Annual Report
30 June 2014

World Titanium Resources Limited
ACN 120 723 426

Corporate Information

Directors

Mr Jeffrey Williams	Executive Director
Mr Nicholas Limb	Non-Executive Director
Dr Ian Ransome	Non-Executive Director
Mr Michael Cuthbert	Non-Executive Director

Company Secretary

Mr Graeme Boden

Registered Office

Address:	15 Lovegrove Close Mount Claremont WA 6010	Telephone: Facsimile: Email:	+61 (0) 8 9286 1219 +61 (0) 8 9284 3801 gboden@bigpond.net.au

Auditors

HLB Mann Judd (WA Partnership)

Address:	Level 4, 130 Stirling Street Perth WA 6000	Telephone: Facsimile:	+61 (0) 8 9227 7500 +61 (0) 8 9227 7533

Share Registry

Boardroom Pty Limited

Address:	Level 7, 207 Kent Street Sydney NSW 2000 GPO Box 3993 Sydney NSW 2001	Telephone: Facsimile: Email: Website:	+61 (0) 2 9290 9600 +61 (0) 2 9279 0664 enquiries@boardroomlimited.com.au www.boardroomlimited.com.au

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Chairman's Letter and Review of Operations

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report on your Company's activities for the year ended 30 June 2014.

The progress made in the past fiscal year reconfirms the fact that Ranobe, which is only one of four mineral sands deposits held by the Company in the Toliara Sands Project, is one of the largest and highest-grade mineral sands deposits in the world. The estimated Mineral Resource consist of 959 Million tonnes (Mt) at an average grade of 6.10% Total Heavy Mineral (THM). The Ranobe deposit contains a proved and probable reserve of 161 Mt grading 8.2% THM and has a mine life of 21 years at the expected initial mining rate of 8Mt per annum. Investors are cautioned that the information prepared for past releases dated 28 August 2012; Results of Completed Definitive Engineer Study for the Ranobe Mine, and the see release dated 9th August 2012; Ranobe Mine – Significant Resource Increase were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Similarly the material assumptions underpinning the production target have not changed, and remain valid since it was last reported.

Major goals achieved in the current year are the completion of several studies and filing of the ESIA with a view to obtaining government approvals critical for moving the project forward, and of course finalising financing.

Pre Development Project Engineering Studies

With a view to move the project forward to secure approvals and financing, WTR made progress in FY 2013-2014 by completing further engineering studies as follows:

- Completed geotechnical and marine studies for the jetty.
- Drill sample and bulk HMC underwent analysis and process testing completed;
- Lab procedure and material processing procedure updated;
- Completed haul road, geotechnical and marine studies for the jetty.
- Final AML test work produced a quality ilmenite product and rutile/zircon concentrate;
- Ongoing assessment of the engineering and logistic planning towards completion of a Definitive Feasibility Study;
- Parcel identification for earmarked Haulage Road was completed in the quarter ended March 2014;
- Proposed 50 kilometre (km) haul road connecting Ranobe mine site to Fiherenana River near the Tulear port now mapped and pegged.

Corporate Structure and Capital Raisings

On the corporate front, a cost reduction review and plan was implemented resulting in a reduction of 55% percent in operating costs and the Board composition was reduced from eight to four Directors; Nicholas Limb Non-Executive Chairman, Jeff Williams new CEO, Michael Cuthbert and Ian Ransome Non-Executive Directors. Two placements totalling $5.85m were closed and this capital raising was successfully completed leading to sufficient cash balance availability. Your Company Directors continued discussions with Financing Institutions and potential JV partners to secure project financing.

Further achievements on the project approval process included the successful completion of the Environmental Impact Assessment and Environmental Management Plan studies and its submission by your company to the National Environment Office of Madagascar on 24 June 2014.

Chairman’s Letter and Review of Operations

International Recognition of Madagascar for Successful Democratic Change

On the Madagascar political front, the landmark achievement was no doubt, the establishment of political democratic process in Madagascar. Successful elections in late 2013 led to the formation of Madagascar's first democratic government since the 2009 coup. The United States took steps to normalise relations with Madagascar, lifted all coup-related restrictions on direct assistance to the Malagasy government, and invited President Hery Rajaonarimampianina to attend the U.S.-Africa Leaders’ Summit in Washington in August 2014.

Similar organisations have now commenced cooperation with Madagascar. The Extractive Industry Transparency Initiative (“EITI”) Board also decided on 6 June 2014 to lift the suspension on Madagascar. The EITI provides assurance to the investment community of the Government’s commitment to the fight against corruption. Indeed the African Union, European Union and International Monetary Fund (IMF) have all resumed cooperation with Madagascar.

Community

In addition to its existing community development programs, the Company continued to support the local community by supporting the nursery project and the visit of Doctors for Africa in Antananarivo and the town of Tulear.

Discussion with possible Joint Venture partners

Your Company is still in negotiation with different interested parties and will continue to pursue opportunities with possible Joint Venture options.

Other Developments

Your team is now identifying engineering and mine contractors to provide alternative methods to develop the project at Ranobe. Particular interest has been afforded to logistics referring mostly to the road and port construction. We are hopeful of reducing the current capital expenditure for the project to well below US$200m.

Future Development Plan

The timeframe to complete the approval process for the ESIA schedule will enable your Company to finalise the Engineering Design, continue to reduce overall capital costs, seek off-take for its ilmenite product and continue discussion with financial banking institutions to support project development in calendar 2015.

Sincerely,

Nicholas Limb
Chairman

Directors' Report

The directors present the annual report of the consolidated entity consisting of World Titanium Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

1. Directors

The following persons were directors of World Titanium Resources Limited ("WTR" or "Company") during the whole of the year under review and up to the date of this report, unless otherwise stated:

		Date Appointed	Date resigned
Mr. Wayne Malouf [1]	(Executive Chairman)	-	8 December 2013
Mr. Bruce Griffin	(Chief Executive Officer)	-	19 August 2013
Mr. Gooroodeo Sookun	(Chief Financial Officer)	-	23 October 2013
Mr. Roderic Baker	(Non-Executive Director)	-	29 November 2013
Mr. Tristan Davenport	(Non-Executive Director)	-	8 December 2013
Mr. Darren Morcombe	(Non-Executive Director)	-	29 November 2013
Dr. Richard Valenta	(Non-Executive Director)	-	8 December 2013
Dr. Ian Ransome	(Non-Executive Director)	-	-
Mr. Jeffrey Williams [2]	(Chief Executive Officer)	-	-
Mr. Michael Cuthbert	(Non-Executive Director)	25 October 2013	-
Mr. Nicholas Limb [3]	(Non-Executive Chairman)	25 October 2013	-

1 Mr. Malouf became Interim Chief Executive Officer on 14 August 2013 and subsequently resigned as Interim Chief Executive Officer and Executive Chairman effective 18 November 2013.
2 Mr. Jeffrey Williams was appointed Chief Executive Officer effective 18 November 2013.
3 Mr. Nicholas Limb was appointed Non-Executive Chairman on 8 December 2013

Mr Jeffrey Williams – Chief Executive Officer

Jeffrey Williams was the former Managing Director of Mineral Deposits Limited (MDL). He established MDL (previously Nimbus Resources Limited) in 1997, and acquired mineral sands assets from BHP-Billiton near Hawks Nest on the New South Wales coast in 1998. He then secured the Sabodala gold and Grande Cote zircon projects in Senegal in West Africa. Mr Williams was the Managing Director of MDL until 2011.

Prior to MDL, Mr Williams acquired 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry, and is a Fellow of the Australasian Institute of Mining and Metallurgy. His mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following completion of the MBA programme in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stock broking industry. Prior to establishing MDL in 1997, he was the Head of Resources Research at James Capel Australia. Mr Williams is currently a Non-Executive Director of Callabonna Resources Limited, Image Resources Ltd and MacPhersons Resources Limited. He has also held directorship in Archean Star Resources (resigned 10 January 2012) and A1 Consolidated Gold Limited (resigned 30 September 2013).

Mr Nicholas Limb – Non-Executive Chairman

Mr. Limb has served as Chairman of Mineral Deposits Limited, a mineral sands production and smelting company, since 1997. He has professional qualifications as a geoscientist and worked in the mineral exploration sector for 10 years. He subsequently worked at a senior level in an investment bank for 9 years in mining finance. In 1993 he became Managing Director of a small listed gold explorer which grew to a substantial gold producer prior to being taken over in 2000. In 1997 he formed MDL and has acted as Chairman since that time. Mr. Limb has been a non-executive director of a number of public companies over the last 20 years and currently holds the non executive chairman position at First Australian Resources Limited, an oil exploration company in Africa and Australia.

Directors' Report (Cont.)

Dr Ian Ransome – Non-Executive Director

Dr Ian Ransome is a geologist, whose academic qualifications include an MSc in geochemistry and a PhD in geology. He has more than 20 years' experience as an exploration geologist, using a multidisciplinary approach to generating and evaluating exploration targets in diamonds, gold, nickel, base and rare metals. Most of his experience has been in a broad range of African countries, including a nickel laterite project in Madagascar. Dr Ransome is presently a director and CEO of Diamond Fields International Ltd.

Mr Michael Cuthbert – Non-Executive Director

Michael Cuthbert was a partner with the international law firm Clifford Chance for 24 years. He is a leading international corporate and capital markets lawyer, having been regularly featured in Chambers and Legal 500 and advised on major cross border M&A transactions, joint ventures and international securities offerings. He is one of the foremost experts on natural resource M&A, capital raisings, government negotiations and privatisations and has represented both the mining industry and governments. He held significant leadership positions within Clifford Chance in New York (where he was Managing Partner), London and Central and Eastern Europe and Russia (where he was the Regional Managing Partner and Managing Partner of the Moscow office). He was a member of Clifford Chance's Global Management Committee until he retired from the firm at the end of 2009 to devote greater time to his business interests.

2. Company Secretary

Mr Graeme Boden

Graeme Boden is an experienced business executive with more than 30 years in senior corporate or financial roles, particularly in the planning and evaluation function of the resources industry and in the finance and administration function of a range of industries, including biotechnology, medical devices and pharmaceuticals. He has more than 26 years experience as a Director or Secretary of ASX listed companies.

Directors' Meetings

The number of directors' meetings (including meeting of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

Director	**Directors' Meetings**		**Audit Committee**	
	A	B	A	B
Mr W Malouf	9	9	-	-
Mr B Griffin	2	2	-	-
Mr G Sookun	7	7	-	-
Mr R Baker	8	7	-	-
Mr T Davenport	9	8	-	-
Mr D Morcombe	8	6	1	-
Dr I Ransome	10	10	1	1
Dr R Valenta	9	7	1	1
Mr J Williams	10	9	1	1
Mr N Limb	3	3	1	1
Mr M Cuthbert	3	3	1	1

A = Number of Meetings held while in office
B = Meetings attended

The remuneration committee did not meet during the year.

3. Principal Activities

The principal activity of the Group during the financial year was the continued exploration and evaluation of the Ranobe mineral sands deposit in Madagascar.

4. Operating Results

The consolidated operating loss after tax for the financial year ended on 30 June 2014 was $4,264,261 (2013 loss: $10,701,039).

5. Changes in the State of Affairs

There have been no significant changes in the affairs of the Group at the date of this report.

6. Events Subsequent to the Reporting Date

There has not been any matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

7. Review of Operations

A general review of operations is included at the beginning of this report on pages 2 to 3. More details are available in the Company's quarterly reports available on WTR's website www.worldtitaniumresources.com.

8. Likely Developments and Expected Results

The Group will continue its exploration and evaluation activities in south west Madagascar, principally at the Ranobe deposit within the Toliara Sands Project.

9. Environmental regulation

The Group's operations are subject to environmental regulation under Malagasy law and administrative practice in relation to its exploration and future mining and development activities. Exploration and mining permits are issued subject to ongoing compliance with all relevant legislation.

During the reporting period there have been no recorded incidents of non-compliance with any applicable regulations associated with environmental matters, or fines issued in relation thereto.

10. Dividends

No dividends have been paid or declared by the Company since the end of the previous financial year.

11. Directors' Interests

The relevant interest of each director in the shares and options over shares issued by WTR as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Ordinary Shares	Options
Mr J Williams	-	875,000
Dr I Ransome	-	875,000
Mr M Cuthbert	-	-
Mr N Limb	-	-

12. Unissued shares under option

At the date of this report, ordinary shares of the Company under option totalled 21,691,667 exercisable at various dates on or before 31 December 2015 (2013: 24,725,000 options exercisable at various dates on or before 31 December 2015).

Options	Number Issued	Number Vested
Exercisable at $0.285	19,716,667	19,716,667
Exercisable at $0.80	475,000	475,000
Exercisable at $0.13	1,500,000	1,500,000
	21,691,667	21,691,667

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

13. Indemnification and Insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001.

14. Non-Audit Services

During the year, HLB Mann Judd, the Group's auditor, did not perform other services in addition to its statutory duties. Details of the amounts paid or payable to HLB Mann Judd and its related entities during the year are set out below.

	$
Audit and review of financial reports	34,000

15. Nomination Committee

Dr I Ransome
Mr N Limb
Mr M Cuthbert

The nomination committee determines the slate of director nominees for election to the Board and identifies and recommends candidates to fill casual vacancies.

The nomination committee did not meet during the year.

16. Audit Committee

Dr I Ransome
Mr N Limb
Mr M Cuthbert

The audit committee assists the Board in monitoring and reviewing any matters of significance affecting financial reporting and compliance.

The audit committee met twice during the year. All members of the committee at that time were present. The members of the audit committee possess financial expertise by virtue of their academic qualifications or career history in executive roles.

17. Remuneration Committee

Dr I Ransome
Mr N Limb
Mr M Cuthbert

The remuneration committee meets as needed and reviews and makes recommendations to the board on remuneration arrangements and policies applicable to the executive officers of the Company and directors themselves. Its responsibility includes employee share incentives, administration and entitlements and incentive performance arrangements.

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The remuneration committee did not meet during the year.

18. Technical committee

Mr J Williams (Chair)
Dr I Ransome
Mr N Limb
Mr M Cuthbert

The technical committee assists the Board in monitoring and reviewing any matters of significance affecting resources and reserves, project development, asset operation, health, safety, environment and social responsibility.

The technical committee did not meet during the year.

19. Other

20.1 Skills, experience, expertise and term of office of each director

A profile of each director containing the applicable information is set out at the beginning of this Directors' Report. All directors have a term of no more than three years and retire in accordance with a rotation schedule.

20.2 Identification of independent directors

In considering independence of directors, the Board refers to the criteria for independence as recommended by ASX. The Board has not established thresholds of materiality. The Executive Director, who is not independent, is Mr Jeffrey Williams. The Board does not consider that executive roles, particularly in the Group's present stage of development, are likely to prevent independent judgments being applied to decisions as directors. Applying the independence criteria, three of the present directors, namely Mr. Michael Cuthbert, Mr. Nicholas Limb, and Dr Ian Ransome are classified as independent.

20.3 Statement concerning availability of independent professional advice

If a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of his office as a director, then, provided the director first obtains approval for incurring such expense from the chairperson, the Company will pay the reasonable expenses associated with obtaining such advice.

20.4 Confirmation whether performance evaluation of the Board and its members has taken place and how conducted

No evaluation of the performance of the board and its members was carried out during the reporting period. The evaluation process will be determined and a review conducted during the 2014-2015 financial year.

20.5 Existence and terms of any schemes for retirement benefits for non-executive directors

There are no termination or retirement benefits for non-executive directors.

20. Remuneration Report – Audited

21.1 Principles of remuneration

Key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Company, and include directors of the Company.

Compensation levels for key management personnel of the Company are set competitively to attract and retain appropriately qualified and experienced executive directors and senior executives. The board, prior to formation of the remuneration committee, received from recruitment consultants during the search process, information concerning companies of similar size or stage of development in the resources sector to assess the level of compensation which would be competitive.

The compensation structures for executives are designed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of the creation of value for shareholders. The compensation structures take into account the executives' capability and experience, level of responsibility and ability to contribute to the Company's performance, including, in particular, the establishment of revenue streams and growth in the Company's share price.

Compensation packages include a mix of fixed compensation and variable short-term and long-term performance based incentives.

21.2 Fixed remuneration

Fixed compensation consists of a base salary (calculated on a total cost basis, including any fringe benefits or similar tax related to employee benefits) as well as employer contributions to superannuation funds, where applicable.

21.3 Performance linked remuneration

Performance linked compensation includes short term incentives (STI), in the form of cash bonuses paid upon the achievement of predetermined Key Performance Indicators (KPI), and long term incentives (LTI) provided as options over unissued shares in the Company. In the case of executive directors, the number and conditions of the options are approved by the shareholders in general meeting.

21.4 Short term incentive bonus (STI)

The Board, prior to formation of the remuneration committee, has set KPIs in conjunction with each Executive Director and senior manager.

The present KPI for key management is tied to construction of the Ranobe mine and infrastructure on time and within budget and the achievement of operating capacity, all as set by the Board. The incentive is a fixed bonus amount.

No bonuses were paid in the 2014 financial year.

21. Remuneration Report – Audited (Cont.)

21.5 Long term incentives (LTI)

The Company has a Share Option Program that entitles directors and key management to acquire shares in the entity.

No options were issued under the plan during the year ended 30 June 2014.

21.6 Short-term and long-term incentive structure

The Company has not established a causal relationship between compensation structure and shareholder returns. The remuneration committee and the directors consider that the Company's progress to date and external remuneration levels support the current compensation structure.

21.7 Consequences of performance on shareholders' wealth

The Board has regard to a broad range of factors in considering the Company's performance and how best to generate shareholder value. These include financial factors. The Board considers the Company's result and cash consumption during the year. It does not utilise earnings per share as a performance measure nor does it contemplate paying dividends in the short to medium term, given that efforts are being expended to build the business and generate self-sustaining revenue streams. The Company is of the view that movement in the Company's share price should not be taken into account in assessing the performance of employees, unless such a measure is agreed with the executive as a KPI.

21.8 Service agreements

As at 30 June 2014, there was one senior executive of the Company under employment contract. The employees have contracts of various length and notice terms for termination. There is no termination fee payable other than during the term of notice.

Name	Mr Jeffrey Williams
Position	Chief Executive Officer
Contract Type	Employee
Commencement Date	18 November 2013
Term Expiring	31 March 2015
Package	AUD $250,000 pa
Options	875,000

The Company Secretary is a contractor with no financial commitment by the Company other than a monthly fee, payable in arrears at hourly rates for services rendered.

21.9 Non-executive directors

The base fee for a non-executive director and non-executive chairman was fixed at $35,000 and $75,000 per annum respectively, including any statutory superannuation contributions with effect from 1 January 2014.

The Board considers that the use of options as LTI compensation is appropriate as a means of conserving cash and with regard to the quantum of cash payments to the non-executive directors.

Directors' fees cover all main board activities and committee memberships.

There are no termination or retirement benefits for non-executive directors.

21. Remuneration Report – Audited (Cont.)

21.10 Equity Instruments

All options refer to options over ordinary shares of World Titanium Resources Limited which are exercisable on a one for one basis.

(a) Options and rights over equity instruments granted as compensation

During the reporting period no options over ordinary shares in the Company were granted as compensation to KMP (2013: nil).

Details of options that are held by KMP at 30 June 2014:

Person	Options Outstanding 30 June 2014	Grant Date	Fair Value per Option at Grant Date	Exercise Price per Option	Expiry Date	Options Vested as at 30 June 2014
Non-Executive Directors						
Dr I Ransome	525,000[1]	12 Oct 2011	$0.349	$0.285	31 March 2015	525,000
Dr I Ransome	350,000[2]	1 June 2012	$0.069	$0.285	31 March 2015	350,000
Mr N Limb	-	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-	-
Executive Directors						
Mr J Williams	875,000[2]	1 June 2012	$0.069	$0.285	31 March 2015	875,000

1. 62.5% vested on the date of grant, 18.75% vested on 30 December 2011 and the remaining 18.75% vested on 31 July 2012.
2. The options vested on 12 January 2014.

These options have been issued under the Company's Share Option Plan. They expire on the earlier of their expiry date or termination of the individual's employment. The options are exercisable at the discretion of the individual until they expire.

(b) Modification of terms of equity-settled share-based payment transactions

No terms of equity-settled share based payment transactions (including options granted as compensation to a key management person) have been altered or modified by the Company during the reporting period or the prior period.

(c) Exercise of options granted as compensation

During the reporting period, no options previously granted as compensation were exercised (2013: Nil).

(d) Analysis of options and rights over equity instruments granted as compensation

Details of vesting profiles of the options granted as remuneration to key management personnel of the Company are detailed below:

Person	Number of Options	Grant Date	Vested in Year (%)	Forfeited in Year (%)	Financial Year in which Grant Vests	Value yet to Vest	
						Minimum ($)	Maximum ($)
Non-Executive Directors							
Dr I Ransome	426,562	12 Oct 2011	100	-	2012	-	-
Dr I Ransome	98,438	12 Oct 2011	100	-	2013	-	-
Dr I Ransome	350,000	1 June 2012	100	-	2014	-	-
Mr N Limb	-	-	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-	-	-
Executive Directors							
Mr J Williams	875,000	1 June 2012	100	-	2014	-	-

21.11 Payments to persons before taking office

During the reporting period no payment was made to a person before the person took office as part of the consideration for the person agreeing to hold office.

21. Remuneration Report – Audited (Cont.)

21.12 Key Management Personnel remuneration
Details of the nature and amount of each major element of remuneration of Key Management Personnel are as set out in the table below.

Person	Year	Short Term Benefits	Share-Based Payments	Total	Value of Options as proportion of Remuneration
		Salary & Fees	Value of Options		
		$	$	$	%
Non-Executive Directors					
Mr T Davenport (resigned 8 Dec 2013)	2013	24,000	9,212	33,212	27.74
	2014	10,000	4,947	14,947	33.10
Mr G Sookun (resigned 23 Oct 2013)	2013	4,000	-	4,000	-
	2014	-	-	-	-
Dr I Ransome	2013	24,000	18,423	42,423	43.42
	2014	27,500	9,893	37,393	26.46
Mr R Baker (resigned 29 Nov 2013)	2013	24,000	46,057	70,057	65.74
	2014	10,000	24,732	34,732	71.21
Dr R Valenta (resigned 8 Dec 2013)	2013	24,000	46,057	70,057	65.74
	2014	10,000	24,732	34,732	71.21
Mr D Morcombe (resigned 29 Nov 2013)	2013	24,000	105,274	129,274	81.43
	2014	10,000	56,531	66,531	84.97
Mr J Williams (CEO from 18 Nov 2013)	2013	24,000	46,057	70,057	65.74
	2014	7,700	24,732	32,432	76.26
Mr M Cuthbert (From 25 Oct 2013)	2013	-	-	-	-
	2014	23,900	-	23,900	-
Mr N Limb (From 25 Oct 2013) *Non-Executive Chairman*	2013	-	-	-	-
	2014	51,209	-	51,209	-
Executive Directors					
Mr W Malouf (resigned 8 Dec 2013)	2013	236,206	-	236,206	-
Executive Chairman	2014	94,175	-	94,175	-
Mr B Griffin (resigned 19 Aug2013)	2013	352,431	(136,110)	216,321	-
Chief Executive Officer	2014	230,094	(105,863)	124,231	-
Mr J Williams (From 18/11/2013)	2013	-	-	-	-
Chief Executive Officer	2014	156,944	-	156,944	-
Senior Management					
Mr G Sookun	2013	143,328	17,108	160,436	10.66
Chief Finance Officer	2014	177,987	9,186	187,173	4.91
Mr G Boden	2013	96,600	-	96,600	-
Company Secretary	2014	38,935	-	38,935	-
Total	2013	976,565	152,078	1,128,643	13.47
	2014	848,444	48,890	897,334	5.44

Notes in relation to the table of remuneration:

1) Short term benefits – Cash bonuses have not been shown in the table above as no bonuses have been paid in either the 2014 or 2013 financial years.
2) Long term benefits – Long service leave expenses have not been shown in the table above as no liability has been accrued to date.
3) Post-employment benefits – No retirement benefits are paid in relation to any key management personnel.
4) The fair values of the options are calculated at the date of grant using a Black-Scholes pricing model and allocated to each reporting period in accordance with the vesting profile of the options. The value recognised is the portion of the fair value of the options allocated to the reporting period. In valuing the options, market conditions have been taken into account.
5) Payments made to Mr Boden through his consulting company Boden Corporate Services Pty Ltd (BCS) include time spent on Company activities, including accounting and administration by Mr Boden and other employees of BCS, during the period for which Mr Boden was Company Secretary.
6) No portion of remuneration is performance related.

At the Company's 2013 Annual General Meeting a resolution to adopt the remuneration report was passed but more than 25% of the votes cast were against the adoption of the remuneration report.

The vote of the resolution, conducted by poll had 178,551,302 votes for (71%) and 72,613,503 votes against (29%).

The Company has been in discussion with the major shareholders on various matters including the remuneration report. The Company has reviewed numerous sources of remuneration data and the Board is satisfied that the remuneration structure is fair and market based and no further corrective action directly related to the Company's remuneration policy or reporting is required.

21.13 Other transactions with key management personnel

		2014	2013
Director	**Transaction**	**$**	$
Dr I Ransome	Geological Consultancy Services	**43,565**	-
Mr W Malouf	Legal Consulting Services	**130,759**	-

21.14 Equity holdings of KMP

The movement during the reporting period in the number of ordinary shares in the Group held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

Fully paid ordinary shares

Key Management Person (KMP)	Balance 1 July 2013	Purchases	Sales	Options Exercised	Net other change (iii)	Balance 30 June 2014
	Number	Number	Number	Number	Number	Number
Dr I Ransome	-	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-	-
Mr N Limb (i)	51,138,124	18,000,000	-	-	-	69,138,124
Mr J Williams	-	-	-	-	-	-
Mr W Malouf (ii)	-	-	-	-	-	-
Mr B Griffin (ii)	-	-	-	-	-	-
Mr G Sookun (ii)	-	-	-	-	-	-
Mr R Baker (ii)	-	-	-	-	-	-
Mr T Davenport (ii)	972,223	-	-	-	(972,223)	-
Dr R Valenta (ii)	339,602	-	-	-	(339,602)	-
Mr D Morcombe (ii)	5,224,496	-	-	-	(5,224,496)	-
Mr G Boden	5,520,000	-	-	-	-	5,520,000

(i) Mr Limb is the Chairman and a minority shareholder of Mineral Deposits Limited, which holds the above shares in WTR.
(ii) Resigned as Director during the year and therefore no longer KMP of the Group. Refer to page 4 for details of appointment and resignation.
(iii) Shares held at date of resignation.

Options over equity instruments

Key Management Person (KMP)	Balance 1 July 2013	Granted as remuneration	Exercised	Net other change (ii)	Balance 30 June 2014	Vested during the year	Vested and exercisable
	Number	Number	Number	Number	Number	Number	Number
Dr I Ransome	875,000	-	-	-	875,000	875,000	875,000
Mr M Cuthbert	-	-	-	-	-	-	-
Mr N Limb	-	-	-	-	-	-	-
Mr J Williams	875,000	-	-	-	875,000	875,000	875,000
Mr W Malouf (i)	5,600,000	-	-	(5,600,000)	-	-	-
Mr B Griffin (i)	4,500,000	-	-	(4,500,000)	-	-	-
Mr G Sookun (i)	1,200,000	-	-	(1,200,000)	-	-	-
Mr R Baker (i)	875,000	-	-	(875,000)	-	-	-
Mr T Davenport (i)	875,000	-	-	(875,000)	-	-	-
Dr R Valenta (i)	1,125,000	-	-	(1,125,000)	-	-	-
Mr D Morcombe (i)	2,075,000	-	-	(2,075,000)	-	-	-
Mr G Boden	-	-	-	-	-	-	-

(i) Resigned as Director during the year and therefore no longer KMP of the Group. Refer to page 4 for details of appointment and resignation.
(ii) Options held at date of resignation.

-------------- *End of remuneration report* ---------------------

22. Lead Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence declaration in relation to the annual report.

The Independence Declaration is set out on page 16 and forms part of the Directors' Report for the year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

Jeffrey Williams
Chief Executive Officer
Perth
30 September 2014

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of World Titanium Resources Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Perth, Western Australia	**W M Clark**
30 September 2014	**Partner**

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

Statement of Comprehensive Income
For the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Continuing Operations			
Revenue and other income	*8*	**80,747**	159,976
Personnel expense	*4*	**(1,659,572)**	(2,052,682)
Exploration and evaluation expense		**(1,209,134)**	(6,477,120)
Professional services expense		**(613,122)**	(771,287)
Administration expense		**(590,108)**	(942,346)
Depreciation	*5*	**(57,101)**	(48,348)
Travel expense		**(195,869)**	(629,994)
Loss from sale of subsidiary	*6*	**-**	(1,280)
Foreign currency translation (loss)/gain		**(20,054)**	62,232
Loss before income tax from continuing operations		**(4,264,213)**	(10,700,849)
Income tax expense	*7*	**(48)**	(190)
Net loss for the year		**(4,264,261)**	(10,701,039)
Other comprehensive income for the year, net of tax			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	*15(iii)(a)*	**(22,803)**	151,432
Total comprehensive (loss)/ income for the year		**(22,803)**	151,432
Total comprehensive loss for the year attributable to the members of World Titanium Resources Limited		**(4,287,064)**	(10,549,607)
		Cents	Cents
Basic earnings per share (loss)	*17*	**(1.21)**	(3.50)
Diluted earnings per share (loss)	*17*	**(1.21)**	(3.50)

This statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position
As at 30 June 2014

	Note	Consolidated 2014 $	2013 $
Current assets			
Cash and cash equivalents	*9*	**2,847,988**	2,210,474
Trade and other receivables	*10*	**565,196**	546,773
Inventories		**5,914**	17,942
Other current assets	*11*	**56,764**	172,508
Total current assets		**3,475,862**	2,947,697
Non-current assets			
Trade and other receivables	*10*	**352,725**	356,783
Plant and equipment	*12*	**178,486**	245,341
Total non-current assets		**531,211**	602,124
Total assets		**4,007,073**	3,549,821
Current liabilities			
Trade and other payables	*13*	**203,264**	1,142,857
Total current liabilities		**203,264**	1,142,857
Total liabilities		**203,264**	1,142,857
Net assets		**3,803,809**	2,406,964
Equity			
Issued capital	*15*	**26,858,376**	21,292,776
Reserves	*15*	**2,426,080**	2,330,574
Accumulated losses	*16*	**(25,480,647)**	(21,216,386)
Total equity		**3,803,809**	2,406,964

This statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows
For the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Cash flows from operating activities			
Receipts from third parties		**-**	15,410
Interest received		**73,034**	154,792
Payments to suppliers and employees		**(5,128,012)**	(10,828,194)
Net cash used in operating activities	*18*	**(5,054,978)**	(10,657,992)
Cash flows from investing activities			
Movement in receivable – subsidiary sale installments		**57,868**	82,115
Sale of property, plant and equipment		**-**	22,124
Acquisition of property, plant and equipment		**(8,212)**	(144,259)
Net cash provided by/(used in) investing activities		**49,656**	(40,020)
Cash flows from financing activities			
Proceeds from the issue of share capital		**5,850,000**	3,170,113
Share issue costs		**(214,982)**	(167,557)
Net cash provided by financing activities		**5,635,018**	3,002,536
Net increase/(decrease) in cash and cash equivalents		**629,696**	(7,695,476)
Cash and cash equivalents at 1 July		**2,210,474**	9,905,950
Effect of exchange rate fluctuations on cash held		**7,818**	-
Cash and cash equivalents at 30 June	*9*	**2,847,988**	2,210,474

This statement of cash flows is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity
For the year ended 30 June 2014

Consolidated	*Note*	**Issued Capital $**	**Accumulated Losses $**	**Reserves $**	**Total $**
Balance at 1 July 2012		18,290,240	(10,515,347)	2,027,064	9,801,957
Loss attributable to members of the parent entity	*16*	-	(10,701,039)	-	(10,701,039)
Other comprehensive loss	*15(iii)(a)*	-	-	151,432	151,432
Total comprehensive loss		-	(10,701,039)	151,432	(10,549,607)
Shares issued during the year	*15(i)*	3,002,536	-	-	3,002,536
Share-based payments	*15(iii)(b)*	-	-	152,078	152,078
Balance at 30 June 2013		21,292,776	(21,216,386)	2,330,574	2,406,964
Balance at 1 July 2013		**21,292,776**	**(21,216,386)**	**2,330,574**	**2,406,964**
Loss attributable to members of the parent entity	*16*	**-**	**(4,264,261)**	**-**	**(4,264,261)**
Other comprehensive income	*15(iii)(a)*	**-**	**-**	**(22,803)**	**(22,803)**
Total comprehensive loss		**-**	**(4,264,261)**	**(22,803)**	**(4,287,064)**
Shares issued during the year	*15(i)*	**5,565,600**	**-**	**-**	**5,565,600**
Share-based payments	*15(iii)(b)*		**-**	**118,309**	**118,309**
Balance at 30 June 2014		**26,858,376**	**(25,480,647)**	**2,426,080**	**3,803,809**

This statement of changes in equity is to be read in conjunction with the notes to the financial statements.

1 REPORTING ENTITY

World Titanium Resources Limited (WTR) is a Company domiciled in Australia. The financial report of the Group comprising the Company and its wholly owned subsidiaries for the financial year ended 30 June 2014 was authorised for issue by the directors on 30 September 2014. The Company is primarily involved in the exploration and evaluation of its minerals sands assets in Madagascar.

2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AAS's) which include Australian equivalents to International Financial Reporting Standards (AIFRS) adopted by the Australian Accounting Standards Board (AASB), and the Corporations Act 2001. Compliance with AIRFS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS's).

(b) Basis of preparation

The financial report has been prepared on a historical cost basis. Cost is based on fair value of the consideration given in exchange for assets. The Company is domiciled in Australian and all amounts are presented in Australian dollars, unless otherwise noted.

(c) Significant accounting judgements and key estimates

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

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

(d) Adoption of new and revised accounting standards

In the year ended 30 June 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and therefore, no change is necessary to Group accounting policies.

(e) Going concern

The financial report has been prepared on a going concern basis of accounting which assumes the settlement of liabilities and the realisation of assets in the normal course of business. For the year ended 30 June 2014, the Group incurred a loss of $4,264,261 (2013: loss of $10,701,039) and at year end the Group had a working capital surplus of $3,272,598 (2013: $1,804,840) including a cash and cash equivalents balance of $2,847,988 (2013: $2,210,474). Within the next 12 months, the Directors project to raise additional funds to finance exploration and ongoing working capital. During the year, the Company successfully raised share capital of $5,565,600 (after costs). The directors believe that the Group will be able to obtain sufficient funding as and when required.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Basis of consolidation

WTR and its subsidiaries are referred to in this financial report as the Group.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exits when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements, less provision for diminution in circumstances where it is considered that the investment may not recover its book value.

Transactions eliminated on consolidation

Intergroup balances and any unrealised gains and losses or income and expenses arising from intergroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Unrealised gains arising from transactions with an equity accounted investee are eliminated against the investment to the extent of the Group's interest in the investee.

(g) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the financial currency of the Group at foreign exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign currency differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at exchange rates ruling at the dates the fair value was determined.

(ii) Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. The revenues and expenses of foreign operations in hyperinflationary economies are translated to Australian dollars at the foreign exchange rates ruling at the balance date. Foreign exchange differences arising on retranslation are recognised in a separate component of equity.

Prior to translating the financial statements of foreign operations in hyperinflationary economies, the financial statements, including comparatives, are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the balance date.

(iii) Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations are taken to translation reserve. They are released into the profit or loss upon disposal.

The functional currency of foreign operations, Toliara Sands SARL and Madagascar Resources SARL is the Malagasy Ariary (MGA).

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see Note 2(l)).

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment at the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group and its cost can be measured reliably. All other costs are recognised in the statement of comprehensive income as an expense as incurred.

(iii) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives in the current and comparative periods are as follows:

Leasehold improvements	10 years
Motor vehicles	4-5 years
Office equipment	4-10 years
Office furnishings	4-5 years
Tools and equipment	4 years
Plant and installations	5 years

(i) Exploration and evaluation expenditure

Expenditure incurred during exploration and evaluation of new areas of interest is written off as incurred. Where the Directors decide to develop in an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status when it is expected that future expenditure can be recouped through sale or successful development and exploitation of the area of interest.

(j) Trade and other receivables

Trade and other receivables are stated at their cost less impairment losses (see Note 2(l)).

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances.
Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Impairment

The carrying amounts of the consolidated assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(m) Calculation of recoverable amount

The recoverable amount of the Group's receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(n) Share capital

Dividends
Dividends are recognised as a liability in the period in which they are declared.

Transaction costs
Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(o) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the balance date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at balance date.

Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

(p) Share-based payment transactions

The share option program allows the Group's directors and other key management personnel to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. Other than in respect of options issued with market based vesting conditions, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

(q) Trade and other payables

Trade and other payables are stated at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid at that time.

Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Revenue

Revenues are measured at fair value of the consideration received net of the amount of goods and services tax (GST in Australia, TVA in Madagascar) payable to the taxation authorities. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible returns of goods can be estimated reliably and there is no continuing management involvement with the goods.

Interest income
Interest income is recognised in the statement of comprehensive income when it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliably.
Interest income is accrued on a timely basis, by reference to the principal amount outstanding and the effective interest rate applicable.

Logistical support services
Any revenue received by a subsidiary for support services provided to the Toliara Sands Project is recognised once the service is performed and an invoice is raised.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST in Australia, TVA in Madagascar), except where the amount of GST/TVA incurred is not recoverable from the Australian Tax Office (ATO) or Centre Fiscal Mandrosoa (Fisc). In these circumstances, the GST/TVA is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST/TVA included. The net amount of GST/TVA recoverable from, or payable to, the ATO/Fisc is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis. The GST/TVA components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO/Fisc are classified as operating cash flows.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(u) Parent entity financial information

The financial information for the parent entity, World Titanium Resources, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(v) Earnings/Loss per share

Basic earnings/loss per share is computed by dividing the net consolidated income or loss applicable to shares of the parent Company by the weighted average number of shares outstanding for the relevant year.

Diluted earnings/loss per share is computed by dividing the net consolidated income or loss applicable to shares by the sum of the weighted average number of shares issued and outstanding and all additional shares that would have been outstanding, if potentially dilutive instruments were converted.

(w) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of WTR.

(y) Financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(z) Derecognition of financial assets and financial liabilities

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities
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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(aa) Impairment of financial assets
The Group assesses at each balance date whether a financial asset or Group of financial assets is impaired.

Financial assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Group of financial assets with similar credit risk characteristics and that Group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

3 OPERATING SEGMENTS

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of minerals sands projects in Madagascar and other exploration activity.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Activity by segment

Mineral Sands

The mineral sands segment comprises the Group's projects in Madagascar, including the Toliara Sands Project, based upon the Ranobe resource and other projects at a less advanced stage at Ankililoaka, Basibasy and Morombe.

	Mineral Sands	Unallocated	Total
(i) Segment performance	**$**	**$**	**$**
Year Ended 30 June 2014			
Total segment revenue	1,676	79,071	80,747
Segment result	(2,454,882)	(1,809,379)	(4,264,261)
Year Ended 30 June 2013			
Total segment revenue	17,643	142,333	159,976
Segment result	(8,275,144)	(2,425,895)	(10,701,039)
(ii) Segment assets			
30 June 2014			
Segment assets	751,357	3,255,716	4,007,073
30 June 2013			
Segment assets	1,106,592	2,443,229	3,549,821
(iii) Segment liabilities			
30 June 2014			
Segment liabilities	92,383	110,881	203,264
30 June 2013			
Segment liabilities	1,064,887	77,970	1,142,857
(iv) Cash flow information			
Year Ended 30 June 2014			
Net cash flow from operating activities	(3,341,649)	(1,713,329)	(5,054,978)
Net cash flow from investing activities	(4,129)	53,785	49,656
Net cash flow from financing activities	-	5,635,018	5,635,018
Year Ended 30 June 2013			
Net cash flow from operating activities	(8,395,093)	(2,262,899)	(10,657,992)
Net cash flow from investing activities	(114,771)	74,751	(40,020)
Net cash flow from financing activities	-	3,002,536	3,002,536

	Consolidated	
	2014	2013
4 PERSONNEL EXPENSES	**$**	$
Wages, salaries & fees	**1,596,347**	1,866,697
Other associated staff costs	**14,335**	33,907
Share based compensation- Note 14	**48,890**	152,078
	1,659,572	2,052,682

5 DEPRECIATION

Depreciation of equipment	**57,101**	48,348

6 SALE OF SUBSIDIARY

In the prior year, the Company divested all of its shares in Bondi Mining Namibia Pty Ltd (the holder of 10 exploration permit applications in Namibia) to Lyell Resources Limited for 333,333 Lyell shares. WTR will be issued a further 333,333 Lyell shares upon the grant of one of the Namibian exploration licence applications and a further 333,334 Lyell shares if 5 or more of the Namibian exploration licences are granted.

Lyell Resources Limited is an unlisted Australian exploration Company that holds, among other assets, the Australian assets that Bondi Mining Namibia Pty Ltd held prior to the transaction that formed WTR.

The directors have valued the shares received in Lyell Resources Limited at $nil.

Consideration received	**$**
Shares received in Lyell Resources Limited	**-**
Total disposal consideration	**-**
Less: net assets disposed of	**(1,280)**
Loss on disposal before income tax	**(1,280)**
Income tax expense	**-**
Loss on disposal after income tax	**(1,280)**
Net loss for the Group on disposal	**(1,280)**

Net assets at date of sale	**$**
Bank balance	**2,035**
Trade payables	**(755)**
	(1,280)

7 INCOME TAX

	Consolidated	
The major components of income tax expense are:	**2014**	2013
Income statement	**$**	$
Current income tax:		
Current income tax	**48**	190
Adjustments for prior years	**-**	-
Deferred tax expense:		
Relating to origination & reversal of temporary differences	**-**	-
Unused tax losses not recognised as Deferred Tax Asset	**-**	-
Total income tax expense in statement of comprehensive income	**48**	190

Numerical reconciliation between tax expense/(benefit) and loss before income tax		
Accounting loss before income tax	**(4,264,213)**	(10,700,849)
Income tax benefit using the domestic corporation tax rate of 30% (2013: 30%)	**(1,279,264)**	(3,210,254)
Increase in income tax expense due to:		
Net capital gain	**-**	384
Other assessable income	**3,065**	1,973
Non-deductible expenses	**58,393**	271,416
Tax losses not recognised	**1,378,786**	3,225,916
Minimum tax requirement in Madagascar	**48**	190
Decrease in income tax expense due to:		
Decline in value of depreciating asset	**(511)**	(511)
Deductible expenses	**(160,469)**	(252,913)
Non-assessable income	**-**	(36,011)
Income tax expense	**48**	190

The Directors estimate the potential future income tax benefit arising from tax losses and temporary differences available to WTR Holdings Pty Ltd to be $4,010,331 (2013: $3,406,302) and consolidated $23,821,622 (2013: $21,681,791) which substantially relates to expenditure incurred in relation to the exploration of heavy mineral sands and associated minerals in Madagascar.
The potential future income tax benefit arising from tax losses and timing differences has not been brought to account in this financial report as realisation of the benefit cannot be regarded as probable.
The potential future income tax benefit will only be obtained by the Group if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
- the Company continues to comply with the conditions for deductibility as imposed by tax legislation; and
- no changes in tax legislation adversely affect the Company in realising the benefit.

		Consolidated	
		2014	2013
8	**REVENUE AND OTHER INCOME**		
	Interest income	**80,747**	159,976
9	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents in statement of cash flows	**2,847,988**	2,210,474
10	**TRADE AND OTHER RECEIVABLES**		
	Current		
	Deferred consideration receivable	**62,133**	115,942
	Other debtors and receivables	**492,846**	428,327
	Accrued income	**10,217**	2,504
		565,196	546,773
	Non-current		
	Deferred consideration receivable	**352,725**	356,783
11	**OTHER CURRENT ASSETS**		
	Prepayments	**56,764**	172,508

12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated						
Cost:	**Motor Vehicles**	**Office Equipment**	**Office Furnishings**	**Leasehold Improvements**	**Plant &Technical Equipment**	**Building**	**Total**
Balance at 1 July 2012	100,270	51,118	6,017	9,381	61,721	45,571	274,078
Acquisitions	83,766	18,275	9,634	3,031	29,553	-	144,259
Disposals	(36,677)	-	-	-	-	-	(36,677)
Effect of movements in foreign exchange	15,964	5,742	1,365	1,433	6,853	5,509	36,866
Balance at 30 June 2013	163,323	75,135	17,016	13,845	98,127	51,080	418,526
Balance at 1 July 2013	**163,323**	**75,135**	**17,016**	**13,845**	**98,127**	**51,080**	**418,526**
Acquisitions	**-**	**5,009**	**3,203**	**-**	**-**	**-**	**8,212**
Effect of movements in foreign exchange	**(14,877)**	**(9,016)**	**(1,554)**	**(1,261)**	**(1,239)**	**(4,653)**	**(32,600)**
Balance at 30 June 2014	**148,446**	**71,128**	**18,665**	**12,584**	**96,888**	**46,427**	**394,138**
Depreciation and impairment losses:							
Balance at 1 July 2012	42,305	22,094	2,585	6,867	41,369	2,114	117,334
Depreciation charge for the year	22,506	14,763	983	1,260	4,187	4,649	48,348
Disposals	(4,864)	-	-	-	-	-	(4,864)
Effect of movements in foreign exchange	6,857	3,460	410	954	(28)	714	12,367
Balance at 30 June 2013	66,804	40,317	3,978	9,081	45,528	7,477	173,185
Balance at 1 July 2013	**66,804**	**40,317**	**3,978**	**9,081**	**45,528**	**7,477**	**173,185**
Depreciation charge for the year	**28,125**	**15,572**	**1,746**	**1,352**	**5,318**	**4,988**	**57,101**
Effect of movements in foreign exchange	**(8,032)**	**(3,133)**	**(483)**	**(921)**	**(1,039)**	**(1,026)**	**(14,634)**
Balance at 30 June 2014	**86,897**	**52,756**	**5,241**	**9,512**	**49,807**	**11,439**	**215,652**
Carrying amounts:							
At 1 July 2012	57,965	29,024	3,432	2,514	20,352	43,457	156,744
At 30 June 2013	96,519	34,818	13,038	4,764	52,599	43,603	245,341
At 1 July 2013	96,519	34,818	13,038	4,764	52,599	43,603	245,341
At 30 June 2014	**61,549**	**18,372**	**13,424**	**3,072**	**47,081**	**34,988**	**178,486**

	Consolidated 2014	2013
13 TRADE AND OTHER PAYABLES	**$**	$
Trade payables	**106,619**	1,087,857
Other payables	**96,645**	55,000
	203,264	1,142,857

14 EMPLOYEE BENEFITS

The Company has a share option program that entitles directors and other key management personnel to acquire shares in the entity.

No options were issued to employees or directors under the program during the year ended 30 June 2014 (2013: 1,500,000 options)

The share based payment expense recognised during the year is comprised of the following:

	Consolidated 2014	2014
	$	$
Options issued in prior years - current year expense allocation	**154,753**	152,078
Reversal of expense recognised in prior years where vesting conditions were not met	**(105,863)**	-
	48,890	152,078
Options issued to consultants in respect of capital raising	**69,419**	-
Movement in share based payment reserve	**118,309**	152,078

	Consolidated 2014	2013
15 ISSUED CAPITAL AND RESERVES		
(i) Issued Capital	**Number**	Number
On issue at 30 June – fully paid	**362,006,589**	317,006,589

	Year Ended 30 June 2014 No. of Shares	**$**	Year Ended 30 June 2013 No. of Shares	$
Balance at 1 July	**317,006,589**	**21,292,776**	298,358,866	18,290,240
Rights issue	**-**	**-**	18,647,723	3,170,113
Private placement	**45,000,000**	**5,850,000**	-	-
Cost associated with capital raising	**-**	**(284,400)**	-	(167,577)
Balance at 30 June	**362,006,589**	**26,858,376**	317,006,589	21,292,776

	Consolidated 2014	2013
(ii) Reserves	**$**	$
Foreign currency translation reserve	**393,589**	416,392
Share-based payments reserve	**2,032,491**	1,914,182
	2,426,080	2,330,574

Exchange differences relating to translation of the results and net assets of the Group's foreign operations from their functional currency to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve.

The share-based payments reserve relates to share options granted by the Company to its directors, employees under its employee share based plan, and options issued to the consultants in payment for services.

15 ISSUED CAPITAL AND RESERVES (CONT.)

(iii) Movements in Reserves	**2014**	2013
(a) Foreign currency translation reserve	**$**	$
Balance at 1 July	**416,392**	264,960
Currency translation differences arising during the year	**(22,803)**	151,432
Balance at 30 June	**393,589**	416,392
(b) Share-based payments reserve		
Balance at 1 July	**1,914,182**	1,762,104
Options issued to directors and consultants	**118,309**	152,078
Balance at 30 June	**2,032,491**	1,914,182

(iv) Share Options on Issue	**2014 Number**	2013 Number
Balance at 1 July	**24,725,000**	23,600,000
Options issued to directors, employees and consultants	**1,500,000**	1,500,000
Options forfeited during the year	**(4,533,333)**	-
Options expired during the year	**-**	(375,000)
Balance at 30 June	**21,691,667**	24,725,000

	Weighted Av. Exercise Price 2014	**Number of Options 2014**	Weighted Av. Exercise Price 2013	Number of Options 2013
(a) Exercisable at $0.285 by 31/03/15				
Balance at 1 July	**$0.285**	**22,750,000**	$0.285	22,750,000
Options forfeited		**(3,033,333)**		-
Balance at 30 June	**$0.285**	**19,716,667**	$0.285	22,750,000
(b) Exercisable at $0.285 by 31/12/15				
Balance at 1 July	**$0.285**	**1,500,000**	-	-
Issued during the year	**-**	**-**	$0.285	1,500,000
Options forfeited		**(1,500,000)**		-
Balance at 30 June	**$0.285**	**-**	$0.285	1,500,000
(c) Exercisable at $0.80 by 08/05/15				
Balance at 1 July	**$0.80**	**475,000**	$0.80	475,000
Balance at 30 June	**$0.80**	**475,000**	$0.80	475,000
(d) Exercisable at $0.13 by 12/08/15				
Balance at 1 July	-	-	-	-
Issued during the year	$0.285	1,500,000	-	-
Balance at 30 June	**$0.285**	**1,500,000**	-	-

16 ACCUMULATED LOSSES

	Consolidated	
	2014	2013
Movements in accumulated losses were as follows:	**$**	$
Balance at 1 July	**(21,216,386)**	(10,515,347)
Net loss for the year	**(4,264,261)**	(10,701,039)
Balance 30 June	**(25,480,647)**	(21,216,386)

17 EARNINGS PER SHARE

	Consolidated	
(i) Loss attributable to ordinary shareholders	**2014**	2013
Loss for the year from continuing operations:	**$**	$
Basic earnings	**(4,264,261)**	(10,701,039)
Diluted earnings*	**(4,264,261)**	(10,701,039)

	2014	2013
(ii) Weighted average number of ordinary shares	**Number**	Number
Weighted average number of shares used for basic earnings per share	**352,225,169**	300,957,319

*As the Group incurred a loss for the year ended 30 June 2014, the options on issue have an anti dilutive effect, therefore the diluted earnings per share is equal to the basic earnings per share.

18 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	Consolidated	
	2014	2013
	$	$
Loss after income tax	**(4,264,261)**	(10,701,039)
Non-cash items:		
Depreciation and amortisation	**57,101**	48,348
Foreign exchange (gains)/losses	**20,654**	155,378
Equity-settled share-based payment expenses	**48,890**	152,078
Items classified as investing activities:		
Loss/(Profit) on sale of assets	**-**	(18,756)
Changes in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	**43,512**	(412,058)
(Increase)/Decrease in inventories	**12,029**	(17,942)
Increase/(Decrease) in trade and other payables	**(972,903)**	135,999
Net cash used in operating activities	**(5,054,978)**	(10,657,992)

19 FINANCIAL INSTRUMENTS

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business.

Credit risk

The Group has policies in place to ensure that any sales of surplus assets are made to customers with an appropriate credit history. The Group does not require collateral in respect of financial assets.

Cash deposits and investments are limited to high credit quality financial institutions.

Interest rate risk

As the Group has no interest-bearing liabilities, the Group's loss and operating cash flows are not exposed to change in market interest rates.

The Group's interest rate risk arises from the interest-bearing assets. Cash being held to fund exploration programs and operating costs are placed with financial institutions at variable rates which exposes the Group to cash flow interest rate risk. To attempt to manage this risk the Group policy is to place all but immediately required funds into a range of term deposits and interest bearing call deposits.

Cash and cash equivalents

Balances held in bank accounts are bearing a floating interest rate at a weighted average rate of 3.01% (2013: 2.85%) for Australian dollars and 0% for US dollars (2013: 0.37%).

Other financial assets and liabilities

All other financial assets and liabilities of the Group are non-interest bearing.

Foreign Currency Risk

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

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to Malagasy Ariary (MGA), Euro and the US Dollar (USD).

The Group's risk management policy is to keep surplus cash in USD and have major contracts written in US Dollars as the currency for calculation of the liability or revenue stream. During 2014, ongoing expenditures in foreign currencies were significant.

At 30 June 2014 the USD bank balance of the Group was $USD160,401 (2013: $ USD727,314) which converted to $AUD 170,355 at the 30 June 2014 exchange rate of $USD0.9420/$A1.00 (2013:$ AUD796,295 at the 30 June 2013 exchange rate of $USD0.91328/$A1.00). It is the present intention of the Board to retain this balance in $US as a hedge against the requirement to send future amounts to Madagascar and Mauritius in that currency.

An appreciation in the AUD against the USD would result in adverse movement in the statements of comprehensive income and financial position and a depreciation of the AUD against the USD would lead to a favourable movement in the statement of comprehensive income and statement of financial position. A 100 basis points change, would result in a movement of approximately $AUD1,599 in the reported results based on the balance at 30 June 2014 (2013 approximately $AUD 9,000).

Market risk

The cash balances held at year end were $AUD2.679 million (2013: $AUD1.483 million), on which interest was being earned at a weighted average rate of 3.01% (2013: 2.85%), and $USD 0.160 million (2012: $USD0.727 million), on which interest is being earned at 0% (2012: 0.37%). A change in the interest rate of 100 basis points, would have the effect of changing earnings and equity by $26,790 (2013: $14,830) and for the US dollars $USD nil (2013: $USD 7,270).

19 FINANCIAL INSTRUMENTS

Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Group or the requirements of local regulation. The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared. The Group was not subject to externally imposed capital requirements in either the current or prior year.

Fair values

The accounting standard relating to financial instruments requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair values together with the carrying amounts shown in the statement of financial position are as follows:

Consolidated	**Carrying Amount 2014 $**	**Fair Value 2014 $**	Carrying Amount 2013 $	Fair Value 2013 $
Trade and other receivables	**621,960**	**621,960**	719,281	719,281
Cash and cash equivalents	**2,847,988**	**2,847,988**	2,210,474	2,210,474
Trade and other payables	**(203,264)**	**(203,264)**	(1,142,857)	(1,142,857)
	3,266,684	**3,266,684**	1,786,898	1,786,898

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table.

Trade and other receivables / payables

Receivables and payables which have a remaining life of less than one year are recorded at the nominal amount, which is deemed to reflect the fair value.

The amount receivable from Malagasy Minerals Limited in relation to unpaid consideration for its purchase of Mada-Aust SARL amounts to:

	Nominal Amount 2014 $	**Fair Value 2014 $**	Nominal Amount 2013 $	Fair Value 2013 $
Current	**62,133**	**62,133**	120,000	115,942
Non-Current	**464,919**	**352,725**	427,034	356,783
Total	**527,052**	**414,858**	547,034	472,725

The fair value has been calculated by discounting the amounts receivable by 7% pa (2013: 7% pa), based upon the estimated timing of receipts.

20 CAPITAL AND OTHER COMMITMENTS

	Consolidated 2014 $	2013 $
(i) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**32,541**	67,020
More than one years and less than five years	**12,262**	-
	44,803	67,020
Representing:		
Non-cancellable operating leases	**-**	-
Cancellable operating leases	**44,803**	67,020
	44,803	67,020
(ii) Tenement expenditure commitments		
Commitments in relation to tenement expenditures at the reporting date but not recognised as liabilities, payable:	**-**	115,000
Within one year	**-**	115,000

The cancellable leases relate to offices and residences in Madagascar. The Group is required to give three months notice prior to the end of a one year term for its office in Madagascar.

21 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no known contingent liabilities or contingent assets as at the date of these statements.

22 CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%) 2014	Equity Holding (%) 2013	Company's Investment ($) 2014	Company's Investment ($) 2013
WTR Holdings Pty Ltd	Australia	Ordinary	**100**	100	**70,850,510**	70,850,510
World Titane Holdings Ltd	Mauritius	Ordinary	**100**	100	**1,000**	1,000
Malagasy Sands No 2 Limited	Mauritius	Ordinary	**100**	100	**1,000**	1,000
Madagascar Mineral Fields Ltd	Mauritius	Ordinary	**100**	100	**1,660**	1,660
Toliara Sands SARL	Madagascar	Ordinary	**100**	100	**2,041,456**	2,041,456
Madagascar Resources SARL	Madagascar	Ordinary	**100**	100	**568,723**	568,723

The above Malagasy incorporated companies are owned by Madagascar Mineral Fields Ltd (100% of Toliara Sands SARL) and Malagasy Sands No.2 Ltd (100% of Madagascar Resources SARL). The Malagasy companies are therefore indirectly 100% owned by World Titanium Resources Ltd. The Malagasy incorporated companies carry on business in Madagascar. Malagasy Sands No.2 and Madagascar Mineral Fields Ltd carry on business in Mauritius. These two Mauritian companies are owned by World Titane Holdings Ltd.

23 RELATED PARTIES

(i) Key management personnel compensation

The following people were key management personnel of the Group at any time during the reporting period and unless otherwise indicated, were directors or executives for the entire period:

Non-Executive Directors

Mr Tristan Davenport (resigned on 8 December 2013)
Dr Ian Ransome
Mr Roderic Baker (resigned on 23 October 2013)
Dr Richard Valenta (resigned on 8 December 2013)
Mr Darren Morcombe (resigned on 29 November 2013)
Mr Jeffrey Williams (Appointed CEO effective 18 November 2013)
Mr Gooroodeo Sookun (resigned on 23 October 2013)

Executive Directors

Mr Wayne Malouf (resigned on 8 December 2013)	Executive Chairman
Mr Bruce Griffin (resigned on 19 August 2013)	Chief Executive Officer
Mr Jeffrey Williams (Appointed CEO from 18 November 2013)	Chief Executive Officer

Senior Management

Mr Graeme Boden	Company Secretary
Mr Gooroodeo Sookun	Chief Finance Officer

Key management personnel compensation for the year was as follows:	**Consolidated**	
	2014	2013
	$	$
Share based payments	**48,890**	152,078
Salary & fees	**848,444**	976,565
	897,334	1,128,643

Apart from details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

A number of key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Group or its subsidiaries in the reporting period. The terms and conditions of the transactions with KMP and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

			Consolidated	
			2014	2013
KMP	**Transaction**	**Note**	**$**	$
Dr I Ransome	Geological Consultancy Services		**43,565**	-
Mr W Malouf	Legal consulting services		**130,759**	-
Mr G Boden	Secretarial & Financial Consultancy Services	i	**38,935**	96,600

i) Graeme Boden is a director and shareholder of Boden Corporate Services Pty Ltd ("Boden"). During the year Mr Boden provided company secretarial services to the Group. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

23 RELATED PARTIES (CONT.)

Amounts payable to KMP at the reporting date arising from these contracts were as set out below:

	Consolidated	
	2014	2013
Current payables	**$**	$
Trade and other payables	**69,457**	30,000

(ii) Identity of related parties

The Company has a related party relationship with its subsidiaries (see Note 22) and key management personnel (see Note 23 (i)).

24 EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not been any matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

25 AUDITOR'S REMUNERATION

Audit services	**Consolidated**	
Auditors of the Company	**2014**	2013
Audit and review of financial reports:	**$**	$
HLB Mann Judd	34,000	33,750
Other auditors	2,500	2,458
	36,500	36,208

27 PARENT ENTITY DISCLOSURES

	2014	2013
(i) Financial position	**$**	$
Assets		
Current assets	**2,701,345**	1,802,489
Non-current assets	**5,658**	75,707,577
Total assets	**2,707,003**	77,510,066
Liabilities		
Current liabilities	**110,013**	101,347
Non-current liabilities	**-**	-
Total liabilities	**110,013**	101,347
Equity		
Issued capital	**91,549,913**	85,984,299
Accumulated losses	**(91,416,912)**	(10,921,261)
Reserves:		
-Share-based payments	**1,042,508**	924,200
-Option Premium	**1,421,481**	1,421,481
Total equity	**2,596,990**	77,408,719

	2014	2013
(ii) Financial Performance	**$**	$
Loss for the period	**(80,495,651)**	(2,284,368)
Other comprehensive income	**-**	-
Total comprehensive loss	**(80,495,651)**	(2,284,368)

Directors' Declaration

1 In the opinion of the directors of World Titanium Resources Limited (the Company):

(a) the financial statements and notes and the audited remuneration disclosures that are contained in the Remuneration Report in the Directors' Report are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the financial position of the Group as at 30 June 2014 and of its performance, as represented by the results of operations and its cash flows, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

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

(c) the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

2 This declaration has been made after receiving the declaration required to be made to the directors pursuant to Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors:

J Williams

Mr Jeffrey Williams
Chief Executive Officer
Dated at Perth this 30 day of September 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of World Titanium Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of World Titanium Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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 company's preparation and fair presentation of the financial report 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 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.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

(a) the financial report of World Titanium Resources Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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.

Auditor's opinion

In our opinion the remuneration report of World Titanium Resources Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

W M Clark
Partner

Perth, Western Australia
30 September 2014

Corporate Governance Statement

Introduction

The ASX Corporate Governance Council has issued Corporate Governance Principles and Recommendations which had effect from January 2009.

Commensurate with the spirit of the ASX Principles and Recommendations, the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Principles and Recommendations, the Board has disclosed the nature of, and reason for, the adoption of its own practice.

The following additional information about the Company's corporate governance practices is set out on the Company's website at www.worldtitaniumresources.com

(a) Corporate Governance Statement;
(b) Board Charter;
(c) Audit Committee Charter;
(d) Remuneration Committee Charter;
(e) Nomination Committee Charter;
(f) Technical Committee Charter;
(g) Code of Conduct;
(h) Delegation of Authority Policy;
(i) Share Dealing Policy;
(j) Drug and Alcohol Policy;
(k) Environmental Policy;
(l) Occupational Health & Safety Policy;
(m) Privacy Policy.

Explanations for departures from best practice recommendations

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.2 is that the process of evaluating the performance of senior executives is disclosed.

A formal performance evaluation process has not yet been established as the first employee senior executive commenced in October 2011, followed by two further full-time executives after the end of the 2012 financial year. The process and initial evaluations will be established in the coming year.

Principle 2: Structure the board to add value.

Recommendation 2.2 is that the chair should be an independent director.

Mr Limb is Non-Executive Chairman. Mr Limb's Non-Executive position enhances his ability in exercising independent judgement in his role as chairman, particularly in the context of a board of four directors.

Recommendation 2.5 is that companies should disclose the process for evaluating the performance of the board, its committees and the individual directors.

The evaluation process to be used to evaluate the performance of the board will be established during the current financial year and the first evaluation of the board conducted. A performance evaluation of the board was not conducted in the period since relisting in January 2012.

Principle 3: Promote ethical and responsible decision making.

Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.

The Company has not yet established a diversity policy. Notwithstanding this, the Company has policies in accordance with its code of conduct which:

- provide for equal opportunity in employment;
- has recruitment and selection processes which are based on the merit of appropriate candidates; and
- has grievance procedures to manage conflict, misconduct, discrimination and harassment.

Recommendation 3.3: Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The Company has not established measurable guidelines in relation to diversity and may not. In a small organisation, establishing diversity on the basis of gender, age, ethnicity and cultural background is going to be difficult to design let alone achieve.

Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive position and women on the board.

The gender balance throughout the organisation at 30 June was as follows:

Position	2014		2013	
	Female	Total	Female	Total
Board	-	4	-	9
Other Key Management Personnel	-	1	-	2
Other Professionals	4	10	7	12
Other Employees	5	27	6	26

Principle 4: Safeguard integrity in financial reporting

There were no material departures from the recommendation in respect of Principle 4.

The Audit Committee Charter is available on the Company's website.

Principle 5: Make timely and balanced disclosures.

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and disclose those policies.

The Company, its Directors and staff are aware of continuous disclosure requirements and operate in an environment where strong emphasis is placed on full and appropriate disclosure. The Company does not have formal written policies regarding disclosure, but uses strong informal systems carried out by experienced individuals.
This statement is published on the Company's website.

Principle 6: Respect the rights of shareholders.

There were no material departures from the recommendation in respect of Principle 6.

Principle 7: Recognise and manage risk.

There were no material departures from the recommendation in respect of Principle 7.

The entity has established policies for the oversight of material business risks and the full board is engaged in the management of those risks, by meeting monthly during the 2013 year. The categories of risk which are reported in this annual report are material business risks, including political and technical risks, and financial risk.

Principle 8: Remunerate fairly and responsibly.

A charter of the remuneration committee is available on the Company's website.

Recommendation 8.3: Companies should clearly distinguish the structure of non-executive remuneration from that of executives.

Non-executive directors are paid a fixed fee, presently $35,000 per annum, but do not receive short term incentive remuneration. Approval has been sought and received from shareholders to grant options to non-executive directors as a long term remuneration incentive. The board considers that the annual fee for non-executive directors is low by comparison with industry peers and that the level of options granted reflects this and is also an appropriate cash conservation measure in the Company's evaluation and development phase.

ASX Additional Information

1. Listed Securities

The security holder information set out below was applicable as at 31st August 2014.

(i) Distribution of Security Numbers

Category (size of holding)	Ordinary Shares	
	Shareholders	Shares
1 – 1,000	70	20,708
1,001 – 5,000	116	344,070
5,001 – 10,000	56	424,849
10,001 – 100,000	195	6,945,911
100,001 and over	148	354,271,051
Total	**585**	**362,006,589**

(ii) Voting Rights

On a show of hands every person present who is a member or a proxy, attorney or representative of a member has one vote and upon a poll every person present who is a member or a proxy, attorney or representative of a member shall have one vote for each share held.

(iii) Twenty Largest Security Holders

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

Name	Number of Ordinary Shares	% of Issued Capital
BOULLE TITANIUM LTD	73,725,060	20.366
ZTF INVESTMENTS PTY LTD	69,138,124	19.099
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,072,070	11.622
J P MORGAN NOMINEES AUSTRALIA LIMITED	27,145,958	7.499
NATIONAL NOMINEES LIMITED	11,781,971	3.255
CITICORP NOMINEES PTY LIMITED	9,500,962	2.625
RUNNING WATER LIMITED	8,184,167	2.261
INVIA CUSTODIAN PTY LIMITED	7,832,344	2.164
QUANTUM HOLDINGS PTY LTD	6,002,050	1.658
SPRINGTIDE CAPITAL PTY LTD	5,969,654	1.649
BODEN CORPORATE SERVICES PTY LTD	5,520,000	1.525
GRAHAM FORWARD PTY LTD	4,670,000	1.290
LUJETA PTY LTD	4,462,500	1.233
QUANTUM HOLDINGS PTY LTD	3,150,004	0.870
MR PETER JAMES WOODS	3,010,000	0.831
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	3,005,278	0.830
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,969,370	0.820
GUY FRANCOIS LE CLEZIO	2,747,137	0.759
RAYMOND MARIE MARC HEIN	2,354,512	0.650
REMBU PTY LTD	2,342,813	0.647
Total	**295,583,974**	**81.652**

ASX Additional Information (Cont.)

(iv) Substantial Shareholders

The names of the substantial shareholders listed in the Company's share register as at 31st August 2014 were:

Name	Number of Ordinary Shares	% of Issued Capital
BOULLE TITANIUM LTD	73,725,060	20.366
ZTF INVESTMENTS PTY LTD	69,138,124	19.099
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	42,072,070	11.622
Total	**184,935,254**	**51.087**

(v) On market buy back

There is no on-market buy-back scheme in operation for the Company's listed shares.

2. Unquoted Options and Warrants

The information on unquoted option and warrant holders set out below was applicable as at 31st August 2014.

(i) Distribution of unquoted option and warrant holder numbers

Category (size of holding)	No of holders	No of securities
10,001 – 100,000	2	150,000
100,001 and over	17	21,541,667
Total	**19**	**21,691,667**

(ii) Voting Rights

Unlisted options do not entitle the holder to any voting rights.

(iii) Holders of more than 20% of unquoted options

Name	No of options	%
EDWARD WAYNE MALOUF	5,600,000	25.82

(iv) Unquoted options on issue at 31st August 2014

Number on issue	Exercise Price	Expiry Date
Options:		
475,000	$0.80	8 May 2015
1,500,000	$0.13	12 August 2015
19,716,667	$0.285	31 March 2015

ASX Additional Information (Cont.)

3. Tenement Schedule

Project Title	Permit Number	REGISTERED Holder/Applicant	PERMIT TYPE	GRANT DATE (Application Date)	EXPIRY DATE	TERM (Years)	TOTAL AREA km**2	SUBSTANCES UNDER TITLE	NOTES
Ranobe	3315	TSSARL	**R**	21/03/2012	20/03/2015	3	106.25	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(1) (3) (4)
	12026	TSSARL	**R**	15/09/2004	14/09/2014	10	6.25	Ilmenite	(2)
	17388	TSSARL	**R**	28/07/2005	27/07/2015	10	18.75	Ilmenite	(2) (4)
	37242	TSSARL	**E**	21/03/2012	30/03/2052	40	9.38	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(8)
	39130	TSSARL	**E**	21/03/2012	20/03/2052	40	9.38	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(8)
Ankililoaka	3314	MRSARL	**R**	12/01/2001	11/01/2011	10	75	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(2) (3) (5)
	36876	MRSARL	**R**	22/11/2004	21/11/2014	10	12.5	Ilmenite	(2) (5)
Basibasy	35822	MRSARL	**R**	12/01/2001	11/01/2011	10	81.25	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(2) (3) (5)
Morombe	30250	MRSARL	**R**	12/01/2001	11/01/2011	10	206.25	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(2) (3) (5)
Other	36182	MRSARL	**R**	22/10/2009			62.50	Ilmenite, Rutile, Zircon, Magnetite	(9)
	36183	MRSARL	**R**	22/10/2009			8.59	Ilmenite, Rutile, Zircon, Magnetite	(9)
	36648	MRSARL	**R**	16/11/2009			3.13	Calcaire	(7)(9)
	39650	MRSARL	**R**	16/11/2009			3.13	Calcate	(7)(9)
	38091	MRSARL	**R**	23/09/2010			30.47	Ilmenite, Grenate, Zircon	(9)

DEFINITIONS:

"TSSARL": Toliara Sands SARL

"MRSARL": Madagascar Resources SARL

"R": Research (Exploration Permit)

"E": Exploitation (Mining Permit)

NOTES:

1. Renewable once for a three-year period per renewal.
2. Renewable twice for a three-year period per renewal.
3. Renewable application introduced on 17th September 2010 for a three-year period.
4. A PE application is pending processing at the BCMM on part of Permit 3315 since 17th September 2010.
5. Permits presently registered in the name of Exploitation Madagascar (TSSARL) and for which a transfer to MRSARL is pending at the BCMM.
6. Permit presently registered in the name of MadaAust and for which a transfer to TSSARL is pending at the BCMM .
7. We have been informed that Permit 36648 has been split into two Permits (36648 and 36650) but to date the Company has not received confirmation of grant.
8. Renewable once for a forty year period per renewal.
9. New applications pending at the BCMM.