

31 January 2019

QUARTERLY OPERATIONS REPORT TO 31 DECEMBER 2018 TITANIUM SAND LIMITED

CORPORATE

Following re-compliance with Chapters 1 & 2 of the ASX Listing Rules, Titanium Sands Limited (“**Company**”) recommenced trading on the ASX on 18 December 2018. This followed the successful conclusion of a \$6 million fundraising under the Company’s prospectus. This enabled the Company to complete the acquisition Srinel Holdings Ltd (“**Srinel**”). Srinel holds five exploration licences covering 166km² that constitute the Mannar Island Heavy Mineral Sands Project in Sri Lanka.

Funds raised will enable the Company to accelerate exploration, resource and reserve drilling at Mannar and to commence a scoping study for the potential development of the ilmenite-leucoxene deposit.

OPERATIONS

SRI LANKAN MINERAL SANDS PROJECT

As previously advised to the ASX¹ the Company was in the process of completing mineralogical and other analyses of drilling samples leading to an updated resource statement. This work has now been completed and independent resource consultants GeoActiv (Pty) Ltd of Johannesburg, South Africa, are well advanced in preparing a revised resource model.

The mineralization defined by the drilling results to date (located outside the known resource along the coast) extends for a strike of 12km and has a cross strike width of up to 3km (Figure 1). It is up to 6m thick and averages around 1.5m. There is essentially no overburden and the mineralisation extends continuously down to the limit of the drilling at the water table. Drilling to date on the Mannar Project only extends down to the water table, the exploration potential for deeper mineralisation remains untested.

The Mannar mineralisation has an exceptionally low slimes (~1%) content and the total heavy mineral fraction is dominated by ilmenite and leucoxene with subsidiary zircon and rutile. Very little low value magnetite is present. Mineralogical analyses of the heavy mineral have been undertaken and will be reported in the updated resource statement. The Company looks forward to reporting an updated mineral resource statement shortly.

Plans are underway to recommence drilling by the end of the March Quarter with the aim of producing a further resource update in mid-2019. This drilling will address:

- Lateral and below the water table extensions to the existing resources.
- Infill drilling on the existing resources.
- Test new target areas on the tenure.

Work has also commenced on a scoping study that will address all aspects of the project. It is anticipated that this will take up to 12 months to complete. Metallurgical test work components of the scoping study have begun. The Company looks forward to informing the market of progress with the scoping study components as they are completed.

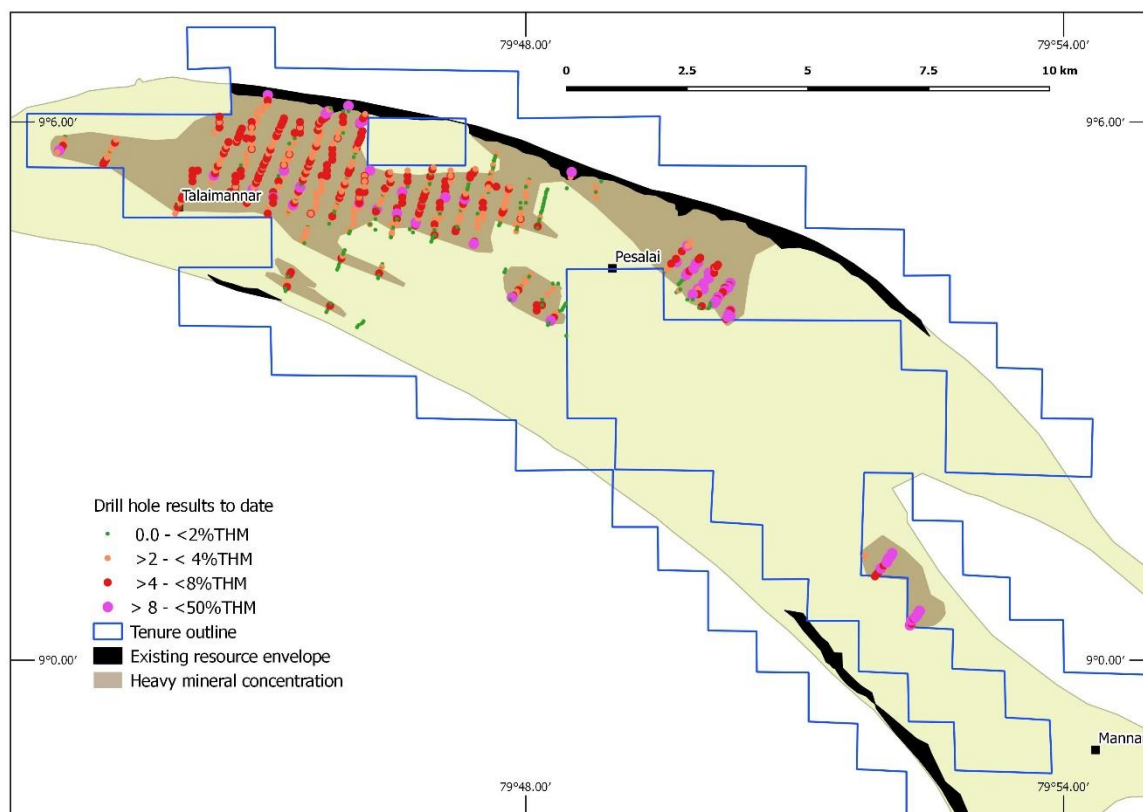


Figure 1 Summary illustration of 2016 and 2017 drilling assay results received to date, with weighted average (Total Heavy Mineral) THM% for each drill hole based on all samples and no lower cut off. The existing resource envelope refers to the previously reported JORC standard resource².

Changes to the Tenement Schedule in the December 2018 Quarter

Project	Location	Tenement Number	Economic Entities Interest at Quarter End	Change in Economic Entities Interest During Quarter
Sri Lankan Mineral Sands Project	Mannar Island, Sri Lanka	EL180	100%	100%
Sri Lankan Mineral Sands Project	Mannar Island, Sri Lanka	EL182	100%	100%
Sri Lankan Mineral Sands Project	Mannar Island, Sri Lanka	EL370	100%	100%
Sri Lankan Mineral Sands Project	Mannar Island, Sri Lanka	EL371	100%	100%
Sri Lankan Mineral Sands Project	Mannar Island, Sri Lanka	EL372	100%	100%

¹ASX announcement 31-10-2018 "Quarterly Operations Report to 30th September 2018, Titanium Sands Ltd".

²An initial JORC inferred mineral resource of 10.3 Mt with total heavy mineral (THM) of 11.7% compiled by independent consultants GeoActiv (Pty) Ltd was reported in full to the Australian Securities Exchange on the 22 April 2015. This resource was based on a historical drill hole data base of 785 auger drill holes and from the 115 holes drilled in early 2015. The drilling and the defined resource envelope was largely confined to within 150m of the Mannar Island shoreline. The Company confirms that this resource statement remains current in regards to the areas covered by the drilling used in the resource model.

Except where indicated, exploration results above have been reviewed and compiled by James Searle BSc (hons), PhD, a Member of the Australian Institute of Mining and Metallurgy, with over 34 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Titanium Sands Limited

ABN

65 009 131 533

Quarter ended ("current quarter")

31 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(94)	(94)
(e) administration and corporate costs	(694)	(731)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(12)	(13)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(800)	(838)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments (Srinel consideration)	(182)	(182)
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans from other entities	-	-
2.4 Other (Srinel cash acquired)	-	-
2.5 Other	(15)	(15)
2.6 Net cash from / (used in) investing activities	(197)	(197)

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	6,000	6,000
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(378)	(383)
3.5 Proceeds from borrowings	(28)	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.10 Net cash from / (used in) financing activities	5,594	5,617

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	3	18
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(800)	(838)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(197)	(197)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	5,594	5,617
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	4,600	4,600

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	4,600	3
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (share application funds held)	-	558
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,600	561

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	198
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

1. Director fees.
2. Consultancy fees.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

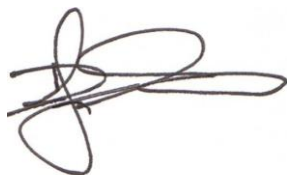
8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	(503)
9.2	Development	(95)
9.3	Production	-
9.4	Staff costs	(112)
9.5	Administration and corporate costs	(196)
9.6	Other – Balance of recompliance expenditure	(40)
9.7	Total estimated cash outflows	(946)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-Nil	-N.A.	-N.A.	-N.A.
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-Sri Lanka EL180 EL182 EL370 EL371 EL372	- Direct Direct Direct Direct Direct	0% 0% 0% 0% 0%	- 100% 100% 100% 100% 100%

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Managing Director)

Date: 31 January 2019

Print name: James Searle

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.