



ABN 65 009 131 533

Titanium Sands Limited

**Annual Financial Report
For the year ended 30 June 2026**

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Corporate Information

Directors	James Searle Jason Ferris Lee Christensen
Company Secretary	Mr Alan Armstrong
Registered Office and Principal Place of Business	Level 8, 216 St Georges Terrace PERTH WA 6000 Telephone: (08) 9481 0389 Facsimile: (08) 9463 6103
Share Registry	Computershare Investor Services Pty Limited Level 17 221 St Georges Terrace PERTH WA 6000 Telephone: (08) 6188 0800
Website	www.titaniumsands.com.au
Place of Incorporation	Western Australia
Auditors	Moore Australia Audit (WA) Level 15, Exchange Tower Perth WA 6000
Stock Exchange	ASX Limited Level 40 152-158 St Georges Terrace PERTH WA 6000
ASX Code	TSL

Titanium Sands Limited

Directors' report

For the year ended 30 June 2026

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
James Searle <i>Executive Director</i> BSc(Hons) PhD	Dr Searle was appointed as a Director of the Company on 2 March 2016. Dr Searle has over 35 years' experience in base metals, precious metals and mineral sand deposits. He has led successful exploration, project development and operational teams in Australia, Africa, Northern Europe, and Central Asia. Dr Searle has a BSc(Hons) in geology and a PhD from the University of Western Australia. He is a Member of the Australian Institute of Mining and Metallurgy and has over 26 years' experience in executive and non-executive Director roles on Australian Securities Exchange listed public company boards. Dr Searle holds 600,000 shares, and 10,000,000 options exercisable at \$0.006 expiring on 13 November 2028, as at the date of this report. During the past three years, Dr Searle has not served as a Director for other listed companies.
Jason Ferris <i>Non-Executive Director</i> MBA(Finance)	Mr Ferris was appointed as a Director of the Company on 31 July 2014. Mr Ferris has worked in financial services, property and corporate finance industries for more than 30 years. Mr Ferris holds a Master of Business Administration (Marketing Management), a Master of Business Administration (Finance) and is a Fellow of the Australian Institute of Management (FAIM) and a Member of the Australian Institute of Company Directors (MAICD). He has facilitated many joint venture opportunities in the property, tech and mining sectors. Mr Ferris holds 5,440,000 shares, and 10,000,000 options exercisable at \$0.006 expiring on 13 November 2028, as at the date of this report. During the past three years, Mr Ferris has served as a Director for the following other listed companies: • First Lithium Limited – appointed 4 September 2023.
Lee Christensen <i>Non-Executive Chairman</i> BJuris BComm and LLB	Mr Christensen was appointed as a Director of the Company on 16 April 2015. Mr Christensen is a senior lawyer in Perth, specialising in dispute resolution, insolvency and restructures. He has many years of commercial litigation and insolvency law experience having acted in major insolvencies in Western Australia. His in-depth understanding and proven application of Insolvency issues sees him regularly advising external administrators, trustees, creditors and bankrupts on all of its ramifications. Mr Christensen holds 21,672,000 shares, and 8,000,000 options exercisable at \$0.006 expiring on 13 November 2028, as at the date of this report. During the past three years, Mr Christensen has served as a Director for the following other listed companies: • First Lithium Limited – appointed 4 September 2023.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Company Secretary

Mr Alan Armstrong was appointed Company Secretary on 16 October 2020. Mr Armstrong is a Chartered Accountant with over 15 years' experience having spent most of his career providing accounting and advisory services to resource companies. Mr Armstrong has a Bachelor of Business (Accounting/Finance) from Charles Sturt University and is a member of the Institute of Australian Chartered Accountants. Additionally, Mr Armstrong is a graduate and member of the Australian Institute of Company Directors.

Directors' meetings

The number of meetings of the Company's Directors held during the year ended 30 June 2026, whilst each director was in office, and the number of meetings attended by each Director, were:

<i>Director</i>	<i>Board of Directors' Meetings</i>	
	<i>No. eligible to attend</i>	<i>No. attended</i>
James Searle	1	1
Jason Ferris	1	1
Lee Christensen	1	1

Principal activities

The current principal activity and key focus for the Group during the year is mineral exploration. During the year there has been no significant change in the state of affairs of the Group.

Operating and financial review

The net loss of the Group for the financial year ended 30 June 2026 amounted to \$1,660,804 (2025: \$1,089,204). The current year loss was incurred from in the ordinary course of the business. The net assets of the group for the financial year ended 30 June 2026 amount to \$18,322,357 (2025: \$23,398,266).

The Company is focused upon exploring and developing the Mannar Island Project in Sri Lanka.

The Company appointed Moore-Australia Audit (WA) during the financial year following the resignation of BDO Audit Pty Ltd in accordance with s329(5) of the Corporations Act 2001. The Board's decision to change auditors was made following a consultation process and have chosen Moore based on their reputation and experience, particularly with similar sized companies to TSL.

Material Business Risk

The Company makes every effort to identify material risks and to manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Exploration and evaluation risks

The tenements of the Company are still at exploration stage, and potential investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance that exploration of these Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, changing government regulations and many other factors beyond the control of the Company.

This is managed where possible by the employment of competent personnel and reputable consultants with the relevant skills and experience to deal with these issues, extensive technical analysis and planning, and undertaking field exploration activities during more favourable seasonal weather patterns.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Future capital requirements

The ongoing development of the Company's mineral properties will require substantial additional financing. Failure to obtain sufficient financing may result in delaying or indefinite postponement of further development of the Company's mineral properties or even a loss of property interest. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to the Company.

Sovereign Risk

The Company's operations in Sri Lanka are exposed to various levels of political, economic and other risks and uncertainties. As the Company's principal asset is an exploration and development project located in Sri Lanka, its ability to realise value from that asset is dependent upon maintaining the necessary licences, permits, approvals and regulatory support required to advance the project. Changes in government policy, mining and environmental legislation, taxation, foreign investment regulations, land access arrangements, community expectations, or other political and economic factors may adversely affect the Company's operations and future development plans. While the Company actively monitors developments within Sri Lanka, there can be no assurance that future political, economic or regulatory changes will not have a material impact on the Company's activities and financial performance.

Commodity Price and Foreign Exchange Risks

The future development and economic viability of the Company's Mannar Heavy Mineral Sands Project is dependent, in part, on prevailing and forecast market prices for heavy mineral sands products, including ilmenite, rutile and zircon. Commodity prices are influenced by numerous factors beyond the Company's control, including global supply and demand dynamics, economic conditions, industrial production levels, exchange rates and geopolitical events. A sustained decline in commodity prices may adversely affect the economic viability of the Project and the Company's ability to generate future returns.

The Company is also exposed to foreign exchange risk as it incurs expenditures in multiple currencies, including Australian dollars, United States dollars and Sri Lankan rupees. Fluctuations in exchange rates may affect the Company's project development costs, operating expenditures and future profitability. The Company currently does not maintain a formal hedging programme in respect of commodity price or foreign exchange exposures. Management monitors these risks on an ongoing basis and will review its risk management strategies as the Company's operations and funding requirements evolve.

Reliance on key personnel

The Company's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the Company's business. The Company remunerates and incentivises at appropriate market rates to reduce the risk of losing key personnel.

Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest rates, inflation and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Events Subsequent to the Reporting Date

On 7 July 2026, the Company issued the prospectus for the issue of options at an issue price of \$0.001. This resulted in the issue of 1,187,856,145 listed options with an expiry of 16 February 2029 and exercise price of \$0.023.

Other than those mentioned above, the Company has no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

REVIEW OF OPERATIONS

OVERVIEW

The Mannar Island Heavy Mineral Sands Project in Northwest Sri Lanka is 100% controlled by Titanium Sands Ltd (the Company) (Figure 1). The project is an ilmenite feedstock project with minor credits from other mineral components. The high-quality ilmenite product is expected to find a ready market with titanium slag and sulphate route pigment producers in the Middle East, Korea, India, China and elsewhere. Following the completion of a positive scoping study in May 2023 the operational priority (¹ [ASX Announcement of the 12th of May 2023](#)) for Titanium Sands Ltd to the 30th of June 2026 has been the processes necessary for securing an Industrial Mining License (IML) and other regulatory approvals for the project. A significant step was the issuance of the Terms of Reference (TOR) for the project issued by the Central Environment Agency (CEA) (² [ASX Announcement of the 25th of March 2025](#)). This has enabled Titanium Sands' environmental consultants to progress the Environmental Impact Assessment (EIA). All the EIA component studies have now been completed and are being complied for submission to the CEA by October 2026. The EIA is a necessary precursor to the grant of an IML.

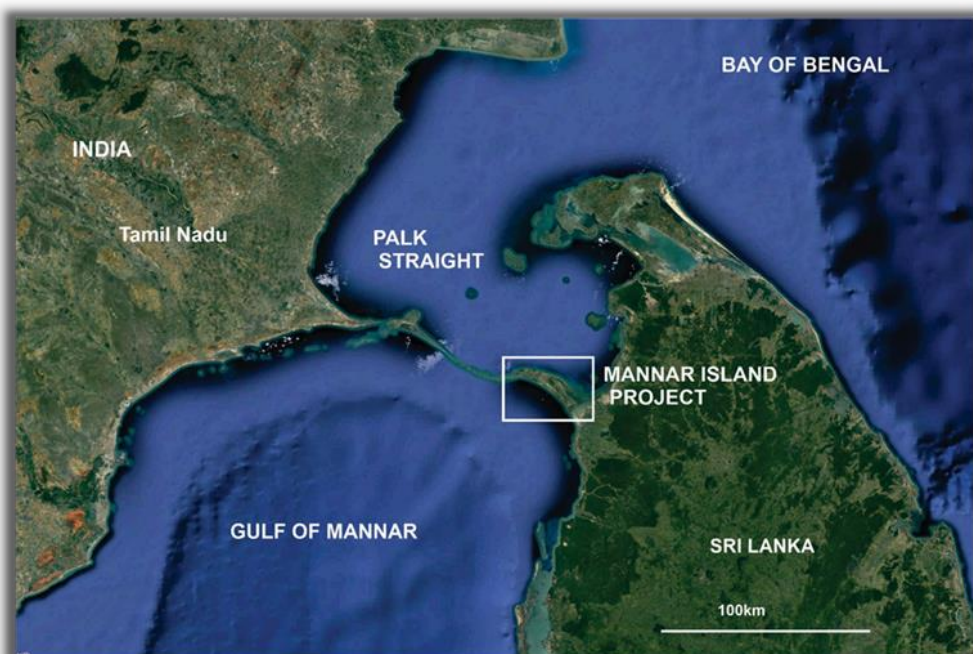


Figure 1 Location of the Mannar Island Heavy Mineral Sand Project, northwest Sri Lanka.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

MINERAL RESOURCES

A mineral resource estimate (MRE) was completed in (Table 1) March 2023 (³ASX Announcement 15/3/2023). Based on a 2% THM (Total Heavy Mineral) lower cut-off grade the MRE stands at 318 Mt at 4.17% THM.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	83.3	145.7	4.28	1.76	18.41	1.90	0.35	0.08	0.09	0.44
Inferred	98.5	172.3	4.07	1.31	16.37	1.87	0.31	0.08	0.10	0.30
Total	181.7	318.0	4.17	1.52	17.30	1.88	0.33	0.08	0.10	0.37

Table 1 Mineral Resource Estimate based on a 2% THM lower cut off. A complete JORC2012 compliant statement of this MRE is contained in ³ASX Announcement 15/3/2023.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	50.7	88.7	5.45	1.39	15.54	2.48	0.44	0.10	0.11	0.58
Inferred	56.2	98.4	5.27	1.26	15.50	2.48	0.40	0.11	0.13	0.41
Total	106.9	187.0	5.36	1.32	15.52	2.48	0.42	0.10	0.12	0.49

Table 2 Mineral Resource Estimate based on a 3% THM lower cut off. A complete JORC2012 compliant statement of this MRE is contained in ³ASX Announcement 15/3/2023.

A continuous higher-grade zone measuring 10km by up to 2km and down to depth of 8-12m (the zone remains largely open at depth) was identified within the above mineral resource (Figure 2). Using the 2% lower cut off the higher-grade resource contains 145.6Mt at 4.48% THM (Table 2) or for a 3% lower cut off (Table 3) 82.0Mt at 6.03% THM. This higher-grade zone was used as the basis for the scoping study previously reported to the ASX in ³ASX Announcement 15/3/2023 .

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	62.4	109.1	4.32	2.04	23.05	1.92	0.35	0.07	0.09	0.53
Inferred	20.9	36.5	4.93	2.13	24.97	2.31	0.39	0.08	0.11	0.58
Total	83.3	145.6	4.48	2.07	23.53	2.02	0.36	0.07	0.10	0.54

Table 3 Mineral resource estimate for a higher-grade zone contained within the resources Tabulated above for a 2% lower cut off* in ³ASX Announcement 15/3/2023.

Resource Category	Volume (Mm ³)	Tonnes (M)	Thm %	Silt %	Ovz %	Ilm %	Leu %	Rut %	Zir %	Gar %
Indicated	35.0	61.1	5.78	1.62	20.70	2.64	0.48	0.09	0.12	0.73
Inferred	12.0	21.0	6.78	1.71	22.59	3.27	0.53	0.10	0.14	0.82
Total	47.0	82.0	6.03	1.64	21.18	2.80	0.49	0.09	0.13	0.75

Table 4 Mineral resource estimate for a higher-grade zone contained within the resources Tabulated above for a 3% lower cut off* in ³ASX Announcement 15/3/2023).

*Notes to tables 1 ,2 3 and 4 above:

- Mineral assemblage is reported as in situ weight percentage of the resource.
- Appropriate rounding of the numbers has been applied.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2026

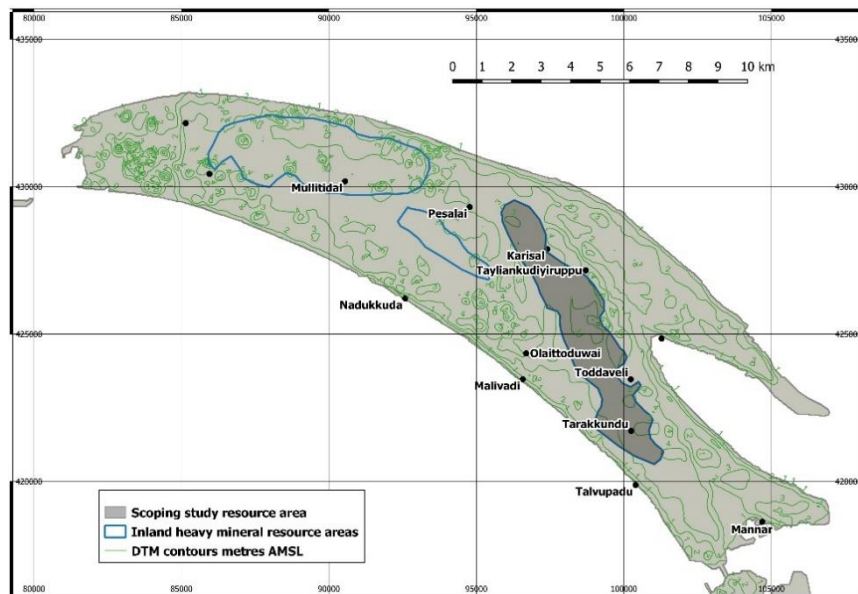


Figure 2 Inland mineral resource areas including scoping study mineral resource area.

SCOPING STUDY

The scoping study ([ASX Announcement 12/5/ 2023](#)) scenario was selected on a project format with a modest capital hurdle but of sufficient scale and project life that its products would be attractive to potential offtake partners. Consequently, the study was based on a single dredge continuously mining the higher-grade zone identified in the resource modelling and measuring 10km by up to 2 km wide zone at rate of 4 million tonnes per annum over a period of 20 years (Figure 3). This zone contains 82million tonnes at 6.03% THM on a lower grade cut-off grade of 3% (Table 4) out of the total current mineral resource estimate of 187 million tonnes at 5.36%THM on a 3% THM lower cut off (Table 2). The mineral resources subject to this scoping study scenario therefore represent 44% of the total mineral resource estimates for the project at lower cut off of 3%.

The scoping study indicated that this project scenario is economically robust and consequently more definitive studies are underway to examine the feasibility of second or even third dredges and expanded processing capacities to potentially exploit capital and operational efficiencies.

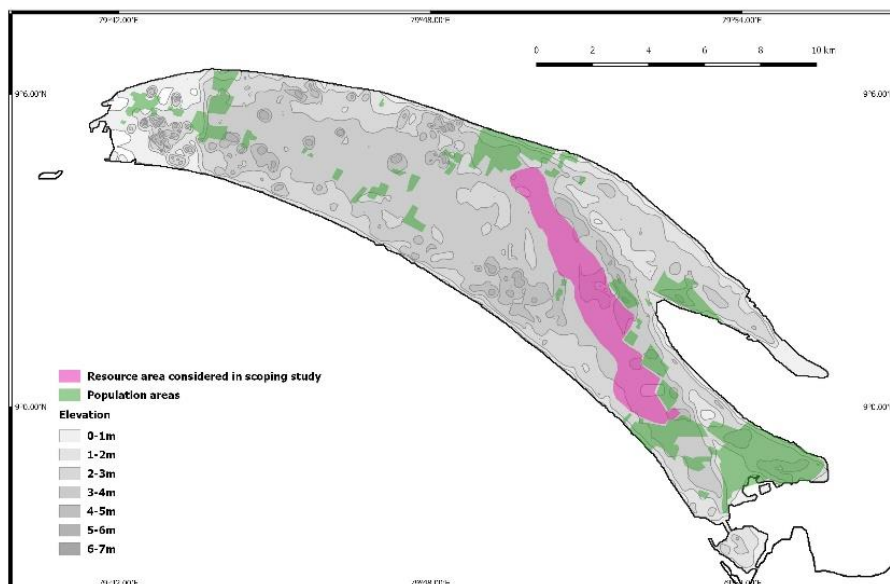


Figure 3 Portion of resource considered in the scoping study base case.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

REGULATORY PROGRESS

Environmental Impact Assessment (EIA)

The Central Environment Agency (CEA) issued the Terms of Reference (TOR) for the Mannar Heavy Mineral Project in March 2025 after consultation and input from 35 Government Departments and Agencies. On completion the EIA is submitted to the CEA and following approval an Industrial Mining Licence (IML) can be issued.

Following the TOR requirements Titanium Sands environmental consultants have addressed:

- The proposed project and reasonable alternatives
- Documentation of the existing environment and surrounds
- Anticipated environmental impacts
- An Environmental Management Plan (EMP) and monitoring program
- Assessed all aspects of nature and wildlife restrictions
- Host community consultation and engagement.

Major studies by specialist consultants completed as part of the EIA include:

1. Hydrologic surveys and modelling
2. Flora and fauna surveys and documentation
3. Community social and economic impacts
4. Rehabilitation strategies and sequences
5. National economic benefits

All components of the EIA are complete and are being compiled and are expected to be submitted to the Central Environment Agency in October 2026.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2026



Figure 5: Priority zone 1 Land Access Agreement area at Mannar Island.

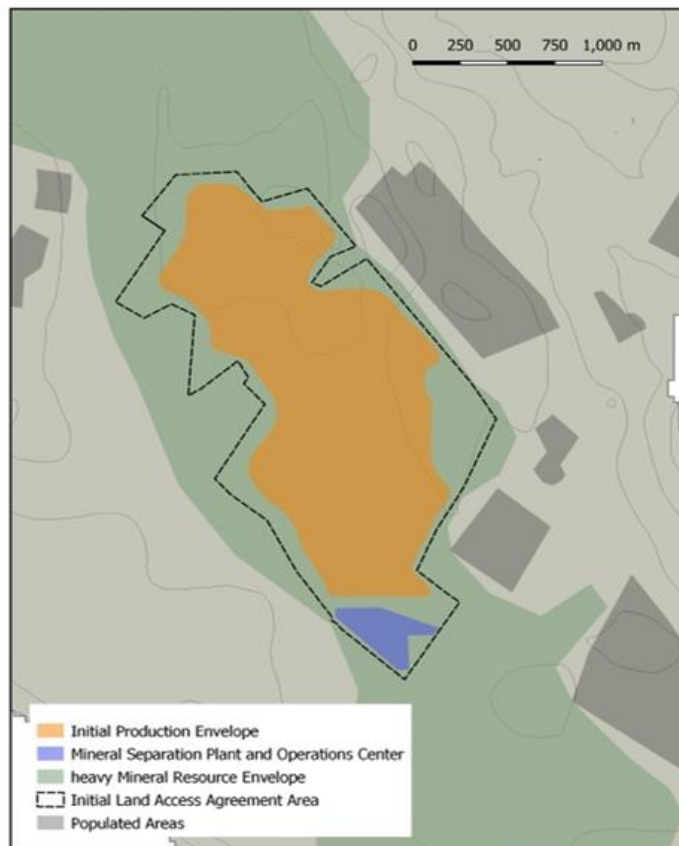


Figure 6: Mannar Island initial production envelope, Mineral separation plant and operations centre.

Titanium Sands Limited
Directors' report (continued)
For the year ended 30 June 2026



Figure 7: Identifying locations for environmental clearance review

TENURE

As outlined above the GSMB has approved the consolidation of the 5 core project licences so they are now held in the name of Orion Minerals (Pvt) Ltd. Also 4 of the retention licences have been renewed and renewal of the 5th license is pending.

Exploration License	Holder	EL	Validity	Area	Status
EL 351	Orion Minerals (PVT) LTD	13/12/2024	12/12/2025	15km ²	IML Lodged
EL 425	Orion Minerals (PVT) LTD	19/11/2024	18/11/2025	10km ²	IML Lodged
EL 423	Orion Minerals (PVT) LTD	15/11/2024	14/11/2025	5km ²	IML Lodged
EL 424	Orion Minerals (PVT) LTD	15/11/2024	14/11/2025	8km ²	IML Lodged
EL 370	Orion Minerals (PVT) LTD	18/05/2024	17/05/2025	31km ²	IML Lodged
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 5 Mannar Island Project Current tenure

* Tenure renewals on the other 4 peripheral exploration licences remain pending. All necessary applications and submissions for the renewal of tenure have been lodged and are expected to be renewed in due course.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

OPERATIONAL OUTLOOK

The immediate operational focus is to submit the completed EIA to the Central Environment Agency and progress to the granting of the Industrial Mining Licence for the Mannar Heavy Mineral Project. This will then enable the project to undertake advanced feasibility analyses of development options aimed at securing financing and off take commitments. Completion of the Environmental Impact Assessment is a major step in the application process for an Industrial Mining License

Previously Reported Information Footnotes

This report includes information that relates to Exploration Results and Mineral Resources prepared and first disclosed under JORC Code 2012 and references to other ASX announcements. The information was extracted from the Company's previous ASX announcements as follows:

¹ ASX Announcement 12th of May 2023 Scoping Study- Mannar Heavy Mineral Project.

² ASX Announcement 25th March 2025 Terms of Reference for EIS provided for Mannar Project

³ASX Announcement 15th of March 2023 Updated Resource Estimate -Mannar Heavy Mineral Project.

⁴ASX Announcement 21st of October 2024 CEA Key Stakeholder Presentation Completed

⁵ASX Announcement 31st of October 2024 Sri Lankan Government Approves Consolidation of Licenses

⁶ASX Announcement 22nd of January Response to ASX Query Letter.

These announcements are available to view on the Company's website www.titaniumsands.com.au

COMPLIANCE STATEMENTS

Previously Reported Exploration Results and Mineral Resources

This report includes information (Tables 1, 2,3 and 4) that relates to 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 (ASX Announcement 15th March 2023 : Updated Resource Estimate- Mannar Heavy Mineral Project). This announcements is 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 40 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.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Corporate

On 7 January 2026, the Company announced the lodgement of the application for Industrial Mining License (IML) in Sri Lanka.

During the financial year the Company received further funding under the current funding arrangement of \$800,000 in convertible notes before costs announced on 14 October 2025. In addition to this facility, CPS has further arranged an extension of the facility for an additional \$400,000 to be used as working capital and project funding, under the same terms previously offered.

The Loan Agreement terms are summarized below:

- **Advance:** up to \$400,000 (before costs).
- **Repayment Date:** any amounts owing to the lender (including accrued interest) must be repaid and fully discharged by 30 December 2026 (**Repayment Date**). No repayments are due until this date. The Company may elect to repay amounts owing in whole or part in cash at any time prior to the Repayment Date.
- **Interest:** interest accrues on amounts owing at 10% per annum.
- **Conversion:** the lender may elect to convert any amounts owing (including accrued interest) into fully paid ordinary shares in the Company at an issue price of \$0.005 per share (**Loan Shares**). On conversion, the lender will be entitled to receive 1 unlisted option (exercisable at \$0.023 and expiring 30 June 2029) for every two (2) shares issued on conversion (**Loan Options**).
- **Shareholder Approval:** the issue of any Loan Shares and Loan Options will be subject to the Company obtaining any required Shareholder approvals under the *Corporations Act 2001* (Cth) or ASX Listing Rules prior to the issue.
- **Loan Terms:** The convertible notes are on market standard terms and do not contain one or more of the features noted in section 5.9 of Guidance Note 21.

Under the CPS Capital mandate, CPS Capital will receive fees of 6% of funds raised under the Loan. CPS Capital will also receive 60,000,000 unlisted options (exercisable at \$0.023 and expiring 16 February 2029) and a further 60,000,000 unlisted Options, subject to shareholder approval and the conversion of tranche 1 of the Loan amount.

A prospectus was issued ([ASX 19th of May 2026](#)) and General Meeting of shareholders was held on the 18th of June at which the issue of options related to the above were approved. ([ASX 18th May 2026](#)).

Remuneration Report (Audited)

Principles of compensation

This report outlines the remuneration arrangements in place for directors of Titanium Sands Limited in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this annual financial report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

Titanium Sands Limited

Directors' Report (continued)

For the year ended 30 June 2026

Remuneration Report (Audited) (continued)

Details of Key Management Personnel during the year ended 30 June 2026

James Searle *Executive Director* (appointed 2 March 2016)

Jason Ferris *Non-Executive Director* (appointed 31 July 2014)

Lee Christensen *Non-Executive Chairman* (appointed 16 April 2015)

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. The Group does not link the nature and amount of the emoluments of such officers to the Group's financial or operational performance. Directors have historically received equity-based remuneration, including options issued on completion of the acquisition of Srinel Holdings Limited in December 2019 and options approved by shareholders at the 13 November 2024 AGM. The expected outcome of this remuneration structure is to retain and motivate Directors. During the current and prior financial year, the Group did not employ the use of remuneration consultants.

The Board's policy is to remunerate Non-Executive Directors based on market practices, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting ("AGM"). The maximum aggregate amount of fees payable has been set at \$480,000pa.

Relationship between the Remuneration Policy and Company Performance

	30 June 2026	30 June 2025	30 June 2024	30 June 2023	30 June 2022
	\$	\$	\$	\$	\$
Revenue	-	-	-	-	1,101
Basic loss per share (cents)	(0.07)	(0.047)	(0.11)	(0.09)	(0.09)
Diluted loss per share (cents)	(0.07)	(0.047)	(0.11)	(0.09)	(0.09)
Share price at year end	\$0.007	\$0.005	\$0.006	\$0.007	\$0.015

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Remuneration Report (Audited) (continued)

The Company renewed a Non-Executive Director Agreement with Lee Christensen in December 2021 for the provision of services to the Company. Pursuant to the terms of the Agreement, the Company agreed to remunerate Mr Christensen \$7,500 (plus GST) per month. Either party may terminate the Agreement by providing three months written notice. The Company renewed a Non-Executive Director Agreement with Jason Ferris in December 2021 for a period of 24 months. This agreement continues to be in place. Pursuant to the terms of the Agreement, the Company has agreed to remunerate Mr Ferris \$15,000 (excluding superannuation) per month. Mr. Ferris also undertakes consultancy work which is not considered to be within his duties as a Non-Executive Director, when Mr. Ferris undertakes this work, he charges \$1,200 (plus GST) per day or pro rata for part days. Either party may terminate the Agreement by providing three months written notice.

The Company renewed the Executive Director Agreement with Dr James Searle in March 2023 for the provision of services to the Company. Pursuant to the terms of the Agreement, the Company has agreed to remunerate Dr Searle \$5,000 (plus GST) per month for Directors duties and \$1,200 (plus GST) per day for consultancy services, in consideration for which Dr Searle must provide for up to eight (8) days per month. This constitutes the minimum commitment by the Company to purchase services under the terms of the agreement. In addition to the fees disclosed above, shall Dr Searle be required to undertake any out of scope work, he will be remunerated at a rate of \$1,200 (plus GST) per day, or pro rata for part days.

Executive Remuneration

The following table discloses the contractual arrangements with the Group's executive Key Management Personnel.

COMPONENT	Managing Director – Dr James Searle
Fixed remuneration	\$60,000 pa
Variable remuneration (out of scope work)	\$1,200 (plus GST) per day, or pro rata for part days
Contract duration	Until terminated or resignation of director
Termination notice by the individual/company	1 month
Other entitlements	N/A

Unlisted Options

There were no options issued to Directors and management during the financial year 2026. (2025: 28,000,000).

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Remuneration Report (Audited) (continued)

Details of the nature and amount of each major element of the remuneration for the year ended 30 June 2026 and 30 June 2025 of each director of the Company and other key management personnel are:

	Short term benefits			Post employ- ment benefits	Share-based payments	Total	Performance related
	Year	Salary & fees	Other	Superannua- tion			%
	\$	\$	\$	\$	\$		
Executive Director							
Dr James Searle ¹	2026	83,100	-	-	-	83,100	-
	2025	97,200	-	-	34,066	131,266	-
Non-Executive Directors							
Mr Jason Ferris ²	2026	295,875	-	22,500	-	318,375	-
	2025	304,350	-	20,700	34,066	359,116	-
Mr Lee Christensen ³	2026	90,000		-	-	90,000	-
	2025	90,000		-	27,252	117,252	-
Chief Operating Officer							
Doug Martens ⁴	2026	-	-	-	-	-	-
	2025	60,000	-	-	-	60,000	-
Total	2026	468,975	-	22,500	-	491,475	-
	2025	551,550	-	20,700	95,384	667,634	-

¹ Dr Searle's director fees are paid to Earthsciences Pty Ltd, of which Dr Searle is a Director.

² Mr Ferris' director and consulting fees of \$180,000 (excluding superannuation) are paid as a salary. Out of scope fees of \$115,875 are paid to J2J Investments Pty Ltd, of which Mr Ferris is a Director.

³ Mr Christensen's director fees are paid to Pooky Corporation Pty Ltd, of which Mr Christensen is a Director.

Note: there are no long-term remuneration benefits.

⁴Reduced position no longer considered a KMP as at 31 Dec 2024

Share Based Compensation

During the year no options were granted to Directors. 28,000,000 options were approved and granted at the 13th November 2024 AGM. There are no vesting conditions for the options and below details the valuation details of the issue:

Director	Number of Options	Exercise Price	Grant Date	Expiry Date	Fair value of Options\$
Mr Jason Ferris	10,000,000	\$0.006	13 Nov 2024	13 Nov 2028	\$0.0034
Dr James Searle	10,000,000	\$0.006	13 Nov 2024	13 Nov 2028	\$0.0034
Mr Lee Christensen	8,000,000	\$0.006	13 Nov 2024	13 Nov 2028	\$0.0034
Total	28,000,000				

Loans to Directors

There were no loans to directors during the financial year ending 30 June 2026 (2025: nil).

Titanium Sands Limited

Directors' Report (continued)

For the year ended 30 June 2026

Remuneration Report (Audited) (continued)

Other Transactions with Key Management Personnel

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. These are as follows:

Consultancy services:

Jason Ferris is a Director of J2J Investments Pty Ltd ("J2J"), which provided the Company with out of scope consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2026 was \$115,875 (2025: \$124,350) and are included as part of Directors remuneration.

Dr James Searle is a Director of Earthsciences Pty Ltd ("Earthsciences"), which provided the Company with director and consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2026 was \$83,100 (2025: \$96,000) and are included as part of Directors remuneration.

Mr Lee Christensen is a Director of Pooky Corporation Pty Ltd ("Pooky"), which provided the Company with director services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2026 was \$90,000 (2025: \$90,000).

As at 30 June 2026 the Company owed the directors wages and fees that have been included above as follows;

	Directors Fees	Consulting Services	Total
Mr James Searle	\$15,000	\$1,200	\$16,200
Mr Lee Christensen	\$22,500	-	\$22,500
Mr Jason Ferris	\$10,000	\$23,301	\$33,301

Other Transactions

No other transactions other than those disclosed above, occurred during the year.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Remuneration report (audited) (continued)

Directors' interests in shares

Fully paid ordinary held by Titanium Sands Limited to Key Management Personnel during the year and as at 30 June 2026 are as follows:

2026	Balance at 1 July 2025	Allotment of Shares	Net other changes	Balance at 30 June 2026
DIRECTORS				
Mr Jason Ferris	5,440,000	-	-	5,440,000
Dr James Searle	600,000	-	-	600,000
Mr Lee Christensen	21,672,000	-	-	21,672,000
	27,712,000	-	-	27,712,000

Share options

Share options held by Titanium Sands Limited to Key Management Personnel during the year and as at 30 June 2026 are as follows:

2026	Balance at 1 July 2025	Issue of Options	Expiry of Options ¹	Net other changes	Balance at 30 June 2026
DIRECTORS					
Mr Jason Ferris	10,490,001	-	490,001		10,000,000
Dr James Searle	10,100,000	-	100,000		10,000,000
Mr Lee Christensen	13,112,001	-	5,112,001		8,000,000
	33,702,002	-	5,702,002		28,000,000

¹ These options expired 16 February 2026. Directors applied for rollover options as part of the Prospectus issued 7 July 2026 after receiving shareholder approval on 18 June 2026 (priority offer to all holders of the expired TSLOA options), however due to time constraints (1 month to issue post shareholder approval) they are yet to be issued.

Analysis of bonuses included in remuneration

There were no short-term cash bonuses paid during the reporting period.

Voting and comments made at the Company's 2025 Annual General Meeting

The Company received 99.91% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2025 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

*****This is the end of the Audited Remuneration Report*****

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Dividends

No dividends have been paid or declared by the Company to members during the 2026 or 2025 financial years.

Shares under option

Shares issued on the exercise of options

There were no ordinary shares of the Company issued during the year ended 30 June 2026 and up to date of this report on the exercise of options granted. At the date of this report, the issued ordinary shares of Titanium Sands Limited under option are 1,298,356,145.

Likely developments and expected result of operation

Further information, other than as disclosed in this report, about likely developments in the operations of the Company and the expected results of those operations in future periods has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Environmental regulations

In Sri Lanka, exploration and resource extractions must comply with national environmental laws, specific ministerial regulations, and permits enforced by authorities such as the Central Environment Agency (CEA) and the Marine Environment Protection Authority (MPEA). While work remains ongoing to satisfy certain project-specific environmental approval conditions, to the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation.

Indemnification and insurance of officers and auditors indemnification

The Company has agreed, subject to and so far as may be permitted by the Corporations Act 2001, to indemnify each current director and officer at the date of the report against all liabilities that may arise from their position as directors and officers of the Company. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. No indemnification has been paid with respect to the Company's auditors.

Corporate governance

The Company continued to follow best practice recommendations as set out by 4th edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations. Where the Company has not followed best practice for any recommendation, explanation is given in the Corporate Governance Statement which is available on the Company's website at <http://titaniumsands.com.au/corporate-governance/>.

Non-Audit services

BDO Corporate Tax (WA) Pty Ltd were engaged to provide independent tax services and were paid \$6,500. Further details of the amounts paid or payable to the auditor for non-audit services provided during the financial period by the auditor and are outlined in note 23 below.

The Board of Directors has considered the position and is satisfied that the provision of non-audit services by BDO Tax, an affiliated practice of the former auditor, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. All non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor. None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Titanium Sands Limited

Directors' report (continued)

For the year ended 30 June 2026

Lead auditor's independence declaration

The Lead auditor's independence declaration is included and forms part of the directors' report for financial year ended 30 June 2026.

Signed in accordance with a resolution of the Board of Directors pursuant to section 298(2)(a) of the Corporations Act 2001:

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

James Searle

Director

Dated this 30th day of September 2026

Titanium Sands Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Administrative expenses	5	(605,094)	(547,744)
Depreciation		(2,019)	(1,656)
Director fees		(409,730)	(400,695)
Share based payments		-	(143,384)
Impairment expense	10	(452,420)	-
Loss before financing expenses		(1,469,263)	(1,093,479)
Financial income	6	10	4,275
Financial expenses	6	(191,551)	-
Net financing income/(loss)		(191,541)	4,275
Loss before tax		(1,660,804)	(1,089,204)
Income tax expense	8	-	-
Loss for the year after income tax		(1,660,804)	(1,089,204)
Other comprehensive income			
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(3,567,171)	689,819
Other comprehensive gain for the year		(3,567,171)	689,819
Total comprehensive loss for the year		(5,227,974)	(399,385)
Loss per share for the year attributable to the members of TSL			
Basic and diluted loss per share (cents)	13	(0.07)	(0.05)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited
Consolidated Statement of Financial Position
As at 30 June 2026

	Note	2026 \$	2025 \$
Current assets			
Cash and cash equivalents	9	112,578	222,706
Trade and other receivables	10	157,974	631,608
Total current assets		270,552	854,314
Non-current assets			
Exploration and evaluation assets	7	20,097,986	23,041,361
Property, plant and equipment		8,733	6,575
Total non-current assets		20,106,719	23,047,936
Total assets		20,377,271	23,902,250
Current liabilities			
Trade and other payables	11	446,772	128,984
Financial liabilities	12	1,608,142	375,000
Total current liabilities		2,054,914	503,984
Total liabilities		2,054,914	503,984
Net assets		18,322,357	23,398,266
Equity			
Issued capital	14	42,040,462	42,040,462
Reserves	15	(8,381,007)	(4,965,902)
Accumulated losses		(15,337,098)	(13,676,294)
Total equity		18,322,357	23,398,266

The above Consolidated Statement of Financial Position is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2026

	Share Capital \$	Options Reserve \$	Foreign exchange translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2024	41,611,354	7,099,248	(12,912,683)	(12,587,090)	23,210,830
<i>Total comprehensive loss for the period:</i>					
Loss for the period	-	-	-	(1,089,204)	(1,089,204)
Foreign currency translation	-	-	689,819	-	689,819
Total other Comprehensive loss	-	-	689,819	(1,089,204)	(399,385)
<i>Transactions with owners:</i>					
Share based payments	-	157,714	-	-	157,714
Shares Issued (net of share issue costs)	429,108	-	-	-	429,108
Balance at 30 June 2025	42,040,462	7,256,962	(12,222,864)	(13,676,294)	23,398,266
Balance at 1 July 2025	42,040,462	7,256,962	(12,222,864)	(13,676,294)	23,398,266
<i>Total comprehensive loss for the period:</i>					
Loss for the period	-	-	-	(1,660,804)	(1,660,804)
Foreign currency translation	-	-	(3,567,171)	-	(3,567,171)
Total other Comprehensive loss	-	-	(3,567,171)	(1,660,804)	(5,227,975)
<i>Transactions with owners:</i>					
Share based payments	-	-	-	-	-
Security issue costs	-	152,066	-	-	152,066
Balance at 30 June 2026	42,040,462	7,409,028	(15,790,035)	(15,337,098)	18,322,357

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Cash flows from operating activities			
Cash paid to suppliers and employees		(675,822)	(973,503)
Interest received		10	4,275
Interest Expense		(123,343)	(1,726)
Net cash used in operating activities	17a	(799,155)	(970,954)
Cash flows from investing activities			
Payments for exploration expenditure		(624,193)	(788,556)
Payments for acquisition of entities		-	-
Payment for plant & equipment		(3,780)	(436)
Net cash used in investing activities		(627,973)	(788,992)
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		-	435,567
Proceeds from issue of options		-	-
Receipts of financial liabilities (net of costs)		1,317,000	375,000
Net cash from financing activities		1,317,000	810,567
Net increase / (decrease) in cash and cash equivalents		(110,128)	(949,379)
Opening cash and cash equivalents at 1 July		222,706	1,172,085
Closing cash and cash equivalents	9	112,578	222,706

The above Consolidated Statement of Cash Flows is to be read in conjunction with the notes to the financial statements.

Titanium Sands Limited

Notes to the consolidated financial statements

For the year ended 30 June 2026

1. Reporting entity

This annual financial report includes the financial statements and notes of Titanium Sands Limited ("the Company") and the entities it controlled during the year ended 30 June 2026 ("the Group"). The Group is a for-profit entity primarily involved in exploration of mineral reserves and is domiciled in Australia. Its registered address is Level 8, 216 St George's Terrace, Perth, Western Australia.

2. Basis of preparation

(a) Statement of compliance

The annual financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The annual financial report complies with International financial Reporting Standards as adopted by the International Accounting Standards Board. The annual financial report was authorised for issue by the directors on 30 September 2026.

(b) Basis of measurement

The annual financial report has been prepared on the historical cost basis.

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency and all values are rounded to the nearest dollar unless otherwise stated.

(d) Going Concern

For the year ended 30 June 2026 the Group has incurred a net loss of \$1,660,804 (2025: \$1,089,204), had a net working capital deficit of \$1,784,362 (2025: Surplus \$350,330), experienced net cash outflows from operations of \$907,153 (2025: \$970,954) and net cash outflows from investing activities of \$1,030,824 (2025: outflow \$788,992). As at 30 June 2026 the cash balance was \$112,578 (2025: \$222,706).

The Directors have reviewed the cash flow requirements in the next 12 months and recognise that the ability of the Group to continue as a going concern is dependent on securing additional funding through equity to continue to fund its exploration activities. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The Group successfully raised \$1,425,000 (before costs) during the financial year through Loan Agreements to sophisticated and professional parties which is convertible to equity;
- The Directors have assessed the cash flow requirements for the 12 month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements;
- The working capital has a surplus and the Directors are satisfied funds will be available when obligations arise in the next 12 months;
- The Directors are confident the Group will be successful in sourcing further capital from the issue of additional equity securities, if required, to fund the ongoing operations of the Group having previously been successful when raising funds through equity issues; and
- The ability of the Group to further scale back certain parts of their activities that are non-essential so as to conserve cash.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the company not continue as a going concern.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

3. Material accounting policies

(a) Financial instruments

Financial assets

The Group's financial assets comprise cash and cash equivalents and trade and other receivables. Financial assets are initially recognised at fair value and are subsequently measured at amortised cost when they are held within a business model whose objective is to collect contractual cash flows and those cash flows represent solely payments of principal and interest.

Cash and cash equivalents comprise cash at bank, cash on hand and short-term deposits with original maturities of three months or less. Trade and other receivables are subsequently measured at amortised cost less any allowance for expected credit losses.

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire or when substantially all risks and rewards of ownership have been transferred.

Financial liabilities

The Group's financial liabilities comprise trade and other payables, borrowings and convertible notes.

Financial liabilities are initially recognised at fair value less directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expense, including the amortisation of transaction costs, is recognised as a finance cost in profit or loss over the term of the instrument.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

Convertible notes

Convertible notes issued by the Company are classified as compound financial instruments, containing both a liability component and an equity component.

Initial Recognition: The fair value of the liability component is determined first, by discounting the future contractual cash flows (principal and interest) at a market interest rate for an equivalent non-convertible instrument, less transaction costs. The residual balance of the issuance proceeds is assigned to the equity component (conversion option) and included in equity reserves.

Subsequent Measurement: The liability component is subsequently measured at amortized cost using the effective interest rate (EIR) method. The equity component is not remeasured. Upon conversion or settlement of the convertible notes, the carrying amount of the liability is derecognised and transferred to equity or otherwise settled in accordance with the terms of the instrument.

(b) Exploration and evaluation assets

Exploration and evaluation costs, comprising net direct costs (including the costs of acquiring licences) and an appropriate portion of related overhead expenditure directly attributable to the exploration property, relating to current areas of interest are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the Statement of Profit or Loss and comprehensive income.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the exploration and evaluation costs are expected to be recouped through successful development and exploitation of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

3. Material accounting policies (continued)

(b) Exploration and evaluation assets (continued)

Exploration and evaluation assets are assessed for impairment if one or more of the following facts and circumstances arise:

- (i) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- (ii) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- (iii) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- (iv) sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

In any such case, or similar cases, the entity shall perform an impairment test in accordance with AASB 136. Any impairment loss is recognised as an expense in accordance with AASB 136.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets.

In the event that an area of interest is abandoned, accumulated costs carried forward are written off to the Statement of Profit or Loss and Other Comprehensive Income in the year in which that assessment is made. Expenditure is not carried forward in respect of any area of interest, unless the Group's right of tenure to that area of interest is current.

(c) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Titanium Sands Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

3. Material accounting policies (continued)

(d) Foreign currency translation

The financial statement are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

(e) Share based payments

Equity-settled settled share-based payments are provided to employees and suppliers.

The fair value of the equity to which employees and suppliers become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

(f) **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 24.

(g) **New accounting standards and interpretations issued**

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2026. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations is still under review. The new or amended Accounting Standards and Interpretations most relevant to the Group are set out below:

AASB 18: Presentation and Disclosure in Financial Statements.

AASB 18 will replace AASB 101 to amend the presentation and disclosure requirements in financial statements which includes: the presentation of the statement of profit or loss into five categories, namely the operating, investing, financing, discontinued operations and income tax categories, as well as newly-defined operating profit subtotals; disclosure of management-defined performance measures (MPMs) in a single note; and enhanced requirements for grouping (aggregation and disaggregation) of information.

4. **Critical accounting estimates, judgements and assumptions**

- Assumptions used to carry forward exploration assets

The write-off or carrying forward of exploration expenditure is based on a periodic assessment of the viability of an area of interest and/or the existence of economically recoverable reserves. This assessment is based on pre-determined impairment indicators, taking into account the requirements of the accounting standard, and with the information available at the time of preparing this report. Information may come to light in subsequent periods which requires the asset to be impaired or written down for which the Directors are unable to predict the outcome.

5. **Administrative expenses**

	2026	2025
	\$	\$
Legal expenses	32,460	19,429
Accounting, compliance and audit expenses	253,374	237,465
Corporate advisory fees	72,000	72,000
Marketing expenses	94,581	101,914
Other administrative expenses	152,679	116,936
	605,094	547,744

6. **Finance income and expense**

	2026	2025
	\$	\$
Interest income	10	4,275
Total finance income		4,275
Interest Expense	(191,551)	-
Total finance expenses	(191,551)	-
Net finance expenses	(191,541)	4,275

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2026

7. Exploration and evaluation assets

	2026	2025
	\$	\$
Balance at the beginning of year	23,041,360	21,555,114
Exploration costs capitalised	623,797	796,427
Foreign currency translation	(3,567,171)	689,820
Balance at the end of the year	20,097,986	23,041,361

8. Tax

a. The components of tax expense comprise:

	2026	2025
	\$	\$
Current tax	-	-
Deferred tax	-	-
	-	-

b. the prima facie tax on loss before income tax is reconciled to the income tax as follows

Loss before income tax	(1,660,804)	(1,089,204)
Prima facie tax payable on loss before income tax at 30% (2025: 30%)	(498,241)	(326,761)

Tax effect of amounts which are not deductible/(taxable) in calculating taxation income:

- Non assessable, non-exempt income, non-deductible	118,391	219,560
Net deferred tax asset arising from carried forward losses not recognised	(379,850)	(107,201)
	379,850	107,201
Income tax expense	-	-

c. Deferred tax recognised at 30% (2025: 30%)

Deferred tax liabilities

Capitalised exploration	187,139	298,928
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Deferred tax assets

Revenue losses	(187,139)	(289,928)
Net deferred tax	-	-

The Group has unrecognised tax losses carried forward to the year ended 30 June 2026 of \$9,750,368 (2025: \$9,008,040) to which a deferred tax asset has not been recognised as there is no certainty of probable future taxable income to which they can be utilised. The future recovery of these losses is subject to the Company satisfying the requirements imposed by the regulatory taxation authorities and passing the required continuity of ownership and same business test rules at the time the losses are expected to be utilised.

9. Cash and cash equivalents

	2026	2025
	\$	\$
Current		
Bank balances	112,578	222,706
	112,578	222,706

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2026

10. Trade and other receivables

	2026	2025
	\$	\$
Current		
Prepayment	13,515	18,618
Funds advanced to vendors ¹	-	452,420
GST receivable	18,698	20,244
Other receivables	125,761	140,326
	157,974	631,608

¹ The funds advanced to vendors represents amounts transferred to James Global (Pvt) Ltd as consideration for the acquisition. The management decided the termination of the acquisition and amounts advanced are to be refunded to the Company. A letter for refund has been issued to James Global and a refund is expected to be received. However, given the prolonged period outstanding and increased uncertainty regarding recovery, the company has impaired this recoverable.

11. Trade and other payables

	2026	2025
	\$	\$
Current		
Trade creditors	144,409	24,305
Accrued expenses	246,701	100,428
Other payables	55,662	4,251
	446,772	128,984

12. Financial liabilities

	2026	2025
	\$	\$
Current		
Convertible Notes	1,608,142	375,000
	1,608,142	375,000
Opening balance	375,000	-
Amortised fees	68,208	-
Loan funds ¹	1,425,000	375,000
Less fees	(260,066)	-
	1,608,142	375,000

¹ At 30 June 2026, total loans amounted to \$1.8million (before costs) (2025: \$375,000). Repayment date is 31 December 2026 and interest accrues at a rate of 10% per annum. The lender may elect to convert any amounts owing into fully paid ordinary shares at an issue price of \$0.005 and one unlisted option exercisable at \$0.023 and expiring 30 June 2029. During the year, the repayment date of the first tranche of the loan received prior to 30 June 2025 was extended to 31 December 2026.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

13. Loss per share

Basic and diluted loss per share

The calculation of basic loss per share at 30 June 2026 of 0.07 cents (2025: (0.05)) was based on the loss attributable to ordinary shareholders of \$1,660,804 (2025: \$1,089,204) and a weighted average number of ordinary shares outstanding during the financial year ended 30 June 2026 of 2,344,747,190 (2024: 2,259,292,395).

Weighted average number of

Weighted average number of ordinary

2026	2025
2,344,747,190	2,259,292,395

Diluted loss per share has not been presented separately from basic loss per share as the Company is in a loss position and the inclusion of potential ordinary shares would be anti-dilutive. At 30 June 2026, the Company had 170,500,000 options outstanding which could potentially dilute earnings per share in future periods.

14. Issued Capital

Fully Paid Ordinary Shares

	Number	\$
On issue at 1 July 2024	2,211,747,190	41,611,354
<i>Movements during the year</i>		
Placement	125,000,000	500,000
Consultant shares	8,000,000	48,000
Share issue costs	-	(118,892)
On issue at 30 June 2025	2,344,747,190	42,040,462
<i>Movements during the year</i>	-	-
On issue at 30 June 2026	2,344,747,190	42,040,462

15. Reserves

	2026	2025
	\$	\$
Option and equity settled reserve ¹	7,409,028	7,256,962
Foreign currency translation reserve ²	(15,790,035)	(12,222,864)
	(8,381,007)	(4,965,902)

¹ The Option and Equity Settled Reserve is used to record the fair value of equity incentives issued.

² The Foreign Currency Translation Reserve is used to record exchange rate differences arising on translation of foreign subsidiaries.

	2026	2026	2025	2025
	Numbers	\$	Numbers	\$
Movement in option and equity settled reserve				
Opening balance	1,324,068,146	7,256,962	1,014,559,664	7,099,248
Free attaching options to the Placement	-	-	109,008,482	-
Lead Manager options	-	-	90,000,000	41,986
Director incentive options	-	-	28,000,000	95,384
Free attaching options to the Placement	-	-	62,500,000	-
Lead Manger Options	60,000,000	152,066	20,000,000	19,428
Expired	(1,213,568,146)	-	-	-
Closing balance	170,500,000	7,409,028	1,324,068,146	7,256,962

On 7 July 2026, the Company issued the prospectus to issue options to all holders of the listed options that expired on 16 January 2026 on the basis of one new option for every five options held on the expiry date at an issue of \$0.001. The successful applicants will also receive four bonus options for every option issued for no additional consideration.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

15. Reserves (continued)

Option Valuation Assumptions

Apart from the free attaching options issued as a part of the prior year Share placement, all other options issued to either Lead Managers (for fund raising fees) or Directors were valued internally using the Black-Scholes option valuation model. The following table lists the inputs to the model used in their valuation:

2026:

Grant Date	18/06/2026
Expected Volatility	100%
Expected Life	2.5 Years
Fair Value	\$0.002534
Number Issued	60,000,000
Dividend Yield	Nil
Interest rate	4.62%
Exercise Price (\$)	\$0.023
Share Price at Grant	\$0.007
Recipient	Lead Manager for loans

2025:

Grant Date	13/11/2024	13/11/2024	28/2/2025
Expected Volatility	100%	100%	100%
Expected Life	2 Years	2 years	2 years
Fair Value	\$0.000467	\$0.003407	\$0.009714
Number Issued	90,000,000	28,000,000	20,000,000
Dividend Yield	Nil	Nil	Nil
Interest rate	4.203%	4.312%	4.006%
Exercise Price (\$)	\$0.023	\$0.006	\$0.023
Share Price at Grant	\$0.005	\$0.005	\$0.005
Recipient	Placement Lead Manager	Directors	Placement Lead Manager

16. Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this annual financial report. The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers as cash and cash equivalent.

Cash and cash equivalents

The Group holds cash and cash equivalents with reputable Australian banks currently rated AA-.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2026

16. Financial Risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Group continually monitors its cash flow requirements. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, affect the Group's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's foreign subsidiaries are affected by movements in the exchange rate of the Sri Lankan Rupee.

Interest rate risk

Interest rate risk arises as a result of the fluctuations in variable interest rates.

Capital management

Capital is defined as the share capital of the Company. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company is not subject to externally imposed capital requirements.

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2026

16. Financial Risk management (continued)

Financial instruments

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to the financial statements, are as follows:

	2026	2025
	\$	\$
Financial assets		
Cash and cash equivalents	112,578	222,706
Trade and Other receivables	157,974	631,608
Total financial assets	270,552	854,314
Financial liabilities		
Trade and other payables	446,772	128,984
Convertible notes	1,608,142	375,000
Total financial liabilities	2,054,914	503,984
Total net financial instruments	(1,784,362)	350,330

Fair value hierarchy

The above tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

16. Financial Risk Management (continued)

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Carrying amount	
	2026	2025
Cash and cash equivalents	112,578	222,706
James Global receivable	-	452,420
	112,578	675,126

The Group does not currently generate revenue from operating assets, thus is not exposed to credit risk arising from trade receivables. The advance to James Global remained unpaid at 30 June 2026 and has been fully impaired, reflecting the prolonged period outstanding and increased uncertainty regarding recovery.

Impairment losses

As detailed above, the James Global receivable was fully impaired during the year ended 30 June 2026.

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Group 30 June 2026	Carrying amount	Contractual cash flows	1-12 mths	1-2 years	2-5 years	More than 5 years
	\$	\$	\$	\$	\$	\$
Trade and other payables	446,772	446,772	446,772	-	-	-
Financial liabilities	1,608,142	1,608,142	1,608,142	-	-	-
30 June 2025						
Trade and other payables	128,984	128,984	128,984	-	-	-
Financial liabilities	375,000	375,000	375,000	-	-	-

Currency risk

Exposure to currency risk

The Group is exposed to foreign exchange rate arising from various currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency.

The Group's exposure to foreign currency risk at the reporting date was as follows:

	2026 LKR \$*	2025 LKR \$*
Cash and cash equivalents	103,547	2,052
Trade and other payables	(168)	-
	103,379	2,052

* Amounts are shown in AUD equivalent

Titanium Sands Limited
Notes to the consolidated financial statements (continued)
For the year ended 30 June 2026

16. Financial Risk Management (continued)

Interest rate risk

The Group's exposure to interest rate risk and the effective interest rate for classes of financial assets and financial liabilities is set out below:

	Floating interest rate \$	Fixed interest rate \$	2026 total \$	Floating interest rate \$	Fixed interest rate \$	2025 total \$
Financial assets -Within one year						
Cash and cash equivalents	112,578	-	112,578	222,706	-	222,706
Effective interest rate	0.50%	-	0.50%	0.50%	-	0.50%
Total financial assets	112,578	-	112,578	222,706	-	222,706
Financial liabilities -Within one year						
Trade and other payables	446,772	-	446,772	128,984	-	128,984
Effective interest rate	0%	-	0%	0%	-	0%
Financial liabilities		1,608,142	1,608,142		375,000	375,000
Effective interest rate	-	15%	15%	-	15%	15%
Total financial liabilities	391,772	1,663,142	2,054,914	128,984	375,000	503,984

The Group is exposed to interest rate risk as the Group hold funds on deposit at floating interest rates.

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to Directors and represents management's assessment of the possible change in interest rates.

At reporting date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's net revenue would increase by \$563 and decrease by \$563 respectively (2025: \$1,114).

17. Cashflow Information

a) Reconciliation of cash flows from operating activities

	2026 \$	2025 \$
Cash flows from operating activities		
Loss for the period	(1,660,804)	(1,089,204)
Share based payment	-	143,384
Depreciation	2,019	3,228
Interest expense	68,208	-
Impairment expense	452,420	-
(Increase) / decrease in trade and other receivables	21,214	(23,170)
(Decrease) / increase in trade and other payables	317,788	(5,192)
Net cash from operating activities	(799,155)	(970,954)

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

17 Cashflow Information (continued)

b) Non-cash Financing and Investing Activities

	2026	2025
	\$	\$
Share based payments	-	143,384
Total Non-cash Financing and Investing Activities	-	143,384

c) Changes in liabilities arising from financing activities

	2026	2025
	\$	\$
Opening Balance	375,000	-
Convertible Note	1,425,000	375,000
Fees	(191,858)	-
Closing Balance	1,608,142	375,000

18. Related Party Transactions

Key management personnel compensation

	2026	2025
	\$	\$
The key management personnel compensation are as follows:		
Short-term employee benefits	468,975	551,550
Share Based Payments	-	95,384
Post-employment benefits	22,500	20,700
	491,475	667,634

Consultancy services

Jason Ferris is a Director of J2J Investments Pty Ltd ("J2J"), which provided the Company with out of scope consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2026 was \$115,875 (2025: \$124,350) and are included as part of Directors remuneration.

Dr James Searle is a Director of Earthsciences Pty Ltd ("Earthsciences"), which provided the Company with director and consultancy services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2026 was \$83,100 (2025: \$97,200) and are included as part of Directors remuneration.

Mr Lee Christensen is a Director of Pooky Corporation Pty Ltd ("Pooky"), which provided the Company with director services. These services provided were based upon normal commercial terms and conditions no more favourable than those available to other parties. The amount incurred for the year ended 30 June 2026 was \$90,000 (2025: \$90,000) and are included as part of Director remuneration.

As at 30 June 2026 the Company owed the directors wages and fees that have been included above as follows;

	Directors Fees	Consulting Services	Total
Mr James Searle	\$15,000	\$1,200	\$16,200
Mr Lee Christensen	\$22,500	-	\$22,500
Mr Jason Ferris	\$10,000	\$23,301	\$33,301

Other Transactions

There were no other transactions with key management personnel or other related parties in the current financial year.

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

19. Segment Reporting

The Group operates in one reportable segment, being mineral exploration in Sri Lanka. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

20. Events Occurring after the Reporting Period

On 7 July 2026, the Company issued the prospectus for the issue of options at an issue price of \$0.001. This resulted in the issue of 1,187,856,145 listed options with an expiry of 16 February 2029 and exercise price of \$0.023.

The Company has no further matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

21. Commitments and Contingencies

Exploration Expenditure

The Group's Sri Lankan tenements are subject to annual minimum expenditure commitments based on the area of land holding which the minimum expenditure commitment doubling on each renewal. For those tenements where the GSMB has accepted exploration has been satisfactorily completed, the tenements have been converted to retention status and are subject to annual retention payments. The current exploration commitment are:

	2026 \$	2025 \$
Within 12 months	151,573	144,442
Greater than 12 months but less than 5 years	693,846	632,671
	845,419	777,113

Contingent Liabilities:

The Group has entered into a royalty deed with Curprum Holdings Limited to pay 5% of the net proceeds from the sale of minerals on the tenements acquired from Srinel Holdings Limited. Further to this the Group has also entered into a royalty deed with Caudan Management Services LLC to pay 5% of net proceeds from the sale of mineral on the tenements acquired from Bright Angel Limited.

The Group has no other contingent assets or liabilities at reporting date.

22. Auditors' Remuneration

Audit and other non-audit services

Moore Australia Audit (WA)

Audit and review of financial reports

BDO (WA) Pty Ltd

Audit and review of financial reports

Taxation Services

	2026 \$	2025 \$
Moore Australia Audit (WA)		
Audit and review of financial reports	27,500	-
BDO (WA) Pty Ltd		
Audit and review of financial reports	33,000	51,541
Taxation Services	6,500	5,500
	67,000	57,041

Titanium Sands Limited

Notes to the consolidated financial statements (continued)

For the year ended 30 June 2026

23. Interest in Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 3(c):

Controlled entities	Country of incorporation	Percentage owned 30 June 2026	Percentage owned 30 June 2025
Srinel Holdings Limited	Mauritius	100%	100%
Kilsythe Investments (Pvt) Ltd	Sri Lanka	100%	100%
Kilsythe Exploration (Pvt) Ltd	Sri Lanka	100%	100%
Singha Lanka Investments (Pvt) Ltd	Sri Lanka	100%	100%
Hammersmith Ceylon (Pvt) Ltd	Sri Lanka	100%	100%
Applex Ceylon (Pvt) Ltd	Sri Lanka	100%	100%
Bright Angel Limited	Mauritius	100%	100%
Rotim Investments (Pvt) Ltd	Sri Lanka	100%	100%
Sanur Asia Investments (Pvt) Ltd	Sri Lanka	100%	100%
Hammersmith Investments (Pvt) Ltd	Sri Lanka	100%	100%
Orion Minerals (Pvt) Ltd	Sri Lanka	100%	100%
Melville Investments (Pvt) Ltd	Sri Lanka	100%	100%
Sanur Minerals Investments (Pvt) Ltd	Sri Lanka	100%	100%
Ambrosden Resources (Pvt) Ltd	Sri Lanka	100%	100%
Melville Resources (Pvt) Ltd	Sri Lanka	100%	100%

24. Parent Entity information

Financial position

	2026 \$	2025 \$
Assets		
Current assets	41,245	259,517
Non-current assets	16,382,599	16,379,757
Total assets	16,423,844	16,639,274

Liabilities

Current liabilities	2,168,182	503,984
Total liabilities	2,168,182	503,984

Equity

Issued capital	42,040,462	42,040,462
Accumulated losses	(35,041,762)	(33,162,134)
Reserves	7,256,962	7,256,962
Total equity	14,255,662	16,135,290

Financial performance

Loss for the year	(2,008,419)	(1,071,277)
Total comprehensive loss for the year	(2,008,419)	(1,071,277)

Titanium Sands Limited
Consolidated Entity Disclosure Statement
For the year ended 30 June 2026

Name of Entity	Type of Entity	% of Share Capital held	Country of incorporation	Australian resident or foreign resident	Foreign jurisdiction(s) of foreign residents
Parent Entity					
Titanium Sands Limited	Body Corporate	Australia	Australian	Australian	N/A
Controlled Entities					
Srinel Holdings Limited	Body Corporate	100%	Mauritius	Australian	Mauritius
Kilsythe Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Kilsythe Exploration (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Singha Lanka Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Hammersmith Ceylon (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Applex Ceylon (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Bright Angel Limited	Body Corporate	100%	Mauritius	Australian	Sri Lanka
Rotim Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Sanur Asia Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Hammersmith Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Orion Minerals (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Melville Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Sanur Minerals Investments (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Ambrosden Resources (Pvt) Ltd	Body Corporate	100%	Sri Lanka	Australian	Sri Lanka
Melville Resources (Pvt) Ltd	Type of Entity	100%	Sri Lanka	Australian	Sri Lanka

*according to the law of the foreign jurisdiction

Titanium Sands Limited Directors' Declaration

The directors of Titanium Sands Limited ("the Company" or "the Group") declare that:

- 1) the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the financial position of the Group as at 30 June 2026 and of its performance, as represented by the results of its operations and cash flows, for the financial year ended on that date; and
 - b) comply with Accounting Standards in Australia, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- 2) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
- 3) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 2; and
- 4) the attached Consolidated Entity Disclosure Statement is true and correct.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295(a) of the Corporations Act 2001.

Dated this 30th day of September 2026

Signed in accordance with a resolution of the directors:



James Searle
Director



Moore Australia Audit (WA)

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Independent Audit Report To the members of Titanium Sands Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Titanium Sands Limited (the Company) and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the Group's financial position as at 30 June 2026 and of its financial performance for the year then ended; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Material uncertainty regarding Going Concern

We draw attention to Note 2(d) "Going Concern" of the financial report, which indicates that the Group is dependent upon securing additional funding through equity or other sources to fund its exploration activities and working capital and discharge its liabilities in the ordinary course of business. Should the Group be unable to achieve its funding and/or cost reduction outcomes as detailed in Note 2(d), the Group may be unable to continue as a going concern. Our audit opinion is not modified in this regard.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
How the matter was addressed in our audit
Exploration and Evaluation
Refer to Note 3(b) and Note 7 – Exploration and Evaluation Expenditure

The carrying value of the Group's capitalised exploration and evaluation expenditure was \$20 mill (2025: \$23 mill) at balance date, being its single largest asset.

The ability to recognise and defer exploration and evaluation assets under AASB 6: Exploration and Evaluation for Mineral Resources is impacted by the Group's ability and intention to continue to explore the tenements or its ability to realise this value through development or sale.

Due to the significance of these assets and the subjectivity involved in assessing the ability to continue to defer these assets, this is considered a key audit matter

Our procedures included:

- Ensuring the Group has the ongoing right to explore in the relevant exploration areas of interests and assessing whether the rights to tenure of the Mannar Island Project remained current or were in the process of being renewed at balance date.
- Tested a sample of exploration & evaluation expenditures capitalised during the year to supporting documentation for compliance with the recognition and measurement criteria of AASB 6.
- Ensuring the Group is committed to continue exploration and evaluation activity in the relevant exploration areas of interest by assessing their exploration and future development expenditures that have been budgeted for and reviewing minutes of Board meetings, other internal reports and ASX announcements.
- Considering whether any area of interest has reached a stage where a reasonable assessment of economically recoverable reserves exists.
- Considering whether any facts or circumstances existed to suggest impairment testing was required; and
- We also assessed the reasonableness and appropriateness of the disclosures contained in the financial report.

Convertible Notes
Refer to Note 3(a) and Note 12 – Financial Liabilities

For the year ended 30 June 2026, the Group held convertible notes with a face value of \$1.8 million. The notes bear interest at 10% per annum and may be converted into ordinary shares together with attached options, at the election of the note holders.

The accounting for the convertible notes was considered a key audit matter due to the significance of the arrangement and the judgement involved in assessing the classification and measurement of the liability, conversion feature attaching options

Our procedures included:

- Reviewing the executed agreements and assessing the terms of the convertible notes, conversion feature and attaching options.
- Assessing the accounting treatment against the requirements of AASB 9 Financial Instruments and AASB 132 Financial Instruments: Presentation.
- Evaluating the classification of the conversion feature and attaching options, including consideration of the fixed-for-fixed requirements.
- Assessing the reasonableness of the discount rate and testing the mathematical accuracy of the liability and equity component calculations.

Key audit matter	How the matter was addressed in our audit
under Australian Accounting Standards.	- Recalculating the subsequent measurement of the liability using the effective interest method and agreeing material inputs to supporting documentation. - Evaluating the uncorrected equity component against our materiality thresholds and assessing the adequacy of the related financial statement disclosures. We also assessed the reasonableness and appropriateness of the disclosures contained in the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2026 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and
- c) for such internal control as the directors determine is necessary to enable the preparation of:
 - i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
 - ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/media/bwvjcgre/ar1_2024.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report as included in the directors' report for the year ended 30 June 2026.

In our opinion, the Remuneration Report of Titanium Sands Limited, for the year ended 30 June 2026 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



SUAN LEE TAN
Partner – Audit and Assurance
[Moore Australia Audit \(WA\)](#)
Perth
30 September 2026



Moore Australia Audit (WA)
Chartered Accountants



Moore Australia Audit (WA)

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Auditor's Independence Declaration Under Section 307c of the Corporations Act 2001

To the directors of Titanium Sands Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2026, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit, and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

Suan Lee Tan
Partner – Audit and Assurance
[Moore Australia Audit \(WA\)](#)
Perth
30 September 2026

Moore Australia Audit (WA)
Chartered Accountants

Titanium Sands Limited Schedule of Exploration Tenements

The information was applicable as at 22 September 2026.

Exploration License	Holder	EL	Validity	Area	Status
EL 351	Orion Minerals (PVT) LTD	13/12/2024	12/12/2025	15km ²	IML Lodged
EL 425	Orion Minerals (PVT) LTD	19/11/2024	18/11/2025	10km ²	IML Lodged
EL 423	Orion Minerals (PVT) LTD	15/11/2024	14/11/2025	5km ²	IML Lodged
EL 424	Orion Minerals (PVT) LTD	15/11/2024	14/11/2025	8km ²	IML Lodged
EL 370	Orion Minerals (PVT) LTD	18/05/2024	17/05/2025	31km ²	IML Lodged
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	

* Tenure renewals on the other 4 peripheral exploration licences remain pending. All necessary applications and submissions for the renewal of tenure have been lodged and are expected to be renewed in due course.

Titanium Sands Limited

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. The information was applicable as at 22 September 2026.

A. Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

Shareholders:

Distribution	Number of Shareholders	Number of Shares	%
1 - 1,000	148	22,931	0.00
1,001 - 5,000	18	34,190	0.00
5,001 - 10,000	12	97,757	0.00
10,001 - 100,000	291	15,985,658	0.68
100,001 Over	597	2,328,606,654	99.32
Total	1,066	2,344,747,190	100.00

There were 404 shareholders holding less than a marketable parcel of ordinary shares (at a price of \$0.006).

Optionholders:

Distribution	Number of Optionholders	Number of Options	%
1 - 1,000	7	945	0.00
1,001 - 5,000	1	5,000	0.00
5,001 - 10,000	1	10,000	0.00
10,001 - 100,000	22	1,186,610	0.10
100,001 Over	143	1,186,653,590	99.90
Total	174	1,187,856,145	100.00

B. Substantial Shareholders

An extract of the Company's Register of Substantial Shareholders (who hold 5% or more of the issued capital) is set out below:

Shareholder Name	Listed Ordinary Shares	
	Number	Percentage
Robert Nelson (Vuna Nominees LLC, Willis Holdings Ltd, King George V Nominees Ltd & Cuprum Holdings Limited)	500,810,261	21.36%
Timothy Paul Neesham	220,116,126	9.39%
GJJ Group Pty Ltd	176,139,484	7.20%

C. Top 20

The names of the twenty largest holders of quoted shares are listed below:

		Listed Ordinary Shares	
	Shareholder Name	Number	Percentage
1	WILLIS HOLDINGS LTD	322,500,000	13.75
2	GJJ GROUP PTY LTD	135,000,000	5.45
3	CUPRUM HOLDINGS LIMITED	127,745,261	4.82
4	REDASO PTY LTD <REDASO FAMILY A/C>	110,000,000	4.69
5	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	94,880,325	4.05
6	HEEDFUL PTY LTD <ASSURED S/F A/C>	66,000,000	2.81
7	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	65,500,000	2.79
8	MR TERRENCE ARTHUR BAILEY	51,900,001	2.21
9	GJJ GROUP PTY LTD	41,139,848	1.75
10	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	40,000,000	1.71
11	VUNA NOMINEES LLC	35,000,000	1.49
12	WEALTH TO WEALTH SUPERANNUATION PTY LTD <WEALTH TO WEALTH S/F A/C>	30,000,000	1.28
12	BNP PARIBAS NOMS PTY LTD	27,782,784	1.28
14	MRS SHAN LI	26,784,973	1.25
15	APNEA HOLDINGS PTY LTD <KELLY FAMILY A/C>	26,500,000	1.14
16	STAR SECRETARIAL SERVICES LTD	26,363,636	1.13
17	MR HOWARD WILLIAM OTTEN	20,745,456	1.12
18	WICKLOW CAPITAL PTY LTD <THE TIPPERARY A/C>	19,290,120	0.94
19	QUATTRO STAGIONE PTY LTD	18,300,000	0.88
20	BENEFICO PTY LTD	16,750,000	0.78
TOTAL		1,302,182,404	55.32
Total Remaining Holders Balance		1,042,564,786	44.68

The names of the twenty largest option holders of quoted options are listed below:

		Listed Options	
	Optionholder Name	Number	Percentage
1	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	201,775,210	16.99
2	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	55,600,000	4.68
3	GJJ GROUP PTY LTD	50,000,000	4.21
4	MR WILLI RUDIN	40,000,000	3.37
4	SP CAPITAL PTY LTD	40,000,000	3.37
6	STAR SECRETARIAL SERVICES LTD	32,727,270	2.76
7	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	29,500,000	2.48
8	NORTH AMERICAN GOLD CORPORATION PTY LTD	27,860,200	2.35
9	MR JAMES ANDREW KNOETZE	27,325,010	2.30
10	MR BRADLEY PETER BRYANT + MRS JOSEPHINE ALEXANDA BRYANT <B & J BRYANT A/C>	25,000,000	2.10
11	MR AVDO TABAKOVIC	22,050,000	1.86
12	REDASO PTY LTD <REDASO FAMILY A/C>	22,000,000	1.85
13	QUATTRO STAGIONE PTY LTD	20,575,000	1.73
13	THE 5TH ELEMENT MCTN PTY LTD	20,575,000	1.73
15	MARTENS INVESTMENT (WA) PTY LTD <THE ROSWIL INVESTMENT A/C>	20,350,000	1.71
16	BENEFICO PTY LTD	20,000,000	1.68
17	NI NENGAI PUTRI	18,181,820	1.53
18	FREYABEAR FHMN PTY LTD	18,075,000	1.52
18	HONEYBEE ANHM PTY LTD	18,075,000	1.52
18	HUNTERLAND HJDN PTY LTD	18,075,000	1.52
TOTAL		727,744,510	61.26
Total Remaining Holders Balance		460,111,635	38.74

D. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person (or representing a corporation who is a member) shall have one vote and upon a poll, each share will have one vote.

E. On-market buy-back

There is no current on-market buy-back.

F. Restricted Securities

There are currently no restricted securities.