ABN 65 009 131 533

Titanium Sands Limited

Annual Financial Report
For the year ended 30 June 2019

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Corporate Information

Directors	James Searle Jason Ferris Lee Christensen
Company Secretary	Mr David McEntaggart
Registered Office and Principal Place of Business	Level 11, 216 St Georges Terrace PERTH WA 6000 Telephone: (08) 9481 0389 Facsimile: (08) 9463 6103
Share Registry	Computershare Investor Services Pty Limited Level 11 172 St Georges Terrace PERTH WA 6000 **Telephone: (08) 6188 0800**
Website	www.titaniumsands.com.au
Place of Incorporation	Western Australia
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Stock Exchange	ASX Limited Exchange Plaza Level 40 152-158 St Georges Terrace PERTH WA 6000
ASX Code	TSL

Titanium Sands Limited
Directors' report
For the year ended 30 June 2019

1. Directors

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

Name, qualifications and independence status	Experience, special responsibilities and other directorships
James Searle *Managing Director*	Dr Searle was appointed as a Director of the Company on 2 March 2016. Dr Searle has over 34 years' experience in base metals, precious metals and mineral sand deposits. He has led successful exploration, project development and operational teams in Australia, Africa, Northern Europe, and Central Asia. Dr Searle has a BSc(Hons) in geology and a PhD from the University of Western Australia. He is a Member of the Australian Institute of Mining and Metallurgy and has 24 years' experience in executive and non-executive Director roles on Australian Securities Exchange listed public company boards. Dr Searle holds 500,000 shares and 10,875,000 options in the Company as at the date of this report. During the past three years, Dr Searle has served as a Director for the following other listed companies: • Kinetiko Energy Limited – appointed 25 January 2010.
Jason Ferris *Non-Executive Director*	Mr Ferris was appointed as a Director of the Company on 31 July 2014. Mr Ferris has worked in financial services, property and corporate finance industries for more than 25 years. Mr Ferris is an experienced company director having served on the board of numerous public and private companies in Australia, South Africa and United Kingdom. He is a Fellow of the Australian Institute of Management (FAIM) and is a Member of the Australian Institute of Company Directors (MAICD). He has also facilitated many joint venture opportunities in the property, tech and mining sectors. Mr Ferris holds 333,333 shares and 10,875,000 options in the Company as at the date of this report. During the past three years, Mr Ferris has served as a Director for the following other listed companies: • Connected IO Limited (formerly G8 Communications Limited) – appointed 28 April 2015, resigned 4 December 2018. • Diploma Group Limited – appointed 30 March 2015, resigned 9 December 2016.
Lee Christensen *Non-Executive Director and Chairman*	Mr Christensen was appointed as a Director of the Company on 16 April 2015. Mr Christensen is a senior lawyer in Perth, specialising in dispute resolution, insolvency and restructures. He has many years of commercial litigation and insolvency law experience having acted in major insolvencies in Western Australia. His in-depth understanding and proven application of Insolvency issues sees him regularly advising external administrators, trustees, creditors and bankrupts on all of its ramifications. Mr Christensen holds 3,719,999 shares and 8,250,000 options in the Company as at the date of this report. During the past three years, Mr Christensen has not served as a Director of any other listed company.

Titanium Sands Limited
Directors' report
For the year ended 30 June 2019

2. Company Secretary

Mr David McEntaggart was appointed to the position of company secretary on 1 February 2019. Mr McEntaggart is a Chartered Accountant and Chartered Secretary with over 10 years' experience in the resource industry and accounting profession in Australia and the UK. He provides services to a number of ASX listed companies specialising in financial accounting and corporate compliance. Mr McEntaggart currently holds a number of company secretarial roles for ASX listed companies.

Ms Nicki Farley resigned as Company Secretary on 1 February 2019.

3. Directors' meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2019, whilst each director was in office, and the number of meetings attended by each Director, were:

Director	*Board of Directors' Meetings*	
	No. eligible to attend	*No. attended*
James Searle	2	2
Jason Ferris	2	2
Lee Christensen	2	2

The Board of Directors also approved sixteen (16) circular resolutions during the year ended 30 June 2019 which were signed by all eligible Directors of the Company.

4. Principal activities

During the year, the group completed the acquisition of the Mannar Island Mineral Sands Project via its acquisition of Srinel Holdings Limited and commenced exploration and scoping study activities on the Project.

5. Operating and financial review

The net loss of the Group for the financial year ended 30 June 2019 amounted to $1,164,486 (2018: loss $409,811).
The current year loss was incurred from in the ordinary course of the business. The increased loss is mainly attributable to increased costs associated with the re-listing on the ASX and operational expenditure following the acquisition of Srinel Holdings Ltd.

The net assets/(liabilities) of the group for the financial year ended 30 June 2019 amount to $9,943,747 (2018: net liabilities ($161,161)).

5. Events Subsequent to the Reporting Date

On 15 July 2019 the Company entered into a conditional sale agreement to acquire tenure adjacent to its Mannar Island Project. 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 the satisfaction of due diligence and shareholder approval.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

Operations

Titanium Sands Ltd is focussed on the Mannar Island heavy mineral sands in north west Sri Lanka (Figure 1). Mannar Island is a sand island 30 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. Acquisition of the project was completed in December 2018, and the group recommenced trading on the ASX on the 18th of December after a A$6 million fundraising. The Group is seeking to move the project as rapidly as possible through successive resource upgrades as well as conducting a comprehensive scoping study into all aspects of a potential development.

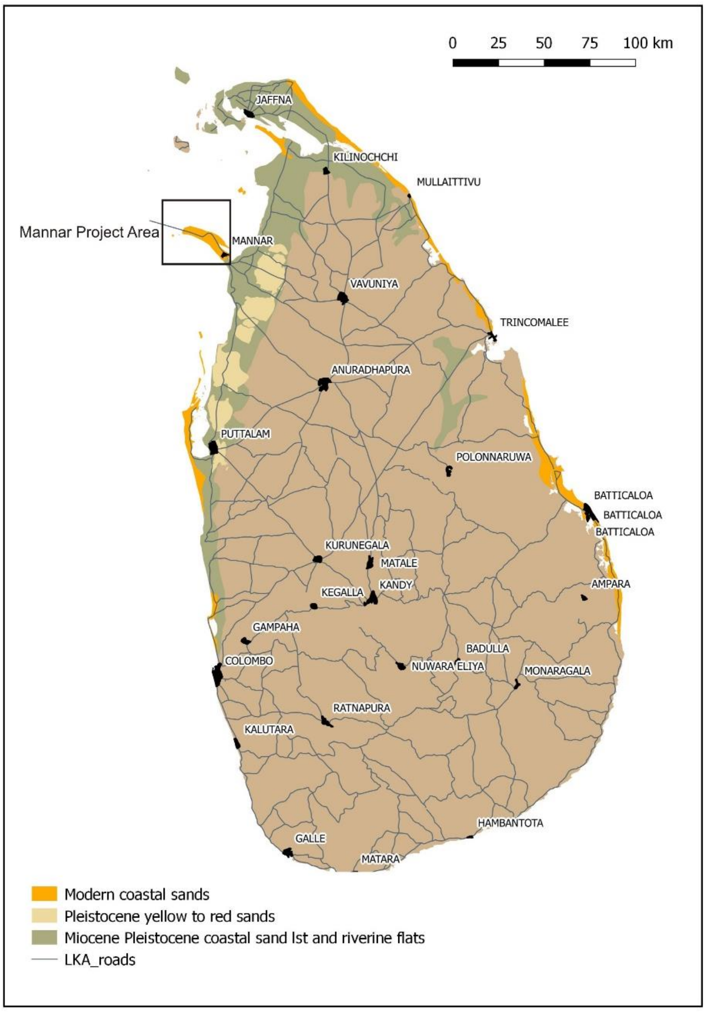

Figure 1 Location of the Mannar island Project NW Sri Lanka

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

SRI LANKAN MINERAL SANDS PROJECT

Resource Upgrade

A Mannar Island resource upgrade was announced to the ASX in February 2019. A resource of 53.08Mt at 6.66% THM (Total Heavy Mineral) was defined on a 2% lower cut off Table 1.

Domain	Licence	Vol (Mm^3)	Tonnes (M)	THM %	Silt %	Oversize %	Ilm %	Leu %	Rut %	Zir %
0	**EL180**	2.23	3.91	11.81	1.87	11.68	6.11	0.87	0.16	0.24
	EL182	3.27	5.73	11.82	2.21	6.55	6.06	0.78	0.27	0.29
	EL370	0.17	0.30	15.80	2.96	11.10	8.83	1.08	0.24	0.35
	EL371	0.23	0.40	10.05	2.07	1.03	4.73	0.94	0.26	0.21
	Sub Total	**5.91**	**10.33**	**11.86**	**2.10**	**8.41**	**6.11**	**0.83**	**0.23**	**0.27**
1	**EL182**	5.07	8.92	5.16	1.88	9.76	2.45	0.45	0.12	0.13
	EL370E	1.43	2.52	3.01	0.55	3.80	1.29	0.24	0.07	0.05
	EL370W	11.35	19.98	4.16	0.56	1.50	1.86	0.35	0.10	0.09
	Sub Total	**17.85**	**31.42**	**4.35**	**0.93**	**4.03**	**1.98**	**0.37**	**0.11**	**0.10**
2	**EL180**	0.15	0.25	3.62	0.50	8.11	1.20	0.18	0.04	0.03
	EL181	1.60	2.78	12.81	0.63	24.08	6.45	0.96	0.16	0.25
	EL182	0.001	0.001	5.36	1.22	10.34	2.63	0.99	0.09	0.15
	EL370E	3.92	6.82	7.74	0.87	20.85	3.58	1.17	0.12	0.17
	Sub Total	**5.66**	**9.85**	**9.06**	**0.80**	**21.43**	**4.32**	**1.08**	**0.13**	**0.19**
3	**EL370W**	0.85	1.48	3.55	0.40	0.65	1.66	0.31	0.09	0.08
	Sub Total	**0.85**	**1.48**	**3.55**	**0.40**	**0.65**	**1.66**	**0.31**	**0.09**	**0.08**
Total		**30.27**	**53.08**	**6.66**	**1.12**	**8.02**	**3.21**	**0.59**	**0.14**	**0.15**

Table 1 Summary tabulation of resource reported in full in the *ASX announcement of 11th of February 2019*.*

Contained within the resource are two higher grade zones (Figure 2), Domain 0 (10.33Mt @11.86%THM) and Domain 2 (9.85Mt @ 9.06%THM, Figure 2 and Table 1). Resource drilling to date has only been down to the water table which in the interior of Mannar Island occurs at a depth of 1 to 3m below the land surface. The heavy mineral sequences are exposed at surface and there is essentially no significant overburden on the resource.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

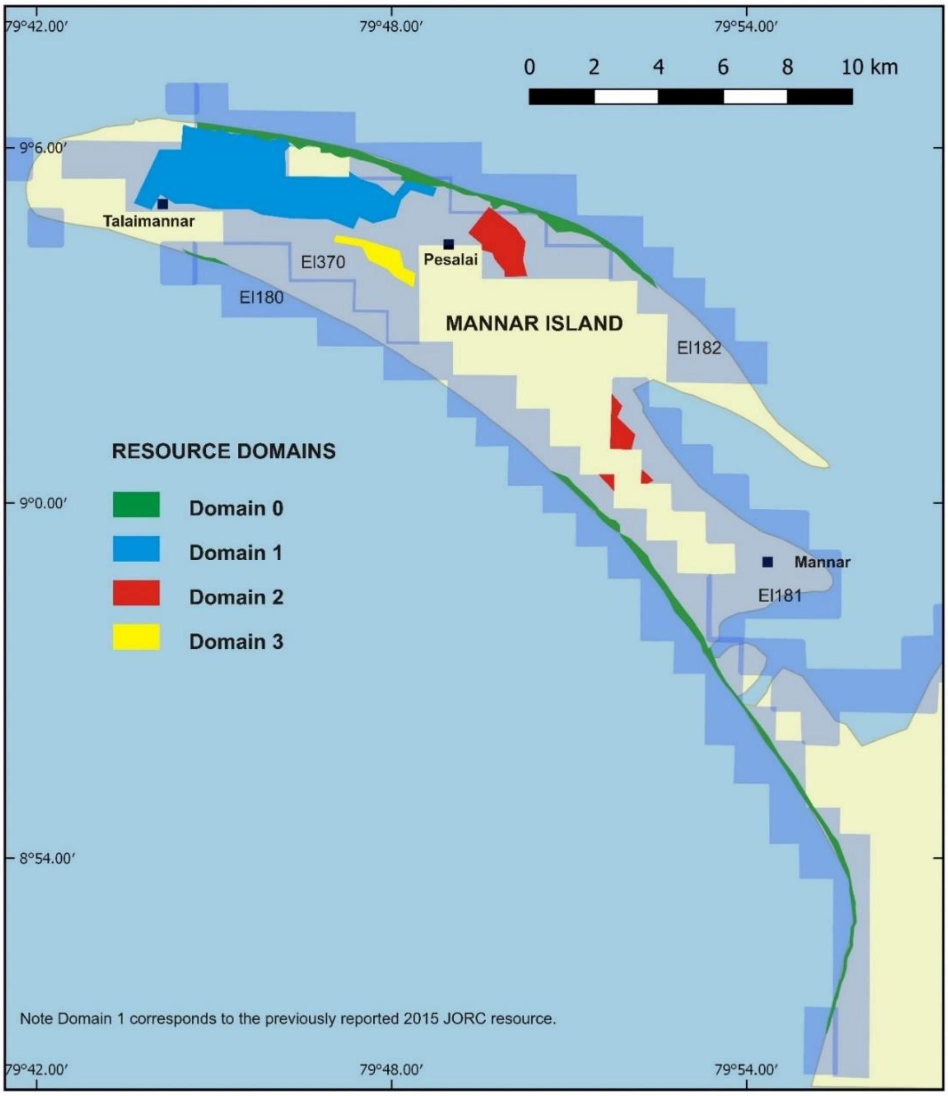

Figure 2 Resource domains listed in Table 1 above.

Resource Infill and Extension Drilling

Resource drilling further to the drilling used in the resource update (above) has succeeded in reducing the nominal resource drilling pattern down from 400m by 50m to 200m by 50m over 90% of the resource envelope (Figure 3). A total of 802 holes were drilled, with sampling intervals of 0.5m (**reported to the ASX 2nd April 2019**). Analysis of the drill hole samples is ongoing.

As subsequently reported (**ASX announcement 15th August 2019 '' Mannar Island High Grade Drilling Results''**) the results from the first 357 drill holes analysed returned 330 holes with intercepts of between 2 and 24% THM. The resource extension drill results identified 3 new areas of heavy mineral concentration (Figure 4). The infill drilling results continue to show good continuity of the resource grades at the closer drill line separation especially in the high-grade zones.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

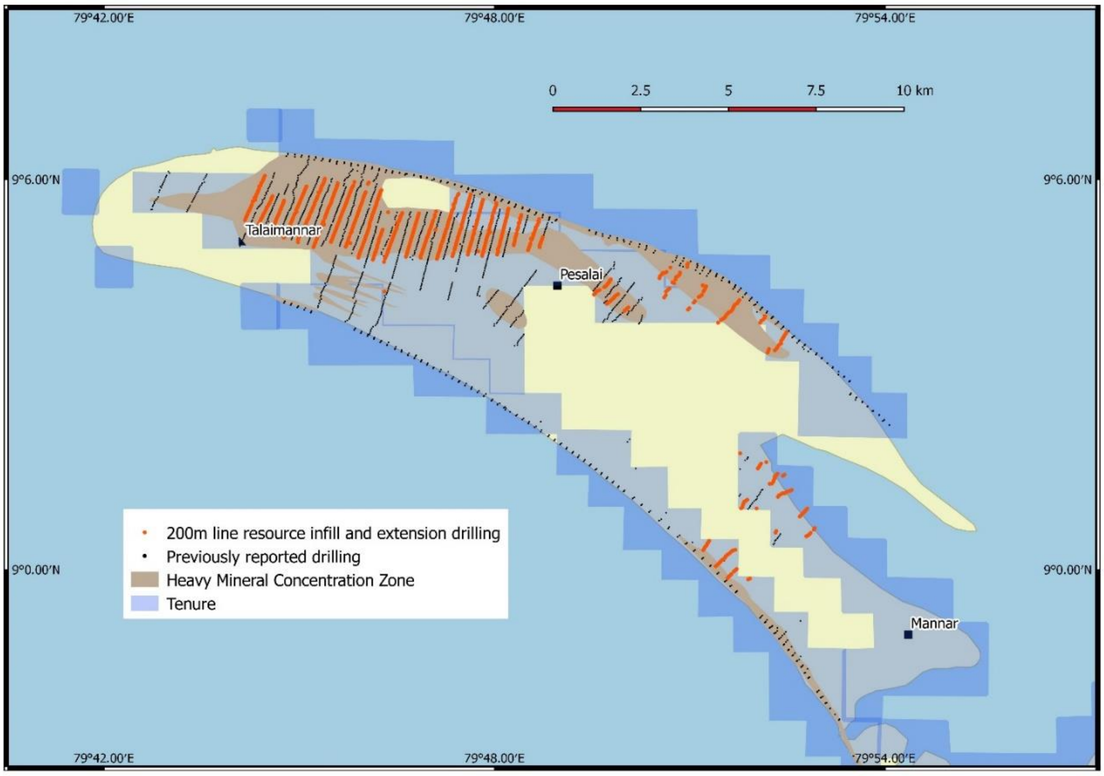

Figure 3 Resource extension and infill drilling, red holes are post the last resource update.

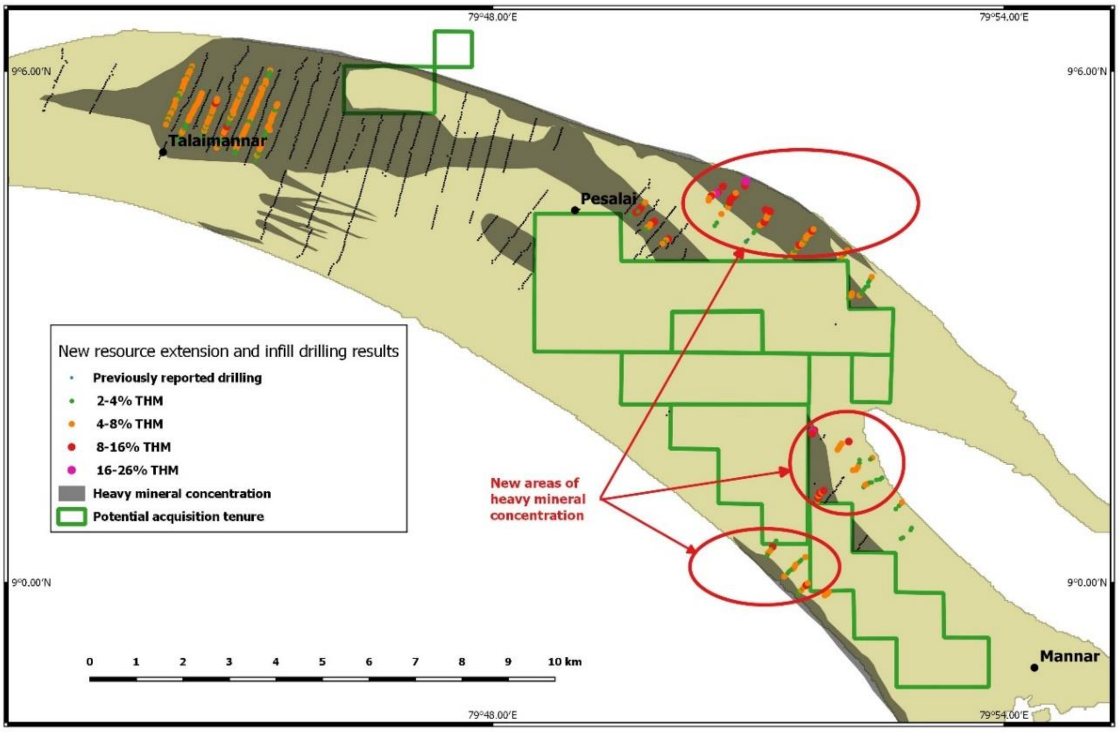

Figure 4 Infill and resource extension drilling results.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

The ongoing drilling programs will be significantly enhanced by RC aircore drilling rig purchased by the Company and now operational at the project (Figure 5). The rig has been optimised for the project ground conditions and the planned drilling. The drilling rig will supplement shallow auger drilling by providing capacity to drill deeper and provide first pass evaluation of material below the water table.

Figure 5 Titanium Sands Ltd RC aircore drilling rig, Mannar island Project Sri Lanka.

Acquisition Additional Mannar Island Tenure

Subsequent to the 30th of June 2019 the Company announced (**ASX announcement 15th of July 2019, ''Proposed Acquisition of Tenure with High Grade HMS''**) a proposed acquisition of tenure ('Acquisition Tenure') with high grade mineral sands. The Acquisition Tenure adjoins the current tenure held by the Group on Mannar Island (Figures 4 and 6) and contains high grade drilling results along strike from high grade resource zones defined on the Company tenure (Figure 2). This consolidation of tenure on Mannar Island is part of the Company's strategy to acquire highly prospective tenure to expand its core project.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

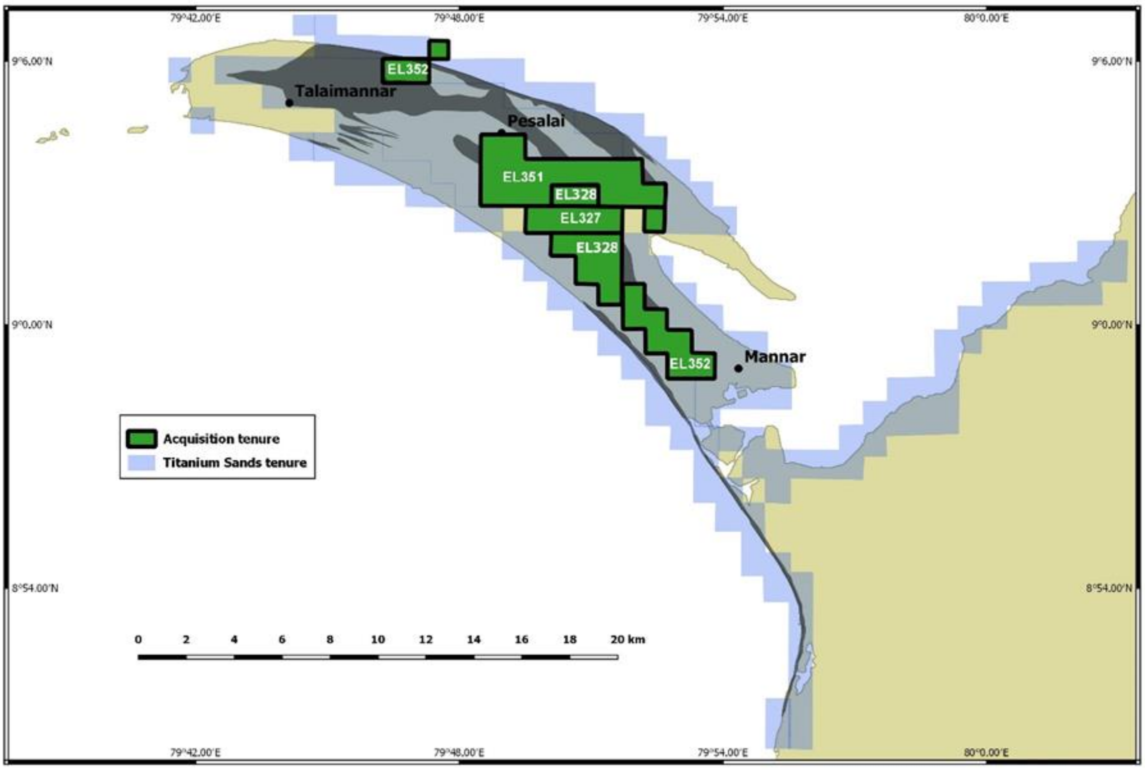

Figure 6 Proposed tenure acquisition.

The Acquisition Tenure has drill intercepts from 362 holes defining high grade heavy mineral sands in a continuous zone 7km long and 1 to 1.5km wide (Figure 7). The Company's area under tenure at the Mannar Island Project will expand to 204km2. The acquisition is part of the Company's strategy to increase its landholding in this highly prospective area and continue with its coordinated regional exploration approach.

The Acquisition Tenure consists of four exploration licenses (Figure 7 and Table 2). The acquisition is subject to approval by Titanium Sands Ltd shareholders.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

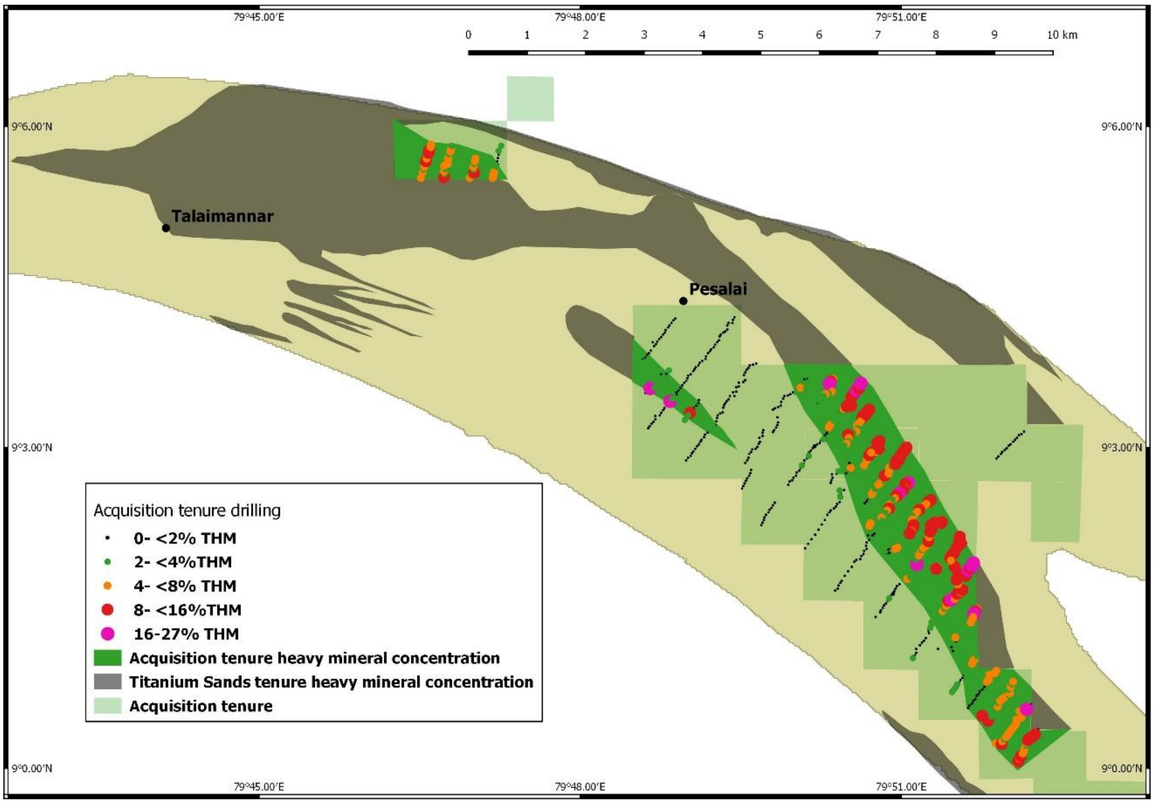

Figure 7 High grade drilling results on proposed acquisition tenure.

Table 2 Acquisition tenure, exploration licenses.

	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

Mineral Products Sighter Test Work

A composite sample of heavy minerals was consigned for mineral products sighter (preliminary) test work to Allied Mineral Laboratories in Perth. The test work involved using laboratory scale conventional separation technologies. A composite 4kg sample was derived from total heavy mineral sinks from 277 samples from 48 drill holes in the middle of the resource zone in the centre of the island (Figure 8) submitted for analysis.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

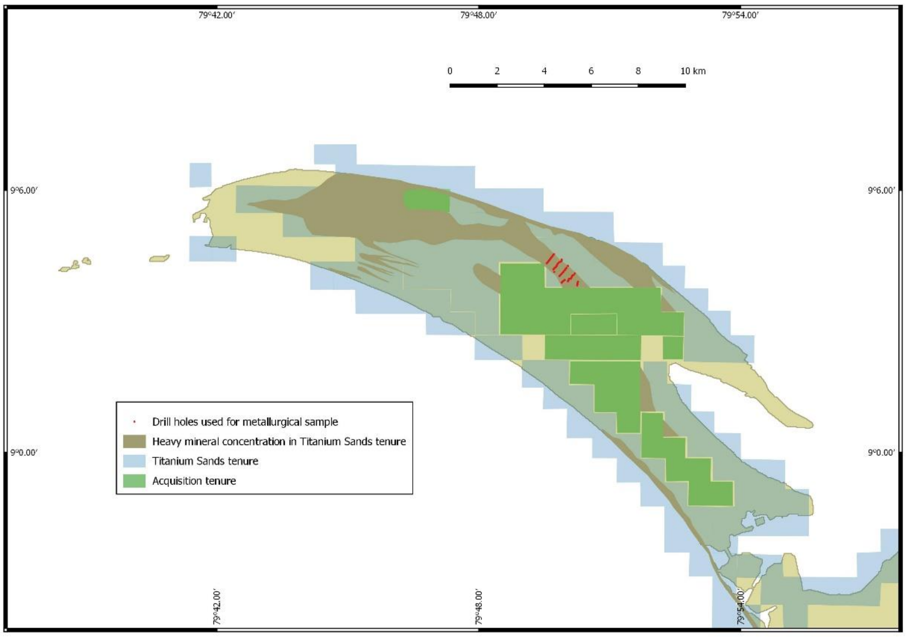

Figure 8 Location of drill holes used for a composite samples for mineralogical product sighter test work.

This sighter test work demonstrated excellent recovery of 86.5% of the TiO2 into a composite ilmenite product with a further 2.5% recovered into a minor rutile product. The high rate of recovery into an ilmenite product suggests further separation of the ilmenite product into other TiO2 mineral streams is unlikely to be necessary or viable. The test work also indicated a zircon product could potentially be recovered. An additional and significant result was the identification of a substantive (8.7%) almandine garnet component in the composite sample. Garnet has been previously identified in resource mineralogical work but not included in resource modelling. As the sighter test work suggests that a garnet product could be produced it will be included in future resource updates as it represents a significant component of the valuable heavy mineral suite. In conclusion the sighter product test work indicated a valuable heavy mineral component in the total heavy mineral suite of 72%.

A quality review of the mineral products from the initial sighter test work was undertaken by TZMI Pty Ltd. The review indicated the potential for the ilmenite, rutile, zircon and garnet products to be supplied to a wide range of offtake customers. Metallurgical test work including bulk sample processing will be on going as it is necessary to further refine potential products and produce materials for more detailed engagement with potential offtake partners for the mineral products.

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 204km^2 with the Acquisition Tenure.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

Exploration License #	Location	Area	EL Validity		Interest
			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.

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.

Previously Reported Information Footnotes

This report includes information 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:

** A resource update in full compliance with JORC 2012 requirements titled* ***''Titanium Sands Triples Heavy Mineral Sands JORC Resources''*** *announced to the ASX on11 February 2019.*

A drilling update in compliance with JORC exploration reporting guidelines entitled* ***''Mannar Island Mineral Sands Project Drilling Update'' *announced to ASX on 2 April 2019.*

****An announcement entitled* ***''Proposed acquisition of tenure with high grade heavy mineral sands''*** *announced to the ASX on 15 July 2019.*

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 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.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

6 Remuneration report (audited)

6.1 Principles of compensation

This report outlines the remuneration arrangements in place for directors of Titanium Sands Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purpose of this annual financial report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Details of Key Management Personnel during the year ended 30 June 2019

James Searle (appointed 2 March 2016)
Jason Ferris (appointed 31 July 2014)
Lee Christensen (appointed 16 April 2015)

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance with the exception of options issued to the directors which were issued and vested on completion of the acquisition of Srinel Holdings Limited. The expected outcome of this remuneration structure is to retain and motivate Directors. During the financial year, the Group did not employ the use of remuneration consultants.

6.2 Relationship between the Remuneration Policy and Company Performance

	30 June 2019	30 June 2018	30 June 2017	30 June 2016	30 June 2015
	$	$	$	$	$
Revenue	-	-	-	-	-
Basic loss per share (cents)	(0.28)	(0.24) [1]	(0.33) [1]	(0.60)	(0.21)
Diluted loss per share (cents)	(0.28)	(0.24) [1]	(0.33) [1]	(0.60)	(0.21)

1. Basic and diluted loss per share has been restated to reflect the share consolidation as if it has taken place at the beginning of the period.

6.3 Directors' and executive officers' remuneration – audited

The Company entered into a Non-Executive Director Agreement with Lee Christensen commencing on the acquisition of Srinel Holdings Limited for the provision of services to the Company for a period of 12 months. Pursuant to the terms of the Agreement, the Company has agreed to remunerate Mr Christensen $12,500 (plus GST) per month. Either party may terminate the Agreement by providing three months written notice.

The Company entered into a Non-Executive Director Agreement with Jason Ferris commencing on the acquisition of Srinel Holdings Limited for the provision of services to the Company for a period of 24 months. Pursuant to the terms of the Agreement, the Company has agreed to remunerate Mr Ferris $15,000 (plus GST) per month. Either party may terminate the Agreement by providing three months written notice.

The Company entered into an Executive Director Agreement with James Searle commencing 28 March 2018 for the provision of services to the Company. Pursuant to the terms of the Agreement (as varied), the Company has agreed to remunerate Dr Searle $5,000 (plus GST) per month from the commencement date to completion of the acquisition of Srinel Holdings Limited pursuant to the Prospectus. Following completion of the acquisition, Dr Searle's remuneration increased to $5,000 (plus GST) per month for directors fees based on a commitment of 4 workings days per month, plus a consultancy fee of $1,200 (plus GST) per day, based upon an 8 hour working day (or pro rata for part days) provided the total director and consultancy fee is not less than $13,000 (plus GST) per month. Either party may terminate the Agreement by providing four weeks written notice.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

Executive Remuneration

The following table discloses the contractual arrangements with the Group's executive Key Management Personnel.

COMPONENT	CEO – Dr James Searle
Fixed remuneration	$156,000 pa
Contract duration	Expires on 28 March 2020
Termination notice by the individual/company	1 month
Other entitlements	N/A

Unlisted Options approved but unissued

The following Options were approved by Shareholders at the Annual General Meeting held on 24 January 2018. These Options were issued on completion of the acquisition of Srinel Holdings Limited.

Directors	Grant Date	Exercise Price	Expiry Date	Number of Unlisted Options
Mr Jason Ferris	21 December 2017	$0.05	18 January 2021	10,875,000
Dr James Searle	21 December 2017	$0.05	18 January 2021	10,875,000
Mr Lee Christensen	21 December 2017	$0.05	18 January 2021	8,250,000
Total	-	-	-	**30,000,000[1]**

[1]The 30 million Unlisted Options are exercisable at $0.05, expiring 18 January 2021. The Options approved by Shareholders at the 2017 Annual General Meeting were issued on 14 December 2018. The options have fully vested and are unexercised at the end of the financial year.

The following table lists the inputs to the inputs to the model used in the valuation of the class B options granted on 21 December 2017.

Grant Date	21/12/2017
Expected Volatility	95%
Expected Life	3 years
Fair Value	$0.008
Number Issued	30,000,000
Dividend Yield	Nil
Weighted Average Exercise Price ($)	$0.050
Share Price at Grant Date ($)	$0.020

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

Details of the nature and amount of each major element of the remuneration for the year ended 30 June 2019 and 30 June 2018 of each director of the Company and other key management personnel are:

	Short-term			Post employment benefits	Share-based payments		Proportion of remunera-tion
2019	**Salary & fees**	**Bonus**	**Other**	**Superannua-tion**	**Class B Options**	**Total**	**performance related**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Executive directors							
Dr James Searle[1]	127,000	-	-	-	33,910	160,910	21%
Non-executive directors							
Mr Jason Ferris[2]	131,212	-	-	-	33,910	165,122	21%
Mr Lee Christensen[3]	81,250	-	-	-	25,725	106,975	24%
Total	**339,462**	**-**	**-**	**-**	**93,545**	**433,007**	**22%**

[1] Dr Searle's director fees are paid to Earthsciences Pty Ltd, of which Dr Searle is a Director.

[2] Mr Ferris' director fees are paid to J2J Investments Pty Ltd, of which Mr Ferris is a Director.

[3] Mr Christensens' director fees are paid to Pooky Corporation Pty Ltd, of which Mr Christensen is a Director.

Note: there are no long-term remuneration benefits.

	Short-term			Post employment benefits	Share-based payments		Proportion of remunera-tion
2018	**Salary & fees**	**Bonus**	**Other**	**Superannua-tion**	**Class B Options**	**Total**	**performance related**
Directors	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Executive directors							
Dr James Searle[1]	60,000	-	-	-	53,089	113,089	47%
Non-executive directors							
Mr Jason Ferris[2]	48,000	-	-	-	53,089	101,089	53%
Mr Lee Christensen	60,000	-	-	-	40,275	100,275	40%
Total	**168,000**	**-**	**-**	**-**	**146,454**	**314,454**	**47%**

[1] Dr Searle's director fees are paid to Earthsciences Pty Ltd, of which Dr Searle is a Director.

[2] Mr Ferris' director fees are paid to J2J Investments Pty Ltd, of which Mr Ferris is a Director.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

6 Remuneration report (audited) (continued)

6.3.1 Loans to Directors
There were no loans to directors during the financial year ending 30 June 2019 (2018: $nil).

6.3.2 Other Transactions with Key Management Personnel
A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. These are as follows:

Consultancy services:
Jason Ferris is a Director of J2J Investments Pty Ltd ("J2J"), which provided the Company with consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2019 was $131,212 (2018: $48,000). During the financial year J2J forgave a total of $12,000 of outstanding fees incurred in the previous financial year (2018: $121,000).

Dr James Searle is a Director of Earthsciences Pty Ltd ("Earthsciences"), which provided the Company with consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2019 was $127,000. (2018: $60,000). During the financial year Earthsciences forgave a total of $15,000 of outstanding fees incurred in the previous financial year (2018: $112,452).

Mr Lee Christensen is a Director of Pooky Corporation Pty Ltd ("Pooky"), which provided the Company with consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2019 was $81,250 (2018: $60,000).

During the financial year Lee Christensen forgave a total of $15,000 of outstanding fees incurred in the previous financial year (2018: $94,875).

Other Transactions
During the financial year Woodchester Capital Pty Ltd, a Company in which Jason Ferris is a Director received $194,575 (ex GST), being a 5% Placement Fee for funds raised pursuant to the Prospectus. The Placement Fee was at an arm's length basis and on the same terms as similar amounts paid to unrelated parties.

Amounts recognised as Liabilities:

At the end of the reporting period the following aggregate amounts were recognised as payables in relation to the above transactions:

	2019	**2018**
Current Liabilities	$32,515	$72,000

6.3.3 Directors' interests in shares
Fully paid ordinary shares issued by Titanium Sands Limited to Key Management Personnel during the year and as at 30 June 2018 are as follows:

2019	Balance at 1 July 2018	Allotment of Shares	Net other changes	Balance at 30 June 2019
DIRECTORS				
Mr Jason Ferris	333,333	-	-	333,333
Dr James Searle	500,000	-	-	500,000
Mr Lee Christensen	1,219,999	-	2,500,000	3,719,999
	2,053,332	**-**	**2,500,000**	**4,553,332**

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

6.3.4 Share options
30,000,000 options were issued to the Directors during the financial year, these options were deemed granted in the 2017 financial year. These represent the only options issued to KMP's of the Company throughout the year.

6.3.5 Analysis of bonuses included in remuneration
There were no short term cash bonuses paid during the reporting period.

6.3.6 Options over equity instruments granted as compensation
The options referred to in 6.3.4 above were approved by Shareholders at the Annual General Meeting held on 24 January 2018. These Options were issued on 12 December 2018 on completion of the acquisition of Srinel Holdings Limited.

7. Voting and comments made at the Company's 2018 Annual General Meeting
The Company received 99.9% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2018 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

This is the end of the Audited Remuneration Report.

8. Dividends
No dividends have been paid or declared by the Company to members during the 2019 or 2018 financial years.

9. Likely Developments and Expected Result of Operation
Further information, other than as disclosed in this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

10. Environmental Regulations
The Company's operations are not subject to significant environmental regulations under the law of the Commonwealth or of a State, or Territory or in Sri Lanka.

11. Indemnification and insurance of officers and auditors
Indemnification

The Company has agreed, subject to and so far as may be permitted by the Corporations Act 2001, to indemnify each current director and officer at the date of the report against all liabilities that may arise from their position as directors and officers of the Company. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. No indemnification has been paid with respect to the Company's auditors.

12. Corporate governance
The Company continued to follow best practice recommendations as set out by 3rd edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at http://titaniumsands.com.au/corporate-governance/.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2019

13. Non-audit services
The Directors are also satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

During the 2018 financial year, the Group's auditors assisted the Group through the provision of taxation services and the attendance of the AGM. No other non – audit services have been provided by the Group's auditors. Remuneration paid to the Group's auditors is as below:

	2019 $	2018 $
BDO Advisory (WA):		
Advisory services	-	5,497
BDO Corporate Finance (WA):		
Corporate finance services	-	22,678
	-	**28,175**

The Directors are also satisfied that the provision of non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor, and
- None of the services undermine the general principles relating to auditor's independence as set out in APES110: Code of Ethics for Professional Accountants.

14. Audit Services

	2019 $	2018 $
BDO Audit (WA):		
Audit and review of financial reports	42,941	30,897
	42,941	**30,897**

15. Lead auditor's independence declaration
The Lead auditor's independence declaration in included and forms part of the directors' report for financial year ended 30 June 2019.

This report is made with a resolution of the directors:

James Searle
Director
Dated at Perth this 16 September 2019

Titanium Sands Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2019

	Note	2019 $	2018 $
Administrative expenses	*6*	(634,943)	(395,353)
Director fees		(244,250)	(168,000)
Debt Forgiven		42,000	307,029
Share Based Payments	*18*	(93,546)	(146,454)
Impairment expense	*11*	(65,000)	-
Other expenses		(150,000)	-
Loss before financing expenses		**(1,145,739)**	**(402,778)**
Financial income	*7*	7,037	424
Financial expenses	*7*	(25,784)	(7,458)
Net financing income		**(18,747)**	**(7,034)**
Loss before tax		**(1,164,486)**	**(409,811)**
Income tax expense	*12*	-	-
Loss for the year after income tax		**(1,164,486)**	**(409,811)**
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(6,615)	-
Other comprehensive loss for the period		**(6,615)**	-
Total comprehensive loss for the year		**(1,171,101)**	**(409,811)**
Loss per share for the year attributable to the members of TSL			
Basic and diluted loss per share (cents)	*16*	(0.28)	(0.24)

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.

Titanium Sands Limited
Consolidated Statement of Financial Position
As at 30 June 2019

	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	*13(a)*	3,255,656	17,715
Restricted Cash	*13(b)*	-	542,984
Trade and other receivables	*14*	82,128	73,933
Total current assets		**3,337,784**	**634,632**
Non-current assets			
Exploration and evaluation expenditure	*8*	6,647,935	-
Property, plant and equipment	*9*	166,863	-
Investment in Srinel Projects	*10*	-	599,149
Loan receivable	*11*	-	65,000
Total non-current assets		**6,814,798**	**664,149**
Total assets		**10,152,582**	**1,298,781**
Current liabilities			
Trade and other payables	*15*	(208,835)	(1,357,655)
Borrowings	*15*	-	(102,287)
Total current liabilities		**(208,835)**	**(1,459,942)**
Total liabilities		**(208,835)**	**(1,459,942)**
Net assets/(liabilities)		**9,943,747**	**(161,161)**
Equity			
Issued capital	*17*	12,075,664	3,559,868
Reserves	*18*	2,900,052	146,454
Accumulated losses		(5,031,969)	(3,867,483)
Total equity		**9,943,747**	**(161,161)**

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

Titanium Sands Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2019

	Share Capital $	Share Based Payment Reserve $	Foreign exchange translation Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2017	**3,259,868**	**-**	**-**	**(3,457,672)**	**(197,804)**
Total other Comprehensive loss	-	-	-	(409,811)	**(409,811)**
Transactions with owners:					
Options approved for issue	-	146,454	-	-	**146,454**
Shares Issued (net of share issue costs)	300,000	-	-	-	**300,000**
Balance at 30 June 2018	**3,559,868**	**146,454**	**-**	**(3,867,483)**	**(161,161)**
Balance at 1 July 2018	**3,559,868**	**146,454**	**-**	**(3,867,483)**	**(161,161)**
Total comprehensive loss for the period:					
Loss for the period	-	-	-	(1,164,486)	**(1,164,486)**
Foreign currency translation	-	-	(6,615)	-	**(6,615)**
Total other Comprehensive loss	**-**	**-**	**(6,615)**	**(1,164,486)**	**(1,171,101)**
Transactions with owners:					
Share based payments	-	4,093,546	-	-	**4,093,546**
Transfer on conversion of performance shares	1,333,333	(1,333,333)	-	-	**-**
Shares Issued (net of share issue costs)	7,182,463	-	-	-	**7,182,463**
Balance at 30 June 2019	**12,075,664**	**2,906,667**	**(6,615)**	**(5,031,969)**	**9,943,747**

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

Titanium Sands Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Cash paid to suppliers and administrators		(1,786,477)	(287,656)
Interest received		7,037	424
Interest (paid) / received		(15,004)	999
Net cash used in operating activities	*20*	**(1,794,444)**	**(286,233)**
Cash flows from investing activities			
Payments for exploration expenditure		(347,430)	-
Payments for exploration assets		(182,571)	-
Payments for property, plant and equipment		(166,863)	-
Cash on acquisition of subsidiary		232	-
Restricted cash		**-**	(542,984)
Net cash used in investing activities		**(696,632)**	**(542,984)**
Cash flows from financing activities			
Proceeds from shares issued		5,729,017	300,000
Proceeds from capital raising- restricted cash		-	542,984
Net cash from financing activities		**5,729,017**	**842,984**
Net increase in cash and cash equivalents		**3,237,941**	13,767
Opening cash and cash equivalents at 1 July		**17,715**	3,948
Closing cash and cash equivalents	*13*	**3,255,656**	**17,715**

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 year ended 30 June 2019

1. Reporting entity

This annual financial report includes the financial statements and notes of Titanium Sands Limited ("the Company") and the entities it controlled during the year ended 30 June 2019 ("the Group"). The Group is a for-profit entity primarily involved in exploration of mineral reserves and is domiciled in Australia. Its registered address is Level 11, 216 St George's Terrace, Perth, Western Australia.

2. Basis of preparation

(a) Statement of compliance

The annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The annual financial report complies with International financial Reporting Standards as adopted by the International Accounting Standards Board. The annual financial report was authorised for issue by the directors on 16 September 2019.

(b) Basis of measurement

The annual financial report has been prepared on the historical cost basis. The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies

The accounting policies of the Group are consistent with prior period. New standards applicable from 1 July 2018 have had no material effect on the Group.

(a) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled. Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note 3(g).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(b) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(c) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the financial year but not distributed at reporting date.

(d) Operating lease payments

Payments made under operating leases are recognised in the Statement of Profit of Loss and Other Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Profit of Loss and Other Comprehensive Income as an integral part of the total lease expense and spread over the lease term.

(e) Exploration and evaluation assets

Exploration and evaluation costs, comprising net direct costs (including the costs of acquiring licences) and an appropriate portion of related overhead expenditure directly attributable to the exploration property, relating to current areas of interest are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

(i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or other wise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)
(e) Exploration and evaluation assets (continued)

Exploration and evaluation assets are assessed for impairment if one or more of the following facts and circumstances arise:

(i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;

(ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;

(iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and

(iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In any such case, or similar cases, the entity shall perform an impairment test in accordance with AASB 136. Any impairment loss is recognised as an expense in accordance with AASB 136.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.
Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets.
In the event that an area of interest is abandoned, accumulated costs carried forward are written off to the Statement of Profit of Loss and Other Comprehensive Income in the year in which that assessment is made. Expenditure is not carried forward in respect of any area of interest, unless the Group's right of tenure to that area of interest is current.

(f) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Titanium Sands Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)
(f) Principles of consolidation (continued)
Asset Acquisition

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their fair value at the acquisition date.

Where settlement of any part of cash consideration is deferred and/or contingent, the probability of making these future payments is assessed as at acquisition date and measured accordingly. The amounts payable in the future are discounted to their present value as at the date of exchange. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(g) Foreign currency translation
The financial statement are presented in Australian dollars, which is the Group’s functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(h) Impairment
Financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)

Non-financial assets
The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Provisions
A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(j) Finance income and expenses
Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets, that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(k) Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position. Restricted cash (refer to note 15) is showing within trade and other payables

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(l) Income tax

Income tax on the Statement of Profit or Loss and Other Comprehensive Income for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit of Loss and Other Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Statement of Financial Position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) Share based payments

Equity-settled and cash-settled share-based payments are provided to employees and suppliers.

The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(n) Plant and equipment

Items of plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

The depreciable amount of all fixed assets is depreciated on a straight line basis commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(o) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(p) Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

(q) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(r) New standards and interpretations

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.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 9 and AASB 15 were adopted using the modified retrospective approach and as such comparatives have not been restated. There is no significant impact on the adoption of the new standards.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

3. Significant accounting policies (continued)

(s) New standards and interpretations not yet adopted

AASB 16 – Leases

AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 Leases. It instead requires an entity to bring most leases onto its Statement of Financial Position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its Statement of Financial Position for most leases.

There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

Lessor accounting remains largely unchanged from AASB 117.

Application date - Financial years beginning on or after 1 January 2019
Expected Impact - No expected impact

4. Critical accounting estimates and judgement

- Valuation of Class B Options

The Group measures the cost of equity-settled transactions with directors and employees 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.

- Acquisition of Srinel Holdings Limited

In determining the fair value of the purchase consideration for the acquisition of Srinel Holdings Limited, the Directors assessed the probability of achieving the respective milestones for the Class A, Class B and Class C Performance Shares at the date of issue and the reporting date. It was determined that there was a 100% probability of achieving the milestone for the Class A and Class C Performance Shares and nil likelihood of achieving the Class B milestone. The likelihood of achieving these non-market vesting conditions will be reassessed by the Directors at each reporting date.

- *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.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

5. Financial risk management
Overview
The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk.

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this annual financial report. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers as cash and cash equivalent.

Cash and cash equivalents
The Group holds cash and cash equivalents with reputable Australian banks currently rated AA-.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group continually monitors its cash flow requirements. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, affect the Group's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's foreign subsidiaries are affected by movements in the exchange rate of the Sri Lankan Rupee.

Interest rate risk
Interest rate risk arises as a result of the fluctuations in variable interest rates.

Capital management
Capital is defined as the share capital of the Company. The Board 's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company is not subject to externally imposed capital requirements. Refer to note 19.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

6. Administrative expenses

	2019	2018
	$	$
Legal expenses	20,379	51,123
Accounting and audit expenses	136,088	82,600
Marketing expenses	76,831	-
Re-listing compliance expenses	94,128	-
Other administrative expenses	307,517	261,630
	634,943	**395,353**

7. Finance income and expense

	2019	2018
	$	$
Interest received	7,037	424
Total finance income	**7,037**	**424**
Bank fees	(949)	(329)
Native Title Settlement Interest Payable[1]	(21,068)	-
Other Interest Payable	(3,767)	(7,129)
Total finance expenses	**(25,784)**	**(7,458)**
Net finance expenses	**(18,747)**	**(7,034)**

[1]During the year the Group paid $150,000 in anniversary payments owing to the Badamia Native Title Claim Group pursuant to a deferred mining agreement entered into for the Company's previously held tenement M58/272. Interest accruing of $21,068 on the anniversary payments is owing as at 30 June 2019.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

8. Exploration and evaluation expenditure

	2019 $	2018 $
Balance at the beginning of period	-	-
Acquisition of Srinel Holdings Limited[1]	6,434,386	-
Exploration costs capitalised	213,549	-
Balance at the end of the reporting period	**6,647,935**	**-**

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] 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. It is considered the acquisition of Srinel Holdings Limited is not a business combination, but rather an acquisition of assets, 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 (refer Note 10)	599,149
Vendor cash reimbursement	182,571
	6,211,055

Identifiable assets/(liabilities) acquired:	
Cash	232
Exploration tenements	6,434,386
Trade and other payables	(223,563)
	6,211,055

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 a grant of one or more mining licenses on the Sri Lankan Project. As at 30 June 2019 the probability of achieving these non-market vesting conditions is deemed to be 0% and therefore the fair value is deemed nil. The probability of achieving these vesting conditions will be reassessed at each reporting period.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019
9. Property, plant and equipment

	2019 $	2018 $
Equipment at cost	166,863	-
Equipment – accumulated depreciation	-	-
Closing balance	**166,863**	**-**

Equipment		
Opening balance	-	-
Additions	166,863	-
Accumulated depreciation	-	-
Closing balance	**166,863**	**-**

10. Investment in Srinel Projects

	2019 $	2018 $
Opening balance	599,149	599,149
Transferred to exploration and evaluation assets (refer to note 8)	(599,149)	-
Closing balance	**-**	**599,149**

During the year the Company completed the acquisition of Srinel Holdings Ltd. The Investment in Srinel Projects was transferred to exploration and evaluation assets and formed part of the purchase consideration, refer to Note 8.

11. Loan Receivable

	2019 $	2018 $
Loan receivable	-	65,000
	-	**65,000**

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

12. Tax

	2019 $	2018 $
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
b. the prima facie tax on loss before income tax is reconciled to the income tax as follows		
Loss before income tax	(1,164,486)	(409,811)
Prima facie tax payable on loss before income tax at 30% (2018: 30%)	(349,346)	(122,943)
Tax effect of amounts which are not deductible/(taxable) in calculating taxation income:		
- Non assessable, non-exempt income, non-deductible	(65,669)	42,804
	(415,015)	(80,139)
Net deferred tax asset arising from carried forward losses not recognised	415,015	80,139
Income tax expense	-	-

The Group has unrecognised tax losses carried forward to the year ended 30 June 2019 of $1,465,199 (2018: $1,307,220) to which a deferred tax asset has not been recognised as there is no certainty of probable future taxable income to which they can be utilised.

13a. Cash and cash equivalents

	2019 $	2018 $
Current		
Bank balances	3,255,656	17,715
	3,255,656	**17,715**

13b. Restricted cash

	2019 $	2018 $
Current		
Restricted Cash[1]	-	542,984
	-	**542,984**

[1]Represents shareholder subscription monies received in respect of the Prospectus.

14. Trade and other receivables

	2019 $	2018 $
Current		
Prepayment	48,233	-
Other Assets[1]	-	67,888
GST receivable	33,896	6,046
	82,129	**73,933**

1. Other Assets represented share issue costs from the ongoing capital raising. These amounts were reclassified to capital raising costs and equity upon finalisation of the Prospectus on issue.

There have been no trade receivables during the financial year ended 30 June 2019.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

15. Trade and other payables

	2019 $	2018 $
Current		
Trade creditors	165,969	528,770
Accrued expenses	42,866	280,885
Subscription monies received	-	548,000
Borrowings[1]	-	102,287
	208,835	**1,459,941**

[1] The loan facility in aggregate expired on 31 March 2018 and was renewed under the terms to be converted to shares upon completion of the Prospectus. The total amount advanced by IML Holdings totalling $67,000. In addition, a loan of $25,000 was made to the Company by Aegean Capital Pty Ltd pursuant to a loan agreement entered into in November 2016 (as varied). These loans were subject to interest of 7% per annum, accruing monthly. A total interest amount of $10,287 was accrued as at 30 June 2018. In March 2018 the parties agreed to convert the loan amounts and accrued interest into ordinary shares at $0.02 per share in full satisfaction of the loans. The conversion took place on completion of the Company raising $6 million and the Company's acquisition of Srinel Holdings Limited which occurred in December 2018.

16. Loss per share

Basic and diluted loss per share

The calculation of basic loss per share at 30 June 2019 of ($0.28) (2018: ($0.24)) was based on the loss attributable to ordinary shareholders of $1,164,486 (2018: $409,811) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2019 of 414,982,977 (2018: 172,035,318).

Weighted average number of ordinary shares	2019	2018
Weighted average number of ordinary shares at 30 June	**414,982,977**	**172,035,318**

17. Capital and reserves

Share capital

Fully Paid Ordinary Shares	Number	$
On issue at 1 July 2017	474,893,655	3,259,868
Movements during the year		
Investor Placement[1]	42,857,142	300,000
Share Consolidation[2]	(345,168,015)	
On issue at 30 June 2018	**172,582,782**	**3,559,868**
On issue at 1 July 2018	**172,582,782**	**3,559,868**
Movements during the year		
Placement – 12 December 2018 [3]	300,000,000	6,000,000
Vendor issue – 12 December 2018 [4]	58,095,239	1,161,905
Cash reimbursement shares – 12 December 2018 [5]	13,371,450	267,429
Loan conversion – 12 December 2018 [6]	4,600,000	92,000
Facilitation issue – 12 December 2018 [7]	20,000,000	400,000
Performance share issue – 18 February 2019[8]	66,666,667	1,333,333
Share issue costs	-	(738,871)
On issue at 30 June 2019	**635,316,138**	**12,075,664**

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

17 Capital and Reserves (continued)

1 The Company raised $300,000 was raised by way of a sophisticated investor placement of 42,857,142 fully paid ordinary shares at $0.007 per share.
2 On the 31 January 2018 a 1:3 share consolidation was affected.
3 The Company completed the public offer to raise $6,000,000 through the issue of 300,000,000 shares at $0.02 per share.
4 The Company issued 58,095,239 shares to acquire Srinel Holdings Limited at a deemed fair value of $0.02 per share.
5 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.
6 The Company issued 4,600,000 shares in satisfaction of loan amounts owing at a deemed fair value of $0.02 per share.
7 The Company issued 20,000,000 shares to facilitators of the transaction at a deemed fair value of $0.02 per share.
8 The Company issued shares on conversion of the Class A Performance Shares.

18. Reserves

	2019 $	2018 $
Share based payment reserve[1]	2,906,667	146,454
Foreign currency translation reserve[2]	(6,615)	-
	2,900,052	**146,454**

[1]The Share Based Payments Reserve is used to record the value of equity incentives issued to Directors, suppliers and employees.
[2] The Foreign Currency Translation Reserve is used to record exchange rate differences arising on translation of foreign subsidiaries.

Movement in share based payment reserve	2019 $	2018 $
Opening balance	146,454	-
Director options[1]	93,546	146,454
Class A performance shares[2]	1,333,333	-
Class C performance shares[2]	2,666,667	-
Transfer to Share capital	(1,333,333)	-
Closing balance	**2,906,667**	**146,454**

[1] The Director Options were approved by Shareholders at the Annual General Meeting held on 24 January 2018. The Options were issued on completion of the acquisition of Srinel Holdings Limited on 14 December 2018.

Directors	**Grant Date**	**Exercise Price**	**Expiry Date**	**Number of Unlisted Options**
Mr Jason Ferris	21 December 2017	$0.05	18 January 2021	10,875,000
Dr James Searle	21 December 2017	$0.05	18 January 2021	10,875,000
Mr Lee Christensen	21 December 2017	$0.05	18 January 2021	8,250,000
Total				**30,000,000**

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Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

18 Reserves (continued)

The following table lists the inputs to the model used in the valuation of the class B options granted on 21 December 2017.

Grant Date	21/12/2017
Expected Volatility	95%
Expected Life	3 years
Fair Value	$0.008
Number Issued	30,000,000
Dividend Yield	Nil
Weighted Average Exercise Price ($)	$0.050
Share Price at Grant Date ($)	$0.020

Total expenses arising from share-based payment transactions recognised during the year was $93,546.

[2] The Company issued 66,666,667 Class A and 133,333,333 Class C Performance Shares during the period with a fair value of $0.02 per share. On 19 February 2019 the performance milestone attaching to the Class A Performance Shares was met, being a total Mineral Resource of 20 million tonnes of heavy mineral content of not less than 5% (or equivalent tonnage to heavy mineral content ratio) and were converted into fully paid ordinary shares. The Directors have also determined that following the resource upgrade in February 2019 and drilling results there is a 100% probability that the Class C Performance Share milestone will be met, being a total Mineral Resource of 70 million tonnes of heavy mineral content of not less than 5% (or equivalent tonnage to heavy mineral content ratio). The Company also issued 33,333,333 Class B Performance Shares to the vendors of Srinel Holdings Limited that will convert into ordinary shares on satisfaction of the Group obtaining a grant of one or more mining licenses on the Sri Lankan Project. These Class B Performance Shares were issued at $0.02 per share with the probability of achieving the non-market vesting condition deemed to be 0% and therefore the fair value is deemed nil. The probability of achieving these vesting conditions will be reassessed at each reporting period. The consideration payable was determined to be a share based payment in accordance with AASB 2.

Outstanding Share Options & Performance Shares

As at 30 June 2019 the Group had the following share options and performance shares 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
Class C Performance Shares	Unlisted performance shares	133,333,333

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

19. Financial instruments

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to the financial statements, are as follows:

	2019	2018
	$	$
Financial assets		
Cash and cash equivalents	3,255,656	17,715
Restricted Cash	-	542,984
Loan receivable	-	65,000
Total financial assets	**3,255,656**	**625,698**
Financial liabilities		
Trade and other payables	208,835	1,357,655
Borrowings	-	102,287
Total financial liabilities	**208,835**	**1,459,941**
Total net financial assets / (liabilities)	**3,046,821**	**(834,243)**

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2019	2018
Cash and cash equivalents	3,255,656	17,715
Restricted Cash	-	542,984
	3,255,656	**560,698**

The Group does not currently earn revenue from operating assets, thus there is currently no credit risk on trade receivables at the reporting date by geographic region, customer type or by significant customer.

Impairment losses

During the year the Group recognised an impairment expense of $65,000, refer to Note 11. The Group does not have any receivables that are past due, nor is there a requirement to make any allowances for impairment in respect of other receivables.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group 30 June 2019	**Carrying amount**	**Contractual cash flows**	**1-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
	$	$	$	$	$	$
Trade and other payables	208,835	208,835	208,835	-	-	-
Group 30 June 2018						
Trade and other payables	1,357,655	1,357,655	1,357,655	-	-	-
Borrowings	102,287	102,287	102,287			

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

Currency risk
Exposure to currency risk

The Group is exposed to foreign exchange rate arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2019		2018	
	AUD $	LKR $*	AUD $	LKR $*
Cash and cash equivalents	3,255,147	509	560,699	-
Trade and other payables	(124,557)	(84,278)	(1,357,655)	-
	3,130,590	(83,769)	(796,956)	-

* Amounts are shown in AUD equivalent

Interest rate risk

The Group's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Floating interest rate $	Fixed interest rate $	2019 total $	Floating interest rate $	Fixed interest rate $	2018 total $
Financial assets						
-Within one year						
Cash and cash equivalents	3,255,656	-	3,255,656	17,715	-	17,715
Total financial assets	3,255,656	-	3,255,656	**17,715**	-	**17,715**
Effective interest rate			0.00%	0.00%	-	-
Financial liabilities						
-Within one year						
Trade creditors	208,835	-	-	-	-	**208,835**
Borrowings	-	-	-	-	102,287	**102,287**
Effective interest rate	0%	-	-	-	7.00%	-
Total financial liabilities	**208,835**	-	-	-	102,287	**311,122**

The Group is exposed to interest rate risk as the Group hold funds on deposit at floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Directors and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net revenue would increase by $1,628 and decrease by nil respectively (2018: $20).

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

20.a Reconciliation of cash flows from operating activities

	2019 $	2018 $
Cash flows from operating activities		
Loss for the period	(1,164,486)	(409,811)
Impairment	65,000	-
Share Based Payment	93,546	146,454
Profit on forgiveness of debt	(42,000)	-
(Increase) in trade and other receivables	(76,083)	(54,128)
(Decrease) / Increase in trade and other payables	(670,421)	31,252
Net cash from operating activities	**(1,794,444)**	**(286,233)**

20.b Non-cash Financing and Investing Activities

During the year the Group had the following non-cash financing and investing activities:

- Acquisition of Srinel Holdings Limited. The purchase consideration was settled by the issuance of 71,466,689 ordinary shares and 233,333,333 performance shares for total consideration of $6,211,054 – refer to note 8.
- Issue of 4,600,000 ordinary shares for a total value of $92,000 in satisfaction of loan amounts owing – refer to note 15.
- Issue of 20,000,000 ordinary shares for a total value of $400,000 to facilitators of the Acquisition and re-listing – refer to note 17.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

21. Related Party Transactions
Key management personnel compensation

	2019 $	2018 $
The key management personnel compensation are as follows:		
Short-term employee benefits	339,462	168,000
Share Based Payments	93,546	146,454
	433,008	**314,454**

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. These are as follows on the following page.

Consultancy services:
Jason Ferris is a Director of J2J Investments Pty Ltd (“J2J”), which provided the Company with consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2019 was $131,212 (2018: $72,000). During the financial year J2J forgave a total of $12,000 of outstanding fees incurred in the previous financial year (2018: $121,000).

Dr James Searle is a Director of Earthsciences Pty Ltd (“Earthsciences”), which provided the Company with consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2019 was $127,000. (2018: $120,000). During the financial year Earthsciences forgave a total of $15,000 of outstanding fees incurred in the previous financial year (2018: $112,452).

Mr Lee Christensen is a Director of Pooky Pty Ltd (“Pooky”), which provided the Company with consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2019 was $81,250.

During the financial year Lee Christensen forgave a total of $15,000 of outstanding fees incurred in the previous financial year (2018: $94,875).

There were no other transactions with Directors and key management personnel in the current financial year.

Other transactions:

During the financial year the Company completed the acquisition of Srinel Holdings Limited in which the vendor, Cuprum Holdings Limited is controlled by Jason Ferris’s father in law, Robert Nelson. The Company notes that Robert Nelson became a related party of the Company when Jason Ferris became a Director on 31 July 2014, which is subsequent to when the Option Agreement which formed the basis of the acquisition, was entered.

During the period Woodchester Capital Pty Ltd, a Company in which Jason Ferris is a Director received $194,575 (ex GST), being a 5% Placement Fee for funds raised pursuant to the Prospectus. The Placement Fee was at an arms length basis and on the same terms as similar amounts paid to unrelated parties.

There were no other transactions with Directors and key management personnel in the current financial year.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

22. 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.

23. Events Occurring after the Reporting Period

On 15 July 2019 the Company entered into a conditional sale agreement to acquire tenure adjacent to its Mannar Island Project. 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 the satisfaction of due diligence and shareholder approval.

Other that set out above, there were no other significant events after the reporting date.

24. Commitments and Contingencies

Exploration Expenditure

The Groups Sri Lankan tenements are subject to annual minimum expenditure commitments based on the area of land holding which the minimum expenditure commitment doubling on each renewal. The current expenditure commitment are:

	2019 $	2018 $
Within 12 months	50,105	-
Greater than 12 months but less than 5 years	757,964	-
	808,069	**-**

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Office Accommodation Services

Beginning from 1 July 2018, the Company had entered into a service agreement with Trident Capital Pty Ltd of a period of 1 year.

	2019 $	2018 $
Commitments no longer than 1 year		
Annual office accommodation services	-	24,000
	-	**24,000**

Other Commitments:

The 33,333,333 Class B and 133,333,333 Class C Performance Shares issued during the year (refer to Note 8) will convert to ordinary equity at $0.02 per share based on the achievement of milestones (refer to Note 18 for specific milestones) arising from the acquisition of Srinel.

Contingent Liabilities:

The Group has entered into a royalty deed with Curprum Holdings Limited to pay 5% of the net proceeds from the sale of minerals on the tenements acquired from Srinel Holdings Limited.

The Group has no other contingent assets or liabilities at reporting date.

25. Auditors' Remuneration

	2019 $	2018 $
Audit and other non-audit services		
BDO Audit (WA):		
Audit and review of financial reports	42,941	30,897
	42,941	**30,897**
BDO Advisory (WA):		
Advisory services	-	5,497
	-	**5,497**
BDO Corporate Finance (WA):		
Corporate finance services	-	22,678
	-	**22,678**

26. Interest in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 3(d):

Controlled entities	Country of incorporation	Percentage owned 30 June 2019	Percentage owned 30 June 2018
Srinel Holdings Limited [1]	Mauritius	100%	-
Kilsythe Investments (Pvt) Ltd [1]	Sri Lanka	100%	-
Kilsythe Exploration (Pvt) Ltd [1]	Sri Lanka	100%	-
Singha Lanka Investments (Pvt) Ltd [1]	Sri Lanka	100%	-
Hammersmith Ceylon (Pvt) Ltd [1]	Sri Lanka	100%	-
Applex Ceylon (Pvt) Ltd [1]	Sri Lanka	100%	-

[1] Subsidiary entered the Group on 12 December 2018

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2019

27. Parent Entity information

Financial position	**2019** **$**	**2018** **$**
Assets		
Current assets	3,333,280	634,632
Non-current assets	6,515,088	664,149
Total assets	9,848,368	1,298,781
Liabilities		
Current liabilities	124,557	1,459,942
Total liabilities	124,557	1,459,942
Equity		
Issued capital	12,075,664	3,559,868
Accumulated losses	(5,258,520)	(3,867,483)
Reserves	2,906,667	146,454
Total equity	9,723,811	(161,161)
Financial performance		
(Loss) for the year	(1,391,037)	(869,222)
Total comprehensive (loss) for the year	(1,391,037)	(869,222)

Guarantees:

The Company has not entered into any guarantees in the current or previous financial year, in relation to the debts of its subsidiaries.

Other Commitments and Contingencies:

The Company has no commitment to acquire property, plant and equipment and has no contingent liabilities other than those disclosed in Note 24.

Titanium Sands Limited
Directors' Declaration

The directors of Titanium Sands Limited ("the Company" or "the Group") declare that:

1) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

   a) giving a true and fair view of the financial position of the Group as at 30 June 2019 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date; and

   b) comply with Accounting Standards in Australia, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

2) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

3) The financial statements also comply with International Financial Reporting Standards as disclosed in Note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295(a) of the Corporations Act 2001.

Dated at Perth this 16 September 2019

Signed in accordance with a resolution of the directors:

James Searle
Director

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INDEPENDENT AUDITOR'S REPORT

To the members of Titanium Sands Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Titanium Sands (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion 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 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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.

Valuation of Exploration and Evaluation Asset

Key audit matter	How the matter was addressed in our audit
As at 30 June 2019 carrying value of the Exploration and Evaluation asset was disclosed in note 8 to the financial report. As the carrying value of the Exploration and Evaluation Asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying value of the assets may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. In particular: • Where the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment.	Our work included, but was not limited, to the following procedures: • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of those areas of interest remain current at the reporting period end date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considered whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in note 8 to the financial report.

Acquisition of Srinel

Key audit matter	How the matter was addressed in our audit
On 12 December 2018 the Group acquired ownership of the Srinel Holdings consolidated group as disclosed in note 8 to the financial report. The Group treated the transaction as an asset acquisition, rather than a business combination. Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset acquisition or business combination, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration. As a result, this is considered a key audit matter.	Our work included but was not limited to the following procedures: • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset acquisition or business combination; • Reviewing the sale and purchase agreement to understand the key terms and conditions; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Evaluating management's assessment of the fair value of the net assets acquired; and • Assessing the adequacy of the related disclosure in note 8 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 19 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Titanium Sands Limited, for the year ended 30 June 2019, 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.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 16 September 2019

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF TITANIUM SANDS LIMITED

As lead auditor of Titanium Sands Limited for the year ended 30 June 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 16 September 2019

Titanium Sands Limited
Schedule of Exploration Tenements

The information was applicable as at 5 September 2019.

Exploration License #	Location	Area	EL Validity		Interest
			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%

Titanium Sands Limited
ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 5 September 2019.

A. Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

Distribution	Number of Shareholders	Number of Shares	%
1 - 1,000	122	20,858	0.00
1,001 - 5,000	19	37,768	0.01
5,001 - 10,000	4	29,199	0.00
10,001 - 100,000	147	10,392,866	1.64
100,001 Over	253	624,835,447	98.35
Total	**545**	**635,316,138**	**100.00**

There were 150 shareholders holding less than a marketable parcel of ordinary shares (at a price of $0.021).

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

	Listed Ordinary Shares	
Shareholder Name	**Number**	**Percentage**
REDASO PTY LTD <REDASO FAMILY A/C>	110,000,000	17.31
CUPRUM HOLDINGS LIMITED	85,111,928	13.40
HEEDFUL PTY LTD <ASSURED S/F A/C>	39,627,380	6.24

C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

		Listed Ordinary Shares	
	Shareholder Name	**Number**	**Percentage**
1.	REDASO PTY LTD <REDASO FAMILY A/C>	110,000,000	17.31
2.	CUPRUM HOLDINGS LIMITED	85,111,928	13.40
3.	HEEDFUL PTY LTD <ASSURED S/F A/C>	39,627,380	6.24
4.	EVERGLOW TECHNOLOGIES LLC	25,000,000	3.94
5.	SANSANAA INVESTMENTS LTD	25,000,000	3.94
6.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	24,442,847	3.85
7.	GUYSCLIFFE LLC	15,000,000	2.36
8.	KING GEORGE V NOMINEES LTD	14,965,000	2.36
9.	HEEDFUL PTY LTD <ASSURED S/F A/C>	14,642,857	2.30
10.	MR LAURENT LEYENDECKER	12,714,000	2.00
11.	CHESTER ASSETS PTY LTD <CHESTER INVESTMENTS A/C>	10,000,000	1.57
12.	DRAGON FIRE HOLDINGS LTD	10,000,000	1.57
13.	MR PETER FITZGERALD	10,000,000	1.57
14.	OFFENSE PTY LTD <THE RESTRAINT S/FUND A/C>	7,700,000	1.21
15.	MEMPHIS HOLDINGS PTY LTD <SUPER FUND A/C>	7,500,000	1.18
16.	MR GLENN ANTHONY MASON	5,347,540	0.84
17.	MR SUNEEL BOMMIREDDY	5,100,100	0.80
18.	MR SAI MANOJ NAMBURU	5,100,000	0.80
19.	ZERO NOMINEES PTY LTD	5,000,442	0.79
20.	FERGUSON CORPORATION PTY LTD <FERGUSON'S FURNITURE S/F A/C>	5,000,000	0.79
	TOTAL	**437,252,094**	**68.82**

D. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person (or representing a corporation who is a member) shall have one vote and upon a poll, each share will have one vote.

E. On-market buy-back

There is no current on-market buy-back.

F. Restricted Securities

There are currently the following restricted securities:

- 158,133,356 ordinary shares held in escrow until 18 December 2020;
- 30,000,000 options exercisable at $0.05 on or before 18 January 2021, held in escrow until 18 December 2020;
- 166,666,666 performance shares held in escrow until 18 December 2020.

F. Use of Funds

Between the date of re-listing on ASX and the date of this report the Company 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 and as set out in the Prospectus dated 29 March 2018 as varied by the Prospectus dated 21 June 2018 and second supplementary Prospectus dated 19 September 2018.