



ASX RELEASE

28th October 2022

TITANIUM SANDS LIMITED

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Ticket

ASX: TSL

QUARTERLY OPERATIONS REPORT TO 30th SEPTEMBER 2022

- Resource infill and extension drilling program completed
- Results received to date continue to confirm continuity of mineralisation
- Placement to sophisticated investors to raise \$1,500,000

RESOURCE CONVERSION AND EXTENSION DRILLING

As previously reported¹ a 315 hole RC/aircore resource infill and extension drilling program was completed at the Mannar Heavy Mineral Project in Sri Lanka (Figure 1). The primary objective of the drilling was to convert more of the current defined resources from an inferred to indicated mineral resource category by decreasing the RC aircore drill line separation from a nominal 400m to 200m.

The program was contained within the Company's high grade resource zone as outlined in the initial scoping study² (Figures 1, 2 and 3). This high-grade zone contains a mineral resource of 93Mt at 5.24%THM of which 32% is in the indicated category (Table 2). It represents 35% of the total current mineral resource estimate for the project of 265Mt at 4.38%THM (Table 3)³. The results from this program will be used to provide an updated resource statement of this high grade resource zone that will form the basis for a more advanced scoping study analysis.

In addition, 33 holes were drilled beneath the 2 square kilometre high grade resource zone previously only drilled to 2-3m. All except 2 of the 33, 12m RC aircore holes in this zone have returned intercepts of 2-9% THM below the shallow resource.

Of the 315 holes drilled in the completed program, THM results have now been received from a total of 128 drill holes. Drill hole collars and results received to date from this drilling program have been reported in full in ASX announcements^{4, 5}.

All samples are now in the analytical laboratory in South Africa and the remainder of the Total Heavy Mineral (THM) results are being processed as quickly as possible and are expected to be completed over the next 4 to 6 weeks. To expedite incorporating the drilling results into a revised resource statement, mineralogical analyses of the Total Heavy Mineral assemblages are being conducted in batches rather than on completion of all the THM analyses.

SRI LANKAN ECONOMIC AND POLITICAL SITUATION

The Sri Lankan economy has been experiencing major disruptions due to a worsening of the national accounts over the last 2 years caused by government policies and major impacts on the large tourism sector caused by covid-19. Political protests began in April 2022 demanding the resignation of the government. Food inflation increased to an annual rate during August this year of 93.7% and year on year inflation to 64.3% (<https://www.worldbank.org/en/country/srilanka/overview>).

A new president was appointed in July 2022, but political tensions remain elevated.

However, there are signs that the political situation has begun to stabilize, with the appointment of ministers from a range of political parties. This will enable more orderly negotiations with sovereign debt holders and the IMF to plan a path out of the current crisis.

Sri Lanka has a robust multiparty parliamentary system and civil and military institutions continue to operate all be it with financial restraints. Public unrest directed at the previous ruling coalition decreased with government resignations and civil order is now being maintained.

CORPORATE

During the quarter the Company finalised a placement via sophisticated investors⁶, the subscribers to the Placement were offered 2 free attaching unlisted options subject to shareholder approval, exercisable at \$0.023 and expiring 3 years from the date of issue for every placement share subscribed, being a total of 272,727,274 Options. Also during the quarter the Company concluded the institutional investment with the US based institutional investor⁷ through the payment of \$535,000 cash and the issue of 10,575,000 shares.

COVID-19 IMPACT ON OPERATIONS

Covid-19 rates of infection in Sri Lanka have been declining since September 2021 with short periods around March and August 2022 where there was minor resurgences in infections. Presently Sri Lankan Ministry of Health data shows new daily infection numbers in single digits (***SL Ministry of Health*** https://www.epid.gov.lk/web/images/pdf/corona_virus_report/sitrep-sl-en-24-10_10_22.pdf). Omicron remains the dominant Covid-19 variant.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	16.96	29.51	7.25	0.75	20.39	3.25	0.62	0.1	0.12	0.9
Inferred	36.07	63.05	4.29	0.99	25.10	1.80	0.33	0.07	0.08	0.47
Total	53.03	92.56	5.24	0.92	23.60	2.27	0.42	0.08	0.09	0.61

Table 1 Mineral resource estimate for a higher grade zone contained within the resources tabulated below for a 2% (THM) lower cut off. Previously reported to the ASX in full compliance with the JORC 2012 requirements see compliance note below

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	37.78	66.14	5.54	0.83	11.63	2.48	0.46	0.1	0.1	0.51
Inferred	113.62	198.79	3.99	1.06	17.56	1.77	0.3	0.08	0.1	0.3
Total	151.4	264.93	4.38	1.00	16.08	1.95	0.34	0.08	0.10	0.35

Table 2 Mineral Resource Estimate based on a lower cut off of 2% (THM). Previously reported to the ASX in full compliance with the JORC 2012 requirements see compliance note below

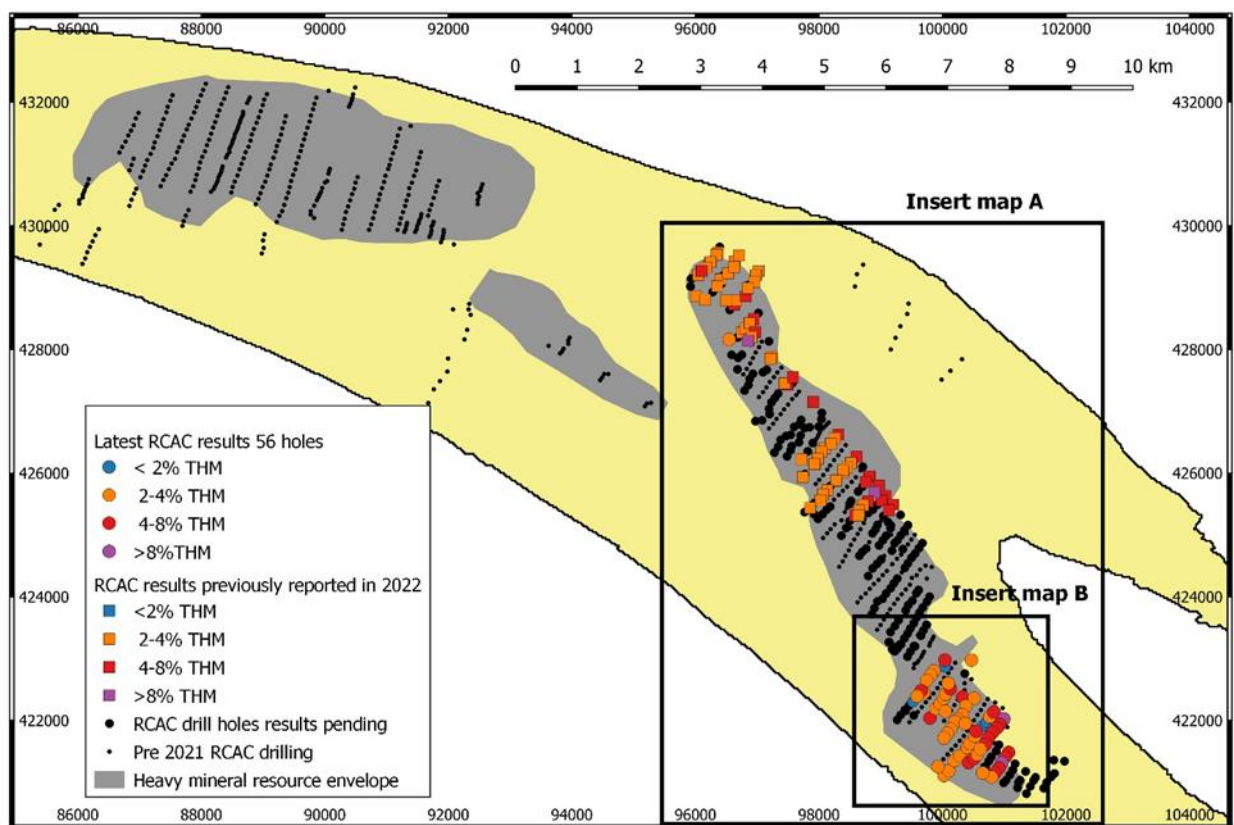


Figure 1 RC-aircore drilling prior to the end of 2019 and the current program and results to date

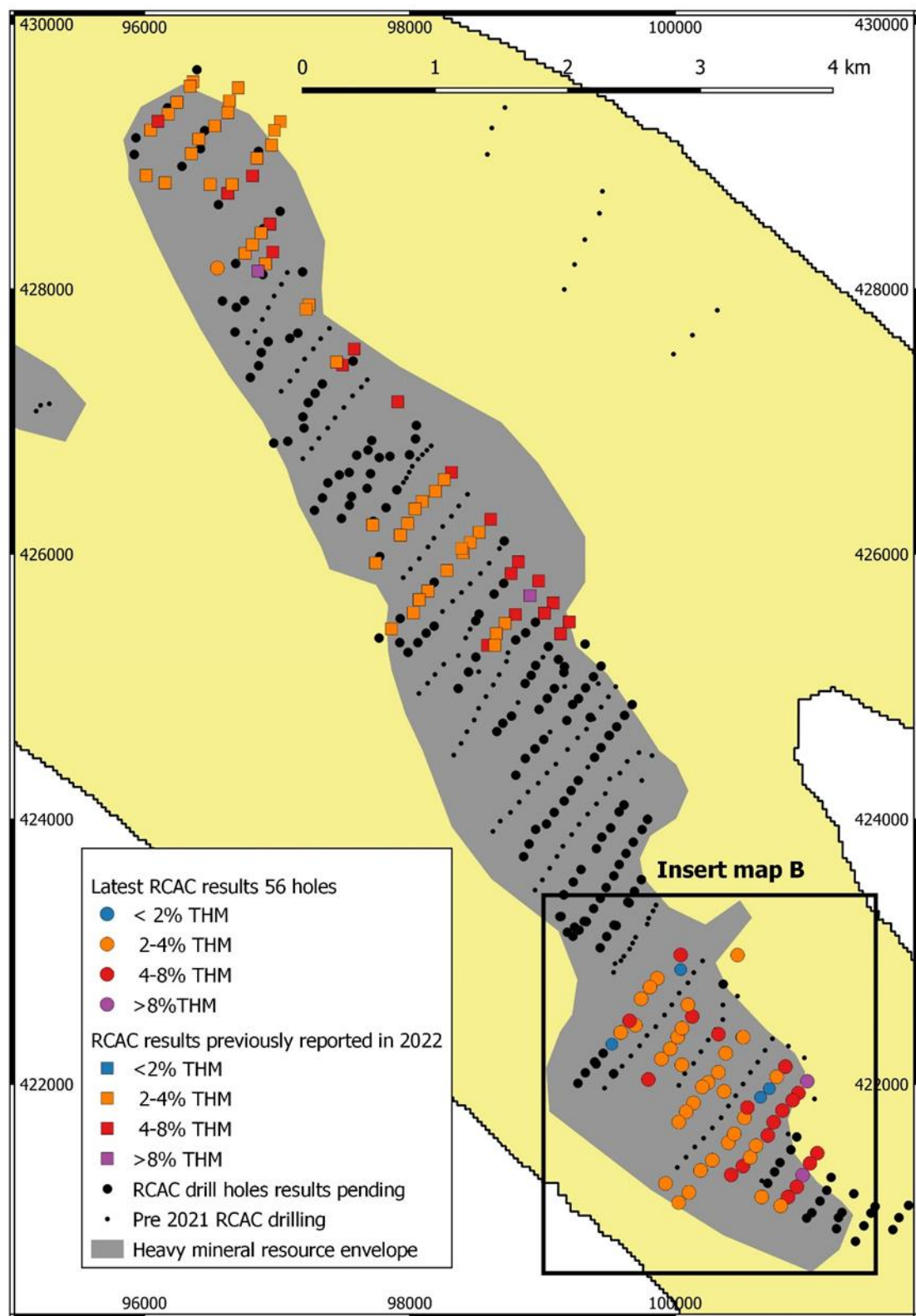


Figure 2 Insert Map A from Fig 1 above Results from the current RC-aircore program received to date and latest results Insert map B

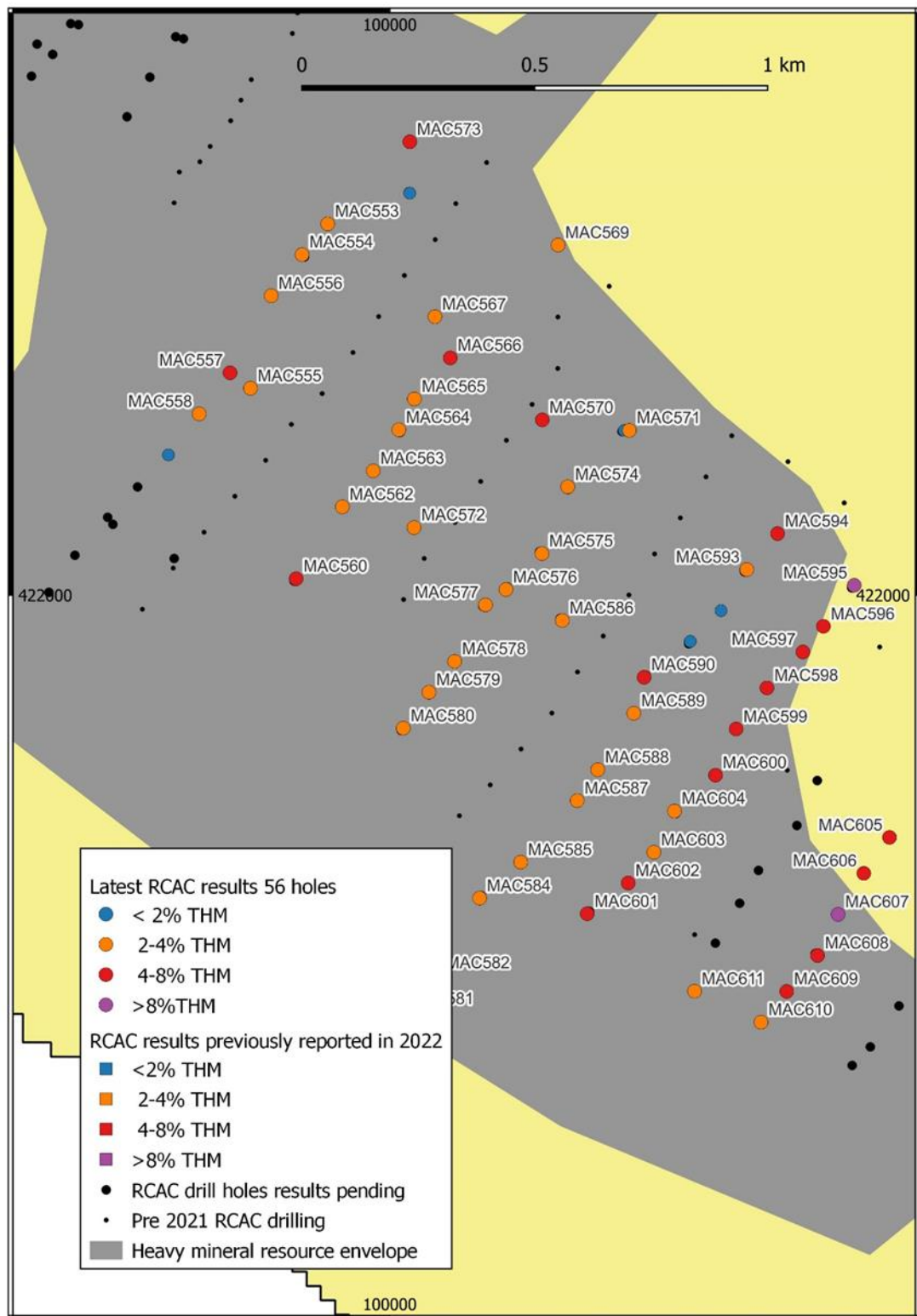


Figure 3 Insert Map B from Figs 1 and 2 showing latest drilling results

TENURE

During the September Quarter the tenure holdings remained unchanged. TSL's 5 most important exploration licences are compliant and current until at least mid-2023 (Table 1).

Exploration Licence	Holder	EL	Validity	Area	Status
EL 370	Kilsythe Exploration (PVT) LTD	4/05/2021	3/05/2023	31km ²	Current
EL 351	Sanur Minerals (PVT) LTD	13/12/2021	12/12/2023	15km ²	Current
EL 425	Sanur Minerals (PVT) LTD	19/11/2021	18/11/2023	10km ²	Current
EL 423	Orion Minerals (PVT) LTD	15/11/2021	14/11/2023	5km ²	Current
EL 424	Orion Minerals (PVT) LTD	15/11/2021	14/11/2023	8km ²	Current
EL 180/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	45km ²	Renewal Pending
EL 182/R/3	Applex Ceylon (PVT) LTD	5/03/2019	4/03/2021	26km ²	Renewal Pending
EL 371	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	4km ²	Renewal Pending
EL 372	Hammersmith Ceylon (PVT) LTD	26/02/2018	25/02/2020	51km ²	Renewal Pending
			Total	195km ²	

Table 1 Mannar Island Project tenure

PAYMENTS TO RELATED PARTIES

The total amount paid to related parties of the Company and their associates, as per item 6.1 and 6.2 of the attached Appendix 5B was \$109k and \$15k respectively. These payments are for Directors fees, salaries and superannuation during the quarter.

OTHER ASX REQUIREMENTS

ASX Listing Rule 5.3.1: Exploration and Evaluation expenditure during the Quarter was \$223k focussed on preparation and commencement of the resource infill and extension drilling program.
ASX Listing Rule 5.3.2: There were no mining production and development activities during the Quarter.

Ends-

The Board of Directors of Titanium Sands Ltd authorised this announcement to be given to ASX.

Further information contact:

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COMPLIANCE STATEMENTS

Previously Reported Exploration Results and Mineral Resources

This report includes information (Tables 1, 2 and 3) 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: Released to the ASX 24/9/2020 "Project update and garnet added to resource estimate" and released to the ASX 28/4/2022 "Resource Infill and Extension Drilling Encouraging First Results". 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 announcement and, in the case of estimates of the Company's 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.

Competent Persons

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 foot notes for reference

This report includes information that relates to announcements previously made to the ASX including 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:

¹ ASX Announcement : 25th August 2022 Mannar Island Drilling Program Completed.

² ASX Announcement : 16th June 2020 Scoping Study Confirms Potential for Major Dredging Project.

³ ASX Announcement : 24th September 2020 Project Update and Garnet Added to Resource Estimate.

⁴ ASX Announcement : 19th October 2022 Consistent Results from Infill and Extension Drilling.

⁵ ASX Announcement 29th April 2022 Resource Infill and Extension Drilling Encouraging First Results.

⁶ ASX Announcement : 2nd August 2022 Placement.

⁷ ASX Announcement : 19th August 2022 Conclusion of Institutional Investment

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Titanium Sands Limited

ABN

65 009 131 533

Quarter ended ("current quarter")

30 September 2022

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	(168)	(168)
	(e) administration and corporate costs	(128)	(128)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(295)	(295)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(223)	(223)
	(e) investments	-	-
	(f) 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) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to 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	(223)	(223)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,511	1,511
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(123)	(123)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)		
	Termination of institutional investment	(535)	(535)
3.10	Net cash from / (used in) financing activities	853	853

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	534	534
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(295)	(295)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(223)	(223)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	853	853

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	869	869

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	869	534
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	869	534

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	109
6.2	Aggregate amount of payments to related parties and their associates included in item 2	15
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(295)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(223)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(518)
8.4 Cash and cash equivalents at quarter end (item 4.6)	869
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	869
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No, the Company has finished exploration and onsite lab work so expects expenditure to decrease in the coming quarter whilst the Company progresses the mining licence, foreign investment approval and environmental impact assessment application processes.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, the Company will continue to monitor use of funds and consider its fundraising options and expects to be successful based on previous capital raises.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, for the reasons noted in 8.8.2 above.	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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.

Date: 28 October 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.