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ABN 65 009 131 533

Titanium Sands Limited
(Formerly Windimurra Vanadium Limited)

Interim Financial Report for the Half Year Ended
31 December 2016

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Titanium Sands Limited (Formerly Windimurra Vanadium Limited)

Corporate Information

Directors	Mr James Searle (appointed 2 March 2016) Mr Jason Ferris (appointed 31 July 2014) Mr Lee Christensen (appointed 16 April 2015) Mr Graham Chapman (appointed 21 January 2015, resigned 17 November 2016)
Company Secretary	Ms Nicki Farley (appointed 7 November 2012)
Registered Office	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Share Registry	Computershare Investor Services Pty Limited Reserve Bank Building Level 2, 45 St Georges Terrace PERTH WA 6000
Place of Incorporation	Western Australia
Principal Place of Business	Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Auditors	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008
Solicitors	Price Sierakowski Corporate Level 24, 44 St Georges Terrace PERTH WA 6000 Telephone: (08) 6211 5099 Facsimile: (08) 9218 8875
Bankers	National Australia Bank 100 St Georges Terrace PERTH WA 6000
Stock Exchange	ASX Limited Exchange Plaza 2 The Esplanade PERTH WA 6000
ASX Code	TSL (Formerly WVL)

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Directors Report For the half year ended 31 December 2016

The directors of Titanium Sands Limited (“the Company”) (formerly Windimurra Vanadium Limited) submit herewith the interim financial report for the half year ended 31 December 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The directors of the Company at any time during or since the end of the half year are:

Mr James Searle (appointed 2 March 2016)

Mr Jason Ferris (appointed 31 July 2014)

Mr Lee Christensen (appointed 16 April 2015)

Mr Graham Chapman (appointed 21 January 2015, resigned 17 November 2016)

Company Secretary

Ms Nicki Farley (appointed 7 November 2012)

Principal Activities

The current principal activity and key focus for the Company during the period is mineral exploration.

Operating Results

The net loss of the Company for the half year ended 31 December 2016 was \$252,505 (2015: \$210,762).

Review of Operations and Events Subsequent to the Reporting Date

Corporate

At the Company’s Annual General Meeting on 30 November 2016 shareholders approved the change of company name from Windimurra Vanadium Ltd to Titanium Sands Ltd (ASX:TSL). This will reflect the Company’s focus on the exploration and development of high grade mineral sands deposits. A General Meeting of shareholders is to be held during the June quarter to approve the acquisition of the Sri Lankan heavy mineral projects.

Operations

Sri Lankan Mineral Sands Project

The vendor of the Mannar Island Heavy Mineral Project in Sri Lanka (Figure 1), Srinel Holdings Ltd has been undertaking further shallow auger drilling to maintain the momentum of the project. Srinel has advised that during 2016 a total of 608 drill holes were drilled on the tenure that is to be acquired by TSL. Details of this drilling were reported to the ASX on the 2 March 2017. Visual logging of the drilling has identified areas of heavy mineral concentration up to 3 Km inland from the previously reported JORC inferred resource envelope along the north east shoreline of Mannar Island (Figure 2). This area is contained within the expanded project area (as announced 26 January 2016).

A sample preparation laboratory has also been set up on site in Mannar Island. Drilling samples are now being processed so they can be exported to a specialist mineral sands laboratory. The Company anticipates that a revised resource statement will be prepared in due course after laboratory results and further mineralogical analyses are completed.

In addition high grade heavy mineral accumulations have recently been identified within the project area on the mainland shore adjacent to Mannar Island (Figures 2, 3 and 4 locations HG1 and HG2). These high grade occurrences are significant because they are located 250m and 450m inland from the previously reported JORC resource envelope*. Accordingly drilling to extend the resource envelope landward in these localities will be a priority following shareholder approval of the Sri Lankan Project acquisition by Titanium Sands Ltd.

Review of Operations and Events Subsequent to the Reporting Date (continued)
Sri Lankan Mineral Sands Project (continued)

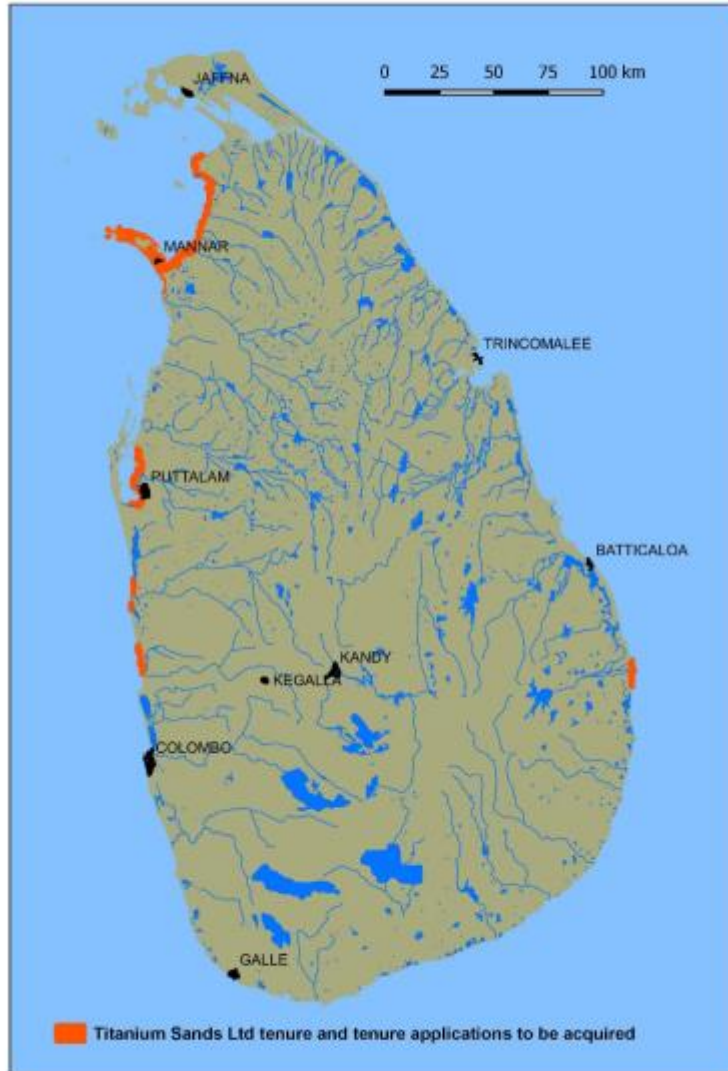


Figure 1 Heavy Mineral Sand Project locations.

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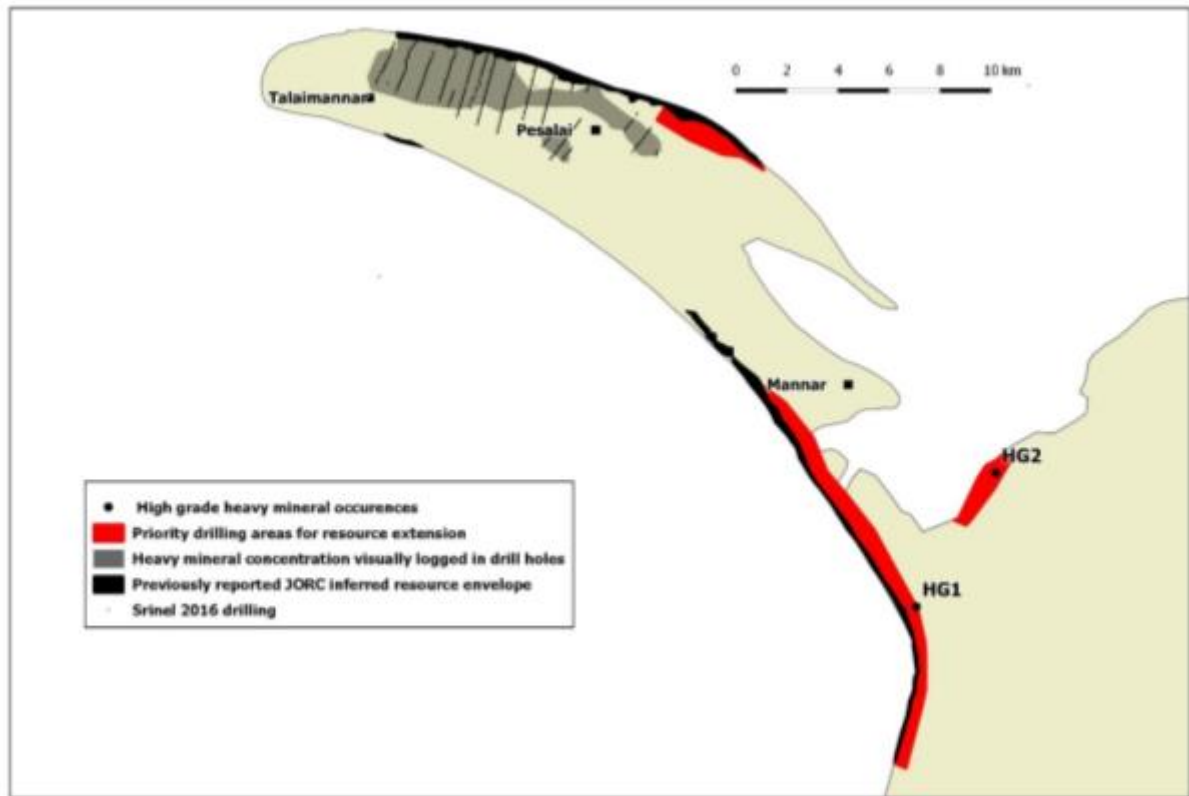


Figure 2 Mannar Island Project, showing resource extension priority drilling.



Figure 3 High grade heavy mineral sand concentrations 250m landward of the JORC resource envelope at location HG1 in Figure 2.

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Review of Operations and Events Subsequent to the Reporting Date (continued)
Sri Lankan Mineral Sands Project (continued)



Figure 4 Concentrate of heavy minerals panned from a ~2kg sample from 450m inland at location HG2 in Figure 2.

About the Mannar Island Heavy Mineral Sand Project

Srinel Holdings Ltd is an unlisted company registered in Mauritius which holds via subsidiary companies 13 exploration licences (covering 348km²) and an exploration license application (covering 42km²). Windimurra (now Titanium Sands Ltd) exercised its option to acquire 100% of the issued capital of Srinel under the updated terms as released to ASX on 29 January 2016. The acquisition does however in addition require shareholder approval at a general meeting. This process is underway.

An initial JORC inferred mineral resource of 10.3 Mt with total heavy mineral (THM) of 11.7% (Table 2) was reported to the Australian Securities Exchange on the 22 April 2015 *. This resource was based on an historical drill hole data base of 785 auger drill holes and from the 115 holes drilled in 2014. The drilling and the defined resource envelope were largely confined to within 150m of the Mannar Island shoreline.

Tonnes	%THM	%Silt	%Oversize	%Ilm.	%Leuc.	%Rut.	%Zir
10.33Mt	11.71	2.08	8.69	5.54	1.34	0.18	0.26

Table 1 JORC inferred mineral resource Mannar Island Project *.

The reported mineral resource at Mannar indicates a high grade deposit with leucoxene grades alone approaching that of specialised leucoxene producers, but also having in addition very high (by industry standards) ilmenite grades and significant subsidiary amounts of the premium value minerals of rutile and zircon.

Windimurra Vanadium Project

The Company has relinquished a mining lease M58/272 in the Mid-West Region of Western. The tenure was assessed as having insufficient exploration potential.

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Review of Operations and Events Subsequent to the Reporting Date (continued)

Changes to the Tenement Schedule in the 6 months to December 2016

(Note this does not include any of the Sri Lankan tenure as this acquisition remains subject to a General Meeting of Shareholders).

PROJECT	LOCATION	TENEMENT NUMBER	ECONOMIC ENTITIES INTEREST AT HALF YEAR END	CHANGE IN ECONOMIC ENTITIES INTEREST DURING HALF YEAR
Windimurra Vanadium Project	Mid-West Region Western Australia	M58/272	0%	Tenure Relinquished

*An initial JORC inferred mineral resource of 10.3 Mt with total heavy mineral (THM) of 11.7% was reported in full to the Australian Securities Exchange on the 22 April 2015. This resource was based on an historical drill hole data base of 785 auger drill holes and from the 115 holes drilled in early 2015. The drilling and the defined resource envelope were largely confined to within 150m of the Mannar Island shoreline. The Company confirms that this resource statement remains current in regards to the areas covered by the drilling used in the resource model.

Except where indicated, exploration results above have been compiled by James Searle BSc (hons), PhD, a Member of the Australian Institute of Mining and Metallurgy, with over 34 year experience in metallic and energy minerals exploration and development, and as such has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Searle is the Managing Director of Titanium Sands Limited and consents to the inclusion of this technical information in the format and context in which it appears.

Board Changes

On 17 November 2016, Mr Graham Chapman resigned as a non-executive director of the Company.

Dividends

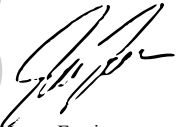
No dividends have been paid or declared by the Company to members during the half year ended 31 December 2016.

Lead Auditor's Independence Declaration

The lead auditor's independence declaration is set out on page 17 and forms part of the directors' report for the half year ended 31 December 2016.

Dated at Perth this 16th day of March 2017

Signed in accordance with a resolution of the directors.



Jason Ferris

Director

Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 December 2016

	Note	31 Dec 2016 \$	31 Dec 2015 \$
Administrative expenses		(140,298)	(127,027)
Audit expenses		(8,408)	(2,903)
Exploration and Geological Consultancy Fees		(16,625)	-
Director fees		(84,000)	(80,700)
Interest expenses		(955)	-
Results from operating activities		(250,286)	(210,630)
Finance income		-	2,132
Finance expenses		(2,219)	(2,264)
Net finance (expenses)/income		(2,219)	(132)
(Loss)/profit before income tax		(252,505)	(210,762)
Income tax expense		-	-
(Loss)/profit for the period		(252,505)	(210,762)
Total comprehensive (loss)/profit for the period		(252,505)	(210,762)
(Loss)/profit per share			
Basic and diluted (loss)/profit per share (cents)		(0.05)	(0.05)

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

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Statement of Financial Position

As at 31 December 2016

	Note	31 Dec 2016 \$	30 Jun 2016 \$
Assets			
Cash and cash equivalents		27,275	8,253
Trade and other receivables		22,747	26,129
Total current assets		50,022	34,382
Non-current assets			
Loan receivables		65,000	65,000
Investment in Srinel Projects		599,149	599,149
Total non-current assets		664,149	664,149
Total assets		714,171	698,531
Liabilities			
Trade and other payables	3	(578,049)	(377,859)
Borrowings	3	(67,955)	-
Total current liabilities		(646,004)	(377,859)
Total liabilities		(646,004)	(377,859)
Net assets		68,167	320,672
Equity			
Issued capital	4	3,259,868	3,259,868
Accumulated losses		(3,191,701)	(2,939,196)
Total equity		68,167	320,672

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

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Statement of Changes in Equity For the six months ended 31 December 2016

	Share Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2015	3,079,868	(1,913,203)	1,166,665
Loss for the period	-	(210,762)	(210,762)
Total comprehensive loss for the period	-	(210,762)	(210,762)
Share issue costs	-	-	-
Balance at 31 December 2015	3,079,868	(2,123,965)	955,903
Balance at 1 July 2016	3,259,868	(2,939,196)	320,672
Loss for the period	-	(252,505)	(252,505)
Total comprehensive loss for the period	-	(252,505)	(252,505)
Share issue costs	-	-	-
Balance at 31 December 2016	3,259,868	(3,191,701)	68,167

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

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Statement of Cash Flows

For the six months ended 31 December 2016

	31 Dec 2016 \$	31 Dec 2015 \$
Cash flows from operating activities		
Cash paid to suppliers	(47,978)	(61,834)
Interest received	-	2,133
Interest paid	-	(466)
Net cash used in operating activities	<u>(47,978)</u>	<u>(60,167)</u>
Cash flows from investing activities		
Loan to related party	-	-
Net cash used in investing activities	<u>-</u>	<u>-</u>
Cash flows from financing activities		
Loans from other entities	67,000	-
Net cash received from financing activities	<u>67,000</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents	19,022	(60,167)
Cash and cash equivalents at 1 July	8,253	64,483
Cash and cash equivalents at 31 December	<u>27,275</u>	<u>4,316</u>

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

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Notes to the financial statements For the half year ended 31 December 2016

1. Reporting Entity

Titanium Sands Limited (formerly Windimurra Vanadium Limited) is a company domiciled in Australia. The interim financial report of the Company is as at and for the half year ended 31 December 2016.

The annual financial report of the Company as at and for the year ended 30 June 2016 is available upon request from the Company's registered office at Level 24, 44 St Georges Terrace Perth WA 6000.

Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes in the financial position and performance of the Company since the last annual financial report as at and for the year ended 30 June 2016.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 30 June 2016.

The interim financial report is approved by the Board of Directors on 16th March 2017.

Estimates

Preparing interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 30 June 2016.

Significant accounting policies

The accounting policies applied by the Company in this interim financial report are the same as those applied by the Company in its annual financial report as at and for the year ended 30 June 2016.

There were no standards issued since 30 June 2016 that have been applied by the company. The 30 June 2016 annual report disclosed that the Company anticipated no material impacts (amounts recognised and/or disclosed) arising from initial application of those standards issued but not yet applied at that date, and this remains the assessment as at 31 December 2016.

Segment reporting

The Company operated in one industry, being mining exploration, in two geographical segments, Australia and Sri Lanka.

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

2. Going Concern

The Company has incurred a net loss after tax for the half year ended 31 December 2016 of \$252,505 (2015: \$210,762) and experienced net cash outflows from operating activities of \$47,978 (2015: \$60,167). At 31 December 2016, the Company had net assets of \$68,167 (30 June 2016: \$320,672) and had a working capital deficiency of \$595,982 (30 June 2016: \$343,477).

The ability of the Company to continue as a going concern is dependent on the Company securing additional funding through a prospectus capital raising and the continued support of its creditors and shareholders.

These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe the Company will continue as a going concern and be able to pay its debts as and when they fall due.

Management has prepared a cash flow forecast for a period of 12 months beyond the sign off date of this financial report and believes there are sufficient funds to meet the entity's working capital requirements and as at the date of this report. The Company will be required to raise additional funds through debt or equity issues to continue with operations at their current rate.

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

- The Company believe they can raise additional funding through debt or equity which is actively pursued;
- The Company has a recent proven history of successfully raising capital;
- The majority of creditors have provided confirmation that they will extend payment terms until such time that the company has the ability to pay;
- Cash spending can be reduced or slowed below its current rate if required;
- Continued support from major shareholders to raise funds for working capital purposes;
- The Company is also in discussions with the Company's corporate advisors and largest shareholder in relation to raising additional funding.

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Notes to the financial statements For the half year ended 31 December 2016

2. Going Concern (Continued)

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

3. Trade and other payables

	31 Dec 2016	30 Jun 2016
	\$	\$
Current		
Trade payables	443,979	277,559
Accrued expenses	134,070	100,300
Borrowings ¹	67,955	-
Balance	646,004	377,859

¹ Two loan advances - \$22,000 and \$20,000 were made to the Company by IML Holdings Pty Ltd. The loan agreements were entered into in August and October 2016. Both loans are repayable by 31 December 2017 and are subject to interest of 7% per annum. Interest will accrue monthly and be payable quarterly in arrears.

A loan advance of \$25,000 was made to the Company by Aegean Capital Pty Ltd. The loan agreement was entered into in November 2016 and is repayable by 31 December 2017. The loan is subject to interest of 7% per annum. Interest will accrue monthly and be payable quarterly in arrears.

A total interest amount of \$955 has accrued as at 31 December 2016.

4. Capital and Reserves

Share capital

Fully paid ordinary shares

	Number	\$
On issue at 1 July 2015	449,179,366	3,079,868
<i>No shares issues occurred during the period</i>	-	-
On issue at 31 December 2015	449,179,366	3,079,868
On issue at 1 July 2016	474,893,655	3,259,868
<i>No shares issues occurred during the period</i>	-	-
On issue at 31 December 2016	474,893,655	3,259,868

5. Events Subsequent to the Reporting Date

Subsequent to the 31 December 2016, a loan advance of \$25,000 was made to the Company by IML Holdings Pty Ltd. The loan agreement was entered into on 10 March 2017. This loan is repayable by 31 December 2017 and is subject to interest of 7% per annum. Interest will accrue monthly and be payable quarterly in arrears.

6. Commitments and Contingent Liabilities

There are no commitments or contingent liabilities as at 31 December 2016.

7. Fair Values of Financial Instruments

Recurring Fair Value Measurements

The Company does not have any financial instruments that are subject to recurring or non-recurring fair value measurement.

Fair Values of Financial Instruments Not Measured at Fair Value

Due to their short-term nature, the carrying amounts of current receivables of current trade and other payables is assumed to equal their fair value.

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Titanium Sands Limited (Formerly Windimurra Vanadium Limited)

Directors Declaration

The Directors of Titanium Sands Limited (formerly Windimurra Vanadium Limited) ("the Company") declare that:

- a) the interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2016 and of its performance for the six month period ended on that date; and
 - (ii) comply with Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) whilst drawing attention to the disclosure as set out in Note 2, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 16th day of March 2017

Signed in accordance with a resolution of the directors:



Jason Ferris
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Titanium Sands Limited (formerly Windimurra Vanadium Limited)

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Titanium Sands Limited (formerly Windimurra Vanadium Limited), which comprises the statement of financial position as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Titanium Sands Limited (formerly Windimurra Vanadium Limited), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Titanium Sands Limited (formerly Windimurra Vanadium Limited), would be in the same terms if given to the directors as at the time of this auditor's review report.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Titanium Sands Limited (formerly Windimurra Vanadium Limited) is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 2 in the financial report which describes the events which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

BDO Audit (WA) Pty Ltd

The image shows two handwritten signatures in blue ink. The top signature is 'BDO' and the bottom signature is 'Dean Just'.

Dean Just

Director

Perth, 16 March 2017

**DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF TITANIUM SANDS LIMITED
(FORMERLY WINDIMURRA VANADIUM LIMITED)**

As lead auditor for the review of Titanium Sands Limited (formerly Windimurra Vanadium Limited) for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.



Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 16 March 2017

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