

30 April 2019

## QUARTERLY OPERATIONS REPORT TO 31 MARCH 2019 TITANIUM SAND LIMITED (“Company”)

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- Contained valuable heavy mineral sands resources at Mannar Island Project have increased to nearly 300% of the previous JORC resource.
- Total Inferred Resource now 53.08Mt at 6.7% THM.
- Includes a new high-grade zone of 9.85Mt at 9.06% THM.
- Further in fill and resource extension drilling has recommenced.
- Mannar Project Scoping Study commenced.

### SRI LANKAN MINERAL SANDS PROJECT

#### ***Mineral Resources***

The Company was pleased during the March Quarter to report a major resource increase for its Mannar Island, heavy mineral sands project in Sri Lanka (ASX announcement 11 February 2019 \*). Inferred mineral resource at its Mannar Island Project in Sri Lanka of 53.08 million tonnes at 6.67% total heavy minerals (THM). The contained valuable heavy mineral resource has increased to nearly 300% of the previous resource statement reported to the ASX on 22 April 2015\*. Correspondingly the resource tonnage has increased to 500% of the previously reported tonnage. The expanded resource contains very low levels of slimes (1.2% -45 micron material). The resource also contains a new high grade zone of 9.85Mt at 9.06% THM.

The mineralization defined by the drilling results to date 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.

#### ***Drilling***

Resource drilling further to the drilling used in the resource update has succeeded in reducing the nominal resource drilling pattern down from 400m by 50m to 200m by 50m over 90% of the resource envelope (Figs 1 to 4) (ASX announcement 2 April 2019\*\*) . A total of 802 holes were drilled, with sampling intervals of 0.5m. Samples from this drilling have now been prepared in the Company’s Pesalai preparation facility will be sent to a mineral sands laboratory in South Africa for further analysis.

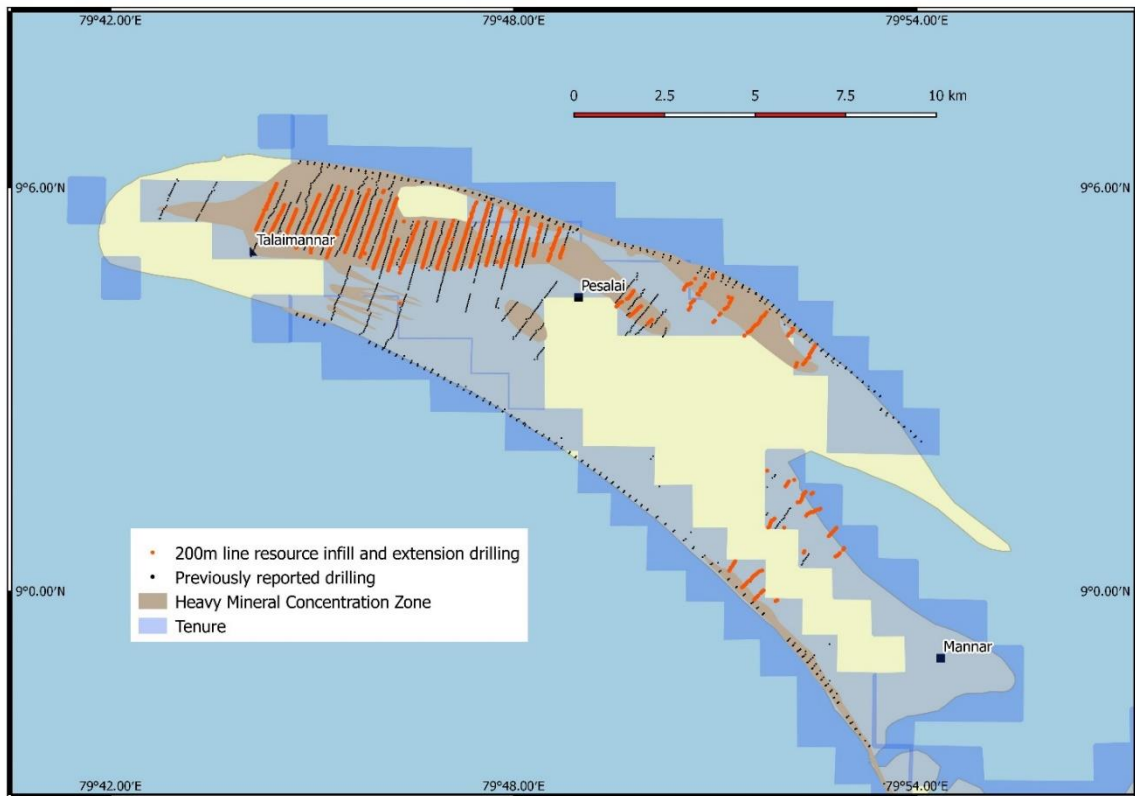


Figure 1 Mannar Island Heavy Mineral Sands Project, drilling to date, red holes are post the last resource update (reported to the ASX 11 February 2019).

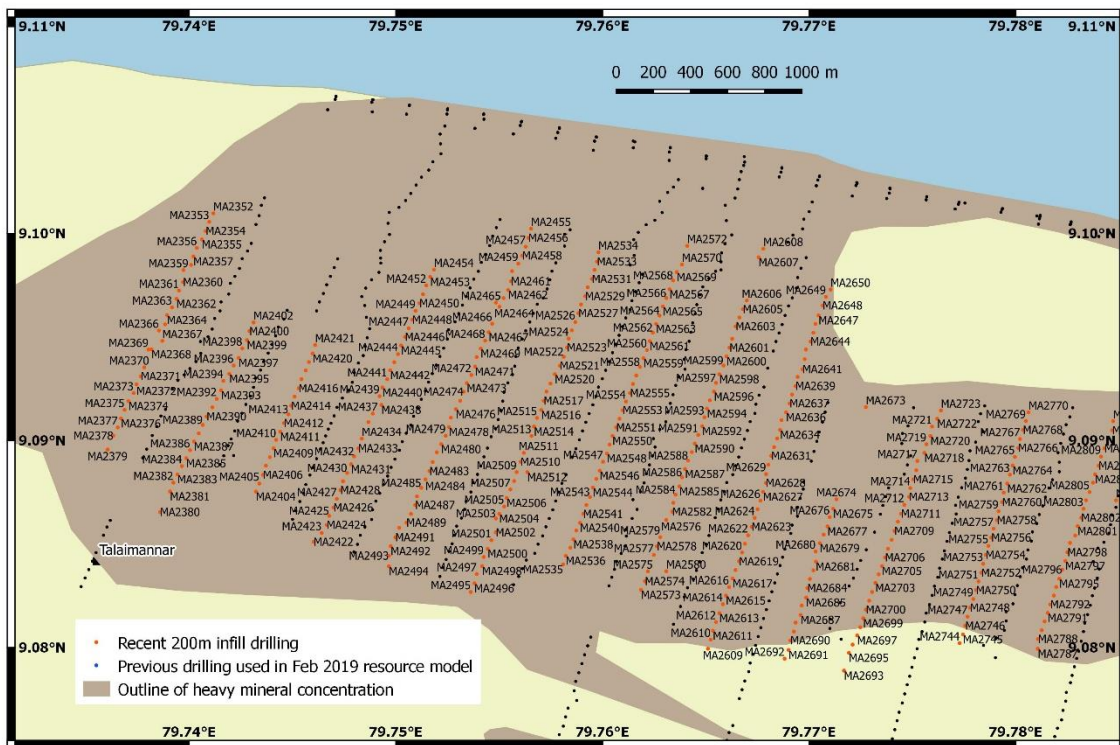


Figure 2 Drill hole locations, western section.

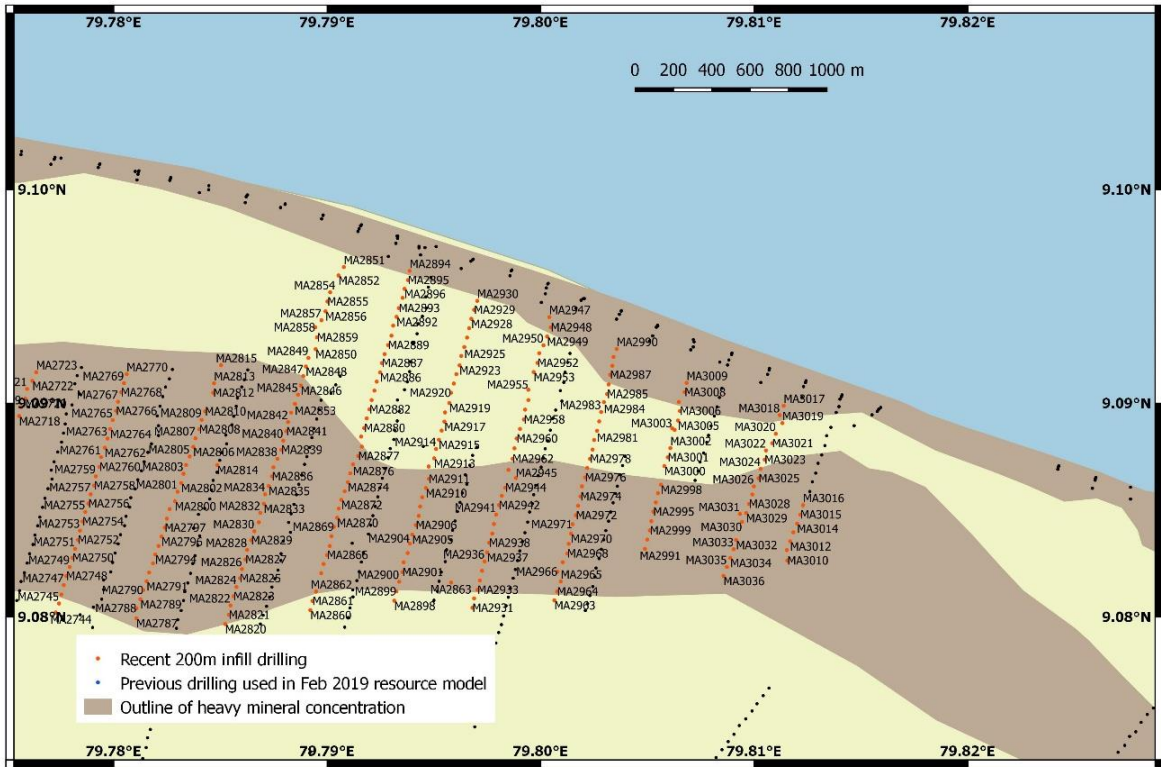


Figure 3 Drill hole locations, central section.

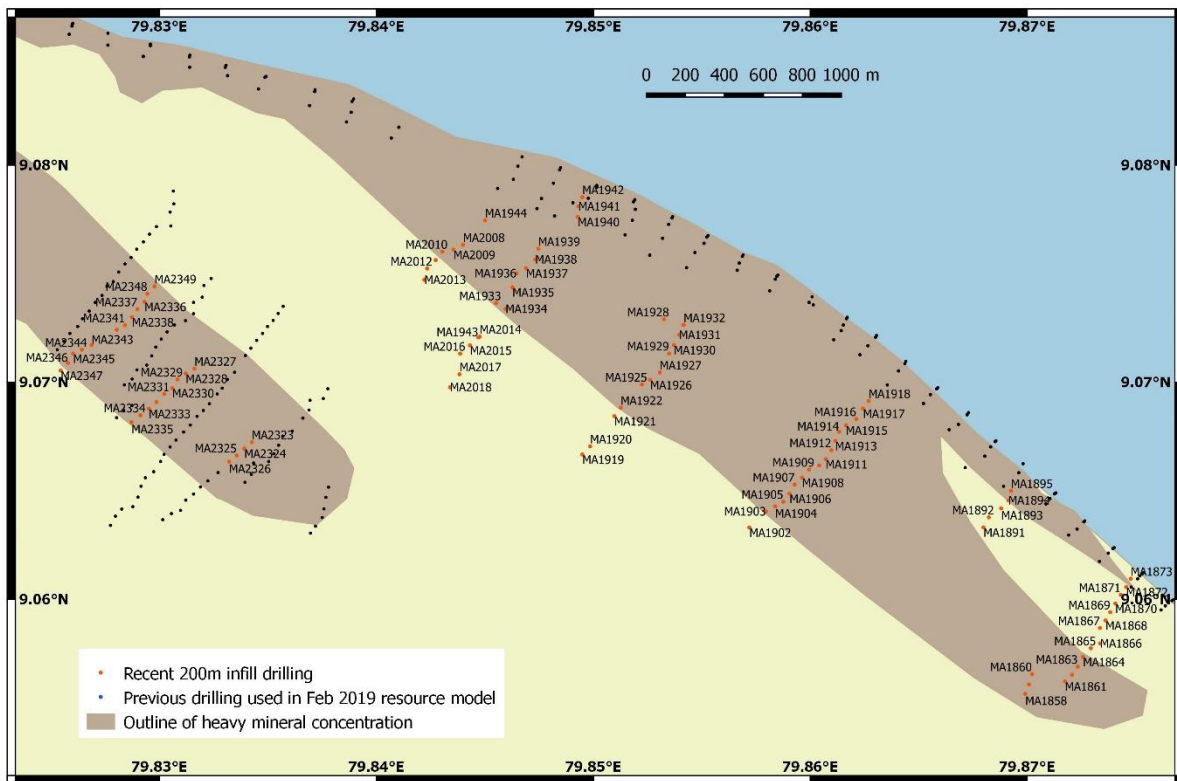


Figure 4 Drill hole locations eastern section.

Drilling has recommenced on the Mannar project in March 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 high grade portions of the existing resources.
- Test new target areas on the tenure.

This drilling is initially being undertaken as previously by hand auger teams using shell augers which have proven very effective in the above water table drilling in obtaining excellent sample recovery and precise sample depth control.

The Company has also acquired an RC aircore drilling rig that is currently being modified in Perth Western Australia. The modifications are designed to optimise the rig for the Mannar Project. It is intended that the drilling rig and related equipment will be shipped to Sri Lanka in May and commence operations in June. The drilling rig will be operated by the Sri Lankan field team with on site supervision and training by an experienced mineral sands driller.

### **Scoping Study**

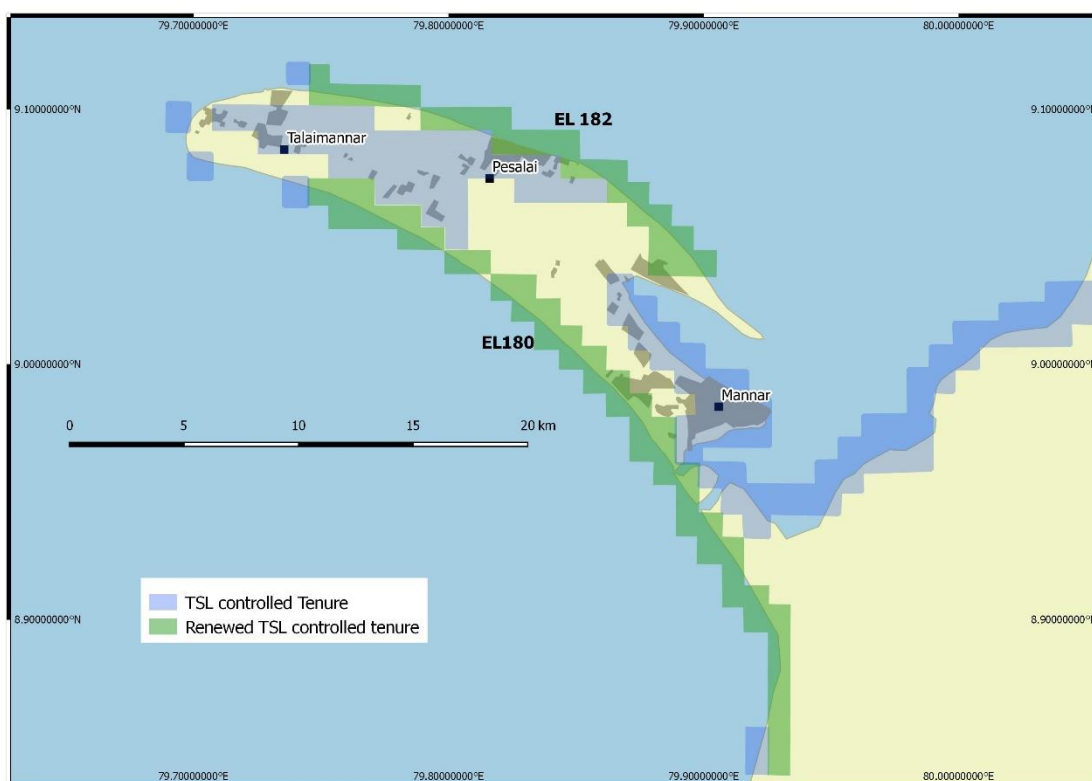
Work has also commenced during the March Quarter on a scoping study that will address all aspects of the project including operating and capital estimates and potential offtake markets. It is anticipated that this will take up to 12 months to complete. Metallurgical test work components of the scoping study have begun. The Company looks forward to informing shareholders of progress with the scoping study components as they are completed.

### **Tenure**

The Company has 5 exploration licenses on Mannar Island and the adjacent mainland coast, covering an area of 166 square kilometres (Table 1) . During the March Quarter the tenure of explorations licences EL180 and EL182 (Figure 5) were renewed by the Department of for a further two-year period.

Exploration License #	Location	Area	EL Validity		Interest at Quarter End	Change in Interest During Quarter
			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 1



**Figure 5 Renewed tenure EL180 and EL182.**

#### Competent Persons and Compliance Statements

Except where indicated, exploration results 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 on 11 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.*

These announcements are available to view on the Company’s website [www.titaniumsands.com.au](http://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. The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements.

### **Forward-Looking Statements**

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

## 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 March 2019**

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(42)	(42)
(b) development	-	-
(c) production	-	-
(d) staff costs	(233)	(327)
(e) administration and corporate costs	(84)	(952)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	(15)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(357)</b>	<b>(1,334)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(89)	(89)
(b) tenements (see item 10)	-	-
(c) investments (Srinel consideration)	-	(182)
(d) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(89)</b>	<b>(271)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	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	(2)	(246)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(2)</b>	<b>5,754</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,615	18
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(357)	(1,334)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(89)	(271)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(2)	5,754
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>4,167</b>	<b>4,167</b>



5. <b>Reconciliation of cash and cash equivalents</b> 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	267	4,615
5.2 Call deposits	3,900	-
5.3 Bank overdrafts	-	-
5.4 Other (share application funds held)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,167</b>	<b>4,615</b>

**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	210
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**

*Add notes as necessary for an understanding of the position*

	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.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>9. Estimated cash outflows for next quarter</b>		<b>\$A'000</b>
9.1	Exploration and evaluation	(565)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(178)
9.5	Administration and corporate costs	(185)
9.6	Other	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(928)</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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	-Nil	-N.A.	-N.A.	-N.A.

### 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: James Searle  
(Managing Director)

Date: 30 April 2019

### 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.