TITAN MINERALS LIMITED
(ACN 117 790 897)

Annual Report
for the year ended 31 December 2019

Corporate Directory

Directors

Michael Hardy
Laurence Marsland
Matthew Carr
Nicholas Rowley

Company Secretary

Zane Lewis

Registered Office & Principal Place of Business

Suite 1, 295 Rokeby Road
SUBIACO WA 6008

Telephone: +61 8 6555 2950
Facsimile: +61 8 6166 0261

Auditors

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

Share Registry

Automic Share Registry
Level 2
267 St Georges Terrace
Perth WA 6000

Australian Company Number

ACN 117 790 897

ASX Code

TTM

Australian Business Number

ABN 97 117 790 897

Contents

Directors' Report

1. Directors' Information

The directors and company secretary of Titan Minerals Limited (the "Company" or "Titan") and its controlled entities (together the "Group" or "Consolidated Entity") during the financial year end until the date of this report were as follows:

2. Directors and Company Secretary

Michael Hardy – appointed as director on 15 July 2019, current
Laurence Marsland – appointed as director on 15 July 2019, current
Matthew Carr – appointed as director on 3 February 2017, current.
Nicholas Rowley – appointed as a director on 9 August 2016, current.
Robert Sckalor – appointed as director on 7 August 2017, resigned 15 July 2019.
Cameron Henry – appointed as director on 8 August 2017, resigned 15 July 2019.
Zane Lewis – appointed as company secretary on 11 August 2016, current.

3. Directors' Meetings

Three meetings of the directors of the Company have been held during the financial year ended 31 December 2019.

4. Principal Activities

The Group's principal activities during the course of the financial year was minerals exploration in Peru and Ecuador and gold toll processing in Peru.

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

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

The loss of the Group for the year ended 31 December 2019 amounted to $11,568,864 (31 December 2018: $7,810,308).

2019 was a challenging year for the company.

In addition to normal business operations in Peru, Titan had pursued Core Gold Inc and entered into a binding plan of arrangement on 25 March 2019. Titan received overwhelming support from Core Gold shareholders in support of the proposed plan. Unfortunately, the Canadian court declined to approve the plan in July 2019.

On 1 July, the board of the company was strengthened by the addition of Michael Hardy as Chairman and Laurie Marsland as Managing Director, both having extensive experience in public companies, mining and business.

As a result of the scheme not proceeding, and because the directors considered the Core Gold assets to be world-class, the company then launched a takeover bid for Core Gold, investing significant resources.

The formal takeover bid was made on 1 October 2019 and again received overwhelming support from Core Gold shareholders, with 91.7% of the shareholders accepting the Titan offer by early February 2020. This was a great achievement by the company - for a junior mining company to succeed in such a difficult transaction required the support of shareholders and advisors. Our corporate advisors, Bacchus Capital and Canaccord, did an outstanding job supporting the company through the transaction.

Closing the transaction has enabled Titan to have a suite of assets holding significant value and which the directors believe isn't reflected in the company's current market capitalisation. We are well positioned to take advantage of a rising gold market in the years ahead.

In parallel to the takeover of Core Gold, Titan's Peruvian operations advanced, with the commissioning of the Vista plant commencing in February 2019. As a result of the acquisition of Core Gold, the company was not able to allocate the anticipated working capital to increase production at Vista. The board believed the dedication of working capital to the takeover was y worth more to the company's shareholders over the medium term than increasing production in Peru. This change of approach at Vista has had the benefit of allowing the board to methodically address routine start up issues and improve many aspects of that business.

In addition to the commissioning of the Vista plant, during 2019 the company acquired the Las Antas and Coriorcco projects. Both projects are excellent early stage projects that the board considers are valuable additions to the company's portfolio.

The hard work of 2019 will set Titan up for the years ahead. We now have a suite of assets that are the envy of many ASX listed junior companies. The next step is to unlock the value and monetise some of those assets.

Corporate

Capital

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

In August 2019, the Company raised A$6M by the placement of 40,000,000 shares at 15 cents per share (on a post consolidation basis).

In January 2020, the Company raised A$3.5M by the placement of 21,875,000 shares at 16 cents per share (on a post consolidation basis).

Subsequent to year end, the Company issued 444,056,119 shares to acquire a 91.7% interest in Core Gold Inc.

US$3 Million Debt Facility:

On 25 March 2019, Titan entered into a USD $3 million loan facility agreements with a syndicate of several sophisticated investors. The material terms of the loan facility are:

- Amount: US$3,000,000
- Interest: 15% interest per annum
- Security: Vista Gold S.A.C. and Core private placement shares
- Repayment: At the earlier of 21 days from completion of Titan Core Gold plan of arrangement or 6 months from the draw down date, extendable to 9 months at Titan’s election with a minimum repayment of 5 months' interest payable if repaid prior to five months from the draw down date

In September 2019 the Company elected to extend the repayment date until 23 December 2019.

On December 24 December the Company entered into a variation to the loan facility with the lenders, by which the repayment date was extended to 30 April 2020, for a facility fee of 5% of the loan amount provided by each lender, and security over the company’s Vista Gold SAC subsidiary, certain promissory notes issued by Core Gold , and certain Core shares held by Titan.

Additional US$10M Loan Facility

As announced on 2 January 2020, the company entered into an unsecured debt facility with RM Hunter Fund Pty Ltd, an entity controlled by Mr Raymond Meadowcroft, an experienced debt funding investor.

The key terms of the loan facility are:

- the amount available to be drawn is US$10 million;
- amounts drawn may be repaid and redrawn over the term;
- the term is 12 months (with the repayment date being 31/12/2020);
- the interest rate on amounts drawn is 12% per annum (no interest or fees accrue on undrawn amounts);
- Titan can use the amounts drawn as it chooses;
- no security has been, or is required to be, provided to the lender in connection with the facility; and
- as consideration for the lender agreeing to provide the facility, Titan has agreed (subject to receiving all required shareholder approvals) to issue to the Lender fully paid ordinary shares in Titan having an aggregate value equal to US$500,000, which is 5% of the total loan amount. If Titan does not receive all required shareholder approvals for those shares to be issued to the lender, Titan must pay a US$500,000 fee to the lender.

Operations Report

Vista Gold Plant - Peru

Titan continued to implement its development strategy for the recently acquired gold treatment arm of its business focused in Southern Peru within the highly prospective Andean Terrane. Complementary to current ore processing capability, Titan has an ongoing process to develop a landholding position in Southern Peru with mine development potential to provide feed to the Vista plant.

In the 12-month period ending December 2019 the Vista plant processed 15,780 tonnes of gold bearing material averaging 17.26g/t gold. The Company produced 7,813 oz of gold and 9,983 oz silver totalling US$9,660,969 in metal sales with an average realised gold price of US$1,411 per oz.

During the reporting period, Titan completed the construction of the Vista plant and commenced the commissioning process in February 2019. During the year the company developed operating capacity and secured ore supply from licensed artisanal miners in the region.

Figures 1 to 3*: Vista Gold Plant – Leach Tanks for gold recovery (left), Crushed ore stockpiles ready for grinding and processing (upper right), and ball mill grinding circuit and conveyor feed to leach tanks (lower right)*

Las Antas Gold Project – Peru

On 14 January 2019, Titan announced that it has executed a binding agreement by which Titan was granted an exclusive option to acquire up to an 85% interest in the Las Antas project (“Las Antas Earn-In”). Under the Las Antas Earn-In, Titan can earn-in up to 60% of the project by funding US$2,000,000 in exploration activity within a 2 year period from completion of drill permitting.

Figure 4 | Las Antas Project location relative to the centralised Vista plant

Las Antas Project - Highlights

Las Antas is located within the prolific epithermal gold belt of Southern Peru (Refer to Figure 4) which contains various precious metal deposits including the Ares Mine (1.2Moz Au & 15Moz Ag) and the Antapite Mine (600koz Au). The Las Antas project itself hosts significant exploration potential for stand alone, bulk tonnage, disseminated style gold mineralization and provides the company with a key foothold into a broader district containing multiple high-grade gold-silver veins.

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

The local mining district contains multiple high-grade gold and silver veins located proximal to key prospects within the Las Antas project. Las Antas is an important step towards the company's objective of generating multiple opportunities with potential to provide high-grade gold ore feed to the centralized Vista plant.

Las Antas Earn-in Agreement – Key Terms

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

- The Vendor has granted Titan an exclusive right to acquire 60% interest in the Project ("Earn-In Option") by completing at least US$2,000,000 in exploration expenditure within 2 years of receiving all permitting requirements to commence undertaking of exploration activities on the project ("Earn-in Obligation").

- Upon completion of the Earn-In Obligation, Titan will have a period of 60 days within which it may elect to exercise the Earn-In Option. If Titan elects to exercise the Earn-In Option, it must deliver a notice to the Vendor and, within 30 days of delivery of such notice, pay the Vendor an amount of US$450,000.
- Upon Titan acquiring the initial 60% interest in the project, Titan and the Vendor will establish a joint venture to govern the future conduct of activities in relation to the project (“Joint Venture”), with Titan holding a 60% initial interest in the Joint Venture.
- Upon the date on which a pre-feasibility study is first delivered in relation to the project (“Pre-Feasibility Date”), Titan’s interest in the Joint Venture and the project will be increased by 10%. Titan will be solely responsible for funding the pre-feasibility study.
- Separately, Titan will have an option (“Buying Option”) to purchase an additional 15% interest in the Joint Venture and the project from the Vendor in three tranches as follows:
    - Tranche 1: Titan can purchase a 5% interest in the Joint Venture and the project at any time before the Pre-Feasibility Date by paying to the Vendor US$500,000;
    - Tranche 2: Titan can purchase a 5% interest in the Joint Venture and the project at any time within 60 days following the making of a decision to mine in relation to the project by paying to the Vendor US$1,000,000 (provided this must occur within 5 years of the Pre-Feasibility Date); and
    - Tranche 3: Titan can purchase a 5% interest in the Joint Venture and the project at any time within 60 days following the commencement of commercial production in relation to an operating mine on the project by paying to the Vendor US$1,000,000,

  with Titan’s right to exercise any tranche applying irrespective of whether it has previously exercised any other tranche.
- The Vendor to retain a 15% non-diluted interest in the project subject to financing by the Joint Venture subsequent to the pre-feasibility study.
- The Vendor’s contributions to the Joint Venture following the Pre-Feasibility Date will be covered by loan funding from Titan.
- At all times following the formation of the Joint Venture, Titan will retain a first right of refusal over the Vendor’s interest in the project.

The project features an extensive zone of intense hydrothermal alteration at surface. The broader district contains multiple high-grade gold and silver veins located proximal to key prospects within the Las Antas project. The surface hydrothermal and breccia footprint is host to significant potential for larger scale, bulk tonnage, disseminated style gold mineralization.

Las Antas is hosted by the Calipuy volcanic layered stratigraphy in Southern Peru hosting andesitic flows, ignimbrites, tuffs, volcanic breccias and agglomerate units. The volcanic stratigraphy has been intruded by several andesitic to dacitic stocks, which comprise favourable units for mineralization and at surface are associated with a pervasive hydrothermal alteration system in halos of intense silicification, showing vuggy silica, alunite and illite

Specific to the Las Antas project area is two prioritized targets areas:
- Yuracmarca Target, 1.5x2.2 km of area with propylitization, argilization and silicification alterations.
- Cerro Amarillo Target, 3.5x2.3 km of area with intense silicification, in parts vuggy silica, altered breccias, alunite and Illite, argilitization and propylitization

Photo 1 (Left) |Cerro Amarillo Target Area, with intense silicification, localised vuggy silica, altered breccias, alunite, Illite and pervasive argilitization. Photo 2 (Right) | Cerro Amarillo Target, alteration contact between silicification and argilized breccias.

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

Torrecillas Gold Project – Peru

During the reporting period the company's geological team did no further work on the Torrecillas gold project in Peru.

6. Share Options

As at the date of this report there are 4,500,000 options on issue.

7. Indemnification and Insurance of Officers

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The Company has entered into agreements to indemnify all directors and provide access to documents, against any liability arising from a claim brought by a third party against the Company. The agreement provides for the Company to pay all damages and costs which may be awarded against the directors.

The Company has paid premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the Company. The amount of the premium was $27,815 which was paid during the financial year. No indemnity has been sought for or paid to auditors.

8. Events Subsequent to Reporting Date

As announced on 2 January 2020, the Group entered into an unsecured debt facility with RM Hunter Fund Pty Ltd. The key terms of the loan facility are:

- the amount available to be drawn is US$10 million;
- amounts drawn may be repaid and redrawn over the term;
- the term is 12 months (with the repayment date being 31/12/2020);
- the interest rate on amounts drawn is 12% per annum (and no interest or fees accrue on undrawn amounts);
- Titan can use the amounts drawn as it chooses;

- no security has been, or is required to be, provided to the Lenders in connection with the Loan Facility; and
- as consideration for the Lenders agreeing to provide the Loan Facility, Titan has agreed(subject to receiving all required shareholder approvals)to issue to the Lenders fully paid ordinary shares in Titan having an aggregate value equal to US$500,000, which is 5% of the total loan amount. If Titan does not receive all required shareholder approvals for those shares to be issued to the Lenders, then Titan must instead pay a US$500,000 fee to the Lenders in cash.

On 14 January 2020 the Group was successful in its offer to purchase all of the issued and outstanding common shares (the "Core Shares") of Core Gold Inc for consideration of 3.1 Titan Minerals Limited shares for each Core Gold Inc share. As at the date of this report, 91.7% of Core Gold Inc has been acquired. As a result of the change in the shareholding base of Titan Minerals Limited from the transaction, the acquisition is considered to be a reverse acquisition as described AASB 3, with an acquisition date of 30 January 2020.

On 15 April 2020, Core Gold Inc announced the indefinite suspension of all of Core Gold's production operations and commercial activities in Ecuador due to force majeure resulting from the COVID-19 virus pandemic.

Subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. Of specific relevance, on 15 March 2020 Peru announced a country-wide lockdown including border and travel restrictions and prohibiting non-essential business operations.

The direct effect of the COVID-19 outbreak is still being understood by the business as it continues to navigate the uncertainties of executing on its business and exploration plans. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

There has not been any other matters or circumstances that have arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of the operations, or the state of the affairs of the Group in the future financial years.

9. Dividends

No dividends have been paid or declared since the start of the financial year by the Company.
The directors have recommended that no dividend be paid by the Company in respect of the year ended 31 December 2019.

10. Likely developments

The company will continue to pursue its principal activity of minerals exploration in Peru and now Ecuador after the acquisition of Core Gold, and its and gold toll processing in Peru, particularly in respect to the projects outlined under the heading 'Significant changes in the state of affairs and review of operations' of this report. The Company will also continue to evaluate new business opportunities in Peru and Ecuador.

11. Environmental Issues

The company's operations comply with all relevant environmental laws and regulations and have not been subject to any action by environmental regulators.

12. Proceedings on behalf of Company

No person has applied for leave of any court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

13. Information on Directors and Company Secretary

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

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	N/A
Interest in shares and options of the Company:	67,000 Ordinary Shares
Directors meetings attended:	3 of 3 held during term of directorship in financial year
Appointed:	15 July 2019

Laurence Marsland
Director (Managing Director & Chief Executive Officer)
Qualifications and Experience:
Mr Marsland is a graduate of the Western Australia Institute of Technology where he completed a Bachelor of Applied Science in Mechanical Engineering and is a graduate of the Stanford Sloan Fellows Program at the Stanford University Graduate School of Business where he completed a Master of Science in Management degree. Mr Marsland is a Fellow of the Institution of Engineers Australia, a Chartered Professional Engineer and is presently a director of Toro Gold Limited.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	N/A
Interest in shares and options of the Company:	Nil
Directors meetings attended:	3 of 3 held during term of directorship in financial year
Appointed:	15 July 2019

Matthew Carr
Director (Executive Director)
Qualifications and Experience:
Mr Carr is a successful and experienced company director having founded Urban Capital Group. Urban Capital Group is a private equity company with a strong focus on property backed investment and security.

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	N/A
Interest in shares and options of the Company:	7,314,493 Ordinary Shares
Directors meetings attended:	3 of 3 held during term of directorship in financial year
Appointed:	3 February 2017

Nicholas Rowley
Director (Non-Executive Director)
Qualifications and Experience:
Mr Rowley is an experienced corporate executive with a strong financial background having previously worked in the financial services industry for over 10 years where he gained widespread experience in corporate advisory, M&A transactions and equities markets, advising domestic and international Institutional sales and high net worth individuals. He also advised on the equity financings of numerous ASX and TSX listed companies predominantly in the mining and resources sector. Mr Rowley currently serves as Director of Corporate Development for Galaxy Resources Ltd (ASX:GXY).

Directorships of other listed companies in the 3 years prior to the end of the Financial Year:	Non-Executive Director of Cobalt One Ltd (ASX:CO1) until 4 December 2017. Non-Executive Director of ARC Exploration Limited appoint 31 May 2018 (ASX: ARX).
Interest in shares and options of the Company:	2,618,999 Ordinary Shares
Directors meetings attended:	3 of 3 held during term of directorship in financial year
Appointed:	9 August 2016

Zane Lewis
Company Secretary
Qualifications and Experience:
Mr Lewis has over 20 of years corporate advisory experience with various ASX and AIM listed companies. Mr Lewis is a fellow of Chartered Secretaries Australia and is a Non-Executive Director and Company Secretary for a number of ASX Listed companies.
Appointed as company secretary on 11 August 2016.

14. Remuneration Report (Audited)

The Directors present the remuneration report for the Company and the Consolidated Entity for the year ended 31 December 2019. This remuneration report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001 and details the remuneration arrangements for the key management personnel.

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity.
Remuneration is based on fees approved by the Board of Directors.

There is no relationship between the performance or the impact on shareholder wealth of the Company for the current financial year or the previous financial years and either the remuneration of directors and executives or the issue of shares and options to directors. Remuneration is set at levels to reflect market conditions and encourage the continued services of directors and executives.

The names and positions of key management personnel of the Company and of the Consolidated Entity who have held office during the financial year are:

Michael Hardy	Non-Executive Chairman (appointed 15 July 2019)
Laurence Marsland	Managing Director & Chief Executive Officer (appointed 15 July 2019)
Matthew Carr	Executive Director
Nicholas Rowley	Non-Executive Director
Travis Schwertfeger	Chief Operations Manager (until 31 March 2020) / Chief Geologist (effective 1 April 2020)
Robert Sckalor	Non-Executive Director (resigned 15 July 2019)
Cameron Henry	Non-Executive Director (resigned 15 July 2019)

Service Agreements

Remuneration and other terms of employment for the Executive Directors and other officers are formalised in a service agreement. For Non-Executive Directors these terms are set out in a Letter of Appointment. The major provisions of the agreements relating to remuneration per year are set out below.

Name	Consulting fees	Term of Agreement	Notice Period
Michael Hardy	$60,000	No fixed term	N/A
Laurence Marsland	$240,000	4 years	2/12 months(1)
Matthew Carr	$240,000	No fixed term	6/12 months(1)
Nicholas Rowley	$96,000	No fixed term	N/A

Travis Schwertfeger (Chief Operations Manager)	$180,000	No fixed term	3 months
Travis Schwertfeger (Chief Geologist)	$180,000(2)	No fixed term	3 months
Robert Sckalor (resigned 15 July 2019)	$60,000	No fixed term	N/A
Cameron Henry (resigned 15 July 2019)	$60,000	No fixed term	N/A

(1) Termination benefits:

Mr Laurence Marsland:
In the case of termination without cause by the Company, the required notice period is 12 months. In the case of termination without cause by Mr Marsland, the required notice period is 2 months.

Mr Matthew Carr:
In the case of termination without cause by the Company Mr Carr is entitled to receive 12 months' salary on top of the entitles mentioned below. In the case of termination without cause by Mr Carr then he is entitled to receive 6 months' salary on top of the entitlements outlined below. Matthew Carr is entitled to an additional 1 months' salary on top of the notice period for each year of continuous service to the company (pro-rata up to the date of leaving the entity).

(2) In his role as Chief Geologist, Mr Schwertfeger is entitled a minimum fee of $15,000 per month, however his fees may be increased up to $20,000 per month based on time allocated to perform duties required.

Details of Remuneration

Compensation 12 months to 31 December 2019

	Short Term Benefits $	**Super-annuation $**	**Share based payments $**	**Total $**	**Percentage of remuneration that is equity based**
Compensation of key management based on fees approved by the Board of directors.					
Michael Hardy	30,000	-	-	30,000	-
Laurence Marsland	120,000	-	-	120,000	-
Matthew Carr	240,000	-	234,707	474,707	49%
Nicholas Rowley	96,000	-	234,707	330,707	71%
Travis Schwertfeger	209,000	-	12,585	221,585	6%
Robert Sckalor	29,000	-	-	29,000	-
Cameron Henry	35,000	-	-	35,000	-
TOTAL COMPENSATION – FOR KEY MANAGEMENT PERSONNEL	759,000	-	481,999	1,240,999	39%

Compensation 12 months to 31 December 2018

	Short Term Benefits $	Super-annuation $	Share based payments $	Total $	Percentage of remuneration that is equity based
Compensation of Directors based on fees approved by the Board of directors.					
Matthew Carr	180,000	-	236,000	416,000	57%
Nicholas Rowley	80,000	-	236,000	316,000	75%
Robert Sckalor	68,000	-	118,000	186,000	63%
Cameron Henry	68,000	-	118,000	186,000	63%
Travis Schwertfeger	91,400	-	-	91,400	-
TOTAL COMPENSATION – FOR KEY MANAGEMENT PERSONNEL	487,400	-	708,000	1,195,400	59%

Shares and performance rights held by Key Management Personnel

Shareholdings	1 January 2019 or Appointment	Number of Ordinary Shares Issued as Compensation	Net Change Other	31 December 2019 or Resignation
Michael Hardy	-	-	67,000	67,000
Laurence Marsland	-	-	-	-
Matthew Carr	6,738,493	-	576,000	7,314,493
Nicholas Rowley	2,348,999	-	270,000	2,618,999
Robert Sckalor	-	-	-	-
Cameron Henry	4,237	-	-	4,237
Travis Schwertfeger	11,000	-	-	11,000
	9,102,729	-	913,000	10,015,729

Performance Rights	1 January 2019 or Appointment	Number of Performance Rights Issued as Incentive	Net Change Other	31 December 2019 or Resignation
Michael Hardy	-	-	-	-
Laurence Marsland	-	-	-	-
Matthew Carr	2,300,000	-	(2,300,000)**-	-
Nicholas Rowley	2,300,000	-	(2,300,000)**-	-
Travis Schwertfeger	-	1,500,000	-	1,500,000
Robert Sckalor	1,150,000	-	(1,150,000)*	-
Cameron Henry	1,150,000	-	(1,150,000)*	-
	6,900,000	1,500,000	(6,900,000)	1,500,000

*As a result of Mr Sckalor and Mr Henry both resigning on 15 July 2019, under the terms and conditions of the performance rights they are considered lapsed. As a result, any share based payment expense recognised in relation to Mr Sckalor's and Mr Henry's performance rights have been reversed (total of $354,325 at the date of resignation).

**As at 31 December 2019, the vesting conditions for these performance expired with the conditions to vest not met.

At the General Meeting held on 18 December 2016, shareholders approved to grant 80,500,000 performance rights (post consolidation: 8,500,000) as remuneration (Class A, B, C). The rights entitled the directors and company secretary to shares in Titan Minerals Limited on achievement of market conditions. Under the plan, the participant was granted performance rights which only vest if certain market conditions are met.

The amount of rights that will vest depends on the achievement of three market-based conditions. The three conditions are market-based condition related to achieving a 10-day volume weighted average price of shares on the ASX of greater than $0.05, $0.06 and $0.07 respectively (post consolidation: $0.50, $0.60, $0.70 respectively).

Performance rights convert to shares on the date of vesting with no exercise price or share issue price being payable.

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

Tranche	Performance Rights (post-consolidation)	Milestone	Expiry Date
D	500,000	The Shares achieving a daily VWAP of greater than $0.05 for a period of 10 consecutive Trading Days (post consolidation: $0.50)	2 years from the date of issue
E	500,000	The Shares achieving a daily VWAP of greater than $0.06 for a period of 10 consecutive Trading Days (post consolidation: $0.60)	
F	500,000	The Shares achieving a daily VWAP of greater than $0.07 for a period of 10 consecutive Trading Days (post consolidation: $0.70)	

(i) Fair value of performance rights granted
Set out below is the assessed fair value at grant date of performance rights granted in the previous year.

Performance rights:

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

There were no options held by the directors during the year.

Other Information

There were no loans made to any Key Management Personnel during the year or outstanding at year end.
Refer to Note 27 and 28 for further transactions with Key Management Personnel during the year.
During the year the Company did not engage remuneration consultants to review its remuneration policies.

End of Remuneration Report (Audited)

15. Business Risks and Uncertainties

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company. These include the risks discussed in Note 29 of the consolidated financial statements, along with risks that are widespread and associated with any form of business and specific risks associated with the Company's business and its involvement in the exploration and mining industry generally and in Peru in particular. While most risk factors are largely beyond the control of the Company, the Company will seek to mitigate the risks where possible.

16. Lead Auditor's Independence Declaration

In accordance with the Corporations Act 2001 section 307C the auditors of the Company have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 31 December 2019. A copy of this declaration appears at the end of this report.

Signed in accordance with a resolution of the directors.

Michael Hardy
Chairman
16th day of April 2020
Perth, Western Australia

Stantons International Audit and Consulting Pty Ltd
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Chartered Accountants and Consultants

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16 April 2020

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

Dear Sirs

RE: TITAN MINERALS LIMITED

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

As Audit Director for the audit of the financial statements of Titan Minerals Limited for the year ended 31 December 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik
Director

Directors' Declaration

In accordance with a resolution of the directors of Titan Minerals Limited A.C.N. 117 790 897 ("Company"), I state that:

A. In the opinion of the directors

1) As set out in Note 2, the Directors are of the opinion that the financial statements:

   a) give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of the performance for the year ended 31 December 2019; and

   b) complying with Australian Accounting Standards and the *Corporations Act 2001*;

2) the financial statements and notes also comply with the International Financial Reporting Standards as disclosed in Note 2; and

3) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

B. this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2019.

On behalf of the Board of Directors.

Michael Hardy
Chairman
16th day of April 2020
Perth, Western Australia

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	Consolidated Year ended 31-Dec-19	Consolidated Year ended 31-Dec-18
CONTINUING OPERATIONS			
Revenue from contracts with customers	5(a)	14,181,686	-
Cost of sales	5(b)	(13,087,901)	-
Gross profit		1,093,785	-
Other revenue		16,447	15,799
Depreciation and amortisation charges	5(c)	(376,468)	-
Administration expenses	5(c)	(6,652,191)	(2,700,446)
Foreign exchange gain/(loss)		84,837	369,243
Finance costs	17	(913,231)	(4,192)
Impairment expense	5(c)	(2,790,577)	(4,838,030)
Share based payments	30	(364,178)	(1,230,532)
Other expenses		(460,811)	(124,564)
LOSS BEFORE INCOME TAX EXPENSE		(10,362,387)	(8,512,722)
Income tax expense	6	-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		(10,362,387)	(8,512,722)
Discontinued operations			
(Loss) / Profit for the year from discontinued operations	23	(1,206,477)	702,414
(Loss) / Profit for the year		(11,568,864)	(7,810,308)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
- Exchange differences on translating foreign operations		(75,844)	298,085
- Exchange differences derecognised on disposal of subsidiary		(40,629)	-
Items that will not be reclassified subsequently to profit or loss			
- Fair value loss on investments in equity instruments designated as at FVTOCI	15	(2,301,853)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		(2,418,326)	298,085
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(13,987,190)	(7,512,223)
EARNINGS PER SHARE (cents)			
Basic earnings per share			
From continuing operations	21	(3.804)	(4.147)
Diluted earnings per share			
From continuing operations	21	(3.804)	(4.147)
Basic earnings per share			
From discontinued operations	21	(0.443)	0.342
Diluted earnings per share			
From discontinued operations	21	(0.443)	0.342

The above Consolidated Statement of Profit of Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	Consolidated 31-Dec-19	Consolidated 31-Dec-18
CURRENT ASSETS			
Cash and cash equivalents	25(a)	1,793,396	5,459,426
Trade and other receivables	7	2,093,830	1,367,302
Prepayments	8	615,979	889,963
Inventories	9	1,942,528	1,081,315
Current tax asset	10	201,709	825,194
Assets classified as held for sale	11	-	1,716,454
TOTAL CURRENT ASSETS		6,647,442	11,339,654
NON-CURRENT ASSETS			
Trade and other receivables	7	80,000	80,000
Property, plant and equipment	12	5,047,013	2,540,047
Deferred exploration and evaluation expenditure	13	1,423,952	841,622
Intangible assets	14	11,950,810	12,193,538
Financial assets	15	2,101,691	-
Other assets		77,037	-
TOTAL NON-CURRENT ASSETS		20,680,503	15,655,207
TOTAL ASSETS		27,327,945	26,994,861
CURRENT LIABILITIES			
Trade and other payables	16	4,403,614	1,074,995
Borrowings	17	6,422,920	1,416,842
TOTAL CURRENT LIABILITIES		10,826,534	2,491,837
NON-CURRENT LIABILITIES			
Trade and other payables	16	119,249	119,249
Borrowings	17	2,310,175	3,542,080
Provisions	18	403,057	-
TOTAL NON-CURRENT LIABILITIES		2,832,481	3,661,329
TOTAL LIABILITIES		13,659,015	6,153,166
NET ASSETS		13,668,930	20,841,695
EQUITY			
Issued capital	19	123,576,041	117,125,794
Reserves	20	2,048,438	4,102,586
Accumulated losses		(111,955,549)	(100,386,685)
TOTAL EQUITY		13,668,930	20,841,695

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Issued Capital	Share Based Payment Reserve	Foreign Currency Translation Reserve	Asset revaluation reserve	Accumulated Losses	Total Equity
Balance as at 1 January 2018	**91,050,880**	**2,825,527**	**(251,558)**	**-**	**(92,576,377)**	**1,048,472**
Loss for the year	-	-	-	-	(7,810,308)	(7,810,308)
Other comprehensive income for the year, net of income tax	-	-	298,085	-	-	298,085
Total comprehensive Loss for the year	**-**	**-**	**298,085**	**-**	**(7,810,308)**	**(7,512,223)**
Issue of shares	28,973,044	-	-	-	-	28,973,044
Capital raising costs	(818,130)	-	-	-	-	(818,130)
Acquisition of treasury shares on business combination	(2,080,000)	-	-	-	-	(2,080,000)
Share based payments	-	1,230,532	-	-	-	1,230,532
Balance as at 31 December 2018	**117,125,794**	**4,056,059**	**46,527**	**-**	**(100,386,685)**	**20,841,695**
Balance as at 1 January 2019	**117,125,794**	**4,056,059**	**46,527**	**-**	**(100,386,685)**	**20,841,695**
Loss for the year	-	-	-	-	(11,568,864)	(11,568,864)
Other comprehensive income for the year, net of income tax	-	-	(116,473)	(2,301,853)	-	(2,418,326)
Total comprehensive loss for the year	**-**	**-**	**(116,473)**	**(2,301,853)**	**(11,568,864)**	**(13,987,190)**
Issue of shares	6,029,412	**-**	**-**	**-**	**-**	6,029,412
Capital raising costs	(487,500)	-	-	-	-	(487,500)
Disposal of treasury shares	908,335	-	-	-	-	908,335
Recognise vesting of share based payments		718,503	-	-	-	718,503
Reversal of share based payments	-	(354,325)	-	-	-	(354,325)
Balance at 31 December 2019	**123,576,041**	**4,420,237**	**(69,946)**	**(2,301,853)**	**(111,955,549)**	**13,668,930**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Note	Consolidated Year ended 31-Dec-19	31-Dec-18
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operating activities		14,286,623	5,760,887
Payments to suppliers and employees		(19,885,357)	(10,882,303)
Finance costs		(168,233)	-
Interest received		16,447	-
NET CASH USED IN OPERATING ACTIVITIES	25(b)	(5,750,520)	(5,121,416)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant & equipment		(765,880)	(1,445,775)
Payments of exploration and evaluation costs		(412,926)	(497,143)
Loans provided to third party		-	(1,114,273)
Net cash inflow on acquisition of subsidiary		-	226,248
Advance payment received		1,427,348	-
Payment of financial assets		(7,001,193)	-
NET CASH USED IN INVESTING ACTIVITIES		(6,752,651)	(2,830,943)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (net of costs)		5,472,501	10,181,910
Proceeds from disposal of treasury shares		683,334	-
Proceeds from borrowings		4,225,128	-
Repayment of borrowings		(1,427,349)	-
NET CASH PROVIDED BY FINANCING ACTIVITIES		8,953,614	10,181,910
Net (decrease) / increase in cash and cash equivalents		(3,549,558)	2,229,551
Cash and cash equivalents at the beginning of the year		5,459,426	2,931,791
Effects of exchange rate changes on the balance of cash held in foreign currencies		(116,473)	298,084
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	25(a)	1,793,396	5,459,426

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. GENERAL INFORMATION

Corporate Information

The consolidated financial statements of Titan Minerals Limited ("Parent Entity" or "Company") and its controlled entities (collectively as "Consolidated Entity" or "the Group") for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 16 April 2020. The Parent Entity is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Stock Exchange.

The Group's principal activities during the course of the financial year was minerals exploration in Peru and Ecuador and gold toll processing in Peru.

Further information on nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure and other related party relationships are provided in notes 22 and 28.

The Group's registered office is in Suite 7, 295 Rokeby Road, Subiaco, WA 6008 Australia.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial statements were authorised for issue by the Directors' on 16 April 2020.

b) Basis of preparation

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

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

c) Critical accounting judgements and key sources of estimation uncertainty

In the application of AIFRS management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Refer to Note 3 for a discussion of critical judgements in applying the entity's accounting policies and key sources of estimation uncertainty.

d) New and Revised Standards that are effective for these Financial Statements

The adoption of the new or amended standards and interpretations did not result in any significant changes to the Group's accounting policies. In addition, the adoption of AASB 16 *Leases* had no material impact as the Group had no lease contracts as at 1 January 2019. The Group has not elected to early adopt any new accounting standards and interpretations.

Standards issued but not yet effective and not early adopted by the Company

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements, to the extent they are considered applicable to the Group, are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IFRS 3: Definition of a Business

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 and IAS 8: Definition of Material

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.

e) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. The Consolidated Entity incurred a net loss of $11,568,864 (2018: $7,810,308), a net operating cash outflow of $5,750,520 (2018: $5,121,416) and a net investing cash outflow of $6,752,651 (2018: $2,830,943) for the year ended 31 December 2019.

The recent market uncertainty arising from the financial effects of the COVID-19 virus, may impact on the Group's ability to raise further working capital and or to commence profitable operations.

The Consolidated Entity is currently in a working capital deficit position of $4,179,092 (2018: surplus $8,847,817).

As described in Note 26, subsequent to year end the Group was successful in its offer to acquire Core Gold Inc (TSX: CGLD), being an offer of 3.1 Titan Minerals Limited shares for each CGLD share. Also described in Note 26, subsequent to year end the Group entered into a US $10m loan facility which as at this date has not been drawn down.
The Directors have prepared a cash flow forecast and are confident that the Group has sufficient cash to fund its activities within the next 12 months from the date the financial statements are approved and will be

able to meet existing commitments as they fall due. The ability of the Consolidated Entity to continue as a going concern is principally dependent on the following factors:

- Following the successful offer to take over Core Gold, the Group is completing corporate consolidation and regional strategy. As part of this process, any non-core assets are being considered for disposal;
- The Directors have an appropriate plan to raise additional funds as and when they are required;
- If required, the Directors are able to draw down on the US $10m facility obtained subsequent to year end; and
- The Directors have an appropriate plan to contain certain expenditure if appropriate funding is unavailable.

Should the Group be unsuccessful in its plans detailed above, there is uncertainty as to whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

f) Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect those returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary as the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

g) Significant Accounting Policies

The following significant policies have been adopted in the preparation of the Financial Report:

i. Revenue recognition

The Group's primary product is gold and silver bullion. The Group records revenue when evidence exists that all of the following criteria are met:

- The significant risks and rewards of ownership of the product have been transferred to the buyer;
- Neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold, has been retained;
- The amount of revenue can be reliably measured;
- It is probable that the economic benefits associated with the sale will flow to the Group; and
- The costs incurred or to be incurred in respect of the sale can be reliably measured.

These conditions are generally satisfied when title passes to the customer.

ii.Interest revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

iii. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value and have a maturity of three months or less at the date of acquisition.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

iv.Trade and other receivables

Trade receivable (without a significant financing component) are initially recognised at their transaction price and all other receivables are initially measured at fair value. Receivables are measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model with the objective to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the purposes of the assessment whether contractual cash flows are solely payments of principal and interest, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non recourse features).

The Group recognises an allowance for expected credit losses ("ECLs") for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate ("EIR").

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment including forward-looking information.

v. Inventory

Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the inventories to their existing condition and location but excludes overheads. Cost is accounted for as follows:

- *Bullion* - average fixed direct costs and variable direct costs.
- *Gold in circuit* - average cost.
- *Stores - p*urchase cost on a first in first out cost method.
- *Ore stockpiles* - cost of mining on an average cost method.
- *Work in progress* - *cost of mining and processing at an average cost method.*

vi. Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value commencing from the date the asset is available for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Depreciation on assets utilised in exploration, evaluation and mine development during the pre-production phase is included in the carrying value of Deferred Exploration Expenditure and Mine Assets reflected on the balance sheet. On commencement of production, depreciation is expensed to the Income Statement.

The following estimated useful lives are used in the calculation of depreciation:

Facilities	10 years
Vehicles	5 years
Furniture and fixtures	10 years
Computer and other equipment	4 years
Other plant and equipment	3 – 10 years

Impairment of assets

At each reporting date, the Consolidated Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use.

In assessing fair value less costs of disposal, the Consolidated entity considers any relevant quoted market prices and/or subsequent arms-length transactions between two willing parties in determining fair value less costs of disposal.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

vii. Deferred exploration expenditure

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- Such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration and evaluation expenditure, which fails to meet at least one of the conditions outlined above, is written off.

Identifiable exploration assets acquired from another mining company are carried as assets at their cost of acquisition. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions outlined above are met. Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration incurred by or on behalf of the entity. Exploration and evaluation expenditure assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.

The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to mine assets.

viii. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except with the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture, the Group discontinue recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

ix. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 'Financial Instruments: Recognition and Measurement; or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

x. Trade and other payables

Trade payables and other accounts payable are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services.

xi. Provisions

Provisions are recognised when the Consolidated Entity has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Provision for restoration and rehabilitation
A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production, transportation or storage activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation as at the reporting date. Future restoration costs are reviewed annually and any change in the estimates are reflected in the present value of the restoration provision at reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development and production facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present value arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

xii. Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled wholly within twelve months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within twelve months are measured as the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Defined contribution plans
Contributions to defined contribution superannuation plans are expensed when incurred.

xiii. Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

<u>Subsequent measurement</u>

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss
-

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables and loans receivable.

Financial assets at fair value through OCI (debt instruments)

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group's financial assets carried at fair value through OCI are listed equity instruments.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

xiv. Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and loans and borrowings. The Group has no hedging instruments.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by AASB 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 17.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

xv. Issued Capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

xvi. Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

xvii. Foreign currency

Foreign currency transactions

The individual financial statements of each group entity are presented in its functional currency being the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Titan Minerals Limited and the presentation currency for the consolidated financial statements.

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the year in which they arise except that exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur, which form part of the net investment in a foreign operation, are recognised in the foreign currency translation reserve in the consolidated financial statements and recognised in consolidated profit or loss on disposal of the net investment.

Foreign operations

On consolidation, the assets and liabilities of the Consolidated Entity's overseas operations are translated at exchange rates prevailing at the yearend closing rate. Income and expense items are translated at the average exchange rates for the year unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

xviii. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

xix. Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

xx. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key estimates that management has made in the process of applying the Group's accounting policies and that have the most significant effects on the amounts recognised in the financial statements.

(a) Impairment of property, plant and equipment

The Group reviews for impairment of property, plant and equipment, in accordance with its accounting policy. The recoverable amount of these assets has been determined based on the higher of the assets' fair value less costs to sell and value in use. These calculations require the use of estimates and judgements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. The Group may engage the assistance of third parties to establish the appropriate valuation techniques and inputs to the valuation model.

(b) Impairment of deferred exploration expenditure

The future recoverability of deferred exploration and evaluation expenditure is dependent on several factors, including whether the Group decides to exploit the related tenement/lease/concession itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(c) Impairment of Goodwill

The Group reviews for impairment on goodwill at each reporting date. In determining the recoverable amount of relevant cash generating units, in the absence of quoted market prices or other evidence demonstrating fair value less costs to sell, estimations are made regarding the present value of future cash flows. For goodwill, expected future cash flow estimation is based on future production profiles, commodity prices and costs. These estimates and assumptions are subject to risk and uncertainty. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of the goodwill.

4. SEGMENT INFORMATION

Identification of Reportable Segments

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

Segments

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

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

Holding Company

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

Accounting Policies

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

Intersegment Transfers

There have been no intersegment sales during the year.

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

	Revenue			**Segment Result**
	Year ended			**Year ended**
	31-Dec-19	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
Continuing operations				
Segment result before income tax – Peru Gold Toll Treatment Processing	14,181,686	-	1,093,785	-
	14,181,686	-	1,093,785	-
Other revenue			16,447	15,799
Central administration costs and director salaries and depreciation			(7,489,470)	(2,825,010)
Foreign exchange gain / (loss)			84,837	369,243
Finance costs			(913,231)	(4,192)
Impairment expense			(2,790,577)	(4,838,030)
Share Based Payments			(364,178)	(1,230,532)
(Loss) / profit before income tax expense			(10,362,387)	(8,512,722)
Income tax expense			-	-
Loss) / profit for the year from continuing operations			(10,362,387)	(8,512,722)

The revenue reported above represents revenue generated from processed gold sales, toll treatment revenues and concentrate sales to external customers.

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

Assets	**31-Dec-19**	**31-Dec-18**
Peru Gold Toll Treatment Processing	22,767,156	16,988,800
Unallocated assets	4,560,789	10,006,061
Consolidated total assets	27,327,945	26,994,861

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

Liabilities	**31-Dec-19**	**31-Dec-18**
Peru Gold Toll Treatment Processing	(6,714,246)	(5,882,362)
Unallocated liabilities	(6,944,769)	(270,804)
Consolidated total liabilities	(13,659,015)	(6,153,166)

5. REVENUE AND EXPENSES

The following is an analysis of the Group's revenue for the year from continuing operations:

		Consolidated	
		31-Dec-19	**31-Dec-18**
(a) Revenue			
Revenue from toll processing		14,181,686	-
(b) Cost of sales			
Cost of sales from toll processing		(13,087,901)	-
(c) Expenses			
(i) Depreciation			
Plant and equipment		(376,468)	-

		Consolidated	
		31-Dec-19	**31-Dec-18**
(ii) Administration expenses			
Compliance expenses		(449,434)	(509,556)
Legal costs		(613,496)	(81,444)
Professional fees and consultants		(3,850,656)	(1,081,149)
Director fees		(550,000)	(331,000)
Advertising and investor relations		(91,390)	(51,968)
Travel and accommodation		(475,735)	(276,318)
Employee benefits expense		(598,244)	(156,218)
Other Administration costs		(23,236)	(212,793)
		(6,652,191)	**(2,700,446)**
(iii) Impairment expense			
Impairment – Core Gold Notes	15	(2,790,577)	-
Impairment – San Santiago[1]		-	(1,000,000)
Impairment – Deferred exploration and evaluation expenditure assets and mine assets[2]		-	(3,838,030)
		(2,790,577)	**(4,838,030)**

[1]In the 2018 financial year, with the successful acquisition of Andina Resources Limited (including the Vista Gold Plant), the Company decided that the gold circuit at San Santiago would not be restarted. The San Santiago plant remains in care and maintenance while the Company assesses future options for the asset. As a result, the Company has fully impaired the San Santiago plant in the 2018 financial year.

[2]In the 2018 financial year, as a result of the acquisition of Andina Resources Limited, the Company acquired the full rights to the Torrecillas concession, recognising the fair value of the asset acquired of $5.4 million. While the Company still continues it's exploration plans for this asset, as the asset currently remains as an early stage exploration project, the Company decided to impair the value of the Torrecillas asset down to Group costs incurred on the project. The impairment is made up of impairment of Deferred exploration and evaluation expenditure assets $5,228,298 net of the derecognition of the deferred tax liability of $1,390,268 recognised as a result of business combination.

6. INCOME TAXES

	Consolidated	
Income tax recognised in profit or loss	**31-Dec-19**	**31-Dec-18**
Tax expense comprises:		
Current tax expense	-	-
Deferred tax expense	-	-
Total tax expense	-	-

The prima facie income tax expense on pre-tax accounting loss / profit from continuing operations reconciles to the income tax expense in the financial statements as follows:

(Loss) / Profit from continuing operations	(10,362,387)	(8,512,722)
Income tax calculated at 30% (2018: 27.5%)	(3,108,716)	(2,340,999)
Expenses that are not deductible / (income that is exempt) in determining taxable profit	1,091,906	2,326,532
Effect of different tax rates of subsidiaries operating in other jurisdictions	(10,519)	57,087
Tax benefit not recognised as recovery not probable	2,027,329	(42,620)
	-	-

The tax rate used in the above reconciliation is the tax rate of 30% (2018: 27.5%) payable by Australian corporate entities on taxable profits under Australian tax law. The corporate tax rate in Peru is 29.5%.

Deferred tax balances as at 31 December 2019 were not recognised in the statement of financial position. These relate to the deferred tax assets from the following accounts:

Temporary differences	1,608,629	168,239
Tax losses – revenue	8,915,266	1,665,551
Tax losses – capital	21,753,149	21,753,149
	32,277,044	23,586,939

7. TRADE AND OTHER RECEIVABLES

	31-Dec-19	**31-Dec-18**
Current		
Trade receivables	-	14,850
GST/VAT receivable	1,748,215	1,010,683
Other receivables	345,615	341,769
	2,093,830	**1,367,302**

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

	31-Dec-19	31-Dec-18
Non-Current		
Deposits	80,000	80,000
	80,000	80,000

8. PREPAYMENTS

	31-Dec-19	31-Dec-18
Current		
Advances to suppliers(1)	576,000	868,381
Other prepayments	39,979	21,582
	615,979	**889,963**

(1) This balance primarily relates to advances given to mineral suppliers to secure goods in the ordinary course of business.

9. INVENTORIES

	31-Dec-19	31-Dec-18
Raw materials in stockpile	-	865,778
In process ore	1,432,049	208,791
Auxilliary materials	510,479	6,746
	1,942,528	**1,081,315**

10. CURRENT TAX ASSET

	31-Dec-19	31-Dec-18
Current tax receivable	201,709	825,194
	201,709	**825,194**

The balance reflects tax that are eligible for a refund from the Peruvian tax authorities as a result of income tax prepayments.

11. ASSETS CLASSIFIED AS HELD FOR SALE

	31-Dec-19	31-Dec-18
Property, plant and equipment	-	1,716,454
	-	1,716,454

12. PROPERTY, PLANT AND EQUIPMENT

	San Santiago Plant	Land	Facilities	Exploitation Machinery	Dump development	Vehicles	Computer Equipment	Furniture and fixtures	Other plant and equipment	Work in progress	Total
Assets at Cost											
Balance at 31 December 2017	1,000,000	-	-	-	-	-	-	-	-	-	**1,000,000**
Acquisition of subsidiary	-	1,025,474	88,506	-	-	453,455	-	44,842	944,813	1,805,284	**4,362,374**
Additions	-	120,322	-	-	-	441,606	22,027	4,962	32,394	527,281	**1,148,592**
Disposals	-	-	-	-	-	(185,658)	-	-	-	-	**(185,658)**
Transferred to held for sale	-	-	(17,895)	-	-	-	-	-	(211,811)	(1,554,908)	**(1,784,614)**
Exchange differences	-	54,534	3,022	-	-	36,193	1,312	2,367	32,950	22,160	**152,538**
Balance at 31 December 2018	1,000,000	1,200,330	73,633	-	-	745,596	23,339	52,171	798,346	799,817	**4,693,232**
Additions	-	50,348	944,500	1,168,061	374,063	190,964	5,766	-	238,877	9,828	**2,982,407**
Disposals	-	-	(843)	-	-	(283,386)	-	(12,931)	(142,226)	-	**(439,386)**
Transfers	-	-	447,460	278,636	-	-	-	-	80,945	(807,041)	**-**
Exchange differences	-	8,518	(9,416)	(11,230)	(2,904)	6,252	129	487	4,548	12,125	**8,509**
Balance at 31 December 2019	1,000,000	1,259,196	1,455,334	1,435,467	371,159	659,426	29,234	39,727	980,490	14,729	**7,244,762**
Accumulated depreciation and impairment											
Balance at 31 December 2017	-	-	-	-	-	-	-	-	-	-	**-**
Acquisition of subsidiary	-	-	(34,996)	-	-	(356,502)	-	(26,835)	(519,877)	-	**(938,210)**
Depreciation	-	-	(20,416)	-	-	(30,783)	(328)	(2,079)	(33,596)	-	**(87,202)**
Disposals	-	-	16,501	-	-	-	-	-	-	-	**16,501**
Transferred to held for sale	-	-	-	-	-	-	-	-	164,672	-	**164,672**
Impairment	(1,000,000)	-	(31,800)	-	-	31,398	-	(10,306)	(249,741)	-	**(1,260,449)**
Exchange differences	-	-	(2,657)	-	-	(4,975)	(3)	(1,860)	(39,002)	-	**(48,497)**
Balance at 31 December 2018	(1,000,000)	-	(73,368)	-	-	(360,862)	(331)	(41,080)	(677,544)	-	**(2,153,185)**
Depreciation	-	-	(61,172)	(157,379)	(26,203)	(99,595)	(6,458)	(548)	(24,890)	(223)	**(376,468)**
Disposals	-	-	583	-	-	253,137	-	7,044	82,254	-	**343,018**
Exchange differences	-	-	(991)	400	66	(14,441)	15	(369)	4,205	1	**(11,114)**
Balance at 31 December 2019	(1,000,000)	-	**(134,948)**	**(156,979)**	**(26,137)**	**(221,761)**	**(6,774)**	**(34,953)**	**(615,975)**	**(222)**	**(2,197,749)**
Net book value											
As at 31 December 2018	-	1,200,330	265	-	-	384,734	23,008	11,091	120,802	799,817	**2,540,047**
As at 31 December 2019	-	1,259,196	1,320,386	1,278,488	345,022	437,665	22,460	4,774	364,515	14,507	**5,047,013**

13. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31-Dec-19	31-Dec-18
Deferred exploration expenditure	1,423,952	841,622

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

Carrying amount at beginning of the year	841,622	-
- additions	578,475	453,811
- acquisitions through business combination	-	5,400,000
- impairment	-	(5,055,521)
- impact of foreign exchange	3,855	43,332
	1,423,952	**841,622**

14. INTANGIBLES

	Consolidated	
	31-Dec-19	31-Dec-18
Goodwill(1)	11,872,056	12,110,496
Other intangibles	78,754	83,042
	11,950,810	**12,193,538**

(1) Goodwill relates to the acquisition of Andina Resources Limited completed in the 2018 financial year. The Group has finalised its assessment and determined that no further changes to the accounting of the acquisition of Andina Resources Limited is required – refer Note 32.

As described in Note 26, subsequent to year end the Group was successful in its bid to acquire Core Gold Inc. Under the terms of the bid, the acquisition of Core Gold Inc was assessed by management to be a reverse acquisition as described in AASB 3. Under this treatment for accounting purposes, Core Gold Inc is the acquirer and Titan Minerals Limited is the acquiree.

Management have assessed the estimated impact of the reverse acquisition accounting, and the accounting acquisition of Titan Minerals Limited by Core Gold Inc is expected to result in an attributable goodwill balance considerably in excess of the existing goodwill carrying amount.

The transaction with Core Gold Inc was considered as appropriate evidence demonstrating that the goodwill as at 31 December 2019 was not impaired.

Reconciliation of movement in goodwill:

	Consolidated	
	31-Dec-19	31-Dec-18
Balance at the beginning of the financial year	12,110,496	-
Acquisition of Andina Resources Limited (refer Note 32)	-	12,110,496
Adjustments to the Andina Resources Limited business combination during the provisional accounting period	(238,440)	-
Balance at the end of the financial year	11,872,056	12,110,496

15. FINANCIAL ASSETS

		Consolidated	
		31-Dec-19	31-Dec-18
Shares in listed entities	(1)	2,101,691	-
Notes receivable	(2)	-	-
		2,101,691	**-**

(1) During the period the Group acquired 9,151,363 shares in Core Gold Inc (TSXV: CGLD) for AUD $4,210,616. These shares are recognised as fair value through other comprehensive income, the fair value movement for the period was a loss of $2,301,853, of which $192,928 relates to foreign currency movements.

(2) During the period the Group acquired all of the outstanding interest bearing secured (i) promissory notes issued by Core Gold in the aggregate principal amount of US$1.5 million (the “Promissory Notes”) and (ii) convertible promissory notes issued by Core Gold in the aggregate principal amount of US$1 million (the “Convertible Notes”), plus all accrued interest (together referred to as the “Notes”). The Promissory Notes and Convertible Notes incurred interest at 12% per annum and matured on 31 March 2019.

On 21 August 2019 Core Gold announced that Core Gold and the former holder of the Promissory Notes and Convertible Notes have agreed to amend the Promissory Notes and Convertible Notes and bring them current on the following terms (the “Amendments”):

(i) the maturity date of the Promissory Notes will be changed from 31 March 2019 to 31 March 2021;

(ii) the maturity date of the Convertible Notes will be changed from 31 March 2019 to 31 March 2020;

(iii) the conversion price of the Convertible Notes will be reduced from CAD$0.30 per share to CAD$0.18 per share; and (iv) certain restrictions on the transfer of the Promissory Notes will be removed.

Subsequent to the end of the year, on 6 January 2020, Titan and Core Gold entered into agreements which terminated and cancelled the amendments to the Promissory and Convertible Notes in August 2019, and the debt has been amended as follows:

- The maturity date of the Promissory Notes has been extended from March 31, 2019 to March 31, 2020;
- The maturity date of the Convertible Notes has been extended from March 31, 2019 to March 31, 2020;
- The conversion option of the Convertible Notes expired on March 31, 2019, as a result the previously convertible Convertible Notes are now straight loans without any conversion features attached; and
- The restrictions on transfer of the Promissory Notes have been removed.

The Convertible Notes are no longer convertible as a result of the January 2020 Amendments. Accordingly TSXV approval of the January 2020 Amendments is not required.

The Notes are classified as financial assets at amortised cost. The Group has recognised impairment of the total Notes receivable of $2,790,577.

These Notes have been assigned as security for the loans from sophisticated and professional investors described in Note 17.

16. TRADE AND OTHER PAYABLES

		Consolidated	
		31-Dec-19	31-Dec-18
Current Liabilities			
Trade and other payables		2,876,066	1,074,995
Advance received	(1)	1,427,348	-
Application funds received in advance		100,200	-
		4,403,614	**1,074,995**
Non- Current Liabilities			
Trade and other payables		119,249	119,249
		119,249	**119,249**

(1) The Group received a payment in advance of USD $1,000,000 for the sale of royalty rights on a concession currently under application by the Group.

17. BORROWINGS

	Consolidated	
	31-Dec-19	31-Dec-18
CURRENT		
Secured at amortised cost		
Loan – Silverstream SECZ (i)	1,427,348	1,416,842
Loan – Sophisticated and professional investors (ii)	4,995,572	-
	6,422,920	**1,416,842**
NON CURRENT		
Secured at amortised cost		
Loan – Silverstream SECZ (ii)	2,310,175	3,542,080
	2,310,175	**3,542,080**
TOTAL BORROWINGS	**8,733,095**	**4,958,922**

(i) Silverstream SECZ Loan

The loan is interest free, and requires the total payment of US$3,700,000 over 15 instalments commencing on 1 July 2018 and ending on 30 June 2022. The current amount outstanding as at 31 December 2019 is USD $2,500,000.

The Silverstream agreement is secured over the Torrecillas concessions and mining operations that the Titan group had with Silverstream SECZ.

(ii) Sophisticated and professional investors

As announced on March 25, 2019, the Group entered into a secured debt facility with a group of sophisticated and professional investors. The Loan Facility makes available to Titan up to US$3,000,000 of financing and Titan has drawn down the full amount in order to purchase 9,151,363 common shares of Core Gold on a private placement basis at a price of C$0.44 per share as previously announced on March 12, 2019.

The material terms of the loan facility are:

- Amount: US$3,000,000
- Interest: 15% interest per annum payable at the repayment date.
- Security: Vista Gold S.A.C. and Core Private Placement shares

- Repayment: earlier of 21 days from completion of Titan Core Gold plan of arrangement or 6 months from the draw down date, extendable to 9 months at Titans election with a minimum repayment of 5 months interest payable if repaid prior to five months from the draw down date.
- Covenants: Titan Minerals Limited must ensure that Vista Gold S.A.C conducts its business in the ordinary and usual course of business, and must procure that Vista Gold S.A.C must not, without the Lender's approval:
  - grant any Security Interest over any of the assets or undertaking of Vista Gold S.A.C;
  - enter into any capital expenditure commitments in excess of US250,000 (in aggregate);
  - incur any liability other than trade creditors in the ordinary course of business up to a maximum amount of US500,000;
  - incur indebtedness in excess of US$750,000 (in aggregate);
  - issue, or agree to issue, any shares, options or any other security which will convert into shares in Vista Gold S.A.C;
  - dispose of or procure, approach or enter into any discussions or negotiations with any third party to dispose of the Vista Gold Plant;
  - distribute or return any capital to its members;
  - alter their constitution or articles of association;
  - pay any dividend to its members or pay any management fee, or similar amount;
  - Enter into any contract which could effect the balance sheet negatively or require further debt to service that contract.

On 24 December 2019, Titan announced the following changes to this facility:

- the repayment date under the Loan Facility has been extended to 30 April 2020;
- as consideration for the extension to the repayment date, Titan has agreed to pay a fee to each Lender which is equal to 5% of the loan amount provided by that Lender, being an aggregate of US$150,000 (which at each Lender's election may be paid in cash or satisfied through the issue of fully paid ordinary shares in Titan); and
- the security to be provided by Titan to the Lenders in connection with the Loan Facility will also include Titan's rights and interests in certain promissory notes issued by Core Gold Inc in addition to the existing security of Vista Gold S.A.C. and Core Private Placement shares. (refer to announcement dated 25 March 2019) – refer to Note 15.

Finance costs:
As at 31 December 2019, $713,527 of interest and extensions fees was accrued in relation to loan from sophisticated and professional investors and disclosed as finance costs. Also included in finance costs are other various costs incurred in obtaining financing.

18. PROVISIONS

	Consolidated	
	31-Dec-19	**31-Dec-18**
NON CURRENT		
Provision for rehabilitation	403,057	-
	403,057	**-**

A provision for rehabilitation has been recognised for costs to remediate spaces used as tailings dumps to meet laws and regulations for the protection of the environment as described by the relevant Government regulator in Peru.

19. ISSUED CAPITAL

(a) Issued capital reconciliation

	31 December 2019		31 December 2018	
Issued capital	**Number**	**$**	**Number**	**$**
Ordinary shares fully paid	**296,566,687**	**123,576,041**	**2,563,706,065**	**119,205,794**
Treasury shares(1)	**-**	**-**	**-**	**(2,080,000)**
Total Issued Capital	**296,566,687**	**123,576,041**	**2,563,706,065**	**117,125,794**
Movements in shares on issue				
Balance at the beginning of the financial year	2,563,706,065	119,205,794	1,635,381,023	91,050,880
Consolidation on a 10:1 basis	(2,307,335,458)	-	-	-
Shares issued 7 August 2019, at $0.15, for Share Placement	40,196,080	6,029,412	-	-
Disposal of treasury shares	-	(1,171,665)	-	-
Shares issued 28 May 2018, at $0.03 under Tranche 1 of Share Placement	-	-	233,334,333	7,000,030
Shares issued 16 July 2018, at $0.03 under Tranche 2 of Share Placement	-	-	133,334,333	4,000,010
Shares issued 10 August 2018, at $0.032 for the acquisition of Andina Resources Limited	-	-	545,263,978	17,448,447
Shares issued 26 September 2018, at $0.032 for the acquisition of Andina	-	-	16,392,398	524,557
Capital Raising Costs	-	(487,500)	-	(818,130)
Balance at end of financial year	**296,566,687**	**123,576,041**	**2,563,706,065**	**119,205,794**

(1) Treasury shares

During the year the Group disposed of 65,000,000 treasury shares for cash of $683,335 and $225,000 in lieu of cash for settlement of creditors. There are no treasury shares held as at 31 December 2019.

Terms and conditions of contributed equity

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

(b) Shares under option – unlisted

Recipient	Number of shares under option	Exercise price	Expiry date	Vested
Canaccord Genuity (Australia) Limited	1,200,000	$0.05	1 July 2021	100%
Canaccord Genuity (Australia) Limited	1,500,000	$0.06	1 July 2021	100%
Canaccord Genuity (Australia) Limited	1,800,000	$0.07	1 July 2021	100%

As at 31 December 2019, there are 4,500,000 unlisted share options issued to corporate advisors.

Unquoted share options granted carry no rights to dividends and no voting rights and details of the movement in unissued shares or interests under option as at the date of this report are:

	Number of Options (Unlisted)
Total number of options outstanding as at 1 January 2018	**209,357**
Issue of options	45,000,000
Share options lapsed	(209,357)
Total number of options outstanding as at 31 December 2018	**45,000,000**
Share consolidation	(40,500,000)
Total number of options outstanding as at 31 December 2019	**4,500,000**

No options were exercised during the year.

20. RESERVES

	Consolidated	
	31-Dec-19	**31-Dec-18**
Share based payments reserve	4,420,237	4,056,059
Foreign currency translation reserve	(69,946)	46,527
Asset revaluation reserve	(2,301,853)	-
	2,048,438	**4,102,586**
Movements in Share based payments reserve		
At the beginning of the financial year	4,056,059	2,825,527
Additions	718,503	1,230,532
Reversal of share based payments	(354,325)	-
	4,420,237	**4,056,059**

The share based payments reserve is used to accumulate the fair value of share based payments issued, including options and performance rights.

Movements in Foreign currency translation reserve		
At the beginning of the financial year	46,527	(251,558)
Disposal of subsidiary	(75,844)	
Movement	(40,629)	298,085
	(69,946)	**46,527**

The foreign currency translation reserve is used to record exchange differences arising from the translation of subsidiaries from the functional currency (US dollars for Peru) to the presentation currency (AUD).

Movements in the Asset revaluation reserve		
At the beginning of the financial year	-	-
Movement	(2,301,853)	-
	(2,301,853)	**-**

The asset revaluation reserve is used to record fair value movements in financial assets carried at fair value through other comprehensive income

21. LOSS PER SHARE

	Consolidated	
	31-Dec-19	**31-Dec-18**
	Cents	**Cents**
Basic and diluted loss per share from continuing operations	(3.804)	(4.147)
	$	**$**
Loss from Continuing Operations Attributable to Equity Holders of Titan Minerals Ltd	(10,362,387)	(10,742,570)
	No.	**No.**
Weighted average number of ordinary shares used in the	272,438,031	2,052,757,028
Potential ordinary shares not considered to be dilutive at year end	-	-
	Cents	**Cents**
Basic and diluted loss per share from discontinued operations	(0.443)	0.342
	$	**$**
(Loss) / Profit from Discontinued Operations Attributable to Equity	(1,206,477)	702,414
	No.	**No.**
Weighted average number of ordinary shares used in the	272,438,031	2,052,757,028
Potential ordinary shares not considered to be dilutive at year end	-	-

There were no potential ordinary shares considered to be dilutive at year end.

22. SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest 2019	Ownership interest 2018	Principal Activity
Mundo Minerals USA Inc	USA	100%	100%	Administrative holding company
Empresa Minera Cobrepampa S.A.C	Peru	100%[1]	100%[1]	Copper exploration
Grupo Cobrepampa	Peru	100%[1]	100%[1]	Copper exploration
Korisumaq S.A.C	Peru	100%[1]	100%[1]	Copper exploration
Compañía Minera Austrandina S.A.C (formerly Hogans Heros S.A.C)	Peru	100%	100%	Administrative holding company
Compañía Minera Santa Raquel (formerly Hogans Hotel California S.A.C)	Peru	100%	100%	Administrative holding company
Compañía Minera Santa Carmela (formerly Little Twiggy S.A.C)	Peru	100%	100%	Administrative holding company
Andina Resources Limited	Australia	100%	100%	Administrative holding company
Tulin Gold S.A.C	Peru	0%[2]	100%	Processing plant operator
Vista Gold S.A.C	Peru	100%	100%	Processing plant operator
Mantle Mining S.A.C	Peru	100%	100%	Gold exploration
Andean Metals S.A.C	Peru	100%	100%	Administrative holding company
Porphyry Assets Pty Ltd	Australia	100%	100%	Administrative holding company
Porphyry Assets S.A.C	Peru	100%	100%	Administrative holding company

Note 1: Empresa Minera Cobrepampa S.A.C, Grupo Cobrepampa S.A.C and Korisumaq S.A.C were placed in liquidation during the year, with the process ongoing as at 31 December 2019.

Note 2: As disclosed in Note 23, Tulin Gold S.A.C was disposed during the 2019 financial year.

23. DISCONTINUED OPERATIONS

The profit or loss attributable to discontinued operations relate to the disposal of the below entities.

	31 Dec 2019	31 Dec 2018
Tulin Gold Co S.A.C	(1,206,477)	(2,229,848)
Derivado Y Concentrados S.A.C	-	2,468,159
Compañía Minera Cobrepampa S.A.C	-	464,103
Total Profit / (loss) for the year from discontinued operations (attributable to owners of the company)	(1,206,477)	702,414

The details of the disposal's are outlined below.

Disposal of Tulin Gold Co S.A.C

In July 2019, the Group disposed of its 100% owned subsidiary Tulin Gold Co S.A.C for consideration of US $1.

(a) Financial performance

	31 Dec 2019	31 Dec 2018
Profit for the period from discontinued operations		
Revenue	130,065	5,802,384
Cost of goods sold	(144,501)	(5,211,220)
Gross profit	(14,436)	591,164
Other expenses	(247,148)	(592,163)
Impairment	(1,090,290)	(2,228,849)
Loss for the year from discontinued operations for the year or until date of disposal	(1,351,874)	(2,229,848)
Gain on disposal	145,397	-
Loss before income tax	(1,206,477)	(2,229,848)
Attributable income tax expense	-	-
Loss for the year from discontinued operations (attributable to owners of the company)	**(1,206,477)**	**(2,229,848)**

	31 Dec 2019	31 Dec 2018
Cash flows from discontinued operations		
Net cash inflow / (outflow) from operating activities	344,336	(1,106,530)

(b) Details of the sale of Tulin Gold Co S.A.C

	July 2019
Consideration received in cash and cash equivalents	1
Analysis of extracted assets and liabilities over which control was lost	
Cash and cash equivalents	(10,685)
Trade and other payables	196,710
Derecognition of foreign currency reserve	(40,629)
Gain on disposal of subsidiary	145,397

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

Disposal of Derivado Y Concentrados S.A.C

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

(c) Financial performance

	31 Dec 2019	31 Dec 2018
Profit for the period from discontinued operations		
Revenue	-	-
Cost of goods sold	-	-
Gross profit	-	-
Other expenses	-	(777,136)
(Loss) / profit for the year from discontinued operations for the year or until date of disposal	-	(777,136)
Gain on disposal	-	3,245,287
Profit before income tax	-	2,468,151
Attributable income tax expense	-	-
Profit for the year from discontinued operations (attributable to owners of the company)	**-**	**2,468,151**

	31 Dec 2019	31 Dec 2018
Cash flows from discontinued operations		
Net cash outflow from operating activities	-	(205,608)

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

	15 June 2018
Consideration received in cash and cash equivalents	1,068
Analysis of assets and liabilities over which control was lost	
Trade and other payables	2,985,309
Derecognition of foreign currency reserve	258,910
Gain on disposal of subsidiary	3,245,287

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

Disposal of Compañía Minera Cobrepampa SAC

On 29 August 2018, the Group disposed of its 100% owned subsidiary Compañía Minera Cobrepampa SAC for no consideration.

(a) Financial performance and cash flow information

	31 Dec 2019	31 Dec 2018
Profit for the period from discontinued operations		
Revenue	-	-
Cost of goods sold	-	-
Gross profit	-	-
Other expenses	-	-
Profit for the year from discontinued operations for the year or until date of disposal	-	-
Gain on disposal	-	464,103
Profit before income tax	-	464,103
Attributable income tax expense	-	-
Profit for the year from discontinued operations (attributable to owners of the company)	**-**	**464,103**

	31 Dec 2019	31 Dec 2018
Cash flows from discontinued operations		
Net cash outflow from operating activities	-	-

(b) Details of the sale of Compañía Minera Cobrepampa SAC

	29 August 2018
Consideration received in cash and cash equivalents	-
<u>Analysis of assets and liabilities over which control was lost</u>	
Trade and other payables	464,103
Gain on disposal of subsidiary	**464,103**

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

24. CONTINGENCIES AND COMMITMENTS

As at reporting date, the Group had no outstanding commitments under non-cancellable operating leases. The outstanding commitments in relation to the prior period fell due as follows:

	Consolidated	
	31-Dec-19	**31-Dec-18**
Within one year	-	37,404
In the second to fifth years inclusive	-	144,234
After 5 years		
	-	**181,638**

At the reporting date the Group is not part of any office rental agreement.

The Group has no other commitments or contingent liabilities as at 31 December 2019.

25. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money markets instruments. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated	
	31-Dec-19	**31-Dec-18**
Cash at bank and deposits at call	1,793,396	5,459,426
(b) Reconciliation of loss for the year to net cash flows used in operating		
Profit / (Loss) for the year	(11,568,864)	(7,810,308)
Adjustments for:		
Depreciation and amortisation of non-current assets	376,468	87,202
Share based payments	364,178	1,230,532
Foreign exchange	(84,837)	(297,248)
Finance costs	713,527	-
Impairment / (reversal) of impairment	2,790,577	7,066,878
Gain on disposal of subsidiary	-	(2,932,262)
Non-cash financing activities:		
- Assumption of financial liability	-	1,053,133
(Increase)/decrease in assets:		
Trade and other receivables	(741,378)	380,386
Prepayments	273,984	(429,926)
Inventories	(861,212)	(42,310)
Current tax assets	623,486	(449,371)
Increase/(decrease) in liabilities:		
Trade and other payables	2,348,702	(2,978,122)
Net cash used in operating activities	(5,750,520)	(5,121,416)

(c) Non-cash financing activities

As disclosed in Note 17, a total of $713,527 of interest and extension fees was accrued in relation to loan from sophisticated and professional investors and disclosed as finance costs.

There were no other non-cash financing activities.

26. EVENTS AFTER THE REPORTING PERIOD

As announced on 2 January 2020, the Group entered into an unsecured debt facility with RM Hunter Fund Pty Ltd. The key terms of the loan facility are:

- the amount available to be drawn is US$10 million;
- amounts drawn may be repaid and redrawn over the term;
- the term is 12 months (with the repayment date being 31/12/2020);
- the interest rate on amounts drawn is 12% per annum (and no interest or fees accrue on undrawn amounts);
- Titan can use the amounts drawn as it chooses;
- no security has been, or is required to be, provided to the Lenders in connection with the Loan Facility; and
- as consideration for the Lenders agreeing to provide the Loan Facility, Titan has agreed(subject to receiving all required shareholder approvals)to issue to the Lenders fully paid ordinary shares in Titan having an aggregate value equal to US$500,000, which is 5% of the total loan amount. If Titan does not receive all required shareholder approvals for those shares to be issued to the Lenders, then Titan must instead pay a US$500,000 fee to the Lenders in cash.

On 14 January 2020 the Group was successful in its offer to purchase all of the issued and outstanding common shares (the "Core Shares") of Core Gold Inc for consideration of 3.1 Titan Minerals Limited shares for each Core Gold Inc share. As at the date of this report, 91.7% of Core Gold Inc has been acquired. As a result of the change in the shareholding base of Titan Minerals Limited from the transaction, the acquisition is considered to be a reverse acquisition as described AASB 3, with an acquisition date of 30 January 2020.

On 15 April 2020, Core Gold Inc announced the indefinite suspension of all of Core Gold's production operations and commercial activities in Ecuador due to force majeure resulting from the COVID-19 virus pandemic.

Subsequent to the end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020. Of specific relevance, on 15 March 2020 Peru announced a country-wide lockdown including border and travel restrictions and prohibiting non-essential business operations.

The direct effect of the COVID-19 outbreak is still being understood by the business as it continues to navigate the uncertainties of executing on its business and exploration plans. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report however they will have an impact on our earnings, cash flow and financial condition.

There has not been any other matters or circumstances that have arisen since the end of the financial year, that has significantly affected or may significantly affect, the operations of the Group, the results of the operations, or the state of the affairs of the Group in the future financial years.

27. KEY MANAGEMENT PERSONNEL

	31-Dec-19	31-Dec-18
Remuneration of key management personnel		
Short term employee benefits	759,000	487,400
Post-employment benefits	-	-
Share based payments	481,999	708,000
Termination benefits	-	-
	1,240,999	1,195,400

Refer to the Remuneration Report on pages 9-12 of the Directors Report for further details.

28. RELATED PARTY TRANSACTIONS

a) Subsidiaries

The ultimate parent entity of the group is Titan Minerals Limited. Details of the ownership of ordinary shares held in subsidiaries are disclosed in Note 22 to the Financial Statements. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in the Note. Details of transactions between the Group and other related parties, if any, are disclosed below.

Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group.

b) Parent entity

The ultimate parent entity of the Group is Titan Minerals Limited.
The Statement of Comprehensive Income and Financial position on the parent entity are summarised below:

	Parent	
	31-Dec-19	**31-Dec-18**
Statement of Financial Position		
Current assets	867,092	5,396,859
Non-current assets	2,181,691	80,000
Total assets	**3,048,783**	**5,476,859**
Current liabilities	6,798,985	158,100
Non-current liabilities	-	-
Total liabilities	**6,798,985**	**158,100**
Net Assets	**(3,750,202)**	**5,318,759**
Issued capital	123,576,041	117,125,794
Reserves	2,118,385	4,056,060
Accumulated losses	(129,444,628)	(115,863,095)
Shareholder Equity	**(3,750,202)**	**5,318,759**
Statement of Comprehensive Income		
Loss after tax	(13,581,533)	(24,883,356)
Total comprehensive loss	**(13,581,533)**	**(24,883,356)**

c) Expenditure commitments by the parent entity:

	31-Dec-19	31-Dec-18
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
	-	-

29. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, price and foreign exchange risks and ageing analysis for credit and liquidity risk.

Risk management is carried out by senior management under direction of the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas. The consolidated entity is not materially exposed to changes in interest rates in its activities.

The material financial instruments to which the Group has exposure include:
(i) Cash and short-term deposits;
(ii) Trade and other receivables;
(iii) Accounts payable; and
(iv) Borrowings

The carrying values of these financial instruments approximate their fair values. The carrying values of the Group's financial instruments are as follows:

	31-Dec-19	31-Dec-18
Financial Assets		
Cash and Cash Equivalents	1,793,396	5,459,426
Trade and Other Receivables	2,173,830	1,447,302
Financial assets	2,101,691	-
Total Financial Assets	**6,068,917**	**6,906,728**
Financial Liabilities		
Trade and other payables	4,296,129	1,137,182
Borrowings	8,733,095	4,958,922
Total Financial Liabilities	**13,029,224**	**6,096,104**
Net Exposure	**(6,960,307)**	**810,624**

The table reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity as well as management's expectations of settlement period for all other financial instruments.

	31-Dec-19	31-Dec-18
Trade and other receivables maturing as follows:		
Less than 6 months	2,093,830	1,367,302
6 months to 1 year	-	-
Later than 1 year but not longer than 5 years	80,000	80,000
Over 5 years	-	-
	2,173,830	1,447,302

Trade and other payables maturing as follows:		
Less than 6 months	4,176,880	1,017,933
6 months to 1 year	-	-
Later than 1 year but not longer than 5 years	119,249	119,249
Over 5 years	-	-
	4,296,129	1,137,182
Borrowings maturing as follows:		
Less than 6 months	5,709,246	708,416
6 months to 1 year	713,674	708,416
Later than 1 year but not longer than 5 years	2,310,175	3,542,090
Over 5 years	-	-
	8,733,095	4,958,922

(a) Market Risk

Foreign Exchange Risk

The Group operates internationally and is exposed to foreign exchange risk arising primarily from its subsidiaries, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The carrying amounts of the Group's foreign currency denominated assets and monetary liabilities at the end of the reporting year are as follows:

	Assets		**Liabilities**	
	31-Dec-19	**31-Dec-18**	**31-Dec-19**	**31-Dec-18**
	$	**$**	**$**	**$**
US dollars	7,765,964	6,808,428	10,250,841	4,265,073

Interest Rate Risk

All the consolidated entity's financial instruments that are exposed to interest rate risk are either non-interest bearing, bear interest at commercial interest rates or at fixed rates. The weighted average interest rate on cash and short-term deposits at 31 December 2019 was 0.45% (31 December 2018: 1.15%). All receivables, other financial assets and payables are non-interest bearing.

Price risk

The Group is exposed to commodity price risk through its gold sales from the Toll processing operations. The Group does not currently hedge the price at which it sells gold.

(b) Credit Risk

Financial instruments, which potentially subject the consolidated entity to credit risk, consist primarily of cash and short-term deposits. Credit risk on cash, short term deposits and trade receivables is largely minimised by dealing with companies with acceptable credit ratings.

The consolidated entity has no reason to believe credit losses will arise from any of the above financial instruments. However, the maximum amount of loss, which may possibly be realised, is the carrying amount of the financial instrument.

Cash in Australia is held with National Australia Bank Limited which is an appropriate financial institution with an external credit rating of AA-. Cash in Peru is held with Banco De Credito Del Peru which is an appropriate financial institution with an external credit rating of BBB+.

(c) Liquidity Risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. Management monitors the rolling forecasts of the Group's cash and fair value assets based on expected cash flows. This is generally carried out at a local level in the operating companies of the Group in accordance with the practise and limits set by the Group.

(d) Capital Risk management
The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to maintain a suitable capital structure and fulfil the objectives of the Group.

30. SHARE-BASED PAYMENTS

Performance Rights

At the General Meeting held on 18 December 2016, shareholders approved to grant 80,500,000 performance rights (post consolidation: 8,500,000) as remuneration (Class A, B, C). The rights entitled the directors and company secretary to shares in Titan Minerals Limited on achievement of market conditions. Under the plan, the participant was granted performance rights which only vest if certain market conditions are met.

The amount of rights that will vest depends on the achievement of three market-based conditions. The three conditions are market-based condition related to achieving a 10-day volume weighted average price of shares on the ASX of greater than $0.05, $0.06 and $0.07 respectively (post consolidation: $0.50, $0.60, $0.70 respectively).

Performance rights convert to shares on the date of vesting with no exercise price or share issue price being payable.

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

Tranche	Performance Rights (post-consolidation)	Milestone	Expiry Date
D	500,000	The Shares achieving a daily VWAP of greater than $0.05 for a period of 10 consecutive Trading Days (post consolidation: $0.50)	2 years from the date of issue
E	500,000	The Shares achieving a daily VWAP of greater than $0.06 for a period of 10 consecutive Trading Days (post consolidation: $0.60)	
F	500,000	The Shares achieving a daily VWAP of greater than $0.07 for a period of 10 consecutive Trading Days (post consolidation: $0.70)	

(i) Fair value of performance rights granted

Set out below is the assessed fair value at grant date of performance rights granted:

	Fair value at grant date
Class A – Directors – granted 18 December 2016	$0.032
Class B – Directors – granted 18 December 2016	$0.032
Class C – Directors – granted 18 December 2016	$0.032

Class D – COO – granted 30 May 2019	$0.005
Class E – COO– granted 30 May 2019	$0.003
Class F – COO– granted 30 May 2019	$0.002

The fair value of the performance rights is being expensed over the vesting period.

As a result of Mr Sckalor and Mr Henry both resigning on 15 July 2019, under the terms and conditions of the performance rights there are considered lapsed. As a result, any share based payment expense recognised in relation to Mr Sckalor's and Mr Henry's performance rights have been reversed (total of $354,325 at the date of resignation).

As at 31 December 2019, the vesting conditions on the performance rights expired with the conditions to vest not met.

Options

On 10 August 2018 the Company issued the following 45,000,000 (post consolidation: 4,500,000) options to Canaccord Genuity (Australia) Limited, comprised of:

- 12,000,000 (post consolidation: 1,200,000) unquoted options exercisable at $0.05 (post consolidation: $0.50) each on or before 1 July 2021;
- 15,000,000 (post consolidation: 1,500,000) unquoted options exercisable at $0.06 (post consolidation: $0.60) each on or before 1 July 2021; and
- 18,000,000 (post consolidation: 1,800,000) unquoted options exercisable at $0.07 (post consolidation: $0.70) each on or before 1 July 2021.

The options were valued using a Black Scholes valuation model. The key inputs into the valuation were:

Options exercisable at:	$0.05 (post consol: $0.50)	$0.06 (post consol: $0.60)	$0.07 (post consol: $0.70)
Grant date	10 August 2018	10 August 2018	10 August 2018
Expiry date	1 July 2021	1 July 2021	1 July 2021
Estimated volatility	75.93%	75.93%	75.93%
Risk-free interest rate	1.82%	1.82%	1.82%
Fair value	$0.01	$0.009	$0.008

Expenses Arising from Share-based Payment Transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	31-Dec-19	31-Dec-18
	$	$
Share based payments issued to directors and staff	(718,503)	(826,000)
Share based payment reversal	354,325	-
Options issued to Canaccord Genuity (Australia) Limited	-	(404,532)
Total share-based payments	**(364,178)**	**(1,230,532)**

31. REMUNERATION OF AUDITORS

	31-Dec-19 $	31-Dec-18 $
Auditor of the parent entity		
Audit and review of the annual and half year financial report	103,606	74,985
Audit and review of other financial reports	20,700	-
	124,306	74,985
Other auditors – associate firms of the auditor of the parent entity in Peru		
Audit or review of the financial report	52,655	22,732

32. BUSINESS COMBINATION

Acquisition of Andina Resources Limited

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

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

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

(a) Consideration transferred

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

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

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

*****Andina Resources Limited held in its shares in Titan Minerals Limited as at the date of the acquisition with a value of $2,080,000. Upon acquisition of these shares, they were recognised by the Group as treasury shares in Equity.

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

Goodwill arising on acquisition

	$
Consideration transferred	17,973,004
Less: Fair value of identifiable net assets and liabilities acquired	(6,100,948)
Goodwill (Note 14)	11,872,056

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Titan Minerals Limited the Company and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2019, 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 a summary of significant accounting policies, 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 31 December 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Material Uncertainty Related to Going Concern

Without qualifying our audit opinion, attention is drawn to the following matter.

As referred to in Note 2 to the financial statements, the consolidated financial statements have been prepared on the going concern basis. At 31 December 2019, the Group had cash and cash equivalents of $1,793,396, and incurred a loss after income tax from continuing operations of $10,362,387.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital and/or successfully recommencing profitable operations and/or exploiting its mineral and other assets. The recent market uncertainty arising from the financial effects of the COVID-19 virus, may impact on the Group's ability to raise further working capital and or to commence profitable operations.

In the event that the Group is not successful in raising further equity or successfully recommencing profitable operations and /or exploiting its mineral and other assets, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Emphasis of Matter Relating to Carrying Value of Property, Plant and Equipment

Without qualifying our audit opinion, attention is drawn to the following matter.

As referred to in Note 12 to the financial statements, the Group had Property, Plant and Equipment of $5,047,013 as at 31 December 2019. The recoverability of the Group's carrying value of Property, Plant and Equipment is dependent on the successful commercial exploitation of the assets and/or sale of the assets to generate sufficient funds to at least that of their carrying values. In the event that the Group is not successful in commercial exploitation and/or sale of these assets, the realisable value of the Group's assets may be significantly less than their current carrying values.

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 Matters	How the matter was addressed in the audit
Carrying Value of Goodwill	
During the prior year, the Company acquired 100% of the issued capital of Andina Resources Limited ("Andina"). As a result, an adjusted goodwill balance totalling $11,872,056 as at 31 December 2019 was recognised. The carrying value of the goodwill was considered a key audit matter due to: • The significance of the balance, being approximately 44% of total assets; and • The high level of judgment required from the management in applying the standard AASB 136 *Impairment of Assets* ("AASB 136").	Inter alia, our audit procedures included the following: i. Reviewing the audit work performed by the component auditor of Andina's wholly owned trading subsidiary Vista Gold SAC; ii. Obtaining and challenging management's assessment regarding the impairment of goodwill in relation to the acquisition of Andina. This was also considered particularly in light of the additional acquisition of Core Gold Inc. transaction concluded in the 2020 financial year; iii. Reviewed minutes of the Board of Directors meetings and held discussions with management; and iv. Considering the adequacy of the financial report disclosures contained in Notes 14 and 23 in relation to AASB 136 and AASB 3 Business Combinations (in relation to prior period).

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2019, 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 opinion 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.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group 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 Group 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 9 to 12 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Titan Minerals Limited for the year ended 31 December 2019 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.

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
16 April 2020

ANALYSIS OF HOLDINGS OF LISTED SHARES AND OPTIONS IN THE COMPANY

	Ordinary Shares
1 — 1,000	136
1,001 — 5,000	220
5,001 — 10,000	136
10,001 — 100,000	461
100,001 — and over	372
Total number of holders	1,325
Holdings of less than a marketable parcel	416

Voting Rights

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

There are no current on-market buy-back arrangements for the Company.

REGISTERED OFFICE OF THE COMPANY

Suite 1, 295 Rokeby Road
Subiaco Western Australia 6005

Tel: +61 (8) 6555 2950
Fax: +61 (8) 6166 0261

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

Automic Share Registry
Level 2
267 St Georges Terrace
Perth WA 6000

Telephone (within Australia): 1300 992 916
Telephone (outside Australia): +61 3 9315 2333

COMPANY SECRETARY
The name of the Company Secretary is Zane Lewis.

TAXATION STATUS
Titan Minerals Limited is taxed as a public company.

TWENTY LARGEST HOLDERS OF ORDINARY SHARES

Rank	Holder Name	Securities	%
1	CITICORP NOMINEES PTY LIMITED	192,492,734	25.25%
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	106,000,753	13.90%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	88,344,109	11.59%
4	TAZGA TWO PTY LTD <TAZGA TWO A/C>	17,533,333	2.30%
5	MEADOWCROFT INVESTMENTS PTY LTD <THE RIVERSTYLE A/C>	15,532,514	2.04%
6	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	13,070,864	1.71%
7	UBS NOMINEES PTY LTD	11,213,174	1.47%
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	10,244,955	1.34%
9	BLOCK CAPITAL GROUP LIMITED	8,740,882	1.15%
10	J STIMPSON PTY LTD <HOEK A/C>	7,500,000	0.98%
10	MR REEGAN BUSWELL <HAS BEEN INVESTMENTS A/C>	7,500,000	0.98%
11	ROCKFORD INVESTMENT FUND P/L <ROCKFORD INV A/C>	7,480,000	0.98%
12	BETTINA MARIA JESUS CAPORICCI & ALFREDO ALBERTO RAMON CAPORICCI	7,045,435	0.92%
13	VONROSS NOMINEES PTY LTD	5,567,254	0.73%
14	TEXBRIDGE HOLDINGS PTY LTD	5,441,667	0.71%
15	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	5,230,515	0.69%
16	SAMALUCA HOLDINGS PTY LTD	5,037,500	0.66%
17	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	4,701,994	0.62%
18	FERNLAND HOLDINGS PTY LTD <THE CELATO A/C>	4,030,000	0.53%
19	MEADOWCROFT INVESTMENTS P/L <THE RIVERSTYLE A/C>	4,000,000	0.52%
20	RICHSHAM NOMINEES PTY LTD	3,825,034	0.50%
	Total	530,532,717	69.58%

SUBSTANTIAL SHAREHOLDERS

Holder Name	Securities	%
CITICORP NOMINEES PTY LIMITED	192,492,734	25.25%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	106,000,753	13.90%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	88,344,109	11.59%

TENEMENTS

Project	Location	Tenement	Interest held
Coriorcco	Southern Peru	Anta 17	100%
Coriorcco	Southern Peru	ASC105	100%
Las Antas	Southern Peru	Anta 7	0%(1)
Las Antas	Southern Peru	Anta 9	0%(1)
Torrecillas	Southern Peru	Retorno-I	100%
Torrecillas	Southern Peru	Retorno-II	100%
Torrecillas	Southern Peru	Retorno-III	100%
Torrecillas	Southern Peru	Retorno-IV	100%
Torrecillas	Southern Peru	Retorno-V	100%
Torrecillas	Southern Peru	Retorno-VI	100%
Torrecillas	Southern Peru	Retorno-VII	100%
Torrecillas	Southern Peru	Retorno-IX	100%
Torrecillas	Southern Peru	RetornoXIV	100%
Torrecillas	Southern Peru	RetornoXV	100%
Torrecillas	Southern Peru	RetornoX	100%
Torrecillas	Southern Peru	Retorno XX	100%
Torrecillas	Southern Peru	Retorno XXXIV	100%
Torrecillas	Southern Peru	Retorno XXXII	100%
San Santiago	Southern Peru	San Santiago De Acari	100%
San Santiago	Southern Peru	Virgen Del Carmen 2004P	100%

(1) Titan has been granted an exclusive option to acquire up to an 85% interest in the Las Antas Project ("Las Antas Earn-In"). Under the Las Antas Earn-In, Titan can earn-in to 60% of the Las Antas Project by funding US$2,000,000 in exploration activity within a 2-year period from completion of drill permitting.

CORPORATE GOVERNANCE STATEMENT

The directors of Titan Minerals support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement and the appendix 4G released to ASX and posted on the Company website at www.titanminerals.com.au.

The directors are focused on fulfilling their responsibilities individually, and as a Board, for the benefit of all the Company's stakeholders. That involves recognition of, and a need to adopt, principles of good corporate governance. The Board supports the guidelines on the "Principles of Good Corporate Governance and Recommendations – 3rd Edition" established by the ASX Corporate Governance Council.

Given the size and structure of the Company, the nature of its business activities, the stage of its development and the cost of strict and detailed compliance with all of the recommendations, it has adopted a range of modified systems, procedures and practices which enables it to meet the principles of good corporate governance.

The Company's practices are mainly consistent with those of the guidelines and where they do not correlate with the recommendations in the guidelines the Company considers that its adopted practices are appropriate to it.