



**TITAN MINERALS LIMITED
(ACN 117 790 897)**

**Financial Report
Half year report for the six months ended 30 June 2019**

Corporate Directory

Directors

Michael Hardy
Laurence Marsland
Matthew Carr
Nicholas Rowley

Company Secretary

Zane Lewis

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Share Registry

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ASX Code

TTM

Australian Company Number

ACN 117 790 897

Auditors

Stantons International Audit and Consulting Pty Ltd
Level 2, 1 Walker Avenue
West Perth
Western Australia 6005

Australian Business Number

ABN 97 117 790 897

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Directors Report

The Directors of Titan Minerals Limited (the Company or Titan Minerals) present their report together with the financial report of the Group (being the Company and its subsidiaries) for the financial half-year ended 30 June 2019 and the auditor's report. The use of the words Company and Group are interchangeable for the purposes of this report and the financial report.

1. Directors' Information

The directors and company secretary of the Company at any time during or since the previous annual report were as follows:

1.1. Directors and Company Secretary

Michael Hardy – appointed as director on 15 July 2019, current.

Laurence Marsland – appointed as director on 15 July 2019, current.

Matthew Carr – appointed as director on 3 February 2017, current.

Nicholas Rowley – appointed as a director on 9 August 2016, current.

Robert Sckalor – appointed as director on 7 August 2017, resigned 15 July 2019

Cameron Henry – appointed as director on 8 August 2017, resigned 15 July 2019

Zane Lewis – appointed as company secretary on 11 August 2016, current.

2. Principal Activities

The Group's principal activities during the course of the financial year were the operation of the Vista gold toll treatment operation in Peru. The Company also progressed activities on gold exploration concessions and completed reconnaissance scale work towards development and acquisition of a portfolio of gold and copper projects in South America, with a focus on the Andean Terrane.

3. Operating Results

The loss from continuing operations of the Group for the half-year ended 30 June 2019 amounted to \$2,997,251 (30 June 2018: loss of \$1,996,479).

4. Significant changes in the state of affairs and review of operations

The following significant changes in the state of affairs of the Consolidated Entity occurred during the financial period:

Corporate

On 14 January 2019 Titan executed a binding Earn-In Agreement with Management Environmental Solutions S.A, a privately held Peruvian company, ("Vendor") to acquire up to an 85% ownership interest in the Las Antas Gold Project in southern Peru. Upon the satisfaction of certain conditions, the Company will be granted an exclusive option to acquire an initial ownership interest of 60% in the Las Antas Gold Project and further options to acquire up to an additional 25% ownership interest in the Las Antas Gold Project (being a total of up to an 85% interest in the Las Antas Gold Project).

On 25 March 2019, Titan announced successfully closing a US\$3 million private placement with Core Gold Inc. ("Core Gold"), as part of an amendment to a proposed merger (refer to ASX announcement dated 12 March 2019). To facilitate, Titan entered into a secured debt facility with a group of sophisticated and professional investors (Loan Facility). The Loan Facility makes available to Titan up to US\$3,000,000 of financing and Titan has drawn down the full amount in order to purchase 9,151,363 common shares of Core Gold on a private placement basis at a price of C\$0.44 per share.

On 23 April 2019, Titan executed a binding agreement ("Cession Agreement") for an exclusive right to hold title and operate a 100% interest in the Coriorcco Gold Project located in Southern Peru ("Project"). The Cession Agreement is for a 10-year term, with an option to extend for eight years, pursuant to which payments

include a US\$100,000 advance to be offset against future production payments fixed for the first three years for any gold production from the Project and production payments subsequently varying with gold grade in accordance with the key terms outlined in the ASX Announcement dated 23 April 2019.

On 15 July 2019, Mr Michael Hardy and Mr Laurence Marsland were appointed as directors of Titan Minerals Limited, and Mr Robert Sckalor and Mr Cameron Henry resigned as directors of Titan Minerals Limited.

Mr Hardy is a graduate of the University of Western Australia with degrees in Arts and Law. He has practised as a barrister and solicitor for 40 years, having been a partner of Robinson Cox (subsequently Clayton Utz) from 1983 to 2002 before establishing the firm Hardy Bowen in 2002. Mr Hardy is a former Chairman and Director of Fleetwood Corporation Limited and is presently a Board member of WA Country Health Service.

Mr Marsland brings more than 35 years of technical experience in mining project evaluation, development and implementation to the Company. Mr Marsland spent a number of years with Minproc Limited in Australia and the USA before joining Laguna Gold Company where he was the Chief Executive Officer, President and a director. Mr Marsland was also the Executive Vice President and Chief Operating Officer of Dundee Precious Metals Inc.

Mr Marsland is a graduate of the Western Australia Institute of Technology where he completed a Bachelor of Applied Science in Mechanical Engineering and is a graduate of the Stanford Sloan Fellows Program at the Stanford University Graduate School of Business where he completed a Master of Science in Management degree. Mr Marsland is a Fellow of the Institution of Engineers Australia, a Chartered Professional Engineer and is presently a director of Toro Gold Limited.

Vista Plant Commissioning

On 9 January, the Company announced receipt of its environmental permitting approval for the Vista Gold Plant, and commenced dry commissioning and subsequent pre-operational trials of the Vista operations.

On 28 February the Company completed dry commissioning and commenced operational tests and initiates wet commissioning of its gold recovery system while awaiting completion of a final inspection by the Direccion Regional De Energia Y Minas (The Regional Energy and Mines Department, or "DREM") for issue of the final operator's permit ("Concession of Benefit" / Concesión de Beneficio) required for full commercial production.

On 27 May 2019, the Company announced that the DREM granted the Concession of Benefit required for operation of the Vista Gold plant located on the private land holding in the District of Vista Alegre, Province of Nasca and Department of Ica, in Southern Peru ("Vista Gold Plant").

The Concession of Benefit licence to operate the Vista Gold Plant provides for the construction and operation of a mineral processing facility with up to 350 tpd processing capability and a tailing pond. The Concession of Benefit was granted following an exhaustive and thorough inspection and review period with DREM, including review of the Company's operating history; and receipt of the requisite environmental permitting approvals.

Core Gold Merger Summary

On 25 February 2019 Titan and Core Gold Inc (TSX-V: CGLD, OTCQX: CGLDF) ("Core Gold") announced that the companies entered into a binding arrangement agreement pursuant to which Titan would acquire all of the issued and outstanding Core Gold common shares by way of a share exchange (the "Merger").

During the reporting period, Titan was successful in securing firm commitments for a fully underwritten \$20M placement (refer to ASX release dated 4 June 2019) as a condition precedent for the proposed merger between Titan and Core Gold in accordance to the binding arrangement agreement announced 25 February 2019 and subsequently amended by an amending agreement dated March 10, 2019 (as amended, the "**Arrangement Agreement**").

On 12 June, Core Gold securityholders voted in favour of the Merger, pursuant to a statutory plan of arrangement under the Business Corporations Act (British Columbia). (Refer to Core Gold's announcement

dated 12 June 2019 which can be obtained at Core Gold's website <https://www.coregoldinc.com> and on SEDAR <https://www.sedar.com/>).

On 14 June, Titan shareholders also voted in favour of the Arrangement Agreement and related share placement.

Subsequent to the reporting period, the British Columbia Supreme Court declined to approve Core Gold's proposed transaction with Titan concluding that Core had failed to satisfy its burden of proof in establishing that the transaction was fair and reasonable. Refer to Core's announcement dated 4 July 2019 which can be obtained at Core's website <https://www.coregoldinc.com> and on SEDAR <https://www.sedar.com/>.

On 19 July, both parties agreed to terminate the Arrangement Agreement in respect to the proposed acquisition (and have released each other from all obligations and liabilities). Having regard to this, the underwriting arrangement with Canaccord Genuity (Australia) Limited ("**Canaccord**") has also been terminated as this coincided with the Arrangement Agreement with Core.

Share consolidation

On 26 June 2019, the Company completed a 10 to 1 share consolidation approved by shareholders on 14 June 2019.

Operational Report

Titan continues to advance its development strategy for the gold treatment arm of its business focused in the Southern Peru region within the highly prospective Andean Terrane. Complimentary to the current ore processing capability sourced from licenced miners in the region, the Company has an ongoing process to develop a land position with mine development potential to provide Company generated feed to the centralised Vista Gold Plant and progresses a regional reconnaissance program

Vista Gold Plant - Peru

The Vista Plant is located approximately 470km south of Lima in the Ica Province of the Nasca region of southern Peru and conveniently located a few kilometres off the Panamerican highway and connected to the regional power distribution grid. The Plant has a nameplate capacity of 150 tonnes per day and can generate up to 90 ounces of gold per day based on monthly average grades ranging from 17.5 g/t to 24.4g/t gold.

Following the grant of a final operator's permit ("Concession of Benefit" / Concesión de Beneficio) in late May from the Direccion Regional De Energia Y Minas (The Regional Energy and Mines Department, or "DREM") the plant commenced processing gold bearing material stockpiled at the plant at a targeted start-up rate of 80tpd and the Vista Plant has realised gross sales of gold totalling 2,074 ounces in the reporting period.

The Vista Plant has successfully completed all requisite physical inspections for safety and environmental aspects of the operations required by the DREM. The Vista Plant currently employees over 70 staff, and the operational team is 100% comprised of Peruvian nationals. Vista successfully achieved commercial operations with no safety or environmental incidents during the start-up of operations and will actively work with the DREM to maintain a high operational standard to maintain integrity of both the environment and occupational health and safety of the Vista Plant's workers.

The Vista Gold Plant has been designed to increase its capacity to its full permitted capacity of 350 tons per day with minimal capital outlay, when warranted by supply of ore. The team intends to acquire and process high grade ore from licensed artisanal miners in the region in the near term and utilise the Vista Gold Plant's additional capacity to advance a mine development strategy for the company and process any ore mined from several projects identified with mine development potential for providing significant synergies to the group.

In the 12-month period ending December 2018 the Andina subsidiary acquired by Titan in the reporting period processed 13,900 tonnes of gold bearing material averaging 17.0g/t gold. The Company produced 6,957 oz of gold and 8600 oz silver totalling US\$8,922,000 in metal sales with an average realised gold price of US\$1,264 per oz.

In the 6-month period ending June 2019 the Company produced 1,962 ounces continues to source ore from licensed miners in the region and the supply chain for mineralised material for the gold toll treatment arm of the Company has successfully been consolidated to a single location. Focus of the ore purchasing and processing.



Figures 1 | *Vista Gold Plant – Leach Tanks for gold recovery*

Coriorcco Gold Project – Peru

Coriorcco is an early stage exploration project with no previous drilling located adjacent to the Company's Las Antas project Earn-in. Coriorcco is accessible by paved road to within 5km of the Project area and located 80km east of Titan's wholly owned Vista Gold Plant, and is positioned well within trucking distance of Vista and is well suited for development of high-grade, low-tonnage mine development work that can be transported for beneficiation at the Vista Plant.

The Company has commenced work on various permitting requirements to concurrently drill and access the shallow mineralization in the existing historical underground development areas within the target area for bulk sampling. Planned work will initially focus on defining and developing the potential to deliver mineralized material to the Vista Gold Plant in the short term for beneficiation test work, with the intention to predominantly fund exploration work in support of the Vista Plant from the cash flow generated by the existing processing capability of the Company in Peru.

The Project is located within the Oligocene-Pliocene gold-silver Belt of Southern Perú, which contains various precious metal deposits including the Ares Mine (1.2Moz Au & 15Moz Ag) and the Antapite Mine (600koz Au), and it is one of multiple zones of high-grade vein gold mineralization in the mining district surround the extensive alteration footprint of the Company's nearby Las Antas Gold Project.

Coriorcco is a drill-ready project with potential to provide high-grade gold ore feed to the Company's Vista Gold Plant, initially targeting a number of outcropping veins with historical development on quartz veins with 0.8 to 2.5m mineable widths in previous mining, which are mined from historical underground workings and exposed at surface in a few locations.



Figure 2 | Location map – Titan project within trucking distance of the Company’s Vista gold processing facility.

Las Antas Gold Project – Peru

The Las Antas gold project (“Las Antas Project”) is an early stage exploration project located in the Lucana Province of the Ayacucho region of southern Peru.

Titan is currently progressing environmental permitting authorisation to commence a maiden drilling program on targets defined from historical surface geochemistry and geophysical survey work. Titan anticipates such work to be completed in Q4 2019 with the objective of identifying sub-surface mineralisation that could merit continued exploration for potential resource delineation and estimation work.

Accessible by paved road to within 8km of the project, Las Antas is located 80km east of Peru’s prominent Pan American highway, and can be accessed by driving 408km south of Lima on the Pan American highway, followed by a 100km drive east on the Interoceanic highway towards the city of Puquio and a further 8km drive along a dirt road off the Interoceanic highway.

The Las Antas Project covers 2,000 ha across 2 mineral concessions located in the San Cristóbal district at elevations of 3,900 to 4,100 m above sea level. Titan holds an exclusive option to acquire up to an 85% interest in the Las Antas Project. Titan considers the Las Antas Project to be an important step towards Titan’s objective of generating multiple opportunities with potential to provide high-grade gold ore feed to the Vista Plant.

The Las Antas Project has received early stage modern exploration techniques, with non-systematic geophysical coverage completed in historical exploration activity from 1995 through 1998 under a joint venture between Hochschild and Anaconda. The project area has seen only limited shallow reconnaissance RC drilling before exploration abruptly ceased in 1998.

Further details of the geological setting and exploration history can be found in the Company’s ASX release dated 12 September 2018.

Las Antas Project - Highlights

Las Antas is located within the prolific epithermal gold belt of Southern Peru (Refer to Figure 2) which contains various precious metal deposits including the Ares Mine (1.2Moz Au & 15Moz Ag) and the Antapite Mine (600koz Au). The Las Antas project itself hosts significant exploration potential for stand alone, bulk tonnage, disseminated style gold mineralization, and provides the Company with a key foothold into a broader district containing multiple high-grade gold-silver veins.

Accessible by paved road to within 8km of the project, Las Antas is 80km East of Peru's prominent PanAmerican Highway and well within trucking distance of the Company's Vista Gold Plant.

The local mining district contains multiple high-grade gold and silver veins located proximal to key prospects within the Las Antas project. Las Antas is an important step towards the Company's objective of generating multiple opportunities with potential to provide high-grade gold ore feed to the centralized Vista Gold Plant. The Company is currently completing progressing environmental permitting authorisation to commence a maiden drilling program on targets defined from historical surface geochemistry and geophysical survey work anticipated to be completed in the December quarter of 2019.

Las Antas Earn-in Agreement – Key Terms

Titan, through a wholly owned Peruvian subsidiary, has executed the Earn-in Agreement to acquire up to an 85% interest in the Project owned by Management Environmental Solutions S.A. ("**Vendor**"), a privately held Peruvian company. The key terms of the Agreement are as follows:

- The Vendor has granted Titan an exclusive right to acquire 60% interest in the Project ("**Earn-In Option**") by completing at least US\$2,000,000 in exploration expenditure within 2 years of receiving all permitting requirements to commence undertaking of exploration activities on the Project ("**Earn-in Obligation**").
- Upon completion of the Earn-In Obligation, Titan will have a period of 60 days within which it may elect to exercise the Earn-In Option. If Titan elects to exercise the Earn-In Option, it must deliver a notice to the Vendor and, within 30 days of delivery of such notice, pay the Vendor an amount of US\$450,000.
- Upon Titan acquiring the initial 60% interest in the Project, Titan and the Vendor will establish a Joint Venture to govern the future conduct of activities in relation to the Project ("**Joint Venture**"), with Titan holding a 60% initial interest in the Joint Venture.
- Upon the date on which a pre-feasibility study is first delivered in relation to the Project ("**Pre-Feasibility Date**"), Titan's interest in the Joint Venture and the Project will be increased by 10%. Titan will be solely responsible for funding the pre-feasibility study.
- Separately, Titan will have an option ("**Buying Option**") to purchase an additional 15% interest in the Joint Venture and the Project from the Vendor in three tranches as follows:
 - Tranche 1: Titan can purchase a 5% interest in the Joint Venture and the Project at any time before the Pre-Feasibility Date by paying to the Vendor US\$500,000;
 - Tranche 2: Titan can purchase a 5% interest in the Joint Venture and the Project at any time within 60 days following the making of a decision to mine in relation to the Project by paying to the Vendor US\$1,000,000 (provided this must occur within 5 years of the Pre-Feasibility Date); and
 - Tranche 3: Titan can purchase a 5% interest in the Joint Venture and the Project at any time within 60 days following the commencement of commercial production in relation to an operating mine on the Project by paying to the Vendor US\$1,000,000,with Titan's right to exercise any tranche applying irrespective of whether it has previously exercised any other tranche.
- The Vendor to retain a 15% non-diluted interest in the Project subject to financing by the Joint Venture subsequent to the pre-feasibility study.
- The Vendor's contributions to the Joint Venture following the Pre-Feasibility Date will be covered by loan funding from Titan.
- At all times following the formation of the Joint Venture, Titan will retain a first right of refusal over the Vendor's interest in the Project.

Torrecillas Gold Project – Peru

The Torrecillas gold project is an early stage exploration project situated in the Caraveli Province of the Arequipa Region of Peru (the “Torrecillas Project”). The project can be accessed by driving 617km south from Lima on the prominent PanAmerican highway to the city of Chala, then driving 50km east on an unimproved gravel road. The project covers 7,000 ha across 14 mineral concessions located in the Chaparra and Quichacha districts at elevations of 2,500 to 3,200 m above sea level. Titan holds a 100% interest over the Torrecillas Project and the Torrecillas Project remains subject to streaming agreements.

Titan completed a detailed mapping and surface geochemical sampling campaign in 2018, which yielded a revised structural interpretation for the area and identified several new, early stage vein targets and vein extensions for potential follow-up drilling (Refer to the ASX release dated 12 July 2018).

The Company’s geological team identified additional vein systems in the reported exploration activity for assessment and highlighted increasing vein density within known high-grade vein corridors. Four vein zones have been identified for potential follow-up work based on strike extent and continuity of high grade results, including the Rebeca, Preciosa and Ady-Oly vein corridors, with each target area containing multiple veins across substantial vein corridor widths and ranging from 1.8 to 2.7km in strike extent.

Maiden drill testing on areas identified for further exploration activity from preliminary mapping remain subject to requisite environmental permitting approvals as required under Peruvian Law. The targets will be assessed and ranked against other targets generated in 2019 acquisition work and an update to planned work for the Torrecillas Project will follow.

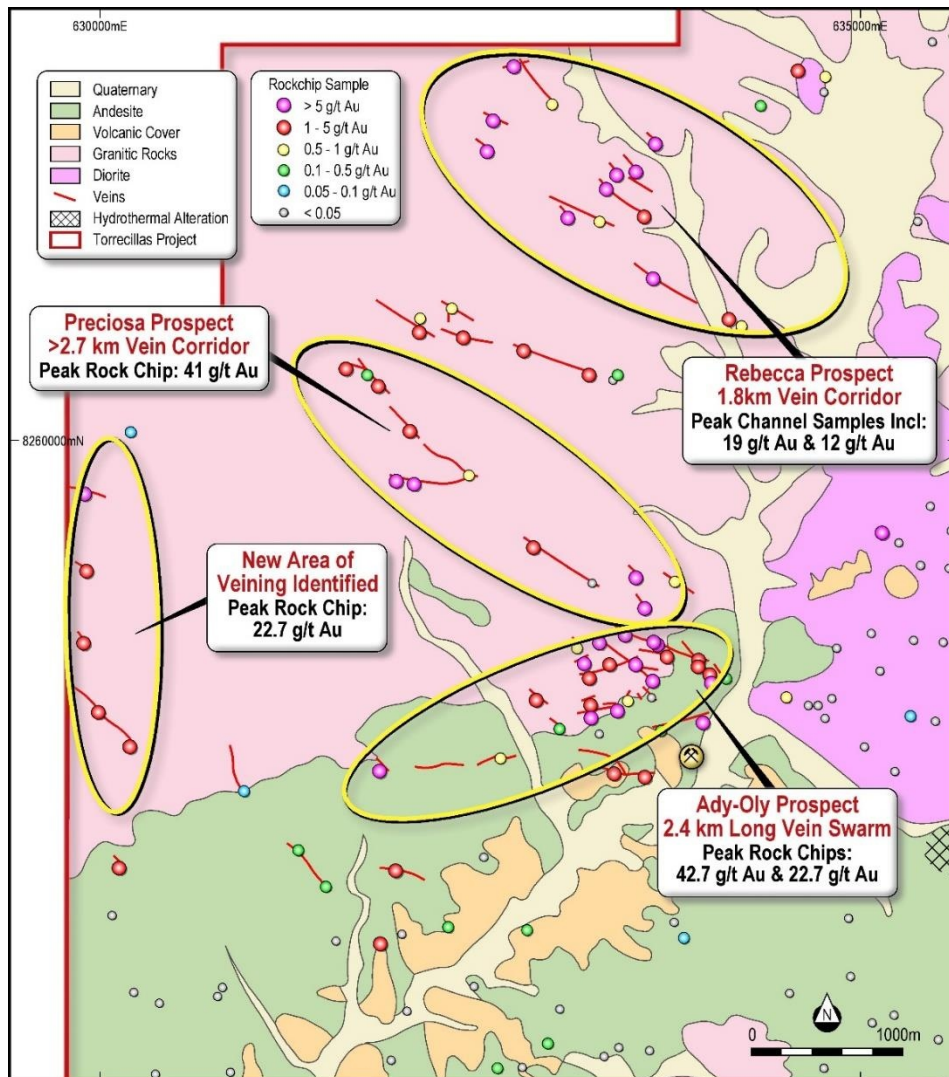


Figure 3 | Location of prioritised high-grade gold target areas at Torrecillas Project in Peru with reported surface sampling locations

5. Events Subsequent to Reporting Date

There has not been any matter or circumstance, except for those matters referred to in Note 21 to the Financial Statements or noted above, that have arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of the operations, or the state of the affairs of the Group in the future financial years.

6. Lead Auditor's Independence Declaration

The Lead Auditor's Independence Declaration is set out on page 9 and forms part of the Directors' Report for the financial half-year ended 30 June 2019.

Signed in accordance with a resolution of the directors.



Matthew Carr
Executive Director
15th day of September 2019
Perth, Western Australia

15 September 2019

Board of Directors
Titan Minerals Limited
Suite 6, 295 Rokeby Road
SUBIACO WA 6008

Dear Sirs

RE: TITAN MINERALS LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Titan Minerals Limited.

As Audit Director for the review of the financial statements of Titan Minerals Limited for the period ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF TITAN MINERALS LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Titan Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Titan Minerals Limited (the consolidated entity). The consolidated entity comprises both Titan Minerals Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Titan Minerals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Titan Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Titan Minerals Limited on 15 September 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Titan Minerals Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

We draw attention to note 2 of the financial report, which describes that the financial report has been prepared on a going concern basis. At 30 June 2019 the Group had net assets of \$15,208,668, cash and cash equivalents of \$2,839,488 and net working capital deficit of \$326,204. The Group had incurred a loss for the period ended 30 June 2019 of \$4,262,448 and had net cash outflows from operating activities of \$2,125,965.

The ability of the Group to continue as a going concern and meet its planned exploration, administration, and other commitments is dependent upon the future profitability of the Peruvian trading subsidiary and/or the future successful funding of its operations through either equity or borrowings and/or successful exploitation of the Group's exploration assets, and/or the sale of their non-core assets. In the event that the Group cannot commence profitable operations, raise further funding, exploit its assets or divest non-core assets, the Group may not be able to meet its liabilities as they fall due or realise its assets in the normal course of business.

Our conclusion is not modified in respect of this matter.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd



Martin Michalik
Director

West Perth, Western Australia
15 September 2019

Directors' Declaration

The Directors of Titan Minerals Limited declare that:

1. As set out in Note 2, except for the effect of opening balances on the Condensed Statement of Profit or Loss and Other Comprehensive Income, the Condensed Statement of Changes in Equity and Condensed Statement of Cash Flows for the period ended 30 June 2019, the Directors are of the opinion that the financial statements:
 - (a) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Group's financial performance for the half-year ended 30 June 2019;
2. in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for on behalf of the Directors by:



Matthew Carr
Executive Director
15th day of September 2019
Perth, Western Australia

Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the half year ended 30 June 2019

	Note	Consolidated Half-year ended	
		30 June 2019 \$	30 June 2018\$
CONTINUING OPERATIONS			
Revenue from contracts with customers	4	4,838,776	-
Cost of sales		(4,382,128)	-
Gross profit		456,648	-
Other revenue		11,103	4,951
Depreciation and amortisation charges	4	(102,719)	-
Administration expenses	4	(2,861,974)	(1,069,402)
Foreign exchange gain/(loss)		79,849	81,450
Finance costs		(460,193)	-
Bad debts		(17,197)	(475,227)
Impairment expense		-	(128,646)
Share based payments		(57,401)	(409,605)
Other expenses		(45,367)	-
(LOSS) BEFORE INCOME TAX EXPENSE		(2,997,251)	(1,996,479)
Income tax expense		-	-
(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		(2,997,251)	(1,996,479)
DISCONTINUED OPERATIONS			
(Loss) / Profit for the period on discontinued operations	5	(1,265,197)	2,754,006
(LOSS) / PROFIT FOR THE PERIOD		(4,262,448)	757,527
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translating foreign operations		(248,551)	245,251
Items that will not be reclassified subsequently to profit or loss			
- Fair value loss on investments in equity instruments designated as at FVTOCI	14	(2,087,764)	-
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD, NET OF INCOME TAX		(2,336,315)	245,251
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE PERIOD		(6,598,763)	1,002,778
EARNINGS PER SHARE (cents per share)			
Basic earnings per share			
From continuing operations		(1.17)	(1.12)
From discontinued operations		(0.49)	1.64
Diluted earnings per share			
From continuing operations		(1.17)	(1.12)
From discontinued operations		(0.49)	1.64

Notes to the condensed consolidated financial statements form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 30 June 2019

		Consolidated	
	Note	30 June 2019 \$	31 December 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	6	2,839,488	5,459,426
Restricted cash	7	1,358,570	-
Trade and other receivables	8	1,836,489	1,367,302
Prepayments		417,538	889,963
Inventories	9	1,336,167	1,081,315
Current tax asset		187,731	825,194
Assets classified as held for sale	10	1,817,341	1,716,454
TOTAL CURRENT ASSETS		9,793,324	11,339,654
NON-CURRENT ASSETS			
Trade and other receivables	8	80,000	80,000
Property, plant and equipment	11	3,083,519	2,540,047
Deferred exploration and evaluation expenditure	12	1,272,713	841,622
Intangible assets	13	11,952,365	12,193,538
Financial assets	14	2,286,598	-
TOTAL NON-CURRENT ASSETS		18,675,195	15,655,207
TOTAL ASSETS		28,468,519	26,994,861
CURRENT LIABILITIES			
Trade and other payables	15	3,435,512	1,074,995
Borrowings	16	6,684,016	1,416,842
TOTAL CURRENT LIABILITIES		10,119,528	2,491,837
NON-CURRENT LIABILITIES			
Trade and other payables	15	119,249	119,249
Borrowings	16	3,021,074	3,542,080
TOTAL NON-CURRENT LIABILITIES		3,140,323	3,661,329
TOTAL LIABILITIES		13,259,851	6,153,166
NET ASSETS		15,208,668	20,841,695
EQUITY			
Issued capital	17	118,034,129	117,125,794
Reserves		1,823,672	4,102,586
Accumulated losses		(104,649,133)	(100,386,685)
TOTAL EQUITY		15,208,668	20,841,695

Notes to the condensed consolidated financial statements form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the half year ended 30 June 2019

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Asset revaluation reserve	Accumulated Losses	Total Equity
Balance as at 1 January 2018	91,050,880	2,825,527	(251,558)	-	(92,576,377)	1,048,472
Loss for the period	-	-	-	-	757,527	757,527
Other comprehensive income for the period, net of income tax	-	-	245,251	-	-	245,251
Total comprehensive income for the period	-	-	245,251	-	757,527	1,002,778
Issue of shares	7,000,030	-	-	-	-	7,000,030
Capital raising costs	(605,483)	-	-	-	-	(605,483)
Recognise vesting of share based payments	-	409,605	-	-	-	409,605
Balance at 30 June 2018	97,445,427	3,235,132	(6,307)	-	(91,818,850)	8,855,402
Balance as at 1 January 2019	117,125,794	4,056,059	46,527	-	(100,386,685)	20,841,695
Loss for the period	-	-	-	-	(4,262,448)	(4,262,448)
Other comprehensive loss for the period, net of income tax	-	-	(248,551)	(2,087,764)	-	(2,336,315)
Total comprehensive loss for the period	-	-	(248,551)	(2,087,764)	(4,262,448)	(6,598,763)
Disposal of treasury shares	908,335	-	-	-	-	908,335
Recognise vesting of share based payments	-	411,726	-	-	-	411,726
Reversal of share based payments	-	(354,325)	-	-	-	(354,325)
Balance at 30 June 2019	118,034,129	4,113,460	(202,024)	(2,087,764)	(104,649,133)	15,208,668

Notes to the condensed consolidated financial statements form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the half year ended 30 June 2019

	Note	Consolidated Half-year ended	
		30 June 2019	30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from gold sales and toll processing		4,980,991	-
Payments to suppliers and employees		(6,914,124)	(1,279,684)
Interest and other costs of finance paid		(192,832)	4,951
NET CASH (USED IN) IN OPERATING ACTIVITIES		(2,125,965)	(1,274,733)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(736,064)	(191,921)
Payments of exploration and evaluation costs		(431,091)	(151,451)
Payment for financial assets		(4,210,617)	-
Loans provided to third parties		-	(1,113,244)
Proceeds from repayments of loans provided to third parties		-	201,785
NET CASH (USED IN) INVESTING ACTIVITIES		(5,377,772)	(1,254,831)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of capital raising costs)		-	6,394,547
Proceeds from the disposal of treasury shares		683,335	-
Proceeds from borrowings		4,218,857	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		4,902,192	6,394,547
Net (decrease) / increase in cash and cash equivalents		(2,601,545)	3,864,983
Cash and cash equivalents at the beginning of the period		5,459,426	2,931,791
Effects of exchange rate changes on the balance of cash held in foreign currencies		(18,393)	(2,142)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6	2,839,488	6,798,916

Notes to the condensed consolidated financial statements form part of these financial statements.

Notes to the Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

Titan Minerals Limited is a for-profit listed public company, incorporated in Australia and operates in Australia (corporate office) and in South America. The Group's registered office is in Suite 6, 295 Rokeby Road, Subiaco, WA 6008 Australia.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose condensed financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

The financial statements were authorised for issue by the Directors on 15th September 2019.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise noted.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss of \$4,262,448 (2018: net profit \$757,527), had a net operating cash outflow of \$2,125,965 (2018: \$1,274,733) and a net investing cash outflow of \$5,377,772 (2018: \$1,254,831) for the period ended 30 June 2019.

The Consolidated Entity is currently in a working capital deficit position of \$326,204 (31 December 2018: surplus \$8,847,817).

The directors have prepared a cash flow forecast, which indicates that Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Included in the forecast are capital raisings expected to be completed with the next 12 months.

The Directors are confident that the Group has sufficient cash to fund its activities within the next 12 months from the date the financial statements are approved and will be able to meet existing commitments as they fall due. The Directors will also continue to carefully manage discretionary expenditure in line with the Group's cashflow.

Should the Group not achieve additional funding required, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Adoption of new and revised accounting standards

The financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year end 31 December 2018, except for the below:

The Group has adopted AASB 16: *Leases* from 1 January 2019. The below denotes the impact (if any) on the Group's financial report:

Adoption of AASB 16: Leases

The Group has adopted AASB 16: *Leases* effective 1 January 2019. The adoption of AASB 16 did not result in a material change to the recognition or measurement of lease as the Group is not party to any material leases.

Accounting policy: Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

3. SEGMENT INFORMATION

Identification of Reportable Segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board (the chief operating decision-maker) in assessing performance and in determining the allocation of resources. The operating segments are identified by the Board based on reporting lines and the nature of services provided. Discrete financial information about each of these operating segments is reported to the Board on a monthly basis. The Company operates predominately in Peru. The reportable segments are based on aggregated operating segments determined by the similarity of the services provided and other factors.

Segments

The Group has one reportable operating segment, which is the gold toll processing operation in Peru. The information is further analysed based on the mineral sold within the region.

Segment result represents the profit or loss earned by each segment without allocation of corporate administration costs, investment revenue and finance costs or income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Holding Company

Holding Company costs (or unallocated costs, assets and liabilities) are those costs which are managed on a Group basis are not allocated to business segments. They include costs associated with executive management, strategic planning and compliance costs.

Accounting Policies

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognised on disposal of interest in former associate, investment income, gains and losses, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Intersegment Transfers

There have been no intersegment sales during the period.

The following is an analysis of the Group's revenue and results by reportable operating segment for the year under review:

	Revenue		Segment Result	
	Period ended		Period ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	\$	\$	\$	\$
Continuing operations				
Segment result before income tax – Peru Gold	4,838,776	-	456,648	(619,928)
	4,838,776	-	456,648	(619,928)
Other revenue			11,103	4,951
Central administration costs and director salaries			(3,027,257)	(1,053,347)
Foreign exchange costs			79,849	81,450
Finance costs			(460,193)	-
Share based payments			(57,401)	(409,605)
Loss before income tax expense			(2,997,251)	(1,996,479)
Income tax expense			-	-
Loss for the period from continuing operations			(2,997,251)	(1,996,479)

The following is an analysis of the Group's assets by reportable operating segment:

Assets	30 Jun 2019	31 Dec 2018
	\$	\$
Peru gold business	21,555,809	16,988,800
Unallocated assets	6,912,710	10,006,061
Consolidated total assets	28,468,519	26,994,861

The following is an analysis of the Group's liabilities by reportable operating segment:

Liabilities	30 Jun 2019	31 Dec 2018
	\$	\$
Peru gold business	(5,916,013)	(5,882,362)
Unallocated liabilities	(7,343,838)	(270,804)
Consolidated total liabilities	(13,259,851)	(6,153,166)

4. REVENUE AND EXPENSES

	Consolidated Half-year ended	
	30 Jun 2019	30 Jun 2018
	\$	\$
(a) Revenue from contracts with customers		
Revenue from toll processing	4,838,776	-
	4,838,776	-
(b) Cost of sales		
Cost of sales from toll processing	(4,382,128)	-
	(4,382,128)	-

(c) Expenses

(i) Depreciation and amortisation:

Plant and equipment	(102,719)	-
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(ii) Administration expenses

Compliance expenses	(131,743)	(195,693)
Legal costs	(205,115)	(206,270)
Professional fees and consultants	(1,629,466)	(439,854)
Director fees	(227,000)	(102,000)
Advertising and investor relations	(52,222)	-
Travel and accommodation	(219,163)	(104,293)
Employee benefits expense	(283,037)	-
Other Administration costs	(115,228)	(21,292)
	(2,861,974)	(1,069,402)

5. DISCONTINUED OPERATIONS

Subsequent to year end, the Group disposed of its 100% owned subsidiary Tulin Gold Co S.A.C for consideration of US \$1.

	Half-year ended	
	30 Jun 2019	30 Jun 2018
	\$	\$
Profit for the period from discontinued operations		
Revenue	128,055	-
Cost of goods sold	(142,268)	-
Gross profit	(14,213)	-
Other expenses	(91,317)	-
Impairment	(1,159,667)	-
(Loss) for the year from discontinued operations until date of disposal	(1,265,197)	-
Profit before income tax	(1,265,197)	-
Attributable income tax expense	-	-
(Loss) for the year from discontinued operations (attributable to owners of the company)	(1,265,197)	-

	Consolidated	
	Half-year ended	
	30 Jun 2019	30 Jun 2018
	\$	\$
Cash flows from discontinued operations		
Net cash outflow from operating activities	336,711	-

On 15 June 2018, the Group disposed of its 100% owned subsidiary Derivado Y Concentrados S.A.C for 3,500 Soles (AUD \$1,068).

(a) Financial performance and cash flow information

	Half-year ended	
	30 Jun 2019	30 Jun 2018
	\$	\$
Profit for the period from discontinued operations		
Revenue	-	-
Cost of goods sold	-	-
Gross profit	-	-
Other expenses	-	(491,281)
(Loss) / profit for the year from discontinued operations until date of disposal	-	(491,281)
Gain on disposal	-	3,245,287
Profit before income tax	-	2,754,006
Attributable income tax expense	-	-
Profit for the year from discontinued operations (attributable to owners of the company)	-	2,754,006
	Consolidated	
	Half-year ended	
	30 Jun 2019	30 Jun 2018
	\$	\$
Cash flows from discontinued operations		
Net cash outflow from operating activities	-	(205,608)

(b) Details of the sale of Derivado Y Concentrados S.A.C

Consideration received in cash and cash equivalents 1,068

Analysis of assets and liabilities over which control was lost at date of disposal

Trade and other payables	2,985,309
Derecognition of foreign currency reserve	258,910
Gain on disposal of subsidiary	3,245,287

The above gain on disposal of subsidiary is included in the profit for the period from discontinued operations.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
Cash and bank balances	2,839,488	5,459,426

All cash balances contained in the above table was available for use by the Group as at 30 June 2019 and 31 December 2018.

7. RESTRICTED CASH

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
Restricted cash	1,358,570	-

The balance in restricted cash reflects applications received in advance relating to a capital raising incomplete as at 30 June 2019 (refer Note 14). This amount is unavailable for use as at 30 June 2019.

8. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
CURRENT		
Trade receivables	-	14,850
GST/VAT/IGV receivable	1,750,757	1,010,683
Other receivables	85,732	341,769
	1,836,489	1,367,302
NON-CURRENT		
Deposits	80,000	80,000
	80,000	80,000

At the reporting date no trade receivables were past due but not impaired.

9. INVENTORIES

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
Raw materials in stockpile	-	865,778
In process ore	1,223,391	208,791
Auxilliary materials	112,776	6,746
	1,336,167	1,081,315

10. ASSETS CLASSIFIED AS HELD FOR SALE

	Consolidated	
	30 Jun 2019	31 Dec 2018
	\$	\$
Property, plant and equipment held for sale	1,817,341	1,716,454
	1,817,341	1,716,454

The Group has an agreement in place to sell various property, plant and equipment assets for USD \$1,211,473. As at the date of this report, the sale has not yet been finalised.

11. PROPERTY, PLANT AND EQUIPMENT

	\$
Assets at Cost	
Balance at 1 January 2019	<u>3,693,232</u>
Additions	716,909
Disposals	(426,061)
Transferred from Work in Progress	-
Exchange differences	26,528
Balance at 30 June 2019	<u>4,010,608</u>
Accumulated depreciation and impairment	
Balance at 1 January 2019	<u>(1,153,185)</u>
Depreciation	(102,719)
Disposals	336,302
Exchange differences	(7,487)
Balance at 30 June 2019	<u>(927,089)</u>
Net book value	
As at 31 December 2018	<u>2,540,047</u>
As at 30 June 2019	<u>3,083,519</u>

12. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2019	31 December 2018
	\$	\$
Deferred exploration expenditure	1,272,713	841,622

Reconciliation of the carrying amounts of mine assets at the beginning and end of the current financial year:

Carrying amount at beginning of the year	841,622	-
- additions	422,188	453,811
- acquisitions through business combination	-	5,400,000
- impairment	-	(5,055,521)
- impact of foreign exchange	8,903	43,332
	1,272,713	841,622

13. INTANGIBLES

	30 June 2019	31 December 2018
	\$	\$
Goodwill ⁽¹⁾	11,872,056	12,110,496
Other intangibles	80,309	83,042
	11,952,365	12,193,538

(1) Goodwill relates to the acquisition of Andina Resources Limited acquired 12 July 2018. The accounting for the business combination has been determined provisionally as at balance date. Subsequent to balance date, the Group has finalised its assessment and determined that no further changes to the accounting of acquisition of Andina Resources Limited is required – refer Note 19.

14. FINANCIAL ASSETS

	30 June 2019	31 December 2018
	\$	\$
Financial assets at fair value	2,286,598	-
	2,286,598	-

During the period the Group acquired 9,151,363 shares in Core Gold Inc (TSX: CGLD) for AUD \$4,210,616. These shares are recognised as fair value through other comprehensive income, the fair value movement for the period was a loss of \$2,087,764, with the foreign exchange impact being a gain of \$163,746.

15. TRADE AND OTHER PAYABLES

	30 June 2019 \$	31 December 2018 \$
CURRENT		
Trade payables	2,077,012	1,074,995
Applications received in advance ⁽¹⁾	1,358,500	-
	3,435,512	1,074,995
NON-CURRENT*		
Trade payables	119,249	119,249
	119,249	119,249

(1) As at 30 June 2019, the Group had received \$1,358,500 of application funds received in advance of the issue of shares. The funds received are not available for use by the Group as at balance date – refer Note 7.

16. BORROWINGS

	30 June 2019 \$	31 December 2018 \$
CURRENT		
Secured at amortised cost		
Loan – Silverstream SECZ	2,138,885	1,416,842
Loan – Sophisticated and professional investors ¹	4,545,131	-
	6,684,016	1,416,842
NON-CURRENT		
Secured at amortised cost		
Loan – Silverstream SECZ	3,021,074	3,542,080
	3,021,074	3,542,080
TOTAL BORROWINGS	9,705,090	4,958,922

¹As announced on 25 March 2019, the Group entered into a secured debt facility with a group of sophisticated and professional investors.

The Loan Facility makes available to Titan up to US\$3,000,000 of financing and Titan has drawn down the full amount in order to purchase 9,151,363 common shares of Core Gold on a private placement basis at a price of C\$0.44 per share as previously announced on 12 March 2019.

The material terms of the loan facility are:

- Amount: US\$3,000,000
- Interest: 15% interest per annum payable at the repayment date.
- Security: Vista Gold S.A.C. and Core Private Placement shares
- Repayment: earlier of 21 days from completion of Titan Core Gold plan of arrangement or 6 months from the draw down date, extendable to 9 months at Titans election with a minimum repayment of 5 months interest payable if repaid prior to five months from the draw down date.
- Covenants: Titan Minerals Limited must ensure that Vista Gold S.A.C conducts its business in the ordinary and usual course of business, and must procure that Vista Gold S.A.C must not, without the Lender's approval:
 - grant any Security Interest over any of the assets or undertaking of Vista Gold S.A.C;
 - enter into any capital expenditure commitments in excess of US\$250,000 (in aggregate);

- incur any liability other than trade creditors in the ordinary course of business up to a maximum amount of US\$500,000;
- incur indebtedness in excess of US\$750,000 (in aggregate);
- issue, or agree to issue, any shares, options or any other security which will convert into shares in Vista Gold S.A.C;
- dispose of or procure, approach or enter into any discussions or negotiations with any third party to dispose of the Vista Gold Plant;
- distribute or return any capital to its members;
- alter their constitution or articles of association;
- pay any dividend to its members or pay any management fee, or similar amount;
- Enter into any contract which could effect the balance sheet negatively or require further debt to service that contract.

17. ISSUED CAPITAL

Issued capital reconciliation

	30 June 2019	
Issued capital	Number	\$
Ordinary shares fully paid	256,370,606	118,034,129
Treasury Shares	-	-
	256,370,606	118,034,129
Movements in shares on issue		
Balance at the beginning of the financial period	2,563,706,065	117,125,794
Share consolidation – 10:1	(2,307,335,458)	-
Disposal of treasury shares ¹	-	908,335
Balance at end of half year	256,370,607	118,034,129

- (1) During the period the Group disposed of 65,000,000 treasury shares for cash of \$683,335 and \$225,000 in lieu of cash for settlement of creditors. There are no treasury shares held as at 30 June 2019.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(a) Shares under option – unlisted

During the period no options were exercised, issued or lapsed. As at 30 June 2019, there are 4,500,000 options outstanding.

18. SHARE BASED PAYMENTS

At the Annual General Meeting held on 30 May 2019, shareholders approved to grant 15,000,000 (1,500,000 post consolidation) performance rights to Mr Travis Schwertfeger (COO) as part of his remuneration. The performance rights have the following terms:

Tranche	Performance Rights (post-consolidation)	Milestone	Expiry Date
A	500,000	The Shares achieving a daily VWAP of greater than \$0.05 for a period of 10 consecutive Trading Days	2 years from the date of issue
B	500,000	The Shares achieving a daily VWAP of greater than \$0.06 for a period of 10 consecutive Trading Days	
C	500,000	The Shares achieving a daily VWAP of greater than \$0.07 for a period of 10 consecutive Trading Days	

(i) Fair value of performance rights granted

Set out below is the assessed fair value at grant date of performance rights granted that were in existence throughout the period.

Performance rights:

	Fair value at grant date
Class A – Directors – granted 18 December 2016	\$0.032
Class B – Directors – granted 18 December 2016	\$0.032
Class C – Directors – granted 18 December 2016	\$0.032
Class A – COO – granted 30 May 2019	\$0.005
Class B – COO – granted 30 May 2019	\$0.003
Class C – COO – granted 30 May 2019	\$0.002

19. BUSINESS COMBINATION

Acquisition of Andina Resources Limited

On 26 March 2018 the Group announced that it had entered into a bid implementation agreement with Andina Resources Limited (“Andina”), by which Titan would acquire all of the issued capital in Andina via an off-market takeover bid. Under the bid, Andina shareholders will receive 1 fully paid ordinary share in the capital of Titan Minerals Limited for every 1.18 Andina shares held.

On 12 July 2018, the Group’s acquisition of Andina became unconditional upon the completion of the key conditions of the takeover bid.

The accounting of the business combination had been determined provisionally as at the 31 December 2018 annual financial report. As at the date of this report, the Group has finalised the business combination accounting of the acquisition of Andina.

(a) Consideration transferred

	\$
Issued capital (561,656,376 shares)	17,973,004

(b) Assets acquired and liabilities recognised at the date of acquisition

	\$
Current assets	
Cash and cash equivalents	226,248
Trade and other receivables	1,439,816
Prepayments	460,038
Inventories	1,039,005
Financial assets*	2,080,000
Current tax asset	375,823
Non-current assets	
Property, plant and equipment	3,140,477
Deferred exploration and evaluation expenditure	5,400,000
Deferred tax asset	95,922
Current liabilities	
Trade and other payables	526,606
Financial liabilities	1,015,710
Non-current liabilities	
Financial liabilities	4,109,524
Other financial liabilities**	1,114,273
Deferred tax liabilities	1,390,268
Total assets acquired and liabilities recognised at the date of acquisition	6,100,948

*Andina Resources Limited held in its shares in Titan Minerals Limited as at the date of the acquisition with a value of \$2,080,000. Upon acquisition of these shares, they are now recognised by the Group as treasury shares in Equity (refer Note 19) as at year end.

**Other financial liabilities relates to the loan owing from Mantle Mining S.A.C (a subsidiary of Andina Resources Limited), to Hogan's Heros S.A.C (a subsidiary of Titan Minerals Limited). Upon acquisition of Andina, this loan eliminates upon consolidation.

Goodwill arising on acquisition

	\$
Consideration transferred	17,973,004
Less: Fair value of identifiable net assets and liabilities acquired	<u>(6,100,948)</u>
Goodwill (Note 13)	11,872,056

20. CONTINGENCIES AND COMMITMENTS

There are no material changes to contingent liabilities or commitments of the consolidated entity since the last annual reporting date.

21. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the following events occurred:

- The Company sold its subsidiary Tulin Gold Co SAC for consideration of US \$1;
- The Company issued 40,000,000 fully paid ordinary shares at an issue price of A\$0.15 per share to sophisticated and professional investors to raise A\$6 million; and
- The Company entered into an Amended and Restated Note and Security Assignment Deed, acquiring Notes receivable from Core Gold Inc. of US \$2,500,000 for consideration of US \$1,883,000.

At the time of this report there were no further events subsequent to the reporting date that required disclosure.