation		(16,952)	-
Impairment of loan receivable		-	(65,000)
Debt forgiven		-	60,000
Results from operating activities		(948,096)	(403,358)
Finance income		816	2
Finance expenses		-	(4,716)
Net finance (expenses)		816	(4,714)
(Loss) before income tax		(947,280)	(408,072)
Income tax expense		-	-
(Loss) for the period		(947,280)	(408,072)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(23,775)	(2,189)
Other comprehensive income for the period		(23,775)	(2,189)
Total comprehensive (loss) for the period		(971,055)	(410,261)
(Loss) per share			
Basic and diluted (loss) per share (cents)		(0.15)	(0.19)

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 2019

	Note	31 Dec 2019 \$	30 Jun 2019 \$
Current Assets			
Cash and cash equivalents		2,024,447	3,255,656
Other receivables		118,466	82,128
Total current assets		2,142,913	3,337,784
Non-current assets			
Exploration and evaluation expenditure	2	7,153,962	6,647,935
Property, plant and equipment		148,736	166,863
Total non-current assets		7,302,698	6,814,798
Total assets		9,445,611	10,152,582
Current Liabilities			
Trade and other payables	3	(272,919)	(208,835)
Total current liabilities		(272,919)	(208,835)
Total liabilities		(272,919)	(208,835)
Net assets		9,172,692	9,943,747
Equity			
Issued capital	4	14,942,331	12,075,664
Share based payment reserve	4	240,000	2,906,667
Foreign exchange translation reserve		(30,390)	(6,615)
Accumulated losses		(5,979,249)	(5,031,969)
Total equity		9,172,692	9,943,747

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 2019

	Contributed Equity	Share Based Payment Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2018	3,559,868	146,454	-	(3,867,483)	(161,161)
Loss for the period	-	-	-	(408,072)	(408,072)
Foreign currency translation	-	-	(2,189)	-	(2,189)
Total comprehensive loss for the period	-	-	(2,189)	(408,072)	(410,261)
Shares issued	7,921,334	-	-	-	7,921,334
Share issue costs	(711,371)	-	-	-	(711,371)
Share based payments	-	1,426,880	-	-	1,426,880
Balance as at 31 December 2018	10,769,831	1,573,334	(2,189)	(4,275,555)	8,065,421
Balance as at 1 July 2019	12,075,664	2,906,667	(6,615)	(5,031,969)	9,943,747
Loss for the period	-	-	-	(947,280)	(947,280)
Foreign currency translation	-	-	(23,775)	-	(23,775)
Total comprehensive loss for the period	-	-	(23,775)	(947,280)	(971,055)
Shares issued	200,000	-	-	-	200,000
Transfer on conversion of options	2,666,667	(2,666,667)	-	-	-
Balance as at 31 December 2019	14,942,331	240,000	(30,390)	(5,979,249)	9,172,692

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

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Consolidated Statement of Cash Flows

For the six months ended 31 December 2019

	Note	31 Dec 2019 \$	31 Dec 2018 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(588,915)	(961,640)
Interest received		816	2
Interest paid		(21,068)	(15,003)
Net cash used in operating activities		(609,167)	(976,641)
Cash flows from investing activities			
Payments for exploration assets		(618,381)	(182,571)
Payments for property, plant and equipment		(3,661)	-
Cash on acquisition of subsidiary		-	232
Net cash used in investing activities`		(622,042)	(182,339)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		-	5,756,515
Net cash received from financing activities		-	5,756,515
Net (decrease) / increase in cash and cash equivalents		(1,231,209)	4,597,535
Cash and cash equivalents at 1 July		3,255,656	17,715
Cash and cash equivalents at 31 December		2,024,447	4,615,250

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

Notes to the consolidated financial statements For the half year ended 31 December 2019

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 2019.

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 2019.

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 2019. The interim financial report is approved by the Board of Directors on 11 March 2020.

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 2019 with the addition of the following:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease 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, which could impact the cost of mining, future legal changes (including changes to the environmental restoration obligations) and changes to commodity prices.

Given the stage of exploration of the Group, it is not possible to reliably estimate future cash flows. The carrying value of mineral properties is reviewed and assessed with reference to comparative transactions, the status of existing joint venture arrangements, market volatility and the significant changes in valuations for all mineral assets as a result of the recent significant discounting of equity markets. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

Share based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options with non-market conditions is determined by an internal valuation using a Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The fair value of shares is determined by the market price of the Company's shares at the date of grant. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

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 2019.

New and amended standards adopted by the entity

AASB 16 Leases became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of these standards. The consolidated entity has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated. The impact of the adoption of these standards means any leases that meet the definition of a lease under the standard are required to be recognised on the balance sheet as a right of use asset with a corresponding lease liability, amortised over the life of the lease. The new accounting policy has not had a material impact on the amounts presented in the Group's financial statements as the group have no leases which fall within the scope of AASB 16

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 is 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.

**Notes to the consolidated financial statements
For the half year ended 31 December 2019**

2. Exploration and evaluation expenditure

	31 December 2019	30 June 2019
	\$	\$
Exploration and evaluation assets		
Balance at the beginning of period	6,647,935	-
Acquisition of Srinel Holdings Limited tenements ¹	-	6,434,386
Exploration costs capitalised	511,893	213,549
Foreign currency translation	(5,866)	-
Balance at the end of reporting period	<u>7,153,962</u>	<u>6,647,935</u>

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.

¹ During the financial year ended 30 June 2019 the exploration and evaluation assets include an amount of \$6,434,386 being the identifiable exploration assets acquired upon the acquisition of Srinel Holdings Limited's Sri Lankan tenements, refer below:

Purchase consideration:	\$
58,095,239 Ordinary shares – Vendor consideration	1,161,905
66,666,667 Class A Performance shares – Vendor consideration	1,333,334
133,333,333 Class C Performance shares – Vendor consideration	2,666,667
13,371,450 Ordinary Shares – Vendor reimbursement	267,429
Vendor consideration – transfer from Investments	599,149
Vendor cash reimbursement	182,571
	<u>6,211,055</u>
Identifiable assets/(liabilities) acquired:	
Cash	232
Exploration tenements	6,434,386
Trade and other payables	(223,563)
	<u>6,211,055</u>

The Company also issued 33,333,333 Class B Performance Shares to the vendors of Srinel Holdings Limited that will convert into ordinary shares at \$0.02 per share on the Group obtaining one or more mining licenses on the Sri Lankan Project. As at 31 December 2019 the probability of achieving these non-market vesting conditions is deemed to be 0%. The probability of achieving these vesting conditions will be reassessed at each reporting period.

3. Trade and other payables

	31 Dec 2019	30 Jun 2019
	\$	\$
Current		
Trade payables	167,255	165,969
Accrued expenses	105,664	42,866
	<u>272,919</u>	<u>208,835</u>

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**Notes to the consolidated financial statements
For the half year ended 31 December 2019**

4. Capital and Reserves

a) Share capital

<i>Fully paid ordinary shares</i>	Number	\$
On issue at 1 July 2018	172,582,782	3,559,868
Placement – 12 December 2018 ¹	300,000,000	6,000,000
Vendor issue – 12 December 2018 ²	58,095,239	1,161,905
Cash reimbursement shares – 12 December 2018 ³	13,371,450	267,429
Loan conversion – 12 December 2018 ⁴	4,600,000	92,000
Facilitation issue – 12 December 2018 ⁵	20,000,000	400,000
Performance share issue – 18 February 2019 ⁶	66,666,667	1,333,333
Share issue costs	-	(738,871)
On issue at 30 June 2019	<u>635,316,138</u>	<u>12,075,664</u>
On issue at 1 July 2019	635,316,138	12,075,664
Share based payment ⁷	10,000,000	200,000
Conversion of Class C Performance shares into ordinary shares – 20/12/2019 ⁷	133,333,333	2,666,667
On issue at 31 December 2019	<u>778,649,471</u>	<u>14,942,331</u>

¹ The Company completed the public offer to raise \$6,000,000 through the issue of 300,000,000 shares at \$0.02 per share.

² The Company issued 58,095,239 shares to acquire Srinel Holdings Limited at a deemed fair value of \$0.02 per share.

³ The Company issued 13,371,450 shares to the vendor of Srinel Holdings Limited in lieu of cash consideration at a deemed fair value of \$0.02 per share.

⁴ The Company issued 4,600,000 shares in satisfaction of loan amounts owing at a deemed fair value of \$0.02 per share.

⁵ The Company issued 20,000,000 shares to facilitators of the transaction at a deemed fair value of \$0.02 per share.

⁶ The Company issued 66,666,667 shares on conversion of the Class A Performance Shares.

⁷ On 20 December 2019, the Company issued 10,000,000 shares at an issue price of \$0.02 per share to CPS Capital for corporate advisory services provided. On the same date the Directors approved the conversion of 133,333,333 Class C Performance Shares at an issue price of \$0.02 to Ordinary shares, refer to Note 2.

b) Movement in share based payment reserve

	\$
On issue at 1 July 2018	146,454
Director options ¹	93,546
Class A performance shares ²	1,333,333
Class C performance shares ³	2,666,667
Transfer of Class A to Share capital ²	<u>(1,333,333)</u>
On issue at 30 June 2019	<u>2,906,667</u>
On issue at 1 July 2019	2,906,667
Transfer of Class C to share capital ³	<u>(2,666,667)</u>
On issue at 31 December 2019	<u>240,000</u>

¹ Options were approved by shareholders at the 2018 Annual General Meeting and issued to Directors on 12 December 2018 upon the Company's re-quotations. The options were valued during the 30 June 2019 reporting period, vested on 30 October 2018 and remain unexercised at 31 December 2019.

² The Company issued 66,666,667 Class A Performance Shares during 30 June 2019 period with a fair value of \$0.02 per share. On 19 February 2019 the performance milestone attaching to the Performance Shares was met and were converted into fully paid ordinary shares.

³ The Company issued 133,333,333 Class C Performance Shares during the period 30 June 2019 with a fair value of \$0.02 per share. On 20 December 2019 the Performance shares were converted into fully paid shares.

**Notes to the consolidated financial statements
For the half year ended 31 December 2019**

c) Outstanding Share Options & Performance Shares

As at 31 December 2019 the Company had the following share options outstanding:

Details	Type	Number
Options exercisable at \$0.05 expiring 18 January 2021	Unlisted options	30,000,000
Options exercisable at \$0.021 expiring 25 January 2021	Unlisted options	14,285,714
Class B Performance Shares	Unlisted performance shares	33,333,333

5. Commitments and Contingent Liabilities

The Class B Performance Shares issued (refer to Note 4(c)) will potentially convert to ordinary shares based on the achievement of milestones arising from the acquisition of Srinel as disclosed in Note 2.

On 11 July 2019 the Company entered into a share sale agreement to acquire tenure adjacent to its existing Mannar Island Project through the acquisition of Bright Angel Limited. The consideration for the acquisition is 417,500,000 fully paid shares and 208,750,000 unlisted options exercisable at \$0.05 within three years. The acquisition is subject to several conditions precedent including shareholder approval which was obtained on 21 February 2020. On 10 March 2020 the Company completed the acquisition of Bright Angel Group and issued the consideration securities.

In the opinion of the directors, there were no other significant changes in commitments or contingent liabilities during the period ended 31 December 2019.

6. Related party transactions

During the period the Company entered into a share sale agreement to acquire tenure adjacent to its existing Mannar Island Project through the acquisition of Bright Angel Limited (refer to Note 5). The vendor of Bright Angel Limited, Caudan Management Services LLC is controlled by Robert Nelson, who is Jason Ferris' father in law. The acquisition was subject to shareholder approval from non-associated shareholders to the transaction, which was received on 21 February 2020.

In the opinion of the directors, there were no other significant related party transactions during the period ended 31 December 2019.

7. Interest in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary in accordance with the accounting policy described in note 1:

Controlled entities	Country of incorporation	Percentage owned 31 December 2019	Percentage owned 30 June 2019
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%

8. Events Subsequent to the Reporting Date

On 10 March 2020 the Company completed the acquisition of Bright Angel Limited through the issue of 417,500,000 shares and 208,750,000 options exercisable at \$0.05 on or before 10 March 2023. The acquisition of Bright Angel Limited provides the Group with exploration licences adjacent to the Company's existing Mannar Island Project.

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 2019.

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Titanium Sands Limited


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 2019 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 11 March 2020.

Signed in accordance with a resolution of the directors:



James Searle
Director

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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 2019, 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 then ended, and notes comprising a statement of 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 half-year financial report of the Group is not 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 2019 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.

Directors' responsibility for the Half-Year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, 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 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', is written below the printed name.

Jarrad Prue

Director

Perth, 11 March 2020

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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 2019, 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, 11 March 2020

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