

16 January 2015

Market Announcements Office
Australian Securities Exchange
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

WORLD TITANIUM RESOURCES LIMITED (ABN 21 120 723 426) – TARGET’S STATEMENT

We attach, by way of service pursuant to item 14 of subsection 633(1) of the *Corporations Act 2001* (Cth), the target’s statement of World Titanium Resources Limited (ABN 21 120 723 426) (**World Titanium**), dated 16 January 2015 in relation to the off-market takeover bid by Base Resources Limited (ABN 88 125 546 910) (**Base**) for all the ordinary shares in World Titanium.

A copy of World Titanium’s target’s statement has been given to each of the Australian Securities & Investments Commission and Base today.

Yours faithfully

World Titanium Resources Limited



Graeme Boden
Company Secretary

World Titanium Resources Limited

ABN 21 120 723 426

Target's Statement

This Target's Statement has been issued in response to the off-market takeover bid made by Base Resources Limited (ABN 88 125 546 910) (**Base**) for all of the fully paid ordinary shares in World Titanium Resources Limited (ABN 21 120 723 426) (**World Titanium** or the **Company**), for consideration of one (1) fully paid ordinary share in Base (each a **Base Share**) for every five (5) fully paid ordinary shares in World Titanium (each a **World Titanium Share**).

World Titanium's directors unanimously recommend that you REJECT the Offer



Australian legal Adviser to World Titanium

IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

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KEY DATES

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| Date of Base's Offer | 6 January 2015 |
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|---------------------------------|-----------------|
| Date of this Target's Statement | 16 January 2015 |
|---------------------------------|-----------------|

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|---|----------------------------------|
| Close of Offer Period (unless extended or withdrawn) | 7:00pm (AWST) on 6 February 2015 |
|---|----------------------------------|

ENQUIRIES

World Titanium Shareholders may call World Titanium on +61 (0)8 9286 1219 between 8:00am and 4:00pm (AWST) Monday to Friday, if they have any queries in relation to the Offer.

Further information relating to the Offer can be obtained from the ASX website (ASX Code: WTR) at www.asx.com.au or from World Titanium's website at www.worldtitaniumresources.com.

IMPORTANT NOTICES

Nature of this document

This is a Target's Statement issued by World Titanium under Part 6.5 Division 3 of the Corporations Act in response to the off-market takeover bid made by Base for all of the fully paid ordinary shares in World Titanium.

ASIC lodgement

This Target's Statement is dated 16 January 2015 and was lodged with the ASIC and given to ASX on that date. Neither ASIC, nor ASX, nor any of their respective officers take any responsibility for the contents of this Target's Statement.

Defined terms

A number of defined terms are used in this Target's Statement. These terms are explained in section 10 of this Target's Statement. In addition, unless the contrary intention appears or the context requires otherwise, words and phrases used in this Target's Statement and defined in the Corporations Act have the same meaning and interpretation as in the Corporations Act.

No account of personal circumstances

This Target's Statement does not take into account your individual objectives, financial situation or, particular needs. It does not contain personal advice. Your World Titanium Directors encourage you to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offer.

Disclaimer as to forward looking statements

Some of the statements appearing in this Target's Statement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include, without limitation, factors and risks specific to the industry in which World Titanium operates as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of World Titanium, World Titanium's officers and employees, any persons named in this Target's Statement with their consent, or any person involved in the preparation of this Target's Statement, makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement. World Titanium does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

Disclaimer as to information

The information on Base and the Base Group contained in this Target's Statement has been prepared by World Titanium using publicly available information. The information in this Target's Statement concerning Base and the Base Group, has not been

independently verified by World Titanium. Accordingly, World Titanium does not, subject to the Corporations Act, make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

Foreign jurisdictions

The release, publication or distribution of this Target's Statement in jurisdictions other than Australia may be restricted by law or regulation in such other jurisdictions and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable laws or regulations.

This Target's Statement has been prepared in accordance with Australian law and the information contained in this Target's Statement may not be the same as that which would have been disclosed if this Target's Statement had been prepared in accordance with the laws and regulations outside of Australia.

Maps and diagrams

Any diagrams, charts, maps, graphs and tables appearing in this Target's Statement are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available at the date of this Target's Statement.

Privacy

World Titanium has collected your information from its register of members for the purpose of providing you with this Target's Statement. The type of information World Titanium has collected about you includes your name, contact details and information on your shareholding or option holding (as applicable) in World Titanium. Without this information, World Titanium would be hindered in its ability to issue this Target's Statement. The Corporations Act requires the name and address of World Titanium Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to World Titanium's Related Bodies Corporate and external service providers (such as the share registry of World Titanium and print and mail service providers) and may be required to be disclosed to regulators such as ASIC and the ASX. If you would like details of information about you held by World Titanium, please contact World Titanium.

CHAIRMAN'S LETTER

16 January 2015

Dear World Titanium Shareholder

REJECT BASE'S OFFER

On 23 December 2014 Base, a company listed on the ASX and the AIM market in London, announced an **unsolicited, hostile, conditional, all scrip off-market takeover bid** for the World Titanium Shares on the basis of one Base Share for every five World Titanium Shares (**Offer** or **Base's Offer**).

Base has announced that the Offer is best and final and that the Offer is now unlikely to succeed unless there is a significant change in circumstances.

There is no cash component offered pursuant the Offer.

The Offer is conditional on a 40% Minimum Acceptance Condition, among other conditions.

The Offer is unsolicited and the World Titanium Directors recommend it be rejected for the reasons set out in this Target's Statement.

Also on 23 December 2014, Base announced that it had lodged its Bidder's Statement with ASIC in relation to the Offer, which means that the legally prescribed bid process commenced during the holiday period.

On the day after the Offer was announced, a private equity fund, African Minerals Exploration & Development Fund II SICAR, purchased 17.12% of the issued World Titanium Shares at a price of approximately A\$0.06 per World Titanium Share, being approximately 50% above the implied Base all scrip bid price of A\$0.04 on 22 December 2014 (refer to section 4.3 of this Target's Statement for further information regarding that implied price).

World Titanium has received confirmation from various holders of interests in World Titanium Shares, that Base's Offer will not be accepted with respect to World Titanium Shares amounting, in aggregate, to approximately 60.54% of all World Titanium Shares on issue as at the date of this Target's Statement. This notification is binding on those parties.

Base has since announced that the Offer Consideration will not be increased and the Offer will close at 7.00pm (AWST) on 6 February 2015 and will not be extended unless all remaining Conditions of the Offer are fulfilled or waived prior to that time, or the Offer is subject to an automatic extension under the Corporations Act.

The principal asset of World Titanium is a mineral sands development project in southwestern Madagascar, comprising the Toliara Project (which includes the Ranobe Project). The World Titanium Directors believe that the World Titanium deposits, if they are developed, would be important assets in the global context of the mineral sands

industry. However, currently the markets for mineral sands commodities are severely depressed. Developing the Ranobe Project is not without risks or challenges and the World Titanium Directors refer you particularly to the risk factors described in section 4 of this Target's Statement.

However, World Titanium has a strong shareholder base and I and other World Titanium Directors, Jeffrey Williams and Ian Ransome have, between us, very extensive and recent experience of the financing and development of large mineral sands mines in Africa accompanied by extensive current operational experience.

The World Titanium Board has been carefully reviewing capital options with a view to ascertaining whether the capital intensity of the Ranobe Project can be lowered to reflect the outlook for the contained commodities. In doing so the World Titanium Shareholders realise that minimising World Titanium Shareholder dilution is important.

World Titanium Shareholders are being asked to accept Base Shares pursuant to the Offer. Consequently the World Titanium Directors are of the view that it is very important for World Titanium Shareholders to consider the likely risks of holding Base Shares.

This subject is described in Base's Bidder's Statement and in sections 1 and 4 of this Target's Statement. I encourage you to read both the Bidder's Statement and this Target's Statement in full and seek independent advice if required.

The World Titanium Directors recommend World Titanium Shareholders REJECT the Offer. To reject the Offer, simply do nothing and disregard all documentation and communications sent to you by Base.

Further information

The World Titanium Directors will be closely monitoring the progress of the Offer. The World Titanium Directors will keep World Titanium Shareholders informed of any material developments in relation to the Offer through releases to the ASX (which will also be published on World Titanium's website).

This Target's Statement contains the World Titanium Directors' formal response to Base's Offer. I encourage you to read this document carefully. If you need any more information, I recommend that you seek independent advice or call World Titanium between 8:00am and 4:00pm (AWST) Monday to Friday on + 61 (0)8 9286 1219.

Yours sincerely



Nic Limb
Chairman
For and on behalf of
World Titanium Resources Limited

1. WHY YOU SHOULD REJECT THE OFFER

In summary, the key reasons why the World Titanium Directors recommend World Titanium Shareholders **REJECT** the Offer are:

1. **Parties representing approximately 60.54% of World Titanium Shares have already rejected the Offer and Base has announced that the Offer is now unlikely to succeed unless there is a significant change in circumstances**
 2. **Base carries a significant debt load that has recently required rescheduling**
 3. **Base has not demonstrated that it can generate corporate profits from operations**
 4. **Base has announced a dispute with the government in Kenya**
 5. **The Offer may have Capital Gains Tax implications for certain World Titanium Shareholders**
 6. **Base has issued substantial numbers of options and performance rights which are potentially dilutive to holders of Base Shares**
 7. **By accepting the Offer, you will not have the benefit of any subsequent higher offer from any Third Party or benefit from any further growth of the Company (though no forecast is made of whether those events may occur)**
-

Why you should REJECT the Offer

Base's Offer is an attempt to gain control of the World Titanium deposits in Madagascar comprising the Toliara Project.

Base is offering to issue one Base Share in consideration for every five World Titanium Shares you hold. Consequently, an examination of, without limitation, the features of the Offer, the Base financial statements, its producing assets and importantly the risks of holding Base Shares is necessary to evaluate the merits of Base's Offer. In this regard the reasons why the World Titanium Directors recommend that World Titanium Shareholders reject the Offer are as follows.

Parties representing approximately 60.54% of World Titanium Shares have already rejected the Offer and Base has announced that the Offer is now unlikely to succeed unless there is a significant change in circumstances

- Base's Offer is conditional on various matters described at section 10.9 of the Bidder's Statement (which are also extracted into Annexure A of this Target's Statement). One of those conditions requires that during or at the end of the Offer Period, Base and its associates together must have a relevant interest in at least 40% of all World Titanium Shares (on an undiluted basis).
- World Titanium has received written undertakings from parties who collectively represent approximately 60.54% of the World Titanium Shares on issue, confirming that the Offer will not be accepted for any of those World Titanium Shares. Under these circumstances there is little prospect of Base's Offer achieving the Minimum Acceptance Condition. Please refer to section 4.5 of this Target's Statement for further information.

- Base has announced that the Offer Consideration will not be increased and the Offer will close at 7.00pm (AWST) on 6 February 2015 and will not be extended unless all remaining Conditions of the Offer are fulfilled or waived prior to that time, or the Offer is subject to an automatic extension under the Corporations Act. Base has also announced that the Offer is best and final and that the Offer is now unlikely to succeed unless there is a significant change in circumstances.

Base carries a significant debt load that has recently required rescheduling

- Base has only provided financial statements to 30 June 2014 in its Bidder's Statement. At that date Base had A\$49.9 million of short-term borrowings and A\$177.6 million of longer-term borrowings, totaling approximately A\$227.5 million. These figures are quoted in Australian dollars however the majority of Base debt is denominated in United States dollars and the World Titanium Board expects that the recent substantial falls of the A\$ against the US\$ will have significantly increased this debt in A\$ terms. This should, however, be considered in light of statements made in section 8.2.3 of the Bidder's Statement concerning foreign exchange risk.
- Base announced on 6 October 2014 that it had "re-scheduled" the repayment of principal of its US\$215 million project finance facility. A six month deferral was agreed between Base and its financiers. The debt repayments of US\$45.9 million were rescheduled to US\$11.0 million for the 2015 financial year. Additional fees were charged and other conditions imposed indicating considerable caution should be exercised by World Titanium Shareholders in considering the risks associated with acquiring Base Shares.
- On the same day as Base announced the Offer, being 23 December 2014, Base also announced a new US\$20 million loan facility entered into with one of its major shareholders, Taurus Funds. Base announced that the facility "will provide corporate working capital and the funding necessary to deliver up to US\$15 million in additional liquidity to the Kwale Project by 30 June 2015" which was a condition of the re-scheduling of the secured debts summarised above. The World Titanium Directors note that this was an expensive facility with an upfront fee of 2% plus establishment costs, 2% commitment fee on the undrawn portion of the facility, a 10% interest rate on the drawn balance and the entitlement of approximately 61.4 million options to acquire Base Shares being provided in certain circumstances to Taurus Funds (half of which have been issued).

Base has not demonstrated that it can generate corporate profits from operations

Base states at section 1.4.2 of the Bidder's Statement that "Mining commenced at the Kwale Project in October 2013 on the higher grade Central Dune zone...". In the financial year ended 30 June 2014, Base reported a loss of approximately A\$16.1 million. To the World Titanium Directors' knowledge, Base have given no guidance about their profitability or otherwise for the half year ended 31 December 2014. However in Base's 30 September 2014 quarterly reports World Titanium's Directors note that Base's operations generated a cash loss of A\$7.6 million and the total Base cash loss for the quarter was A\$11.2 million, leaving Base with A\$10.9 million cash at the end of the quarter. For completeness the World Titanium Directors note that Base also announced that "cash receipts from customers during October will return the cash position to normal operating levels".

Base has not paid a dividend since incorporation.

Base has announced a dispute with the government in Kenya

- Base has announced to the ASX that in June 2014 Base received an invoice from the Kwale County Government for an approximately US\$57 per tonne levy on exports of rutile and ilmenite from the Kwale Project. Base is disputing this levy. Base is yet to advise if the dispute has been resolved.
- In section 1.4.3 of the Bidder's Statement Base states that "Discussions with the Government of Kenya regarding a voluntary increase in the royalty rate to a level not inconsistent with global mineral sands bench marks are ongoing." The Bidder's Statement does not explain why Base would voluntarily agree to pay more money to the Government of Kenya, which "global mineral sands bench marks" are referred to, or the proposed value of the royalty rate increase.
- The World Titanium Board considers these factors are indicative of considerable risks associated with the financial performance and financial position of Base.

The Offer may have Capital Gains Tax implications for certain World Titanium Shareholders

The Offer may have Capital Gains Tax implications for certain World Titanium Shareholders.

You are referred to section 7 of the Bidder's Statement and section 8 of this Target's Statement for further information, particularly with respect to scrip for scrip rollover relief.

Base has issued substantial numbers of options and performance rights which are potentially dilutive to holders of Base Shares

According to section 2.1 of the Bidder's Statement, as at the date of the Bidder's Statement, Base's capital structure comprised:

- 563,902,771 Base Shares;
- 47,312,531 unlisted options to subscribe for Base Shares; and
- 22,041,338 unlisted performance rights.

Base has agreed to issue a further 30,712,530 unlisted options if it draws down the US\$20 million debt facility provided by Taurus Funds.

The World Titanium Directors note that those convertible securities would dilute the Voting Power of other holders of Base Shares if they are converted into Base Shares.

By accepting the Offer, you will not have the benefit of any subsequent higher offer from any Third Party or benefit from any further growth of the Company (though no forecast is made of whether those events may occur)

If you accept the Offer, you will not be able to accept a higher offer from a Third Party unless the Offer lapses or you have a right to withdraw your acceptance. The World Titanium Board is not aware of any competing proposal or superior proposal to the Offer and is not in a position to provide World Titanium

Shareholders with information in relation to the probability of an alternative transaction arising or any growth in the Company. The World Titanium Board will keep World Titanium Shareholders informed of any material developments.

2. FREQUENTLY ASKED QUESTIONS

This section answers some commonly asked questions about the Offer. It is not intended to address all relevant issues for World Titanium Shareholders. This section should be read together with all other parts of this Target's Statement.

| Question | Answer |
|---|---|
| What is Base's Offer for my World Titanium Shares? | Base is offering one (1) Base Share for every five (5) World Titanium Shares that you hold, including World Titanium Shares that are issued during the Offer Period due to the conversion of Options, on the terms set out in the Bidder's Statement. You may accept the Offer only in respect of all, and not part, of the World Titanium Shares that you hold. |
| What choices do I have as a World Titanium Shareholder? | <p>As a World Titanium Shareholder, you have the following choices in respect of your World Titanium Shares:</p> <ul style="list-style-type: none">• reject the Offer by doing nothing; or• accept the Offer; or• sell your World Titanium Shares on the ASX (unless you have previously accepted the Offer and you have not validly withdrawn your acceptance). <p>There are several implications in relation to each of the above choices. A summary of these implications is set out in section 4.11 of this Target's Statement.</p> |
| What are the World Titanium Directors recommending? | Each World Titanium Director recommends that you REJECT the Offer. The reasons why the World Titanium Directors are recommending that you REJECT the Offer are set out in section 1 of this Target's Statement. |
| How many World Titanium Shares does Base already have an interest in? | As at the date immediately before the date of this Target's Statement, Base had a Relevant Interest in 28,232,234 World Titanium Shares, representing 7.8% of the Voting Power in World Titanium as at the date of this Target's Statement. See sections 4.3, 4.4.1 and 9.3 of the Bidder's Statement for further details of the Base interest in World Titanium as at the date of the Bidder's Statement. |
| How do I REJECT the Offer? | Simply do nothing. Ignore all documents sent to you by Base. Do not fill in or send any documents to Base. |

| Question | Answer |
|--|---|
| <p>What are the consequences of accepting the Offer now?</p> | <ul style="list-style-type: none"> • If you accept the Offer, unless withdrawal rights are available (see below), you will give up your right to sell your World Titanium Shares on the ASX or otherwise deal with your World Titanium Shares while the Offer remains open. • The effect of acceptance is set out in section 10.6 of the Bidder's Statement. World Titanium Shareholders should read that section in full to understand the effect that acceptance will have on their ability to exercise rights attaching to their World Titanium Shares and the representations and warranties they give by accepting the Offer. |
| <p>If I accept the Offer, can I withdraw my acceptance?</p> | <ul style="list-style-type: none"> • You only have limited rights to withdraw your acceptance of the Offer. • See section 5.8 of this Target's Statement and section 10.6 of the Bidder's Statement for further details. |
| <p>When does the Offer close?</p> | <p>The Offer is scheduled to close at 7:00 pm (AWST) on 6 February 2015 and Base has announced that the Offer will not be extended unless all remaining Conditions of the Offer are fulfilled or waived prior to that time, or the Offer is subject to an automatic extension under the Corporations Act.</p> <p>See section 5.5 of this Target's Statement for further information.</p> |
| <p>What are the conditions to the Offer?</p> | <ul style="list-style-type: none"> • The Offer is subject to a number of Offer Conditions described, along with other terms and conditions of the Offer, in Annexure A to this Target's Statement which extracts section 10 of the Bidder's Statement. • The key outstanding Offer Conditions, as at the date of this Target's Statement, are summarised in section 5.2 of this Target's Statement. The World Titanium Board considers that the Minimum Acceptance Condition of 40% of all World Titanium Shares is not able to be satisfied (unless World Titanium Options which are significantly out of the money are converted into World Titanium Shares which are sold to Base pursuant to the Offer). • Unless all of the Offer Conditions are waived or fulfilled, the Offer will not proceed. |

| Question | Answer |
|--|---|
| <p>What happens if the Offer Conditions are not satisfied or waived?</p> | <p>If the Offer Conditions are not fulfilled or freed (that is, if any of the Offer Conditions are not satisfied or waived) by the end of the Offer Period (or in the case of the Offer Condition in section 10.9.2 of the Bidder's Statement concerning prescribed occurrences, not fulfilled by the end of the Offer Period or not freed by the end of the third Business Day after the end of the Offer Period), the Offer will lapse. You would then be free to deal with your World Titanium Shares even if you had accepted the Offer.</p> |
| <p>What are the risks of accepting or rejecting the Offer?</p> | <p>Key risks of accepting or rejecting the Offer and associated with Base and World Titanium are summarised or referred to in sections 4.6, 4.7 and 4.13 of this Target's Statement.</p> |
| <p>Can Base withdraw the Offer?</p> | <p>Base may not withdraw the Offer to the extent you have already accepted it. However, if the Offer Conditions have not been satisfied or freed by the end of the Offer Period (or in the case of the Offer Condition in section 10.9.2 of the Bidder's Statement concerning prescribed occurrences, not been satisfied by the end of the Offer Period or not been freed by the end of the third Business Day after the end of the Offer Period) then all acceptances will be void. Unaccepted offers under the Offer may be withdrawn by Base with the written consent of ASIC and subject to conditions (if any) specified in such consent.</p> |
| <p>When will I be sent my consideration if I accept the Offer?</p> | <p>In the usual case, you will be issued your Offer Consideration on or before the earlier of:</p> <ul style="list-style-type: none"> • the day that is one month after the date of your acceptance (if the Offer is, at the time of acceptance, unconditional) or, if at the time of your acceptance the Offer is subject to one or more Offer Conditions, one month after the Offer becomes, or is declared, unconditional; and • the day that is 21 days after the end of the Offer Period (assuming the Offer becomes, or is declared, unconditional). <p>However, there are certain exceptions to the above timetable for the issuing of the Offer Consideration and the Bidder has made specific disclosures in the Bidder's Statement regarding timing for the issue of Offer Consideration.</p> <p>Section 10.7 of the Bidder's Statement indicates that subject to that section 10.7 and the Corporations Act, if you accept the Offer and the Conditions are fulfilled or freed, Base will pay you the consideration for your World Titanium Shares under the Offer within 7 Business Days after the date of your acceptance or, if at the time of your acceptance the Offer is</p> |

| Question | Answer |
|--|--|
| | <p>subject to a Condition, 7 Business Days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional.</p> <p>Full details of when you will be issued Offer Consideration and also information concerning treatment of Ineligible Foreign Shareholders of World Titanium are set out in sections 10.7 and 10.8 of the Bidder's Statement (which are extracted into Annexure A to this Target's Statement).</p> |
| <p>What are the tax implications of accepting the Offer?</p> | <p>A non-exhaustive general outline of certain tax implications of accepting the Offer is set out in section 7 of the Bidder's Statement as supplemented by section 8 of this Target's Statement.</p> <p>As the outline in this Target's Statement is a general outline only, World Titanium Shareholders are encouraged to seek their own specific professional advice as to the taxation implications applicable to their circumstances.</p> |
| <p>Can I participate in the Offer in respect of my World Titanium Options?</p> | <p>Base is not making a separate takeover offer to holders of World Titanium Options. The Offer does not extend to World Titanium Options. However, the Offer extends to any World Titanium Shares that are issued after the Register Date and during the Offer Period as a result of the exercise of World Titanium Options.</p> |
| <p>Is there a number that I can call if I have further queries in relation to the Offer?</p> | <p>If you have any further queries in relation to the Offer, you can call the Company on + 61 (0)8 9286 1219.</p> |

3. DIRECTORS' RECOMMENDATIONS AND INTENTIONS

3.1 Directors' recommendations

After taking into account each of the matters in this Target's Statement and in the Bidder's Statement, each of the World Titanium Directors recommends that you **REJECT** the Offer.

The World Titanium Directors' reasons for their above recommendation are set out in section 1 of this Target's statement.

In considering whether to accept the Offer, the World Titanium Directors encourage you to:

- (a) read the whole of this Target's Statement and the Bidder's Statement;
- (b) have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- (c) consider the choices available to you as outlined in section 4.11 of this Target's Statement;
- (d) carefully consider sections 4.6, 4.7 and 4.13 of this Target's Statement; and
- (e) obtain financial advice from your broker or financial adviser on the Offer and obtain taxation advice on the effect of accepting the Offer.

3.2 Intentions of the World Titanium Directors in relation to the Offer

None of the World Titanium Directors hold any Relevant Interests in World Titanium Shares nor Voting Power in World Titanium.

Mr Jeffrey Williams and Dr Ian Ransome (both World Titanium Directors) hold Relevant Interests in World Titanium Options, as described in section 7.1(a) of this Target's Statement, which they do not intend to convert during the Offer Period.

Mr Nic Limb (the Non-Executive Chairman of World Titanium) is the Chairman of ASX listed company Mineral Deposits Limited and holds a Relevant Interest in 543,553 fully paid ordinary shares in Mineral Deposits Limited being approximately 0.52% of all shares in Mineral Deposits Limited but he does not control that company and is not an Associate of it with respect to World Titanium. Mr Jeffrey Williams (who is a World Titanium Director and its CEO) has formerly been managing director of Mineral Deposits Limited until 2011 but remained an employee and consultant to Mineral Deposits Limited until November 2013. Mr Jeffrey Williams is not an Associate of Mineral Deposits Limited with respect to World Titanium and holds no Relevant Interest in the securities of Mineral Deposits Limited.

Mr Michael Cuthbert and Dr Ian Ransome (both World Titanium Directors) are occasional consultants to the controller of Boule Titanium Ltd (not in relation to World Titanium since their confirmation by World Titanium Shareholders as World Titanium Directors) but do not hold any shares in Boule Titanium Ltd, are not Associates of that company or its controller with respect to World Titanium and do not participate at all in the management of Boule Titanium Ltd.

Refer to section 4.5 of this Target's Statement for information regarding the intentions to reject the Offer of certain parties holding interests in World Titanium Shares.

4. IMPORTANT MATTERS FOR WORLD TITANIUM SHAREHOLDERS TO CONSIDER

4.1 The Offer

Base announced its intention to make the Offer for World Titanium on 23 December 2014. A summary of the Offer is contained in section 5 of this Target's Statement and the terms and conditions of the Offer are set out in section 10 of the Bidder's Statement which section is extracted into Annexure A of this Target's Statement.

Base's intentions (as at the date of the Bidder's Statement) in relation to the continuation of the business of World Titanium, any major changes to the business of World Titanium and any redeployment of the fixed assets of World Titanium and the future employment of the present employees of World Titanium are set out in section 5 of the Bidder's Statement. The statements set out in section 5 of the Bidder's Statement are described as statements of Base's intentions at the date of the Bidder's Statement only, which may vary as new information becomes available or circumstances change.

The Offer is open for acceptance until **7:00 pm (AWST) on 6 February 2015**, unless it is extended or withdrawn (sections 5.5 and 5.6 of this Target's Statement describe the circumstances in which Base can extend or withdraw its Offer). Importantly, Base has announced that the Offer Consideration will not be increased and the Offer Period will not be extended unless all remaining Conditions of the Offer are fulfilled or waived prior to that time, or the Offer is subject to an automatic extension under the Corporations Act.

4.2 Information about Base

Base was incorporated in Western Australia on 23 May 2007 as Base Energy Ltd. Base changed its name to Base Iron Limited and was listed on the ASX in October 2008 as an iron ore exploration company. Base acquired the mineral sands project comprising the Kwale Project in August 2010 and its name was changed to its present name of Base Resources Limited.

Base and Base's wholly owned subsidiary, Base Titanium (Mauritius) Limited, own and control Base Titanium Limited and Base Exploration Limited.

The directors of Base disclosed in the Bidder's Statement are:

- (a) Mr Andrew King (non-executive chairman);
- (b) Mr Tim Carstens (managing director);
- (c) Mr Colin Bwye (executive director (operations & development));
- (d) Mr Sam Willis (non-executive director);
- (e) Mr Michael Anderson (non-executive director);
- (f) Mr Malcolm Macpherson (non-executive director); and
- (g) Mr Michael Stirzaker (non-executive director).

Section 1.6.1 of the Bidder's Statement contains further information regarding the directors of Base. Section 1.6.2 of the Bidder's Statement contains information regarding the management of Base.

Sections 1 and 2 of the Bidder's Statement contain further information regarding Base.

4.3 Value of the Offer

The value of the Offer depends on the market price of Base Shares.

Based on the closing Base Share price traded on ASX on 22 December 2014 (being the day before the Offer was announced by Base with the ASX) of A\$0.20 per Base Share, the Offer implicitly values each World Titanium Share at A\$0.04, valuing World Titanium at approximately A\$14,480,264. The reference on page 5 of the Bidder's Statement to 23 December 2014 being the last trading day prior to the announcement of the Offer is incorrect, as 22 December 2014 was that last trading day. The Offer represents a premium of 60% to the market value of World Titanium Shares of A\$0.025 on 22 December 2014, based on the price for Base Shares of A\$0.20 on the same date (although the World Titanium Board notes that page 8 of the Bidder's Statement understated that premium as 40%).

As at ASX market close on 15 January 2015 (being the last date prior to the date of this Target's Statement), the latest Base Share price traded on the ASX was A\$0.175 per Base Share, however no trading in Base Shares occurred on that day and caution should be exercise in referring to that price given the light volumes of recent trading in Base Shares. As at 15 January 2015 the closing World Titanium Share price was A\$0.05 per World Titanium Share.

You are cautioned that prices of securities will vary in future and prices at which Base Shares and World Titanium Shares traded on and since 23 December 2014, being the day on which Base announced the Offer with the ASX (**Announcement Date**), were likely influenced by the announcement of the Offer itself and related market speculation on that Offer and speculation as to whether a competing offer for World Titanium Shares may emerge (although the World Titanium Directors are not aware of any competing offer). Consequently, the market prices of World Titanium Shares since the Announcement Date were likely higher than they would have been if the Offer had not been announced. You are also cautioned that World Titanium Shares have recently traded in thin volumes (other than on 24 December 2014 when, among other trading, a parcel of 62 million World Titanium Shares traded at approximately 6 cents each) and therefore considerations of value should be considered in light of that low level of trading.

The table below compares the World Titanium Share price to the Base Share price and the implied value of the Offer based on the Base Share price.

The share prices in the following table are VWAP market prices on ASX over 10 days, 1 month, 3 months and 6 months prior to the Announcement Date.

| Period or date to 22 December 2014 | World Titanium Share price | Base Share price | Implied value of Base's Offer based on the 1 for 5 scrip Offer | Approximate implied premium to VWAP based on the 1 for 5 scrip Offer |
|------------------------------------|----------------------------|------------------|--|--|
| 10 day VWAP | A\$0.019 | A\$0.173 | A\$0.034 | 78.4% |
| 1 month VWAP | A\$0.019 | A\$0.205 | A\$0.041 | 117.4% |

| | | | | |
|--------------|----------|----------|----------|-------|
| 3 month VWAP | A\$0.024 | A\$0.213 | A\$0.043 | 79.9% |
| 6 month VWAP | A\$0.033 | A\$0.229 | A\$0.046 | 38.5% |

As permitted by ASIC Class Order 07/429, the above table contains ASX share price trading information sourced from FactSet without its consent. The figures in the above table have been rounded.

The World Titanium Board notes that the percentage premia described in the table above differ from those described in the Bidder's Statement.

According to section 2.1 of the Bidder's Statement, as at the date of the Bidder's Statement, Base's capital structure comprised:

- 563,902,771 Base Shares;
- 47,312,531 unlisted options to subscribe for Base Shares; and
- 22,041,338 unlisted performance rights.

Base has also indicated in that section that it agreed to issue a further 30,712,530 unlisted options if it draws down the US\$20 million unsecured debt facility provided by Taurus Funds.

The maximum number of Base Shares which may be conceptually issued as part of the Offer Consideration is approximately 72,401,318 Base Shares, assuming no World Titanium Options are converted, or approximately 78,046,318 Base Shares assuming all World Titanium Options are converted into World Titanium Shares (although those numbers would not be issued on the basis of the Rejecting Parties' intentions to reject the Offer (refer to section 4.5 of this Target's Statement) and as those World Titanium Directors with Relevant Interests in World Titanium Options have confirmed they will not exercise those World Titanium Options during the Offer Period).

The approximate total number of new Base Shares which could be issued if all World Titanium Shares are acquired by Base pursuant to the Offer excluding those World Titanium Shares for which the Rejecting Parties have indicated their intention to reject the Offer (as described at section 4.5 of this Target's Statement), is 28,566,060 Base Shares. This assumes that no World Titanium Options are converted into World Titanium Shares. Alternatively if all the World Titanium Options (other than those in which World Titanium Directors hold Relevant Interests) are converted into World Titanium Shares which are sold to Base pursuant to the Offer, the approximate number of new Base Shares to be issued pursuant to the Offer would be 33,461,060.

World Titanium encourages you to consider your personal risk profile, investment strategy, tax position financial circumstances and risk factors before making any decision in relation to your World Titanium Shares.

The latest prices of Base Shares and World Titanium Shares can be obtained from www.asx.com.au under the ASX codes "BSE" and "WTR" respectively.

4.4 Sources of consideration

For World Titanium Shareholders whose registered address is Australia or New Zealand, the offer by Base is a non-cash offer and merely requires the issue of

Base Shares as settlement of the Offer Consideration. For Ineligible Foreign Shareholders, the process will be as set out in sections 9.9 and 10.8 of the Bidder's Statement and the consideration paid to them pursuant to the Offer may be cash instead of Base Shares.

4.5 Minority ownership consequences and intentions to reject the Offer

Base's Offer is presently subject to the Minimum Acceptance Condition of 40% (among other Offer Conditions).

Various holders of interests in World Titanium Shares listed in the following table (**Rejecting Parties**), have each independently informed World Titanium in writing that Base's Offer will not be accepted with respect to World Titanium Shares amounting to, in aggregate approximately 60.54% of all World Titanium Shares on issue as at the date of this Target's Statement. This means that, based only on those Rejecting Parties' intentions, the maximum possible Voting Power in World Titanium which Base can achieve pursuant to the Offer (including its existing Voting Power) is approximately 39.46% Voting Power in World Titanium, comprising approximately 142,830,299 World Titanium Shares (assuming no World Titanium Options are exercised).

The World Titanium Board notes that the World Titanium Directors do not intend to exercise World Titanium Options in which they hold a Relevant Interest during the Offer Period and as the remaining World Titanium Options are significantly out of the money (refer to their exercise prices described in section 9.4 of this Target's Statement, amounting to A\$0.65 or A\$1.40 or A\$3.975 totals for five World Titanium Shares) it is unlikely that they will be converted into World Titanium Shares which may be sold pursuant to the Offer.

Assuming all the World Titanium Options in which the World Titanium Directors hold no Relevant Interest are converted into World Titanium Shares which are sold to Base pursuant to the Offer, it follows that the maximum possible Voting Power in World Titanium which Base can achieve pursuant to the Offer and including its existing Voting Power is approximately 43.29% Voting Power in World Titanium, comprising approximately 167,305,299 World Titanium Shares.

| | Name of Rejecting Party | Number of World Titanium Shares for which the Offer is rejected | % of total World Titanium Shares at the date of this Target's Statement |
|---------------|--|---|---|
| 1. | Boulle Titanium Ltd ⁽¹⁾ | 73,725,060 | 20.37% |
| 2. | Mineral Deposits Limited ⁽²⁾ | 69,138,124 | 19.10% |
| 3. | African Minerals Exploration & Development Fund II SICAR | 62,960,762 | 17.39% |
| 4. | Anniebrook Pty Ltd ⁽³⁾ | 7,832,344 | 2.16% |
| 5. | Boden Corporate Services Pty Ltd ⁽⁴⁾ | 5,520,000 | 1.52% |
| Totals | | 219,176,290 | 60.54% |

Notes

1. Mr Michael Cuthbert and Dr Ian Ransome (both World Titanium Directors) are occasional consultants to the controller of Boule Titanium Ltd (not in relation to World Titanium since their confirmation by World Titanium Shareholders as World Titanium Directors) but do not hold any shares in Boule Titanium Ltd, are not Associates of that company or its controller with respect to World Titanium and do not participate at all in the management of Boule Titanium Ltd.
2. Mr Nic Limb (a World Titanium Director) is the Chairman of ASX listed company Mineral Deposits Limited and holds a Relevant Interest in 543,553 fully paid ordinary shares in Mineral Deposits Limited being approximately 0.52% of all shares in Mineral Deposits Limited but he does not control that company and is not an Associate of it with respect to World Titanium. Mr Jeffrey Williams (a World Titanium Director) has previously been the managing director and an employee and consultant to Mineral Deposits Limited (but not since his appointment as World Titanium's Chief Executive Officer), but is not an Associate of Mineral Deposits Limited with respect to World Titanium and holds no Relevant Interest in the securities of Mineral Deposits Limited.
3. Anniebrook Pty Ltd is an entity owned and controlled by Mark Turner.
4. Boden Corporate Services Pty Ltd is an entity controlled by and associated with Graeme Boden, who is the company secretary of World Titanium.

Even though, based on the intentions of the Rejecting Parties, the Minimum Acceptance Condition will not be fulfilled (unless World Titanium Options which are significantly out of the money are converted into World Titanium Shares which are sold to Base pursuant to the Offer), Base has the right to free its Offer from the Minimum Acceptance Condition and could acquire a position of lesser, but possibly still significant, influence over World Titanium.

Depending upon the number of World Titanium Shareholders that accept the Offer, this may have a number of implications for World Titanium Shareholders who do not accept the Offer, including:

- (a) Base may be in a position, either alone or in conjunction with one or more of the other World Titanium Shareholders, to significantly influence the composition of World Titanium's Board and management, World Titanium's dividend policy and the strategic direction of the businesses of World Titanium and its subsidiaries (or potentially to control those factors in conjunction with one or more other World Titanium Shareholders) although no forecast is made as to whether that will occur;
- (b) the liquidity of World Titanium Shares may be lower than at present; and
- (c) if the number of World Titanium Shareholders is less than that required by the ASX Listing Rules to maintain an ASX listing, then the ASX may suspend and/or de-list World Titanium. If this occurs, any remaining World Titanium Shareholders will not be able to sell their World Titanium Shares on market.

4.6 Risks associated with Base and risks associated with accepting the Offer

Section 8 of the Bidder's Statement contains various risk factors disclosed by the Bidder as affecting Base or the group of companies resulting from the combination of Base and World Titanium and their Related Bodies Corporate. Certain risk factors associated with Base or the Offer are also summarised non-exhaustively below.

World Titanium has not independently verified information relating to Base and the Base Group and World Titanium has relied upon publicly available information released in relation to those entities.

(a) Possibility of a superior proposal emerging

You may consider that a Third Party may emerge with a superior proposal. If you accept the Offer, other than in limited circumstances provided in the Corporations Act (as summarised in section 5.8 of this Target's Statement), you will not be able to accept your World Titanium Shares into any superior proposal such that you will not be able to obtain any potential benefit associated with that superior proposal (if any). Your Directors are not currently aware of any superior proposal.

Accepting the Offer will also preclude a World Titanium Shareholder from selling their World Titanium Shares on-market.

It may have been possible in the future to sell your World Titanium Shares for more valuable consideration than that offered under the Offer. The World Titanium Board makes no forecast of whether this will occur.

(b) Dilution in equity upside

If Base acquires 100% of World Titanium (which is not anticipated to occur, given the Rejecting Parties' intentions to reject the Offer), existing World Titanium Shareholders will own only approximately 11.4% of Base (assuming none of Base's options or performance rights on issue convert or vest into Base Shares).

If Base waives the Minimum Acceptance Condition and acquires Voting Power in World Titanium of 39.46% (given the Rejecting Parties' intentions to reject the Offer), the accepting World Titanium Shareholders will receive aggregate Voting Power in Base of approximately 4.82% pursuant to the Offer, assuming none of Base's options or performance rights on issue convert or vest into Base Shares and approximately 4.32% if all those performance rights and options are converted or vested. In addition, section 2.5 of the Bidder's Statement notes that Base has agreed to issue a further 30,712,530 unlisted options in certain circumstances if it draws down the US\$20 million unsecured debt facility provided by Taurus Funds. If those options are issued and exercised, that would further dilute the Voting Power of accepting World Titanium Shareholders in Base.

Consequently, World Titanium Shareholders who accept the Offer and are issued with Base Shares will experience dilution to their exposure in the potential future upside (if any) associated with World Titanium and its projects when compared to their present exposure. This is due to the accepting World Titanium Shareholders' anticipated reduced relative Voting Power in Base after completion of the Bid as compared with their current Voting Power in World Titanium.

No forecast is made as to whether any profits or dividends may occur in the future in relation to World Titanium and World Titanium Shareholders should also note that World Titanium Shareholders' Voting Power in World Titanium may also be diluted in future other than as a result of the Offer. World Titanium Shareholders should consider the risk factors described below with respect to World Titanium.

(c) **Financial Risk**

As referred to in section 1 of this Target's Statement, Base has a significant level of debt, which it has needed to reschedule. Its cash from operating activities for the financial year ended 30 June 2014 and the September 2014 quarter have been in deficit and have therefore not covered the payment or accrual of debt service costs. The debt level and operating performance of Base would represent a significant increase in financial risk for World Titanium Shareholders.

This is highlighted by the fact that Base has never declared a dividend and has not announced a present intention to declare a dividend.

(d) **Uncertainty Risk**

Base has not provided adequate statements as to its strategic or operational objectives for the future of the Company, other than stating that Base will undertake a review of the operations, but generally expects to continue the business of World Titanium unchanged.

As Base has provided few clear plans for the Company other than this general statement of intentions, uncertainty about Base's intentions exist if Base gains control of the Company.

Base has not provided a development proposal to outline how it intends to seek to commercialise the Company's mineral sands assets. This highlights the uncertainty around the future of the Company's assets in the event the Offer is successful and the risk that Base may not be able to develop or commercialise them. These factors may have an adverse effect on the Company.

Further uncertainty risk arises from the fact that the Bidder's Statement does not name the exact directors proposed to replace current World Titanium Directors in the event that the Offer is successful. Section 5.3.1 of the Bidder's Statement indicates that it is expected that the majority of the replacement World Titanium Board members will be members of the Base management team.

(e) **Kwale Project Risks**

Base may not achieve production or sales for the Kwale Project sufficient to produce profits or a return for Base Shareholders. Any failure by Base to achieve adequate production or sales of mineral sands commodities could have a material adverse effect on its future cashflow, profitability, results of operations and financial condition.

The realisation of commercial production and sales is dependent on, amongst other things, the extent of mineralisation at the Kwale Project, the accuracy of assumptions regarding tonnages and grades of mineralisation and recovery rates, ground conditions, physical and

metallurgical characteristics of mineralisation, the rates and costs of mining, haulage and processing, the fluctuation of modifying factors over time (such as mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors), as well as whether sales of mineral sands eventuate to the extent and at the prices necessary to produce profits.

Section 8.2.10 of the Bidder's Statement discloses an important risk factor concerning product sales agreements with respect to the Kwale Project.

The World Titanium Board also notes Base's acknowledgement in section 1.7.2 of the Bidder's Statement of the delay in commencement of sales from the Kwale Project to February 2014 from the original expectation of October 2013.

(f) **Issue of Base Shares as consideration**

World Titanium Shareholders are being offered the Offer Consideration under the Offer that consists of a specified number of Base Shares, rather than a number of Base Shares with a specific market value. As a result, the value of the Offer Consideration will fluctuate depending upon the market price of Base Shares. There is an ongoing risk, which exists with all shares, that the price of Base Shares (and therefore the value of the Offer Consideration received by accepting World Titanium Shareholders) may fall in the future.

(g) **Liquidity**

Under the Offer, Base is offering one (1) Base Share for every five (5) World Titanium Shares. The higher the level of acceptance the greater the number of Base Shares that will be issued. If World Titanium Shareholders accepting the Offer and existing Base Shareholders do not wish to hold their Base Shares, there may be insufficient depth of buying demand for the volume of Base Shares offered for sale. This may have a material adverse affect on the market price of Base Shares.

(h) **Base's risk profile**

Base's risk profile as disclosed in this section 4.6 of the Target's Statement and in section 8 of the Bidder's Statement may not accord with the investment objectives or risk appetite of World Titanium Shareholders.

(i) **Uncertainty regarding future influence of Base on World Titanium**

Section 5 of the Bidder's Statement summarises the various intentions of Base depending on the level of acceptances it receives pursuant to its Offer. There is considerable uncertainty regarding Base's ability to influence the future activities and the direction of the World Titanium Board on the basis that the Rejecting Parties have indicated their intentions to reject the Offer with respect to 60.54% of the World Titanium Shares on issue at the date of this Target's Statement, as described in section 4.5 of this Target's Statement.

4.7 Risks of Rejecting Base's Offer

While there are many factors that influence the market price of World Titanium Shares, following the close of the Offer, the market price of World Titanium Shares may fall if Base's Offer fails (and there is no alternative takeover bid to the Offer), or if the Offer is otherwise unsuccessful.

This may impact on the willingness of other parties to bid for World Titanium Shares in the future.

By rejecting the Offer, World Titanium Shareholders would not have the opportunity to participate in any potential benefits which may result from becoming holders of Base Shares. The World Titanium Board makes no forecast of whether such benefits may be realised.

Depending on the number of acceptances to the Offer the number of World Titanium Shares held by investors for trading purposes may be reduced, thereby potentially diminishing the future liquidity of ASX market trading of World Titanium Shares. The World Titanium Directors note that World Titanium Shares have traded thinly in the recent period prior to the Announcement Date.

These risk factors are not exhaustive and further risks associated with World Titanium are described in section 4.13 of this Target's Statement. The Board considers those risks to be largely applicable to both World Titanium Shareholders who accept the Offer and those who reject the Offer, given that holders of Base Shares will continue to be exposed to the risks of World Titanium (albeit to a lesser degree) to the extent that Base holds World Titanium Shares.

4.8 Dividend issues for World Titanium's Shareholders

World Titanium's Board has not made any determination as to a dividend policy for World Titanium.

4.9 Other alternatives to the Offer

The World Titanium Board is not aware of any alternatives to the Offer in order to maximise short term value for World Titanium Shareholders. This includes the potential for rival takeover bids for World Titanium.

At this stage, the World Titanium Board is not in a position to provide World Titanium Shareholders with information in relation to the probability of an alternative transaction arising but will keep World Titanium Shareholders informed of any material developments.

4.10 Taxation consequences of a change in control in World Titanium

The taxation consequences of accepting the Offer depend on a number of factors and will vary depending on your particular circumstances. A general outline of certain Australian income and capital gains tax considerations of accepting the Offer is set out in section 7 of the Bidder's Statement. Further information regarding certain taxation matters is provided in section 8 of this Target's Statement.

You should carefully read and consider the taxation consequences of accepting the Offer. The outline provided in the Bidder's Statement and this Target's Statement is of a general nature only and you should seek your own specific professional advice as to the taxation implications applicable to your circumstances.

4.11 Your choices as a World Titanium Shareholder

Your World Titanium Directors unanimously recommend that you REJECT the Offer.

However, as a World Titanium Shareholder you have the following choices currently available to you:

(a) **Reject the Offer**

World Titanium Shareholders who wish to reject the Offer should do nothing.

World Titanium Shareholders should note that the Rejecting Parties' intentions to reject the Offer with respect to approximately 60.54% of the World Titanium Shares on issue at the date of this Target's Statement is anticipated to have the effect that Base will not achieve a Relevant Interest in at least 90% of the World Titanium Shares during or at the end of the Offer Period, so that Base will not be entitled to compulsorily acquire the World Titanium Shares that it does not already own (see section 5.12 in this Target's Statement).

It also means that Base is unable to acquire a majority holding of more than 50% in World Titanium. If Base waives the Minimum Acceptance Condition, it is still possible for Base to obtain a significant holding of approximately 39.46% or less of the total number of World Titanium Shares on issue (in the circumstances described in section 4.5 of this Target's Statement, ignoring the unlikely event of World Titanium Options being exercised) and the implications of such a minority holding are discussed in section 4.5 of this Target's Statement.

(b) **Accept the Offer**

World Titanium Shareholders may elect to accept the Offer. Details of the consideration that will be received by World Titanium Shareholders who accept the Offer are set out in section 5.1 of this Target's Statement and in the Bidder's Statement.

You should be aware that if you choose to accept the Offer:

- (i) you will not be able to accept a superior proposal from any other bidder if such an offer is made (except in very limited circumstances where you are permitted to withdraw your acceptance or where the Offer is withdrawn or lapses, as described in section 5 of this Target's Statement), or benefit from any higher price in the market;
- (ii) you will lose the opportunity to receive future benefits as a World Titanium Shareholder; and
- (iii) you may incur a tax liability as a result of the sale.

The Bidder's Statement contains details of how to accept the Offer in section 10.3 of the Bidder's Statement.

(c) **Sell your World Titanium Shares on market**

During a takeover, shareholders of a target company who have not already accepted the bidder's offer may still sell these shares on market for cash.

Refer to section 4.3 of this Target's Statement for information concerning the implied value of the Offer. The latest prices for World Titanium Shares and Base Shares may be obtained from the ASX website: <http://www.asx.com.au/>.

You should be aware that if you choose to sell your World Titanium Shares during the currency of the Offer (that is, other than by way of accepting the Offer):

- (i) you will not be able to accept a superior proposal from any bidder if such an offer is made, or benefit from any higher price in the market, although no forecast is made of future prices and Base has announced that Base's Offer is best and final;
- (ii) you will lose the opportunity to receive potential future benefits as a World Titanium Shareholder, although no forecast is made of future benefits;
- (iii) you may incur a tax liability as a result of the sale; and
- (iv) you may incur a brokerage charge.

4.12 Holders of World Titanium Options

If you are a holder of World Titanium Options, the Offer does not apply to your World Titanium Options. However, the Offer extends to any World Titanium Shares that are issued after the Register Date and during the Offer Period as a result of the exercise of World Titanium Options.

4.13 Risk factors associated with World Titanium

In considering this Target's Statement, World Titanium Shareholders should be aware that there are a number of risks, general and specific, which may affect the future operating and financial performance of World Titanium and the value of World Titanium Shares. Many of these risks are relevant to World Titanium Shareholders today and will be relevant to World Titanium Shareholders who remain as World Titanium Shareholders following the completion of the Offer.

Many of these risks are outside the control of World Titanium and the World Titanium Board. There can be no certainty that World Titanium will achieve its stated objectives or that any forward looking statements will eventuate.

Additional risks and uncertainties not currently known to World Titanium may have a material adverse effect on World Titanium's business and the information set out below does not purport to be, nor should it be construed as representing, an exhaustive list of the risks that may affect World Titanium or the World Titanium Shareholders.

World Titanium Shareholders should read this Target's Statement in its entirety and carefully consider the following risk factors (which also generally apply with respect to World Titanium's Related Bodies Corporate described at section 6.2)

and the further risk factors set out elsewhere in section 4 of this Target's Statement, in deciding whether to accept the Offer.

Specific Risks

(a) Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company indicated in the "going concern" note in the Company's Annual Report for the financial year ended 30 June 2014 and in the 31 December 2014 quarterly report issued on 16 January 2015, that the World Titanium Directors intended to raise capital during the 2015 financial year (refer to section 6.9 of this Target's Statement for more specific information). Beyond that, the Company would need to fund the development of the Ranobe Project and currently has insufficient funds available to do so. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

Failure to obtain sufficient financing for the Company's activities and projects may result in delay and indefinite postponement of exploration, development or production on the Company's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Company and might involve substantial dilution to World Titanium Shareholders.

(b) Exploration risks

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

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

The success of the Company will also depend upon it having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Company's tenements.

(c) Mine development

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational

difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, labour, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences minerals production, which may never occur, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including, without limitation, environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of its projects and treatment of mineralisation.

(d) **Operating risks**

World Titanium has no operating mines. The operations of World Titanium may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades and tonnages in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Even if World Titanium develops a project and commences production (which may never occur) it may not achieve production or sales of minerals sufficient to produce profits or a return for World Titanium Shareholders. Any failure by World Titanium to achieve adequate production or sales of commodities could have a material adverse effect on its future cashflow, profitability, results of operations and financial condition.

The realisation of commercial production and sales is dependent on, amongst other things, the extent of mineralisation at the production project, the accuracy of assumptions regarding tonnages and grades of mineralisation and recovery rates, ground conditions, physical and metallurgical characteristics of mineralisation, the rates and costs of mining, haulage and processing, the fluctuation of modifying factors over time (such as mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors), as well as whether sales of minerals eventuate to the extent and at the prices necessary to produce profits.

Specifically, the World Titanium Board acknowledges that World Titanium does not presently have the financial capacity to sole fund the start-up mining costs at its Ranobe Project and potential for a joint venture or similar arrangement is being considered to minimise the risk and the capital required by World Titanium. No assurances can be given that the Ranobe Project will be commercially feasible or will be developed on commercially acceptable terms or at all.

In respect of World Titanium's other exploration tenement interests, no assurances can be given that World Titanium will achieve commercial viability through the successful exploration and/or mining of its tenement interests.

Unless World Titanium is able to realise value from its projects, it is likely to incur ongoing operating losses.

(e) **Political risks and other sovereign risks**

The Company's assets in the country of Madagascar may be exposed to adverse political developments that could affect the development of those assets and the economics of projects. Between early 2009 and late 2013, the country of Madagascar experienced a period of political unrest following a coup. An interim solution was found with the installation of a transitional authority, preparatory to holding national elections in late 2013. The elected President and parliament were installed and a government established in early 2014. Presently the political situation remains stable, but there can be no assurance that further political developments will not negatively impact the Company.

Additional possible sovereign risks associated with operating in Madagascar include, without limitation, changes in the terms of mining legislation, changes to royalty arrangements, changes to taxation rates and concessions and changes in the ability to enforce legal rights. Any of these factors may, in the future, adversely affect the financial performance of the Company and the market price of World Titanium Shares.

No assurance can be given regarding future stability in Madagascar or any other country in which the Company may, in the future, have an interest.

(f) **Securing offtake for produced commodities**

If the Company develops its assets through to production phase, the operational success of the Company will depend upon its ability to secure arrangements on suitable terms with third parties for the offtake of produced commodities. The Company may never secure such arrangements.

(g) **Mineral Resource and Ore Reserve estimates**

Mineral Resource and Ore Reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect World Titanium's operations.

(h) **Commodity price volatility and exchange rate risks**

If World Titanium achieves success leading to mineral production (which may never occur), the revenue it may derive through the sale of commodities exposes the potential income of World Titanium to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of World Titanium. Such factors include fluctuations in supply and demand for commodities (such as mineral sands), technological advancements, production cost levels, forward selling activities and other macro-economic factors. These factors may have an adverse effect on the Company's activities, its financial performance and financial position.

Furthermore, international prices of various commodities are denominated in United States dollars, so that any income of World Titanium will be received in United States currency (although no forecast is made as to whether any income will be received by World Titanium), whereas expenditures are and will be incurred principally in Malagasy Ariary, Euro and United States dollars, exposing World Titanium to the fluctuations and volatility of the rate of exchange between these currencies and the Australian dollar, as determined in international markets.

(i) **Environmental risks**

The operations and proposed activities of World Titanium are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, World Titanium's activities are expected to have an impact on the environment, particularly if advanced mine development proceeds. It is World Titanium's practice to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(j) **Title risks**

The grant of a tenement or the renewal of the term of a tenement of the Company is at the discretion of various authorities in the country of Madagascar and the government of Madagascar. If a tenement is not granted or renewed, the Company may suffer significant damage through the loss of opportunity to develop and discover mineral deposits on that tenement.

(k) **Equipment and availability**

The Company's ability to undertake mining and exploration activities is dependent, among other things, upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

General Risks

(l) **Risk of international operations generally**

International activities and operations are subject to a number of risks, including, without limitation:

- (i) potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;
- (ii) potential difficulties in protecting intellectual property;
- (iii) costs for transportation and shipping; and
- (iv) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(m) **Joint venture, acquisitions or other strategic investments**

The Company may make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to seek to enhance its business. Such arrangements may expose the company to additional risks, which may adversely affect the Company's financial position and financial performance.

(n) **Litigation risks**

The Company is exposed to possible litigation risks including, without limitation, title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the Company may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Company's operations, financial performance and financial position. The Company and its subsidiaries are not currently engaged in any litigation.

(o) **Competition risk**

The industry in which the Company is involved is subject to domestic and global competition. The Company has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(p) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on World Titanium's activities, as well as on its ability to fund those activities.

(q) **Market conditions**

Share market conditions may affect the value of World Titanium's quoted securities regardless of World Titanium's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) introduction of tax reform or other new legislation;
- (iii) interest rates and inflation rates;

- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither World Titanium nor the World Titanium Directors warrant the future performance of World Titanium or any return on an investment in World Titanium.

(r) **Regulation**

Government legislation and policy, within Australia, Madagascar and in other jurisdictions, including changes to relevant taxation systems, may have an adverse effect on World Titanium's activities, financial position and financial performance.

(s) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including, without limitation, labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

(t) **Dividends**

Any future determination as to the payment of dividends by World Titanium will be at the discretion of the World Titanium Directors and will depend on the availability of distributable earnings and the operating results and financial condition of World Titanium, future capital requirements and general business and other factors considered relevant by the World Titanium Directors. World Titanium is not currently in a position to pay dividends and has no current proposal to pay dividends. No assurance in relation to the future payment of dividends or franking credits attaching to dividends can be given by World Titanium.

(u) **Taxation**

The holding or disposal of World Titanium Shares will have tax consequences which may differ depending on the individual financial affairs of each World Titanium Shareholder. All World Titanium Shareholders are urged to obtain independent financial advice about the consequences of holding or disposing of World Titanium Shares from a taxation viewpoint and generally.

(v) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of World Titanium depends substantially on its key personnel. There can be no assurance given that there will be no detrimental impact on World Titanium if one or more of these personnel cease their involvement with World Titanium.

(w) **Insurance risks**

The Company carries insurance policies relevant to its current level of operation and in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

5. KEY FEATURES OF THE OFFER

5.1 Consideration payable to World Titanium Shareholders who accept the Offer

The consideration being offered by Base under the Offer, other than to certain Ineligible Foreign Shareholders, is one (1) Base Share for every five (5) World Titanium Shares that Base does not already own.

5.2 Offer Conditions

Base's Offer is subject to a number of Offer Conditions. The Offer Conditions are set out in full in section 10.9 of the Bidder's Statement which is extracted into Annexure A of this Target's Statement.

In summary, the outstanding Offer Conditions, as at the date of this Target's Statement, are:

- (a) Base acquiring (together with its Associates) by the end of the Offer Period a Relevant Interest in at least 40% of the World Titanium Shares then on issue (on an undiluted basis);
- (b) none of the prescribed occurrences, as set out in section 652C of the Corporations Act, occur between the Announcement Date and the end of the Offer Period (each inclusive);
- (c) No person has any right (whether subject to conditions or not) as a result of Base acquiring World Titanium Shares to:
 - (i) acquire, or require World Titanium or a subsidiary of World Titanium to dispose of, or offer to dispose of, any material asset of World Titanium or a subsidiary of World Titanium; or
 - (ii) terminate or vary any material agreement with World Titanium or a subsidiary of World Titanium.
- (d) World Titanium and its subsidiaries carry on business in the ordinary course between the Announcement Date and the end of the Offer Period (each inclusive);
- (e) neither World Titanium nor its subsidiaries makes any material acquisitions, disposals or enters into or varies various agreements or arrangements or engages in certain other activities between the Announcement Date and the end of the Offer Period (each inclusive);
- (f) certain specified regulatory actions do not occur between the Announcement Date and the end of the Offer Period (each inclusive); and
- (g) between the Announcement Date and the end of the Offer Period (each inclusive) World Titanium does not announce, make, determine as payable or declare, or announce an intention to make, determine as payable or declare any distribution, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing.

Subject to the Corporations Act, Base may declare the Offer to be free from any Offer Condition or to extend the Offer.

5.3 Notice of Status of Conditions

Base must give a Notice of Status of Conditions to the ASX and World Titanium on a date between 14 and 7 days before the end of the Offer Period (subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended), and Base has nominated 30 January 2015 as the date on which it will give such a notice.

Base is required to set out in its Notice of Status of Conditions:

- (a) whether the Offer is free of any or all of the Offer Conditions;
- (b) whether, so far as Base knows, any of the Offer Conditions have been fulfilled; and
- (c) Base's Voting Power in World Titanium.

If the Offer Period is extended by a period before the time by which the Notice of Status of Conditions is to be given, the date for giving the Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Base is required, as soon as practicable after the extension, to give a notice to the ASX and World Titanium that states the new date for the giving of the Notice of Status of Conditions.

If an Offer Condition is fulfilled (so that the Offer becomes free of that Offer Condition) during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Base must, as soon as practicable, give the ASX and World Titanium a notice that states that the particular Offer Condition has been fulfilled.

5.4 Offer Period

Unless Base's Offer is extended or withdrawn, it is open for acceptance until 7:00 pm (AWST) on 6 February 2015.

The circumstances in which Base may extend or withdraw its Offer are set out in section 5.5 and section 5.6 respectively of this Target's Statement.

5.5 Extension of the Offer Period

Generally, a bidder in a takeover of the same type as the Offer may extend the offer period at any time before giving the Notice of Status of Conditions (referred to in section 5.3 of this Target's Statement) while the bid is subject to conditions and thereafter only in limited circumstances while the bid remains conditional (including where another person lodges a bidder's statement, announces a takeover bid or makes or improves offers under it, in each case for World Titanium Shares). However, if the bid is unconditional (that is, all the conditions of the bid are fulfilled or freed), the bidder may extend the offer period at any time before the end of the offer period.

However, Base has announced that the Offer Consideration will not be increased and the Offer will close at 7.00pm (AWST) on 6 February 2015 and will not be extended unless all remaining Conditions of the Offer are fulfilled or waived prior to that time, or the Offer is subject to an automatic extension under the Corporations Act.

There will be an automatic extension of the Offer Period if, within the last 7 days of the Offer Period:

- (a) Base improves the consideration offered under the Offer (although Base has announced that its current Offer is best and final); or
- (b) Base's voting power in World Titanium increases to more than 50%.

If either of these two events occurs, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

5.6 Withdrawal of Offer

Base may not withdraw the Offer to the extent you have already accepted it. However, if the Offer Conditions have not been satisfied or freed by the end of the Offer Period (or in the case of the Offer Condition in section 10.9.2 of the Bidder's Statement concerning prescribed occurrences, not been satisfied by the end of the Offer Period or not been freed by the end of the third Business Day after the end of the Offer Period) then all acceptances will be void. Unaccepted offers under the Offer may be withdrawn by Base with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

5.7 Effect of acceptance

The effect of acceptance of the Offer is set out in section 10.6 of the Bidder's Statement. World Titanium Shareholders should read that section in full to understand the effect that acceptance will have on their ability to exercise the rights attaching to their World Titanium Shares and the representations and warranties which they give by accepting of the Offer.

5.8 Your ability to withdraw your acceptance

You only have limited rights to withdraw your acceptance of the Offer.

You may only withdraw your acceptance of the Offer if Base varies the Offer in a way that postpones, for more than one month, the time when Base needs to meet its obligations under the Offer. This will occur if Base extends the Offer Period by more than one month and the Offer is still subject to conditions.

Importantly, Base has announced that the Offer Consideration will not be increased and the Offer will close at 7.00pm (AWST) on 6 February 2015 and will not be extended unless all remaining Conditions of the Offer are fulfilled or waived prior to that time, or the Offer is subject to an automatic extension under the Corporations Act. Base has also announced that the Offer is best and final and that the Offer is now unlikely to succeed unless there is a significant change in circumstances.

5.9 When you will receive your Offer Consideration if you accept the Offer

In the usual case, you will be issued your Offer Consideration on or before the earlier of:

- (a) the day that is one month after the date of your acceptance (if the Offer is, at the time of acceptance, unconditional) or, if at the time of your acceptance the Offer is subject to one or more Offer Conditions, one month after the Offer becomes, or is declared, unconditional; and

- (b) the day that is 21 days after the end of the Offer Period (assuming the Offer becomes, or is declared, unconditional).

However, there are certain exceptions to the above timetable for the issuing of the Offer Consideration and the Bidder has made specific disclosures in the Bidder's Statement regarding timing for the issue of Offer Consideration. Full details of when you will be issued your Offer Consideration are set out in sections 10.7 and 10.8 of the Bidder's Statement (which are extracted at Annexure A to this Target's Statement).

5.10 Effect of an improvement in consideration on World Titanium's Shareholders who have already accepted the Offer

If a bidder improves the consideration offered under a takeover bid in the nature of Base's Offer, all World Titanium Shareholders, whether or not they have accepted such bid before that improvement in consideration, will be entitled to the benefit of that improved consideration. However in relation to Base's Offer, Base has announced that its current Offer as described in the Bidder's Statement and in this Target's Statement is best and final.

5.11 Lapse of Offer

The Offer will lapse if the Offer Conditions are not freed or fulfilled by the end of the Offer Period (or in the case of the Offer Condition in section 10.9.2 of the Bidder's Statement concerning prescribed occurrences, not been fulfilled by the end of the Offer Period or not been freed by the end of the third Business Day after the end of the Offer Period), in which case, all contracts resulting from acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In that situation, you will be free to deal with your World Titanium Shares as you see fit.

5.12 Compulsory acquisition

Refer to the Bidder's Statement for information concerning Base's intentions in relation to compulsory acquisitions of World Titanium Shares.

(a) Compulsory acquisition within one month after the end of the Offer Period

Base would be entitled to compulsorily acquire any World Titanium Shares in respect of which it has not received an acceptance of its Offer on the same terms as the Offer if, during or at the end of the Offer Period:

- (i) Base and its Associates acquire Relevant Interests in at least 90% (by number) of the World Titanium Shares; and
- (ii) Base and its Associates have acquired at least 75% (by number) of the World Titanium Shares that Base offered to acquire (excluding World Titanium Shares in which Base or its Associates had a Relevant Interest at the date of the Offer and also excluding World Titanium Shares issued to an Associate of Base during the Offer Period).

If these thresholds are met and Base wishes to exercise its right to compulsorily acquire any outstanding World Titanium Shares, Base will have one month after the end of the Offer Period within which to give compulsory acquisition notices to World Titanium Shareholders who

have not accepted the Offer. World Titanium Shareholders have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedure outlined in the Corporations Act, but a successful challenge will require the relevant World Titanium Shareholder to establish to the satisfaction of a court that the terms of the Offer do not represent 'fair value' for their World Titanium Shares. If compulsory acquisition occurs, World Titanium Shareholders who have their World Titanium Shares compulsorily acquired are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

As set out in section 4.5 of this Target's Statement above, the Rejecting Parties have given World Titanium notice of intentions to REJECT the Offer with respect to approximately 60.54% of the World Titanium Shares on issue as at the date of this Target's Statement. Based on those intentions, Base will not meet the above thresholds to compulsorily acquire any outstanding World Titanium Shares within one month after the end of the Offer Period.

(b) **Alternative compulsory acquisition regime**

It is also possible that Base will, at some time during or after the end of the Offer Period, either alone or with its Related Bodies Corporate, hold full beneficial interests in at least 90% (by number) of all the World Titanium Shares. Base would then have rights to compulsorily acquire all of the World Titanium Shares that it does not own within six months of becoming the holder, either alone or with its Related Bodies Corporate, of full beneficial interests in 90% (by number) of all the World Titanium Shares. The price which Base would have to pay to compulsorily acquire all of the remaining World Titanium Shares under this alternative compulsory acquisition regime would have to be considered in a report of an independent expert.

World Titanium Shareholders would have certain rights under the Corporations Act to challenge a compulsory acquisition pursuant to the procedures outlined in the Corporations Act, but a challenge would require people who hold at least 10% of the World Titanium Shares that are proposed to be the subject of the compulsory acquisition to object to the compulsory acquisition. If people holding such number of World Titanium Shares object to the compulsory acquisition, and Base still wishes to proceed with the compulsory acquisition, Base would be required to establish to the satisfaction of a court that the terms of the compulsory acquisition represent 'fair value' for the World Titanium Shares. In the absence of a challenge by people holding the requisite number of World Titanium Shares, World Titanium Shareholders who have their World Titanium Shares compulsorily acquired under this procedure are likely to be sent their consideration approximately five to six weeks after the compulsory acquisition notices are dispatched to them.

6. INFORMATION REGARDING WORLD TITANIUM

6.1 Background information on World Titanium

World Titanium was incorporated in Victoria in 2006 as Bondi Mining Limited and was listed on ASX in December 2006 as a mineral exploration company. It changed its name to World Titanium Resources Limited after a merger through which it acquired the company now named WTR Holdings Pty Ltd and its Mauritian and Madagascan subsidiaries. As part of the merger process, World Titanium had divested its Australian exploration properties. As at 15 January 2015, being the day before the date of this Target's Statement, there were 550 World Titanium Shareholders.

The only material asset of World Titanium is the Toliara Sands Project in Madagascar (**Toliara Project**), which comprises:

- (a) The Ranobe Project, being World Titanium's key mineral sands project which forms part of the Toliara Project (**Ranobe Project**), comprised of three exploration permits with a total area of 131.25 km², containing the following Mineral Resources at a cut-off of 3% Total Heavy Mineral (which Mineral Resources are inclusive of the Ore Reserves estimated at the Ranobe Project described below). This information was prepared and first disclosed under the JORC Code 2004. It has 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. One of the exploration permits not containing any defined Mineral Resource at the Ranobe Project has expired and is subject to a renewal process and the other two exploration permits at the Ranobe Project expire over the next six months and will be subject to a renewal process.

| Mineral Resource Category | Tonnes (Mt) | Heavy Minerals | | Slimes (%) | Mineral Assemblage (% in HM) | | |
|---------------------------|-------------|----------------|-------------|-------------|------------------------------|------------|------------|
| | | (%) | (Mt) | | Ilmenite | Rutile | Zircon |
| Measured | 209 | 7.59 | 15.9 | 4.01 | 72.2 | 2.4 | 5.6 |
| Indicated | 226 | 6.12 | 13.8 | 4.00 | 71.8 | 2.2 | 5.6 |
| Inferred | 524 | 5.50 | 28.8 | 4.40 | 72.3 | 2.3 | 5.6 |
| Total | 959 | 6.10 | 58.5 | 4.22 | 72.2 | 2.3 | 5.6 |

The Ranobe Project also contains two exploitation permits (mining permits), each of 9.38 km² which have been excised from the exploration permits at the Ranobe Project, one of which contains the following Ore Reserve estimate:

| Ore Reserve Category | Tonnes (Mt) | Heavy Minerals | | Slimes (%) | Mineral Assemblage (% in HM) | | |
|----------------------|-------------|----------------|-------------|-------------|------------------------------|------------|------------|
| | | (%) | (Mt) | | Ilmenite | Rutile | Zircon |
| Proved | 148 | 8.12 | 12.0 | 4.02 | 72.3 | 2.4 | 5.5 |
| Probable | 13 | 9.18 | 1.20 | 3.65 | 72.1 | 2.3 | 5.4 |
| Total | 161 | 8.20 | 13.2 | 3.99 | 72.3 | 2.4 | 5.5 |

All tonnage and grade information in the tables above have been rounded, hence small differences may be present in the totals.

The information in this Target's Statement that relates to, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled and reviewed by Dr Ian Ransome BSc(Hons) Geology

Pr.Sci.Nat, a competent person who is a Director of World Titanium and a registered geological scientist with the South African Council for Natural Scientific Professions (which is a 'Recognised Professional Organisation' (RPO) included in a list that is promulgated by the ASX). Dr Ransome has sufficient experience that is relevant to the style of mineralisation and type of deposits under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code 2004. Dr Ian Ransome consents to the inclusion in this Target's Statement of the Exploration Results, Mineral Resources and Ore Reserves and scientific and technical and supporting information in the form and context in which it appears.

The information in this Target's Statement which relates to Exploration Results and estimates of Mineral Resources and Ore Reserves and the applicable parameters are included in the Company's ASX releases, as follows:

- 9 August 2012 – Ranobe Mine Significant Resource Increase; and
- 28 August 2012 – Results of Completed Definitive Engineering Study for the Ranobe Mine;

Both of these releases and their content, including the Exploration Results and estimates of Mineral Resources and Ore Reserves disclosed in this Target's Statement, 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 and technical parameters underpinning the production target described below in this section 6.1 of this Target' Statement have not changed, continue to apply and remain valid since that production target was last reported in those announcements.

Ian Ransome is not aware of any new information or data that materially affects the information included in this Target's Statement and, in the case of Mineral Resources and Ore Reserves, he confirms that all the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

- (b) Mineralisation defined by drilling at Ankililoaka and Basibasy.
- (c) A large dune system in the Manombo – Morombe region.

World Titanium is the 100% owner of the Toliara Project.

An initial definitive engineering study was completed in August 2012 for the initial pit proposed to be developed on the Ore Reserve at the Ranobe Project (**DES**). Subsequent refinement of that work is proposed to reduce capital construction cost and to consider capital and operating cost trade-offs. This work is aimed to produce a Definitive Feasibility Study (**DFS**) during the first half of calendar 2015 although no certainty can be provided of whether that will occur.

The DES showed that, based on a dry mining open pit operation treating some 8 million tonnes of sand per year, the site would be anticipated to sustain a 21 year mine life within the first exploitation permit planned to be developed. The Ranobe Project was estimated to produce approximately 400,000 tonnes of ilmenite and 43,000 tonnes of zircon/rutile concentrate per year as a production

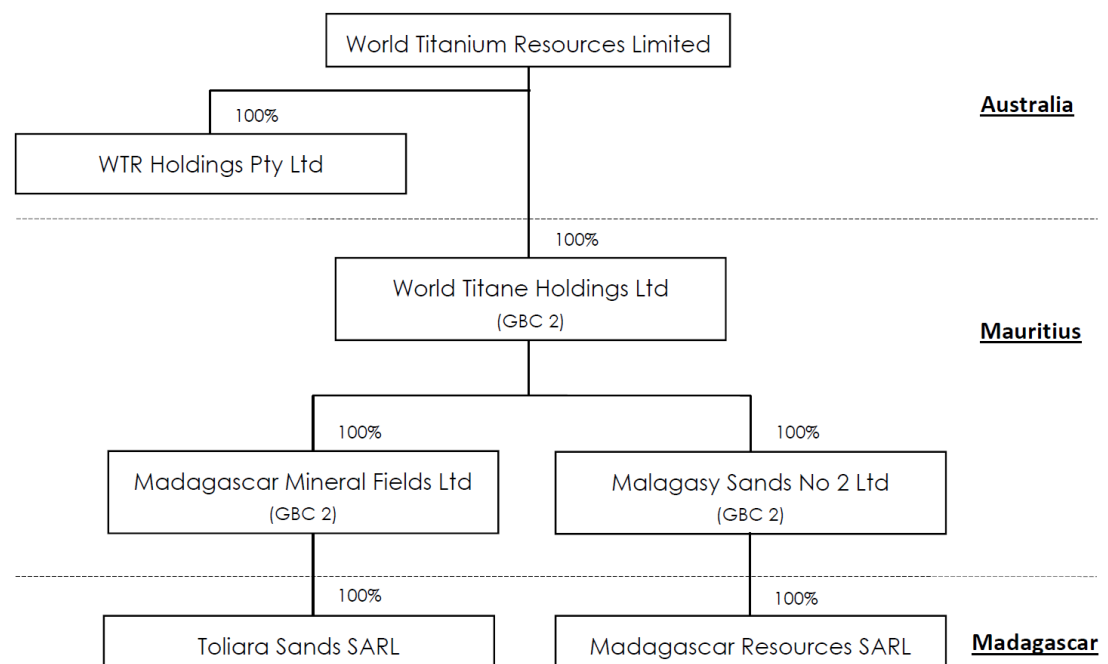
target based solely on the Ore Reserves estimated at the Ranobe Project as tabulated above. At the time, and based on the preferred option to build a causeway across the Fiherenana River, the DES estimated a capital cost of near US\$192 million plus working capital. World Titanium emphasises that there is no certainty that the production target will be realised or that any production will occur at the Ranobe Project.

The Toliara Project is located in southwest Madagascar and north of the regional port of Toliara which is approximately 640 km southwest of Antananarivo, the capital of Madagascar. The island of Madagascar is separated from Africa by the Mozambique Channel with the town of Toliara located approximately 840 km from the Mozambique coast.

A wholly owned subsidiary of World Titanium, Toliara Sands SARL received the two exploitation permits for the Ranobe Project during 2012. Each of these exploitation permits has a term of 40 years and is renewable for a further 40 years.

6.2 Corporate structure of World Titanium's group

World Titanium's corporate group structure is as follows as at the date of this Target's Statement.



6.3 Development proposal for the Ranobe Project - DES

The planned Ranobe Project development according to the DES is summarised as follows, but it is important to note that all of the following proposals remain incomplete and conceptual and there is a risk they will not eventuate, given the currently unsatisfied need for financing, regulatory approvals, offtake arrangements and various other incomplete factors:

- (a) Use a Mining Contractor at the proposed Ranobe Project mine site to excavate some 8 Million tonnes per year (**Mtpy**) of mineralised sand and screen the material in-pit. Then pump 8 Mtpy to a proposed nearby Wet Concentrator Plant (**WCP**). This WCP will contain spirals to gravity separate the Valuable Heavy Mineral (**VHM**) from the mostly white silica sand and then World Titanium plans to pump approximately 90% silica

sand tail and other reject products back to the mining void behind the working face.

- (b) Then some 500,000 tonnes per annum of VHM is planned to be pumped to the proposed Mineral Separation Plant (**MSP**) (to be situated at the mine site) for further processing using magnetic equipment to produce final products of ilmenite and zircon/rutile concentrate. The offices, fuel depot, diesel power generation and maintenance bay with all the facilities are proposed to be sited adjacent to the MSP.
- (c) The Company proposes to construct an all-weather 47 kilometre dirt road to the Fiherenana River near Toliara using local contractors. The haul road is proposed to be constructed with two 4.5 metre lanes and 1.5 metre shoulders on either side. A one kilometre causeway downstream from the existing bridge is proposed to be used as the river crossing and from the river to the port a 6 metre wide all-weather dirt road is proposed to be constructed a further 7 kilometres to the warehouse.
- (d) The Company proposes to use a road haulage fleet, either to be acquired by the Company or engaged on a contractor basis, capable for moving up to 180 tonnes of material per truck cycle to the port some 55 km from the Ranobe Project proposed mine site.
- (e) The 6 metre wide haul road south of the river is proposed to be placed adjacent to the existing levee bank and to be some 2 metres above the natural surface and connect the port.
- (f) World Titanium proposes to construct one or more warehouses at the port capable of storing up to 90,000 tonnes of ilmenite. A flat area of about 300 by 300 metres with a limestone base and at the same height or higher than the river levee banks is planned as a base for warehouse construction and other infrastructure.
- (g) A conveyor arrangement proposed inside the warehouse is proposed to be built onto a plus 500 metre long jetty with capacity to load up to 70,000 tonnes of ilmenite per shipment.
- (h) Zircon/rutile concentrate is proposed to be loaded into 20 foot containers and transported some 8 km to the existing Toliara port for shipping to customers.

6.4 Progressing a Definitive Feasibility Study

Following the fall in ilmenite, zircon and rutile commodity prices since the DES, World Titanium's management and consultants commenced the DFS on the Ranobe Project in 2014 to aim to simplify the mineral processing, port handling facilities and haul road in order to seek to reduce capital costs with the goal of ultimately receiving approval from banking sources for debt finance to fund the development of the Ranobe Project.

As stated in section 6.1 of this Target's Statement, the two exploitation permits forming part of the Ranobe Project were granted in 2012 as reported to the ASX, and now the Ranobe Project requires the following in order to progress it to the next stage of its proposed development (although no forecast is made as to whether these events will occur):

- (a) environmental and social approval;
- (b) refinement of mineral processing, port facilities and haul road to reduce capital costs;
- (c) offtake agreement for the ilmenite from one or more customers;
- (d) various government approvals; and
- (e) debt finance on completing the DFS.

In December 2014 World Titanium dispatched two 5 kilogram VHM samples from the Ranobe Project containing heavy mineral sand samples to potential customers. The World Titanium Board believes that the current test work may provide more certainty that the ilmenite within the sample is a suitable product to produce an acceptable white pigment, although no forecast or guarantee is made as to whether that will occur.

There have been no agreements entered into or negotiated for offtake of any minerals or debt financing by the Company and the Company makes no forecast as to whether offtake or debt financing agreements will be entered into.

6.5 Environmental Social and Impact Assessment (ESIA)

The ESIA represents an important progression for the approval process to commence mining activities at the Ranobe Project. The ESIA assists all parties to identify and be made aware of future mining activity near the city of Toliara, nearby communities and other public infrastructure. The Company has a strong presence in the local community with a permanent office and workforce in Toliara and an active consultation process to support local initiatives such as a nursery to promote reforestation, medical undertakings with doctors from Australia to assist local needs, and provide employment.

The ESIA was submitted in mid-2014 to the Madagascan government body, the Office of National Environment (**ONE**), and was recently debated in a series of public and government meetings in Toliara.

From 20 October to early November 2014, there were a series of daily meetings with ONE and the community in Toliara to debate and sort out any queries on the environmental impact of the proposed Ranobe Project mining process. The World Titanium management team attended the main Public Participation Meeting on 29 October 2014 in Toliara.

All participants at the public participation meeting were also requested to submit in writing any objections or suggestions on the Ranobe Project to the regional community office up to 10 November 2014.

6.6 Mineral Processing

Fresh test work in Perth, Western Australia has demonstrated that World Titanium can further simplify the mineral sand processing and reduce capital within the conceptual dry separation facilities proposed to be the MSP. The circuit changes proposed within the MSP include elimination of an additional drying process, less magnetic rolls equipment and use of two air tables to separate silica sand from the rutile/zircon concentrate.

Some modifications have been made to the MSP and the WCP drawings and new capital estimates are being sourced for both the MSP and WCP.

6.7 Port Studies

The DES announced in August 2012 showed that the port infrastructure including jetty, loading facilities and some associated infrastructure will cost around US\$76.8 million and the jetty was designed to be extended into the ocean to a depth of up to 24 metres (24 metre contour). The jetty was designed to load up to 70,000 tonne shipments of ilmenite or six ship loads per year. Stage One for the Ranobe Project as summarised in the DES is expected to produce some 400,000 tonnes of ilmenite per year (being the production target described in section 6.1 of this Target's Statement). However, the Company anticipates 20,000 tonne bulk shipments are more appropriate for export as product needs storage at the destination. At this new reduced loading rate, activity is only 2 loads per month requiring two to three days of loading per month. The new jetty design reflects the desire to load smaller ships known as Handysize and also includes further refinements to the pylon design.

As an example of the new design, World Titanium needed to consider the geotechnical characteristics of the soil formation to more accurately assess pylon depth penetration, plus cyclonic events and impact of wave action in the area of the proposed port. The wave monitoring project based on World Titanium's 8 months of monitoring showed that cyclonic events are infrequent and considering the expectation is to have a vessel on the berth for around 2 to 3 days per month, the likelihood of there being a ship on the berth when one of these events occurs is quite remote.

World Titanium sent expressions of interest to international companies with the capabilities to build the jetty and loading facilities. World Titanium's Board received all responses to the expressions of interest by late December 2014 and will assess the responses during the March 2015 quarter.

6.8 Proposed Haul Road

Parcel identification for the haulage road was completed in the March 2014 quarter. The 47 km haul road was mapped and pegged for a buffer zone of 100 metres either side of the proposed haul road. World Titanium's team has identified 29 individuals/family and 8 community/clan owners along the haul road.

6.9 Potential equity raising to fund working capital

In addition to the World Titanium Directors' determination to aim to progress the Ranobe Project, they anticipate that the Company will require additional interim equity funding in due course for the purpose of meeting commercial imperatives such as working capital costs and project related expenditure, most likely in the March 2015 quarter. No decision has been reached as to the amount, structure, pricing or timing of this issue, however the World Titanium Directors propose that any such issue will be modest in size and be a pro-rata offer to the World Titanium Shareholders, to seek to treat all World Titanium Shareholders equitably. World Titanium Shareholders are cautioned that the Company has not yet agreed to issue any such securities as it remains an incomplete proposal and any potential equity raising is subject to compliance by the Company with applicable laws (including as arising due to the Offer) and the ASX Listing Rules. The Company will announce further information in relation to such equity raising in the event it is determined by the World Titanium Board.

6.10 Directors of World Titanium

As at the date of this Target's Statement, the directors of World Titanium are:

| Name | Position within World Titanium |
|---------------------------------|--------------------------------|
| Mr Nicholas James Limb | Non-Executive Chairman |
| Mr Jeffrey Wayne Williams | Executive Director and CEO |
| Dr Ian Gordon Dalrymple Ransome | Non-Executive Director |
| Mr Michael William Cuthbert | Non-Executive Director |

6.11 Publicly available information about World Titanium

World Titanium is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, World Titanium is subject to the ASX Listing Rules which require continuous disclosure of any information World Titanium has that a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of ASX announcements made by World Titanium are available on the ASX's website at www.asx.com.au (ASX Code: WTR) or on the company's website at www.worldtitaniumresources.com.

6.12 Financial information and related matters

World Titanium's last published audited financial statements are for the financial year ended 30 June 2014 and were dated 30 September 2014 and lodged with ASX on 30 September 2014.

Copies of that Annual Report may be obtained from ASX's website at www.asx.com.au (ASX Code: WTR) or from the company's website at www.worldtitaniumresources.com.

World Titanium's primary objectives when managing capital are to safeguard the World Titanium group's ability to continue as a going concern.

To the World Titanium Directors' knowledge, there has not been any matter or circumstance, other than as announced to the ASX since the release of the Annual Report for the financial year ended 30 June 2014 or referred to in this Target's Statement, that has significantly affected, or may significantly affect, the operations or the financial position of World Titanium, the results of operations of World Titanium, or the state of affairs of World Titanium in future financial years.

6.13 Forecast financial information for World Titanium

World Titanium has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information. The World Titanium Directors have concluded that, as at the date of this Target's Statement, it would be misleading to provide forecast financial information concerning the future financial performance World Titanium, as a reasonable

basis does not exist for providing forecasts that would be sufficiently meaningful and reliable as required by applicable law, policy and market practice.

The financial performance of World Titanium in any period will be influenced by various factors that are outside the control of the World Titanium Directors and that cannot, at this time, be predicted with a high level of confidence.

6.14 Base's current interests in World Titanium

As at 15 January 2015 (being the last date prior to the date of this Target's Statement), Base has disclosed Voting Power in 28,232,234 World Titanium Shares, representing approximately 7.8% of the World Titanium Shares on issue.

Further details regarding Base's interests in World Titanium can be found at section 4.3 of the Bidder's Statement and at www.asx.com.au.

7. INFORMATION RELATING TO THE WORLD TITANIUM DIRECTORS

7.1 Interests and dealings in World Titanium securities

(a) Interests in World Titanium securities

As at the date of this Target's Statement, the World Titanium Directors had the following Relevant Interests in World Titanium Shares and World Titanium Options:

| Director | World Titanium Shares | Voting Power in World Titanium | World Titanium Options |
|-------------------------|-----------------------|--------------------------------|--------------------------|
| Nic Limb ⁽¹⁾ | Nil | 0% | Nil |
| Jeffrey Williams | Nil | 0% | 2,875,000 ⁽²⁾ |
| Michael Cuthbert | Nil | 0% | Nil |
| Ian Ransome | Nil | 0% | 875,000 ⁽³⁾ |

Notes

1. World Titanium has previously announced Nic Limb's position as the Chairman of Mineral Deposits Limited and his minority shareholding interest in that company. Notwithstanding such disclosures, as at the date of this Target's Statement Nic Limb holds no Voting Power in World Titanium.
2. 875,000 unlisted World Titanium Options, each exercisable at A\$0.28 on or before 31 March 2015 held by Jeffrey Williams and his wife, Rosalyn Williams, as trustees for the Park View Super Fund, in which Jeffrey Williams and Rosalyn Williams are beneficiaries.

2,000,000 unlisted World Titanium Options, each exercisable at A\$0.051 on or before 15 October 2019 held jointly by Jeffrey Williams and his wife, Rosalyn Williams, as trustees for the Park View Super Fund, in which Jeffrey Williams and Rosalyn Williams are beneficiaries.
3. 875,000 unlisted World Titanium Options, each exercisable at A\$0.28 on or before 31 March 2015 held by Ian Ransome in his personal capacity.

Mr Michael Cuthbert and Dr Ian Ransome (both World Titanium Directors) are occasional consultants to the controller of Boule Titanium Ltd (not in relation to World Titanium since their confirmation by World Titanium Shareholders as World Titanium Directors) but do not hold any shares in Boule Titanium Ltd, are not Associates of that company or its controller with respect to World Titanium and do not participate at all in the management of Boule Titanium Ltd.

Mr Nic Limb (a World Titanium Director) is the Chairman of ASX listed company Mineral Deposits Limited and holds a Relevant Interest in 543,553 fully paid ordinary shares in Mineral Deposits Limited being approximately 0.52% of all shares in Mineral Deposits Limited but he does not control that company and is not an Associate of it with respect to World Titanium. Mr Jeffrey Williams (a World Titanium Director) has previously been the managing director, an employee and consultant to Mineral Deposits Limited (but not since his appointment as World Titanium's Chief Executive Officer), but is not an Associate of Mineral Deposits Limited with respect to World Titanium and holds no Relevant Interest in the securities of Mineral Deposits Limited.

(b) **Dealings in World Titanium Shares and World Titanium Options**

In the 4 month period ending on the date immediately before the date of this Target's Statement, the only World Titanium Director to have acquired or disposed of a Relevant Interest in any World Titanium securities was Jeffrey Williams, who was issued on 16 December 2014 (as joint holder in accordance with note 2 to the table in section 7.1(a) of this Target's Statement) 2,000,000 World Titanium Options, each exercisable at A\$0.051 on or before 15 October 2019, after World Titanium Shareholders approved that issue on 28 November 2014.

7.2 Interests and dealings in Base Group securities

(a) **Interests in Base Group securities**

As at the date immediately before the date of this Target's Statement, no World Titanium Director had a Relevant Interest in any Base Group securities.

(b) **Dealings in Base Group securities**

No World Titanium Director has acquired or disposed of a Relevant Interest in any Base Group securities in the 4 month period ending on the date immediately before the date of this Target's Statement.

7.3 Benefits and agreements

(a) **Benefits in connection with retirement from office**

As a result of the Offer, no person has been or will be given any benefit which cannot be given without member approval under the Corporations Act in connection with the retirement of that person, or someone else, from a board or managerial office of World Titanium or related body corporate of World Titanium.

(b) **Agreements connected with or conditional on the Offer**

There are no agreements made between any World Titanium Director and any other person in connection with, or conditional upon, the outcome of the Offer other than in their capacity as a holder of interests in World Titanium Options.

(c) **Benefits from Base Group**

None of the World Titanium Directors have agreed to receive, or are entitled to receive, any benefit from any member of the Base Group which is conditional on, or is related to, the Offer, other than in their capacity as a holder of interests in World Titanium Options.

(d) **Interests of directors in contracts with the Base Group**

None of the World Titanium Directors have any interest in any contract entered into by any member of the Base Group.

8. AUSTRALIAN TAXATION CONSEQUENCES

8.1 Introduction

This section 8 provides a brief overview of the possible Australian income tax, GST and stamp duty consequences relating to the acceptance of the Offer by Australian resident and Non-Australian Resident World Titanium Shareholders who hold their World Titanium Shares on capital account. This Section does not consider the possible Australian income tax, GST or stamp duty consequences applicable to World Titanium Optionholders who should seek their own independent tax advice.

In addition, among other things, this section does not consider the Australian income tax, GST and stamp duty consequences that arise for World Titanium Shareholders who:

- (a) hold their World Titanium Shares on revenue account (that is, they are engaged in a business of trading in shares) as trading stock, or have made an election under the tax law that results in gains and losses being regarded on revenue account;
- (b) acquired their World Titanium Shares for the purposes of resale at a profit;
- (c) acquired their World Titanium Shares under an arrangement which qualifies as an employee share scheme for Australian tax purposes;
- (d) are a financial institution, insurance company partnership, tax exempt organisation, superannuation fund or temporary resident (unless expressly stated);
- (e) are Australian residents who hold their World Titanium Shares as an asset of permanent establishment in a foreign country; or
- (f) are Non-Australian Resident World Titanium Shareholders that hold their World Titanium Shares as an asset of a permanent establishment in Australia.

The information contained in this section is intended to provide a general outline of the Australian tax consequences based on the Australian tax laws as at the date of this Target's Statement and is not intended to be a complete analysis of all the potential tax consequences that could arise for World Titanium Shareholders. Accordingly, this information should not be relied upon as advice and World Titanium Shareholders should seek their own advice to confirm the tax consequences that may arise in relation to the Offer.

The information contained in this section is based on the *Income Tax Assessment Act 1936* (Cth), the *Income Tax Assessment Act 1997* (Cth), the GST Act, relevant stamp duty legislation, applicable case law and published Australian Taxation Office and State/Territory Revenue authority rulings, determinations and statements of administrative practice at the date of this Target's Statement. Australian tax laws may be amended at any time and therefore the tax consequences discussed in this section may change if there is a change in the tax laws after the date of this Target's Statement.

The commentary in this section is confined to tax issues which are only one part of the many matters that investors need to consider when making a decision about their investments. Under the Corporations Act, the commentary in this

section is not required to be provided by a holder of an Australian Financial Services Licence (**AFSL**). World Titanium Shareholders should consider taking advice from the holder of an AFSL and World Titanium makes no representation as to the accuracy or otherwise of the commentary in this section.

8.2 World Titanium Shareholders who accept the Offer

(a) Disposal of World Titanium Shares

The acceptance of the Offer may give rise to a CGT event for World Titanium Shareholders, being the disposal of World Titanium Shares.

World Titanium Shareholders may make a capital gain if the capital proceeds received on disposal of the World Titanium Shares is greater than the cost base of those shares and a capital loss if the reduced cost base of the World Titanium Shares is greater than the capital proceeds.

Any capital gain or loss that arises as a result of the disposal of World Titanium Shares will arise in the income year in which the CGT event occurs. The time of the CGT event should be as follows:

- (i) If the Offer is accepted by the World Titanium Shareholder on or before the date when the Offer becomes or is declared unconditional, the time of the CGT event should be the date the Offer becomes or is declared unconditional;
- (ii) If the Offer is accepted by the World Titanium Shareholder between the date the Offer becomes or is declared unconditional and the date the Offer closes, the time of the CGT event should be the date the World Titanium Shareholder accepts the Offer; and
- (iii) Should the World Titanium Shareholder not accept the Offer by the date the Offer closes and the World Titanium Shares are compulsorily acquired, the time of the CGT event should be the date ownership of the World Titanium Shareholders' World Titanium Shares passes to Base in accordance with the compulsory acquisition.

(b) Capital proceeds

The capital proceeds for the disposal of the World Titanium Shares will consist of the market value of the Base Shares received. The exact market value of the consideration that is received will depend on the price at which the Base Shares trade on the ASX at the relevant disposal time.

(c) Cost base

The CGT cost base of the World Titanium Shares will generally include the actual (or deemed) cost of acquisition plus incidental costs incurred to acquire the World Titanium Shares or that relate to the disposal of the World Titanium Shares.

(d) CGT scrip for scrip rollover relief

As previously set out in section 4.5 of this Target's Statement, based on the receipt by World Titanium of confirmations from the Rejecting Parties

regarding intentions to reject the Offer, Base's Offer will not achieve 40% acceptances pursuant to the Minimum Acceptance Conditions (unless sufficient World Titanium Options are converted into World Titanium Shares which are sold to Base pursuant to the Offer). On that basis, rollover relief for a scrip for scrip transaction will not be available for Base's Offer (even if World Titanium Options are converted into World Titanium Shares which are sold to Base pursuant to the Offer), because that relief requires at least 80% of the target company to change ownership.

(e) **Capital losses**

Australian tax law requires that capital gains and capital losses are aggregated to determine the net capital gain for the income year. The net capital gain amount is included in assessable income and subject to income tax at the applicable marginal tax rate.

Capital losses may only be offset against capital gains and may not be offset against other types of income, but may be carried forward to offset future capital gains in certain circumstances.

(f) **CGT discount**

Certain World Titanium Shareholders may be eligible for the CGT discount concession in respect of any capital gain arising on the disposal of World Titanium Shares where the World Titanium Shares have been held for at least 12 months prior to the time of the CGT event.

The CGT discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The CGT discount percentage is 50% for individuals and trusts, and 33 1/3% for complying superannuation funds. For example, if an individual is entitled to the CGT discount concession, then only 50% of the capital gain would be included in assessable income and taxed at marginal rates.

The CGT discount is not available to companies.

The application of the CGT discount rules to a World Titanium Shareholder that is a trustee of a trust is complex, particularly where distributions are attributable to discounted capital gains. Such World Titanium Shareholders should therefore seek their own independent tax advice based on their particular circumstances.

8.3 Non-Australian Resident World Titanium Shareholders who accept the Offer

Any capital gain or loss that is made by a Non-Australian Resident World Titanium Shareholder on the disposal of World Titanium Shares should be disregarded where those World Titanium Shares do not qualify as "taxable Australian property". In broad terms, the World Titanium Shares may only qualify as "taxable Australian property" if a majority of the company's underlying assets consist of real property situated in Australia and the relevant World Titanium Shareholder has held at least a 10% interest in the Company (on an associate-inclusive basis) at any time throughout a 12 month period occurring within 24 months before the CGT event.

Based on the current assets and liabilities of World Titanium, it is considered unlikely that the World Titanium Shares would currently constitute an interest in taxable Australian property. However, the analysis of whether the World Titanium Shares do constitute an interest in taxable Australian property must be undertaken at the time of a disposal of the World Titanium Shares. Accordingly, Non-Australian Resident World Titanium Shareholders who (together with their Associates) hold an interest of 10% or more of World Titanium Shares on issue over the relevant period should seek further independent advice in relation to these matters.

To the extent that CGT applies to a Non-Australian Resident World Titanium Shareholder, concessional CGT discount treatment is not available to Non-Australian Residents in relation to the disposal of World Titanium Shares acquired after 8 May 2012.

8.4 GST and stamp duty

No Australian stamp duty or GST is payable by you on the sale of your World Titanium Shares to Base pursuant to the Offer. You may be charged GST on incidental costs incurred in acquiring or disposing of your World Titanium Shares. You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

9. ADDITIONAL INFORMATION

9.1 Effect of the takeover on World Titanium's financing and material agreements

To the best of each World Titanium Director's knowledge, there are no material contracts or financing arrangements to which World Titanium is a party which contain any change of control provisions which may be triggered as a result of, or as a result of acceptances of, the Offer.

9.2 Effect of the takeover on World Titanium's senior employee and Director arrangements

To the best of each World Titanium Director's knowledge, none of the contractual arrangements between World Titanium and its senior employees or between World Titanium and the World Titanium Directors are materially affected by a change in control of the World Titanium Shares, if that occurs pursuant to the Offer, other than for World Titanium's Chief Financial Officer, Mr Mahen Sookun.

In the event that any one person or entity acquires more than fifty percent of the outstanding World Titanium Shares, Mr Sookun is entitled to terminate his agreement with World Titanium regarding his engagement as World Titanium's Chief Financial Officer upon 90 days' prior written notice to World Titanium. World Titanium has not received any such notice from Mr Mahen as at the date of this Target's Statement.

9.3 Material litigation

As far as the World Titanium Directors are aware, World Titanium is not involved in any ongoing litigation which is material in the context of World Titanium and its Related Bodies Corporate taken as a whole.

9.4 World Titanium's issued securities

As at the date of this Target's Statement, World Titanium's issued equity securities consisted of:

- (a) 362,006,589 World Titanium Shares on issue.
- (b) 28,225,000 World Titanium Options on issue, all unquoted as follows:

| Classes of World Titanium Options | Number |
|--|-------------------|
| Exercisable at A\$0.28 each, on or before 31 March 2015 | 22,750,000 |
| Exercisable at A\$0.795 each, on or before 8 May 2015 | 475,000 |
| Exercisable at A\$0.28 each, on or before 31 December 2015 | 1,500,000 |
| Exercisable at A\$0.13 each, on or before 12 August 2015 | 1,500,000 |
| Exercisable at A\$0.051 each, on or before 15 October 2019 | 2,000,000 |
| Total World Titanium Options | 28,225,000 |

There are no other shares or other securities (including equity securities, debt securities or convertible securities) or options or performance rights or other

instruments which are convertible into securities in World Titanium. There are no current offers or current agreements entered into by World Titanium to issue any other shares, securities, options or performance rights or other instruments.

9.5 Substantial holders

As at 15 January 2015 (being the last date prior to the date of this Target's Statement), the World Titanium Board is aware from notices filed with the ASX and from information received by World Titanium from the Rejecting Parties that the following persons have substantial holdings in World Titanium.

| | Name of substantial holder | Number of World Titanium Shares comprising substantial holding | % of total World Titanium Shares |
|----|---|--|----------------------------------|
| 1. | Boulle Titanium Ltd ⁽¹⁾ | 73,725,060 | 20.37% |
| 2. | Mineral Deposits Limited ⁽²⁾ | 69,138,124 | 19.10% |
| 3. | African Minerals Exploration & Development Fund II SICAR | 62,960,762 | 17.39% |
| 4. | Base Holdings Limited ⁽³⁾ and JPMorgan Chase & Co. and its affiliates ⁽⁴⁾ | 28,232,234 | 7.80% |

Notes

1. Mr Jean-Raymond Boulle is disclosed in Boulle Titanium Ltd's initial substantial holder notice as holding a relevant interest in the World Titanium Shares in which Boulle Titanium Ltd holds Voting Power. Mr Michael Cuthbert and Dr Ian Ransome (both World Titanium Directors) are occasional consultants to Mr Boulle (not in relation to World Titanium since their confirmation by World Titanium Shareholders as World Titanium Directors) but do not hold any shares in Boulle Titanium Ltd, are not Associates of that company or Mr Boulle with respect to World Titanium and do not participate at all in the management of Boulle Titanium Ltd.
2. Mr Nic Limb (a World Titanium Director) is the Chairman of ASX listed company Mineral Deposits Limited and holds a Relevant Interest in 543,553 fully paid ordinary shares in Mineral Deposits Limited being approximately 0.52% of all shares in Mineral Deposits Limited but he does not control that company and is not an Associate of it with respect to World Titanium. Mr Jeffrey Williams (a World Titanium Director) has previously been the managing director and an employee and consultant to Mineral Deposits Limited (but not since his appointment as World Titanium's Chief Executive Officer), but is not an Associate of Mineral Deposits Limited with respect to World Titanium and holds no Relevant Interest in the securities of Mineral Deposits Limited. Mineral Deposits Limited's Voting Power in World Titanium is held via a group structure in which the former is the 100% owner.
3. Relevant Interest in 28,032,234 shares held through pre-bid acceptance agreement with JPMorgan Asset Management (UK) Limited.
4. JPMorgan Chase & Co. and its affiliates have disclosed aggregate Voting Power in 28,032,234 World Titanium Shares, which, as at the date of this Target's Statement, amounts to Voting Power of approximately 7.7% in World Titanium.

9.6 Effect of Offer on World Titanium Options

The Offer extends to new World Titanium Shares that are issued after the Register Date and during the Offer Period as a result of the exercise of World Titanium Options.

9.7 Continuous disclosure

World Titanium is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require World Titanium to notify ASX of information about specified matters and events as they occur for the purpose of making that information available to the market. In particular, World Titanium has an obligation (subject to limited exceptions) to notify ASX immediately on becoming aware of any information which a reasonable person would expect to have a material effect on the price or value of World Titanium Shares.

Copies of the documents filed with ASX may be obtained from the ASX website at www.asx.com.au (ASX Code: WTR) or from World Titanium website at www.worldtitaniumresources.com. In addition, World Titanium will make copies of the following documents available for inspection at World Titanium's offices which are located at 15 Lovegrove Close, Mount Claremont, Western Australia (between 8:00am and 4:00pm on Business Days):

- (a) Annual Report for the financial year ended 30 June 2014, lodged with ASX on 30 September 2014; and
- (b) any continuous disclosure document lodged by World Titanium with ASX between the lodgement of its Annual Report for the financial year ended 30 June 2014 and the date of this Target's Statement.

Copies of documents lodged with ASIC in relation to World Titanium may be obtained from, or inspected at, an ASIC office.

9.8 Consents

Steinepreis Paganin has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to be named in this Target's Statement as Australian legal adviser to World Titanium in the form and context in which it is named. Steinepreis Paganin has not advised on the laws of any jurisdiction outside Australia, and has not provided tax advice in relation to any jurisdiction. Steinepreis Paganin has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement, other than a reference to its name.

Each of African Minerals Exploration & Development Fund II SICAR, Mineral Deposits Limited, Boule Titanium Limited, Mark Turner, Graeme Boden, Anniebrook Pty Ltd and Boden Corporate Services Pty Ltd has given, and has not withdrawn before the lodgement of this Target's Statement with ASIC, its written consent to the making of statements in this Target's Statement that they intend to reject the Offer in respect of the World Titanium Shares described in this Target's Statement for which they are registered or beneficial owners or which they directly or indirectly own, control or represent (either only in relation to their respective parcels of World Titanium Shares, or in aggregate with other parcels of World Titanium Shares owned, controlled or represented by other parties who also intend to reject, or cause to be rejected, the Offer). Each of African Minerals Exploration & Development Fund II SICAR, Mineral Deposits Limited, Boule Titanium Limited, Mark Turner and Anniebrook Pty Ltd has not caused or authorised the issue of this Target's Statement, does not make or purport to make any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based and takes no responsibility for any part of this Target's Statement, other than in each case references to its name,

details of its intentions to reject or procure the rejection of the Offer and other information in relation to it set out in this Target's Statement.

Dr Ian Ransome has given and has not, before the lodgement of this Target's Statement with ASIC, withdrawn his written consent to be named in the Target's Statement as competent person for the purpose of the JORC Code 2004 in the form and context in which he is so named.

As permitted by ASIC Class Order 13/521 this Target's Statement contains statements which are made in, or based on statements made in, documents lodged with ASIC or given to the ASX. Pursuant to the Class Order, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Target's Statement. If you would like to receive a copy of any of these documents, or the relevant parts of the documents containing the statements (free of charge), during the Offer Period, please contact the Company.

As permitted by ASIC Class Order 13/523, this Target's Statement may include or be accompanied by certain statements:

- (a) fairly representing a statement by an official person; or
- (b) from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Class Order 07/429, this Target's Statement also contains trading data obtained from FactSet without their consent.

9.9 Regulatory and other approval, consent or waiver requirements

World Titanium has not been granted any modifications or exemptions by ASIC from the Corporations Act in connection with the Offer, nor has World Titanium been granted any waivers from ASX in relation to the Offer.

9.10 No other material information

This Target's Statement is required to include all the information that World Titanium Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- (a) only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- (b) only if the information is known to any director of World Titanium.

The World Titanium Directors are of the opinion that the information that World Titanium Shareholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- (a) the information contained in the Bidder's Statement (to the extent that the information is not inconsistent or superseded by information in this Target's Statement);
- (b) the information contained in World Titanium's releases to the ASX, and in the documents lodged by World Titanium with ASIC before the date of this Target's Statement; and

- (c) the information contained in this Target's Statement.

The World Titanium Directors have assumed, for the purposes of preparing this Target's Statement, that the information in the Bidder's Statement is accurate (unless they have expressly indicated otherwise in this Target's Statement). However, the World Titanium Directors do not take any responsibility for the contents of the Bidder's Statement (including, without limitation the extracts from the Bidder's Statement provided in Annexure A to this Target's Statement) and are not to be taken as endorsing, in any way, any or all statements contained in the Bidder's Statement.

In deciding what information should be included in this Target's Statement, the World Titanium Directors have had regard to:

- (a) the nature of the World Titanium Shares;
- (b) the matters that shareholders may reasonably be expected to know;
- (c) the fact that certain matters may reasonably be expected to be known to shareholders' professional advisers; and
- (d) the time available to World Titanium to prepare this Target's Statement.

10. GLOSSARY AND INTERPRETATION

10.1 Glossary

Where the following terms are used in this Target's Statement they have the following meanings:

Acceptance Form means the transfer and acceptance form for the Offer accompanying the Bidder's Statement or, as the context requires, any replacement or substitute transfer and acceptance form provided by or on behalf of Base.

AIM means the AIM market of the London Stock Exchange.

African Minerals Exploration & Development Fund II SICAR means the African Minerals Exploration & Development Fund II SICAR, a Luxembourg based private equity fund.

Anniebrook Pty Ltd means Anniebrook Pty Ltd (ACN 074 575 349) as trustee for the MCT Superannuation Fund.

Announcement Date means 23 December 2014, being the day on which the Offer was announced by Base with the ASX.

ASIC means Australian Securities & Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the financial market operated by it, as the context requires.

ASX Listing Rules or **Listing Rules** means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the settlement facility provided by ASX Settlement.

AWST means Australian Western Standard Time.

Base means Base Resources Limited (ABN 88 125 546 910).

Base Group means Base and its subsidiaries and controlled entities.

Base Shares means fully paid ordinary shares in the issued capital of Base.

Bidder's Statement means the bidder's statement issued by Base under Part 6.5 Division 2 of the Corporations Act relating to the Offer.

Boden Corporate Services Pty Ltd means Boden Corporate Services Pty Ltd (ABN 99 083 815 829) as trustee for the Boden Family Trust.

Boulle Titanium Ltd means Boulle Titanium Ltd a company based in Luxembourg.

Business Day has the meaning given to that term in the Listing Rules.

CGT means capital gains tax.

CHES means the Clearing House Electronic Subregister System, which provides for the electronic transfer, settlement and registration of securities in Australia.

CHES Holding means a holding of World Titanium Shares on the CHES subregister of World Titanium.

Corporations Act means the *Corporations Act 2001* (Cth).

DES has the meaning given in section 6.1 of this Target's Statement.

DFS means a definitive feasibility study.

GST means Australian goods and services tax.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

HM means heavy minerals.

Holder Identification Number means the number that starts with an "X", to identify a World Titanium Shareholder with a CHES Holding and has the same meaning as in the ASX Settlement Operating Rules.

Ineligible Foreign Shareholder means a World Titanium Shareholder whose address as shown in the register of members of World Titanium is in a jurisdiction other than Australia or its external territories or New Zealand, unless Base otherwise determines (in its absolute discretion) after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offer to a World Titanium Shareholder in the relevant jurisdiction and to issue Base Shares to such a World Titanium Shareholder on acceptance of the Offer, and that it is not unlawful for such a World Titanium Shareholder to accept the Offer in such circumstances in the relevant jurisdiction.

Issuer Sponsored Holding means a holding of World Titanium Shares on the issuer sponsored subregister of World Titanium.

JORC Code 2004 means the 2004 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

JORC Code 2012 means the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

Km means kilometres.

Km² means kilometres squared.

Kwale Project means the Kwale mineral sands production project described in the Bidder's statement as being in Kenya, East Africa and being owned and operated by the Base Group.

Mineral Deposits Limited means the ASX listed company Mineral Deposits Limited (ABN 19 064 377 420).

Mineral Resource has the meaning given in paragraph 19 of the JORC Code 2004.

Minimum Acceptance Condition means the Offer Condition set out in section 10.9.1 of the Bidder's Statement, which is extracted into Annexure A of this Target's Statement.

Mt means millions of tonnes.

Mtpy means millions of tonnes per year.

Non-Australian Resident means a World Titanium Shareholder who is not a resident of Australia for taxation purposes.

Notice of Status of Conditions means Base's notice disclosing the status of the conditions to the Offer which is required to be given by section 630(3) of the Corporations Act.

Offer or **Base's Offer** means the offer made by Base to acquire World Titanium Shares on the terms given in section 10.1 of the Bidder's Statement including in each case as varied in accordance with the Corporations Act.

Offer Conditions or **Conditions** means the defeating conditions to the Offer set out in section 10.9 of the Bidder's Statement, extracted at Annexure A to this Target's Statement.

Offer Consideration means one Base Share for every five World Titanium Shares.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with section 10.2 of the Bidder's Statement (as extracted into Annexure A to this Target's Statement).

Ore Reserve has the meaning given in paragraph 28 of the JORC Code 2004.

Ranobe Project means the mineral sands project of the same name which forms part of World Titanium's Toliara Project.

Register Date means the date set by Base under section 633(2) of the Corporations Act, being 31 December 2014.

Rejecting Parties has the meaning given in section 4.5 of this Target's Statement.

Related Bodies Corporate has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in section 608 and section 609 of the Corporations Act.

Rights means all accreditations, rights or benefits of whatever kind attaching or arising from World Titanium Shares directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive them or rights to receive or subscribe for shares, notes, bonds, Options or other securities declared, paid or issued by World Titanium or any of its subsidiaries).

Securityholder Reference Number means the number which starts with an "I", allocated by World Titanium to identify a World Titanium Shareholder with World Titanium Shares on World Titanium's issuer sponsored sub-register, and has the same meaning as in the ASX Settlement Operating Rules.

Takeovers Panel means the Australian Takeovers Panel.

Target's Statement means this document (including Annexure A), being the statement under Part 6.5 Division 3 of the Corporations Act issued by World Titanium in relation to the Offer.

Taurus Funds means Taurus Funds Management Pty Ltd (ACN 121 452 560).

Third Party means a party other than World Titanium and any subsidiary of World Titanium, and Base and any subsidiary of Base.

Toliara Project means a mineral sands project in Madagascar ultimately owned by World Titanium, as summarised in section 6.1 of this Target's Statement.

VWAP means the volume weighted average sale price for Base Shares or World Titanium Shares, as the case may be, traded on the ASX over a specified period.

World Titanium or the **Company** means World Titanium Resources Limited (ABN 21 120 723 426).

World Titanium Board means the board of directors of World Titanium.

World Titanium Director means a director of World Titanium.

World Titanium Option or **Option** means an option to acquire a World Titanium Share.

World Titanium Share means a fully paid ordinary share in the capital of World Titanium.

World Titanium Shareholder means a person who is recorded in World Titanium's register of members as the holder of one or more World Titanium Shares.

10.2 Interpretation

In this Target's Statement:

- (a) other words and phrases have the same meaning (if any) given to them in the Corporations Act except to the extent otherwise specified;
- (b) words of any gender include all genders;
- (c) words indicating the singular include the plural and vice versa;
- (d) an expression indicating a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;
- (e) a reference to a section, clause, annexure, attachment and schedule is a reference to a section of, clause of annexure of and an attachment and schedule to this Target's Statement except to the extent otherwise specified;
- (f) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (g) headings and bold type are for convenience only and do not affect the interpretation of this Target's Statement;

- (h) a reference to time is a reference to AWST unless otherwise indicated;
- (i) a reference to dollars, \$, A\$, AUD, cents and ¢ is a reference to the lawful currency of the Commonwealth of Australia unless otherwise stated; and
- (j) a references to US dollars or US\$ is a reference to the lawful currency of the United States of America.

11. AUTHORISATION

This Target's Statement has been approved by a unanimous resolution passed by the directors of World Titanium.

Signed for and on behalf of World Titanium Resources Limited

A handwritten signature in black ink, appearing to read 'Nic Limb'.

**Nic Limb
Chairman**

ANNEXURE A – OFFER TERMS AND CONDITIONS

Set out below is a copy of the terms and conditions of the Offer that can be found in section 10 of Base's Bidder's Statement. All defined terms set out below have the meaning given to them in the Bidder's Statement.

10. Terms and conditions of the Offer

10.1 Offer

- (a) Base offers to acquire all of your World Titanium Shares on the terms and subject to the conditions set out in this section 10.
- (b) This Offer relates to World Titanium Shares that exist or will exist as at the Register Date and extends to any World Titanium Shares that are issued between that date and the end of the Offer Period as a result of the exercise of any Options.
- (c) You may only accept this Offer for all of your World Titanium Shares.
- (d) The consideration offered is ONE Base Share for every FIVE World Titanium Shares.
- (e) If the number of Base Shares you become entitled to is not a whole number, that fraction shall be rounded up to the nearest whole number of Base Shares. If Base reasonably believes that a World Titanium Shareholder's holdings have been manipulated to take advantage of this rounding up, then any fractional entitlement will be rounded down.
- (f) The Base Shares to be issued under the Offer will be issued fully paid and will rank equally in all respects with all other Base Shares currently on issue.
- (g) If, at the time this Offer is made to you, you are an Ineligible Foreign Shareholder, you will not receive Base Shares. Instead, you are offered and will receive a cash amount determined in accordance with section 10.8 of this Bidder's Statement.
- (h) By accepting this Offer, you undertake to transfer to Base not only the World Titanium Shares to which this Offer relates but also all Rights attached to those World Titanium Shares (see section 10.6).
- (i) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of World Titanium Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. If, for the purposes of accepting, you require additional copies of this Bidder's Statement and the Acceptance Form, please call the Base Shareholder Information Line to request those additional copies.
- (j) If your World Titanium Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Offer.
- (k) This Offer is dated 6 January 2015.

10.2 Offer Period

This Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of this Offer, being 6 January 2015, and ending at 7:00pm (Australia Western Standard Time) on the later of:

- (a) 6 February 2015; or
- (b) any date to which the Offer Period is extended.

Base may, in accordance with the Corporations Act, extend the period during which this Offer remains open for acceptance. Also, if, within the last 7 days of the Offer Period, the Offer is varied to improve the consideration offered or Base's voting power in World Titanium increases to more than 50%, then the Offer Period will be automatically extended so that it ends 14 days after the relevant event in accordance with section 624(2) of the Corporations Act.

10.3 How to accept this Offer

10.3.1 Accept for all of your World Titanium Shares

You may only accept this Offer for all of your World Titanium Shares.

The Offer relates to World Titanium Shares that exist or will exist as at the Register Date and extends to any World Titanium Shares that are issued between that date and the end of the Offer Period as a result of the exercise of any Options.

Irrespective of the manner in which you hold your World Titanium Shares (for instance on the issuer sponsored subregister or the CHESS subregister) you may accept the Offer by completing and returning the Acceptance Form in accordance with the instructions on the form and so that it is received before the Closing Date.

10.3.2 World Titanium Shares held in Issuer Sponsored Holdings

If your World Titanium Shares are held in an issuer sponsored subregister (in which case your Securityholder Reference Number will commence with 'I'), you must:

- (a) **complete** and **sign** the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (b) **return** the Acceptance Form (together with any documents required by the terms of the Offer and the instructions on the Acceptance Form) to one of the addresses shown on the Acceptance Form, so that it is received before the end of the Offer Period.

10.3.3 World Titanium Shares held in your name in a CHESS Holding

If your World Titanium Shares are held in your name in a CHESS Holding (in which case your Holder Identification Number will commence with 'X'), to accept this Offer in respect of those World Titanium Shares you must either:

- (a) **complete, sign** and **return** the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, to one of the addresses shown on the Acceptance Form so that it is received in sufficient time to enable Base to instruct your Controlling Participant to initiate acceptance on your behalf before the end of the Offer Period (or if Base lawfully determines it is otherwise valid);

- (b) **complete, sign and return** the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form, together with all other documents required by those instructions, directly to your Controlling Participant (usually your broker) in sufficient time for the Offer to be accepted before the end of the Offer Period, with instructions to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (c) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your World Titanium Shares, to accept the Offer you must yourself initiate acceptance of the Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

10.3.4 World Titanium Shares of which you are entitled to be registered as holder

To accept this Offer for World Titanium Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (a) **complete and sign** the Acceptance Form in accordance with the terms of this Offer and the instructions on the Acceptance Form; and
- (b) **return** the Acceptance Form (together with any documents required by the terms of the Offer and the instructions on the Acceptance Form) to one of the addresses shown on the Acceptance Form, so that it is received before the end of the Offer Period.

10.4 Acceptance Form and other documents

10.4.1 Status of Acceptance Form

The Acceptance Form forms part of the Offer, and the instructions on the Acceptance Form must be followed in using it to accept this Offer.

10.4.2 Acceptance Form must be received before the Closing Date

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by post, for your acceptance to be valid you must ensure that they are posted or delivered in sufficient time for them to be received by Base at one of the addresses shown on the Acceptance Form before the end of the Offer Period.

If your Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is returned by facsimile, it will be deemed to be received in time if the facsimile transmission is received (evidenced by a confirmation of successful transmission) before the end of the Offer Period, but you will not be entitled to receive the consideration to which you are entitled until your original Acceptance Form (including any documents required by the terms of this Offer and the instructions on the Acceptance Form) is received at one of the addresses shown on the Acceptance Form.

When using the Acceptance Form to accept this Offer in respect of World Titanium Shares in a CHES Holding, you must ensure that the Acceptance Form (and any documents required by the terms of this Offer and the instruction on the Acceptance Form) are received by Base in time for Base to instruct your Controlling Participant to

initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

The postage and transmission of the Acceptance Form and other documents is at your own risk.

10.5 Validity of acceptances

Notwithstanding sections 10.3 and 10.4, Base may, in its sole discretion, at any time and without further communication to you, deem any Acceptance Form it receives to be a valid acceptance in respect of your World Titanium Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with the Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by Base.

Where you have satisfied the requirements for acceptance in respect of only some of your World Titanium Shares, Base may, in its sole discretion, regard the Offer to be accepted in respect of those World Titanium Shares but not the remainder.

Base will provide the consideration to you in accordance with section 10.7 in respect of any part of an acceptance determined by Base to be valid.

10.6 The effect of acceptance

10.6.1 Revocation of acceptance not accepted

Once you have accepted the Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw your World Titanium Shares from the Offer or otherwise dispose of your World Titanium Shares, except as follows:

- (a) if the Conditions in section 10.9 have not all been fulfilled or freed by the Closing Date (or, in relation to the prescribed occurrences Condition in section 10.9.2, the end of the third Business Day after the end of the Offer Period), this Offer will automatically terminate and your World Titanium Shares will be returned to you; or
- (b) if the Offer Period is extended for more than one month and the obligations of Base to deliver the consideration are postponed for more than 1 month and, at the time, this Offer is subject to one or more of the Conditions, you may be able to withdraw your acceptance and your World Titanium Shares in accordance with section 650E of the Corporations Act. A notice will be sent to you at the time explaining your rights in this regard.

10.6.2 Agreement resulting from acceptance

By signing and returning the Acceptance Form, or otherwise accepting this Offer pursuant to section 10.3, you will be deemed to have:

- (a) accepted this Offer (and any variation of it) in respect of, and, subject to all of the Conditions being fulfilled or freed, agreed to transfer to Base all of your World Titanium Shares (even if the number of World Titanium Shares specified on the Acceptance Form differs from the number of your World Titanium Shares);
- (b) represented and warranted to Base, as a fundamental condition going to the root of the contract resulting from your acceptance, that at the time of acceptance, and the time the transfer of your World Titanium Shares (including

any Rights) to Base is registered, that all your World Titanium Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or otherwise) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Offer and to sell and transfer the legal and beneficial ownership in your World Titanium Shares (including any Rights) to Base, and that you have paid to World Titanium all amounts which at the time of acceptance have fallen due for payment to World Titanium in respect of your World Titanium Shares;

- (c) irrevocably authorised Base (and any director, secretary, nominee or agent of Base) to alter the Acceptance Form on your behalf by inserting correct details relating to your World Titanium Shares, filling in any blanks remaining on the form and rectifying any errors or omissions as may be considered necessary by Base to make it an effective acceptance of this Offer or to enable registration of your World Titanium Shares in the name of Base;
- (d) if you signed the Acceptance Form in respect of World Titanium Shares which are held in a CHESS Holding, irrevocably authorised Base (or any director, secretary, nominee or agent of Base) to instruct your Controlling Participant to initiate acceptance of this Offer in respect of your World Titanium Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules, or give any other instructions in relation to your World Titanium Shares to your Controlling Participant, as determined by Base acting in its own interests as a beneficial owner and intended registered holder of those Shares;
- (e) irrevocably authorised and directed World Titanium to pay to Base, or to account to Base for, all Rights in respect of your World Titanium Shares, subject, if this Offer is withdrawn or lapses, to Base accounting to you for any such Rights received by Base;
- (f) irrevocably authorised Base to notify World Titanium on your behalf that your place of address for the purpose of serving notices upon you in respect of your World Titanium Shares is the address specified by Base in the notification;
- (g) with effect from the time and date on which all the Conditions have been fulfilled or freed, to have irrevocably appointed Base (and any director, secretary or nominee of Base) severally from time to time as your true and lawful attorney to exercise all your powers and rights in relation to your World Titanium Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of World Titanium and to request World Titanium to register, in the name of Base or its nominee, your World Titanium Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (h) whether or not the Offer or the contract resulting from your acceptance of the Offer has become unconditional, you irrevocably authorise Base (or any nominee or nominees of Base) as your agent and attorney to attend and vote in person or by proxy at all general meetings of World Titanium on your behalf until the earlier of the withdrawal of your acceptance under section 650E of the Corporations Act or the end of the Offer Period or, if all the Conditions have been satisfied or waived, the registration of Base as the holder of those World Titanium Shares;
- (i) agreed not to attend or vote in person, by proxy or by body corporate representative at any general meeting or any court-convened meeting of World

Titanium or to exercise or purport to exercise any of the powers and rights conferred on Base (and its directors, secretaries and nominees) in sections 10.6.2(g) and 10.6.2(h) above;

- (j) agreed that in exercising the powers and rights conferred by the powers of attorney granted under sections 10.6.2(g) and 10.6.2(h) above, the attorney will be entitled to act in the interests of Base as the intended registered holder of your World Titanium Shares;
- (k) agreed to do all such acts, matters and things that Base may require to give effect to the matters the subject of this section 10.6.2 (including the execution of a written form of proxy to the same effect as this section 10.6.2 which complies in all respects with the requirements of the constitution of World Titanium) if requested by Base;
- (l) agreed to indemnify Base in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your World Titanium Shares to Base being registered by World Titanium without production of your Holder Identification Number or your Securityholder Reference Number for your World Titanium Shares;
- (m) represented and warranted to Base that, unless you have otherwise notified Base in writing, your World Titanium Shares do not consist of separate parcels of World Titanium Shares;
- (n) irrevocably authorised Base (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your World Titanium Shares to Base's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Offer;
- (o) agreed, subject to the Conditions being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that Base may consider necessary or desirable to convey your World Titanium Shares registered in your name and Rights to Base; and
- (p) agreed to accept the Base Shares to which you have become entitled by acceptance of this Offer subject to the constitution of Base and have authorised Base to place your name on its register of shareholders in respect of those Base Shares.

Unless otherwise specified in this section 10.6.2, the undertakings and authorities referred to in section 10.6.2 above will remain in force after you receive the Offer Consideration for your World Titanium Shares and after Base becomes registered as the holder of your World Titanium Shares.

10.7 Payment of consideration

10.7.1 When you will generally be paid

Subject to this section 10.7 and the Corporations Act, if you accept this Offer and the Conditions are fulfilled or freed, Base will pay you the consideration for your World Titanium Shares under this Offer within 7 Business Days after the date of your acceptance or, if at the time of your acceptance this Offer is subject to a Condition, 7 Business Days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional.

10.7.2 Payment where additional documents required

Where additional documents are required, either by the Acceptance Form or otherwise, to be given to Base with your acceptance to enable Base to become the holder of your World Titanium Shares (such as a power of attorney):

- (a) if those documents are given with your Acceptance Form, Base will provide the consideration in accordance with section 10.7.1;
- (b) if those documents are given after your Acceptance Form and before the end of the Offer Period, while this Offer **is subject** to a Condition, Base will provide the consideration due to you within 7 Business Days after any contract resulting from your acceptance of this Offer becomes, or is declared, unconditional;
- (c) if those documents are given after your Acceptance Form and before the end of the Offer Period while this Offer **is not subject** to a Condition, Base will provide the consideration due to you within 7 Business Days after that document is given; and
- (d) if those documents are given after the end of the Offer Period, Base will provide the consideration within 7 Business Days after those documents are given. However, if at the time the documents are given, the Offer is still subject to a Condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, Base will provide the consideration due to you within 7 Business Days after the Offer becomes unconditional.

10.7.3 Where Base is entitled to any Rights

If Base becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give Base all documents necessary to vest those Rights in Base or otherwise to give Base the benefit or value of those Rights. If you do not give those documents to Base, or if you have received the benefit of those Rights, then Base may deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Base) of those Rights in accordance with section 10.7. If Base does not, or cannot, make such a deduction, you must pay such value or amount to Base (as reasonably assessed by Base).

10.7.4 Issue of Base Shares

The obligation of Base to issue any Base Shares to which you are entitled will be satisfied by Base:

- (a) entering your name on the register of members of Base; and
- (b) dispatching or procuring the dispatch to you by prepaid post to your address recorded in World Titanium's register of members at open of business (Australian Western Standard Time time) on the Register Date, an uncertificated holding statement in your name. If your World Titanium Shares are held in a joint name, an uncertificated holding statement will be issued in the name of, and forwarded to, the holder whose name appears first in World Titanium's register of members at open of business (Australian Western Standard Time) on the Register Date.

10.7.5 Payment of consideration to Ineligible Foreign Shareholders

If you have accepted the Offer and you are an Ineligible Foreign Shareholder, you will receive your share of the proceeds from the sale of the Base Shares in accordance with section 10.8.

10.7.6 Clearances for certain World Titanium Shareholders

If, at the time of acceptance of this Offer, any consent, authority, clearance or approval is required for you to receive any consideration under this Offer, including (but not limited to) any authority, clearance or approval of:

- (a) the Reserve Bank of Australia (whether under the *Banking (Foreign Exchange) Regulations 1959 (Cth)* or otherwise);
- (b) the Minister for Foreign Affairs (whether under Part 4 of the *Charter of the United Nations Act 1945 (Cth)*, the *Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth)* or any other regulations made thereunders), or otherwise;
- (c) any Government Authority under Part 9 of the *Anti-Money Laundering And Counter-Terrorism Financing Act 2006 (Cth)*; or
- (d) any other person as required by any other law of Australia that would make it unlawful for Base to provide the Offer Consideration for your World Titanium Shares,

then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive (and you will not be entitled to receive) the Offer Consideration under this Offer unless and until all requisite consents, authorities or clearances have been obtained by Base.

10.8 Ineligible Foreign Shareholders

If you are an Ineligible Foreign Shareholder, you will not be entitled to receive Base Shares as the consideration for your World Titanium Shares as a result of accepting this Offer, and Base will:

- (a) arrange for the issue to a nominee approved by ASIC (**Nominee**) of the number of Base Shares to which you and all other Ineligible Foreign Shareholders would have been entitled but for section 10.1 (g) and the equivalent provision in each other offer under the Offer;
- (b) cause the Base Shares so issued to be offered for sale by the Nominee on the ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Nominee; and
- (c) cause the Nominee to pay to you the amount ascertained in accordance with the formula:

$$\frac{N \times YS}{TS}$$

where:

'N' is the amount which is received by the Nominee upon the sale of all Base Shares under this section 10.8 less brokerage and sale expenses;

'YS' is the number of Base Shares which would, but for section 10.1(g), otherwise have been issued to you; and

'TS' is the total number of Base Shares issued to the Nominee under this section 10.8.

You will receive your share of the proceeds of the sale of Base Shares by the Nominee in Australian currency.

Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders, by airmail) at the address provided on your Acceptance Form within the period required by the Corporations Act.

Under no circumstances will interest be paid on your share of the proceeds of the sale of Base Shares by the Nominee, regardless of any delay in remitting these proceeds to you.

10.9 Conditions of the Offer

Subject to section 10.10, the completion of this Offer and any contract that results from an acceptance of this Offer, are subject to the fulfilment of the conditions set out below:

10.9.1 Minimum acceptance

During or at the end of the Offer Period, Base and its associates together have a relevant interest in at least 40% of all World Titanium Shares (on an undiluted basis).

10.9.2 No prescribed occurrences

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (a) World Titanium converts all or any of its shares into a larger or smaller number of shares;
- (b) World Titanium or a subsidiary of World Titanium resolves to reduce its share capital in any way;
- (c) World Titanium or a subsidiary of World Titanium:
 - i. enters into a buy-back agreement; or
 - ii. resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) World Titanium or a subsidiary of World Titanium:
 - i. issues shares;
 - ii. grants an option over its shares; or
 - iii. agrees to make such an issue or grant such an option, other than the issue of any World Titanium Shares in connection with the exercise of Options;
- (e) World Titanium or a subsidiary of World Titanium issues, or agrees to issue, convertible notes;

- (f) World Titanium or a subsidiary of World Titanium disposes, or agrees to dispose of the whole, or a substantial part, of its business or property;
- (g) World Titanium or a subsidiary of World Titanium charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) World Titanium or a subsidiary of World Titanium resolves to be wound up;
- (i) a liquidator or provisional liquidator of World Titanium or of a subsidiary of World Titanium is appointed;
- (j) a court makes an order for the winding up of World Titanium or of a subsidiary of World Titanium;
- (k) an administrator of World Titanium or of a subsidiary of World Titanium is appointed under sections 436A, 436B or 436C of the Corporations Act;
- (l) World Titanium or a subsidiary of World Titanium executes a deed of company arrangement; or
- (m) a receiver or a receiver and manager is appointed in relation to the whole, or a substantial part, of the property of World Titanium or a subsidiary of World Titanium;

10.9.3 Non-existence of certain rights

No person has any right (whether subject to conditions or not) as a result of Base acquiring World Titanium Shares to:

- (a) acquire, or require World Titanium or a subsidiary of World Titanium to dispose of, or offer to dispose of, any material asset of World Titanium or a subsidiary of World Titanium; or
- (b) terminate or vary any material agreement with World Titanium or a subsidiary of World Titanium.

10.9.4 Conduct of business in the ordinary course

Between the Announcement Date and the end of the Offer Period (each inclusive), World Titanium's business and the business of World Titanium's subsidiaries is carried on in the ordinary course.

10.9.5 Acquisitions, disposals and other matters

Between the Announcement Date and the end of the Offer Period (each inclusive), neither World Titanium nor any of its subsidiaries:

- (a) acquires or disposes of, or enters into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any corporate transaction, which would or would be likely to involve a material change in:
 - i. the manner in which World Titanium conducts its business;
 - ii. the nature (including balance sheet classification), extent or value of the assets of World Titanium; or
 - iii. the nature (including balance sheet classification), extent or value of the liabilities of World Titanium, including, without limitation, any

transaction which would or (subject to one or more conditions) may involve:

- a. World Titanium or any of its subsidiaries acquiring, or agreeing to acquire, one or more companies, businesses or assets for an amount in aggregate greater than \$2 million; or
 - b. World Titanium or any subsidiary of World Titanium disposing, or agreeing to dispose of any interest in the Toliara Project;
- (b) enters into or materially amends any material employment, consulting, severance or similar agreement or arrangement with officers, directors, other executives or employees of World Titanium or a subsidiary of World Titanium or otherwise materially increasing compensation or benefits, or accelerating compensation or benefits, for any of the above;
- (c) declares, agrees to pay or becomes liable to pay a material bonus (or similar remuneration based incentive payment) to any director, officer, employee, consultant or contractor of any member of the World Titanium Group, other than pursuant to
- i. a resolution of the World Titanium Board passed before 30 June 2014; or
 - ii. a contract or arrangement entered into before 30 June 2014 (but not pursuant to an amendment to such contract or arrangement made after 30 June 2014); and
- (d) materially varies, amends or modifies any material contract, or enters into, offers to enter into, or announces that it proposes to enter into, any material joint venture, asset or profit sharing, partnership, royalty, commodity pre-purchase, offtake or mineral streaming agreement or makes an announcement in relation to such a commitment.

10.9.6 No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- (b) no action or investigation is announced, commenced or threatened by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Base or any of its associates),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which:

- (d) restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of any transaction contemplated by the Pre-Bid Acceptance Agreement and the Bidder's Statement; or
- (e) requires the divestiture by Base of any World Titanium or any material assets of World Titanium or any subsidiary of World Titanium.

10.9.7 No distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), World Titanium does not announce, make, determine as payable or declare, or announce an intention to make, determine as payable or declare any distribution, declare or pay any distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) or agree to do any of the foregoing.

10.10 Nature and benefit of Conditions

The Conditions in section 10.9 are conditions subsequent. The non-fulfilment of any Condition does not, until the end of the Offer Period (or in the case of the Condition in section 10.9.2, until the end of the third Business Day after the end of the Offer Period), prevent a contract to sell World Titanium Shares from arising, but non-fulfilment of any of those conditions will have the consequences set out in section 10.12.

Subject to the Corporations Act, Base alone is entitled to the benefit of the Conditions, or to rely on any nonfulfilment of any of them.

Each Condition is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other condition.

10.11 Freeing the Offer of Conditions

Base may free this Offer, and any contract resulting from its acceptance, from all or any of the Conditions either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to World Titanium and to the ASX declaring this Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act.

This notice may be given:

- (a) in the case of the no prescribed occurrences condition, not later than 3 Business Days after the end of the Offer Period; and
- (b) in the case of all the other Conditions, not less than 7 days before the end of the Offer Period.

10.12 Contract void if Conditions not fulfilled

Your acceptance of this Offer, and any contract resulting from your acceptance of this Offer, will be automatically void if:

- (a) at the end of the Offer Period, any of the Conditions are not fulfilled; and
- (b) Base has not declared this Offer and any contract resulting from your acceptance of it free from the Conditions in accordance with section 10.11.

10.13 Official quotation of Base Shares

Base has been admitted to the official list of the ASX. Shares of the same class as those to be issued as consideration have been granted official quotation by the ASX.

An application will be made within 7 days after the start of the bid period to the ASX for the granting of official quotation of the Base Shares to be issued in accordance with the Offer. However, official quotation is not granted automatically on application.

Pursuant to the Corporations Act, this Offer and any contract that results from your acceptance of it are subject to a condition that permission for admission to official quotation by the ASX of the Base Shares to be issued pursuant to the Offer being granted no later than 7 days after the end of the bid period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Offers will be automatically void.

10.14 Notice on status of Conditions

So that World Titanium Shareholders know the status of the Conditions (i.e. whether they have been freed or fulfilled), the Corporations Act prescribes that notice of the status of the Conditions must be given towards the end of the Offer Period.

The date for giving the notice on the status of the Conditions required by section 630(1) of the Corporations Act is 30 January 2015 (subject to extension in accordance with section 630(2) if the Offer Period is extended).

10.15 Withdrawal of this Offer

This Offer may be withdrawn with the consent in writing of ASIC, which consent may be subject to conditions. If ASIC gives such consent, Base will give notice of the withdrawal to the ASX and to World Titanium and will comply with any other conditions imposed by ASIC.

If, at the time this Offer is withdrawn, all the Conditions have been freed, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time this Offer is withdrawn, the Offer remains subject to one or more of the conditions in section 10.9, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant conditions have occurred).

A withdrawal pursuant to this section 10.15 will be deemed to take effect:

- (a) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
- (b) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

10.16 Variation of this Offer

Base may vary this Offer in accordance with the Corporations Act.

10.17 Governing laws

This Offer and any contract that results from your acceptance of it are to be governed by the laws in force in Western Australia, Australia.