

31 October 2018

QUARTERLY OPERATIONS REPORT TO 30 SEPTEMBER 2018

TITANIUM SAND LIMITED (“Company”)

CORPORATE

Titanium Sands Limited shareholders approved the acquisition of Srinel Holdings Ltd at its Annual General Meeting held on the 24 January 2018. The transaction will see the acquisition of Srinel Holdings Limited which holds five exploration licences covering 166km² that constitute the Mannar Island Heavy Mineral Sands Project in Sri Lanka.

Titanium Sands Limited issued a prospectus on 29 March 2018 (followed by a supplementary prospectus on 21 June 2018 and a second supplementary prospectus on 19 September 2018) (together referred to as the “**Prospectus**”) to raise \$6 million. 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.

The Company confirms that funds totalling \$6 million have been raised under the Prospectus with the Company now seeking re-admission to the official list of ASX on re-compliance with Chapters 1 & 2 of the ASX Listing Rules.

OPERATIONS

SRI LANKAN MINERAL SANDS PROJECT

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 suite are being undertaken.

The results of the December Quarter drilling have been compiled into a data base that along with the mineralogical analyses will be used to update the Mannar Island resources.

The Company looks forward to completing the work necessary for an updated mineral resource statement and then to progress with evaluating the major exploration potential of the project both adjacent to the known mineralisation and immediately underlying beneath the water table.

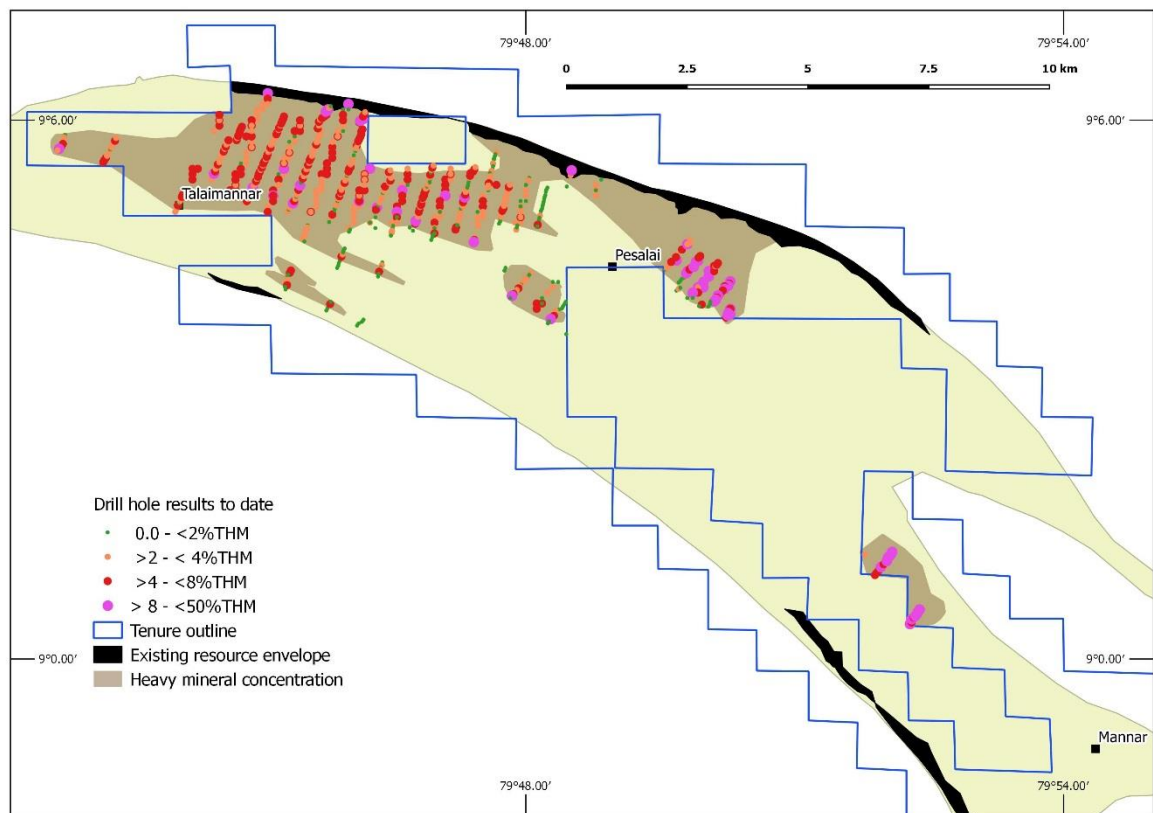


Figure 1 Summary illustration of 2016 and 2017 drilling assay results received to date, with weighted average (Total Heavy Mineral) THM% for each drill hole based on all samples and no lower cut off. The existing resource envelope refers to the previously reported JORC standard resource *.

**An initial JORC inferred mineral resource of 10.3 Mt with total heavy mineral (THM) of 11.7% compiled by independent consultants 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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	-	-
(e) administration and corporate costs	(37)	(37)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(1)
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	(38)	(38)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
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	-	-
3.5	Proceeds from borrowings	28	28
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (funds received under prospectus)	10	10
3.10	Net cash from / (used in) financing activities	38	38

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	561	561
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(38)	(38)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	38	38
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	561	561

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	3	13
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (share application funds held)	558	548
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	561	561

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

**Current quarter
\$A'000**

-

-

7. Payments to related entities of the entity and their associates

- 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

**Current quarter
\$A'000**

-

-

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.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(744)
9.2 Development	(226)
9.3 Production	-
9.4 Staff costs	(84)
9.5 Administration and corporate costs	(356)
9.6 Other - ASX re-compliance, notice of meeting and related costs	(525)
9.7 Total estimated cash outflows	(1,935)

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	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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:



(Director)

Date: 31 October 2018

Print name: Jason Ferris

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.