



WORLD TITANIUM RESOURCES

World Titanium Resources Limited

ABN 21 120 723 426

Half-Year Financial Report

31 December 2014

World Titanium Resources Limited ACN 120 723 426
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This interim financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of World Titanium Resources Limited released to ASX on 30 September 2014 for the financial year ended 30 June 2014 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

World Titanium Resources Limited ACN 120 723 426

Directors' Report

The directors present their report on the consolidated entity consisting of World Titanium Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

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

Mr. Nicholas Limb	(Non-Executive Chairman)
Mr. Jeffrey W Williams	(Chief-Executive Officer)
Mr. Ian Ransome	(Non-Executive director)
Mr. Michael Cuthbert	(Non-Executive director)

Review and Results of Operations

The consolidated entity incurred a loss after tax for the half-year of \$1,966,651 (2013: \$2,820,232). Exploration and technical studies expenditure for the half year amounted to \$976,216 (2013:\$1,025,409).

Management continues to focus on processing techniques and alternative engineering and development methods to develop the project at Ranobe and remains hopeful of reducing the current capital expenditure for the project to well below US\$200m.

With a view to improving processing efficiency, World Titanium Resources again engaged Allied Mineral Laboratories Limited (AML) of Perth to conduct additional test work on Ranobe heavy mineral sand material to investigate the potential of incorporating dry separation techniques to reject free quartz (silica tailings). The results demonstrated that Ranobe material was amenable to air table separation and thus there was potential to reduce capital and operating costs.

Coastal and Environmental Services, a South African environmental consultancy with extensive experience in mineral sands and other mining projects in Africa continued to advance the environmental approval process for Ranobe. During the half-year, a series of meetings with the relevant authorities has taken place. As part of the evaluation process, The National Office of Environment (ONE) has also held Public Participation meetings in the township of Toliara and at the 4 communes affected by the Ranobe mineral sands project and completed the public consultation process for the Environmental and Social Impact Assessment (ESIA). Technical meetings between ONE and the project team have been held to ensure the ESIA process has addressed all the public's concerns. The Company anticipates global environmental approval before 15 June 2015.

Management is continuing to progress in the engineering design and reduction of overall capital costs and at the same time seeking off-take for its ilmenite product. During the half-year, discussions with financial institutions to support project development in 2015 have been held and feedback has been positive.

Our Coastal and Marine engineering consultant, BMT JFA, of Perth was again re-engaged to continue assessing our needs for the port to deliver a minimum of 400,000 tonnes of ilmenite per year. BMT JFA started with the preparation of a reference design and are in the process of sending requests for expressions of interest to prospective Contractors with the capabilities to build our port.

In addition to its existing community development programs, the Company continued to support the local community by supporting the nursery project and the visit of Doctors for Africa in Antananarivo and the town of Tulear in October and November 2014.

By end of December 2014, an unsolicited hostile bid was made by Base Resources Limited to acquire at least 40% of WTR's issued capital. More than 60% of the shareholders rejected the bid.

In order to progress the Ranobe Project by completing the environmental approvals and further engineering, infrastructure and port studies, the Board of WTR has approved an equity raising of up to approximately \$4.2 million before costs comprising a 1 for 3 non-renounceable pro-rata Entitlement Offer at an offer price of 3.5 cents per share. The process has started on 12 March 2015 and is expected to be completed by end April 2015.

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

World Titanium Resources Limited ACN 120 723 426

Directors' Report

Toliara Sands Project

World Titanium Resources (ASX: WTR) is an Australian listed mineral sands company that owns 100% of the Tier 1 Toliara Sands Project in Madagascar.

As background, the Company received the two Mining Licenses for the Ranobe Project on 27 April 2012. Each of the License's has a term of 40 years and is renewable. Current resources and reserves for the deposit prepared by McDonald Speijers and Associates (see release dated 9th August 2012; Ranobe Mine – Significant Resource Increase) are stated below.

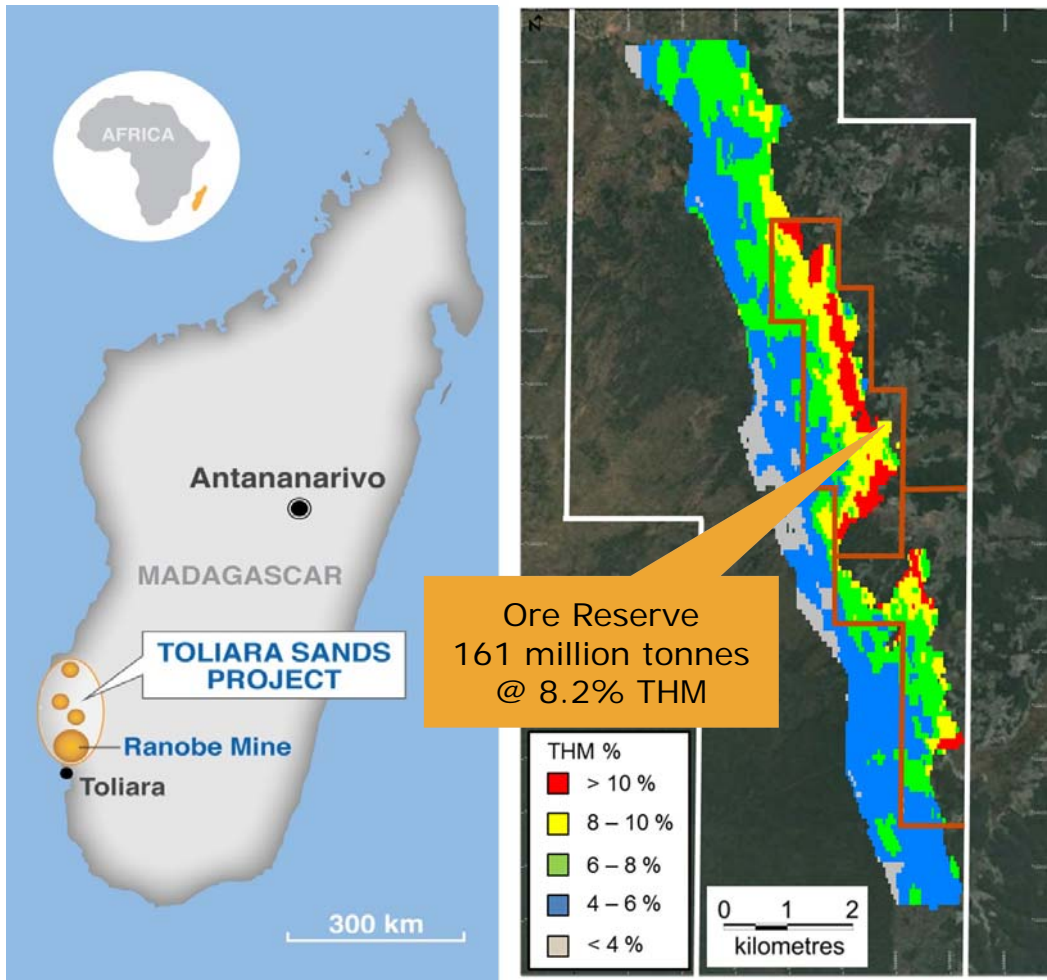
Resources for the Ranobe Deposit at a 3% THM cutoff.

Ore 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

Reserve at Ranobe based on current starter pit design

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

Investors are cautioned that the information prepared for both releases dated 28 August 2012; Results of Completed Definitive Engineer Study for the Ranobe Mine, and the see release dated 9 August 2012; Ranobe Mine – Significant Resource Increase were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Similarly the material assumptions underpinning the production target have not changed, and remain valid since it was last reported.



Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors.

Jeffrey Williams

Chief Executive Officer

Perth, Western Australia
 13 March 2015

Competent Person Statement

Ian Ransome, B.Sc. (Hons) Geology, Pr.Sci.Nat., a Director of the Company, who is a registered geological scientist with the South African Council for Natural Scientific Professions (SACNASP), and has sufficient experience which is relevant to the styles of mineralisation and types of deposits under consideration, and is thus a Qualified Person in terms of the JORC Code, has reviewed and consented to the inclusion of the scientific and technical information contained in this report.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of World Titanium Resources Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

**Perth, Western Australia
13 March 2015**



**W M Clark
Partner**

World Titanium Resources Limited ACN 120 723 426
**Condensed Consolidated Statement of Profit or Loss and other
Comprehensive Income**
For the Half-Year Ended 31 December 2014

	Half-Year Ended 31 December	
	2014	2013
	\$	\$
Revenue and other income from continuing operations	36,755	26,974
Employee benefits expense	(637,137)	(1,019,123)
Share-based payments expense	(9,598)	(39,415)
Exploration and evaluation expense	(976,216)	(1,025,409)
Professional services expense	(129,192)	(325,461)
Administration expense	(197,665)	(325,280)
Depreciation	(25,355)	(29,639)
Travel expense	(57,126)	(102,815)
Foreign currency gain	28,883	19,986
Loss before income tax	(1,966,651)	(2,820,182)
Income tax expense	-	(50)
Loss for the half-year	(1,966,651)	(2,820,232)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	35,612	33,684
Total other comprehensive income for the half year	35,612	33,684
Total comprehensive loss for the half-year attributable to the members of World Titanium Resources Limited	(1,931,039)	(2,786,548)
Basic/diluted loss per share (cents per share)	(0.54)	(0.82)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Condensed Consolidated Statement of Financial Position
As at 31 December 2014

	Notes	31 December 2014 \$	30 June 2014 \$
ASSETS			
Current assets			
Cash and cash equivalents		1,333,331	2,847,988
Trade and other receivables		184,929	565,196
Inventories		6,187	5,914
Other current assets		10,880	56,764
Total current assets		<u>1,535,327</u>	<u>3,475,862</u>
Non-current assets			
Trade and other receivables		352,725	352,725
Plant and equipment		161,944	178,486
Total non-current assets		<u>514,669</u>	<u>531,211</u>
TOTAL ASSETS		<u>2,049,996</u>	<u>4,007,073</u>
LIABILITIES			
Current liabilities			
Trade and other payables		167,628	203,264
Total current liabilities		<u>167,628</u>	<u>203,264</u>
TOTAL LIABILITIES		<u>167,628</u>	<u>203,264</u>
NET ASSETS		<u>1,882,368</u>	<u>3,803,809</u>
EQUITY			
Issued Capital	3 (i)	26,858,376	26,858,376
Reserves	3 (ii)	2,471,290	2,426,080
Accumulated losses		<u>(27,447,298)</u>	<u>(25,480,647)</u>
TOTAL EQUITY		<u>1,882,368</u>	<u>3,803,809</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Condensed Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2014

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
2014				
Balance at 1 July 2014	26,858,376	2,426,080	(25,480,647)	3,803,809
Loss for the half-year	-	-	(1,966,651)	(1,966,651)
Other comprehensive income	-	35,612	-	35,612
Total comprehensive income/(loss) for the half-year	-	35,612	(1,966,651)	(1,931,039)
Share-based payments	-	9,598	-	9,598
Balance at 31 December 2014	26,858,376	2,471,290	(27,447,298)	1,882,368
2013	\$	\$	\$	\$
Balance at 1 July 2013	21,292,776	2,330,574	(21,216,386)	2,406,964
Loss for the half-year	-	-	(2,820,232)	(2,820,232)
Other comprehensive income	-	33,684	-	33,684
Total comprehensive income/(loss) for the half-year	-	33,684	(2,820,232)	(2,786,548)
Share issue	5,565,600	-	-	5,565,600
Share-based payments	-	108,833	-	108,833
Balance at 31 December 2013	26,858,376	2,473,091	(24,036,618)	5,294,849

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Condensed Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2014

	Half-year Ended 31 December	
	2014	2013
	\$	\$
Cash flows from operating activities		
Interest received	36,755	26,974
Payments to suppliers and employees	(1,573,919)	(3,507,384)
Net cash used in operating activities	<u>(1,537,164)</u>	<u>(3,480,410)</u>
Cash flows from investing activities		
Movement in receivable – subsidiary sale installments	24,943	27,725
Payments for property, plant and equipment	(2,436)	(15,522)
Net cash inflows from investing activities	<u>22,507</u>	<u>12,203</u>
Cash flows from financing activities		
Share issue proceeds	-	5,850,000
Costs of share issue	-	(214,982)
Net cash inflows from financing activities	<u>-</u>	<u>5,635,018</u>
Net (decrease)/increase in cash and cash equivalents	(1,514,657)	2,166,811
Cash and cash equivalents at the beginning of the half-year	2,847,988	2,210,474
Cash and cash equivalents at the end of the half-year	<u>1,333,331</u>	<u>4,377,285</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2014

1 Significant Accounting Policies

(a) Statement of compliance

These general purpose financial statements for the interim reporting period ended 31 December 2014 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 Interim Financial Reporting.

This interim financial report is intended to provide users with an update of the latest annual financial statements of World Titanium Resources Limited and its controlled entities (the Group). As such, it does not include all the notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of World Titanium Resources Limited for the year ended 30 June 2014, together with any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of preparation

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

For the purpose of preparing the interim report, the half-year has been treated as a discreet reporting period.

(c) Significant accounting judgements and key estimates

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

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2014.

(d) Adoption of new and revised accounting standards

In the half-year ended 31 December 2014, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2014.

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

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2014. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies.

(e) Going concern

The financial report has been prepared on a going concern basis of accounting which assumes the settlement of liabilities and the realisation of assets in the normal course of business. For the period ended 31 December 2014, the Group incurred a loss of \$1,966,651 (2013: loss of \$2,820,232) and at period end the Group had a working capital surplus of \$1,367,699 (June 2014: \$3,272,598) including a cash and cash equivalents balance of \$1,333,331 (June 2014: \$2,847,988). Within the next 12 months, the Directors project to raise additional funds to finance exploration and ongoing working capital. During the year ended 30 June 2014, the Company successfully raised share capital of \$5,565,600 (after costs). The directors believe that the Group will be able to obtain sufficient funding as and when required.

Notes to the Condensed Consolidated Financial Statements (Cont.)

For the Half-Year Ended 31 December 2014

(f) Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements as at 30 June 2014.

2 Operating Segments

Identification of reportable segments

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

The Group is managed primarily on the basis of minerals sands projects in Madagascar and other exploration activities. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the other aggregation criteria of AASB 8 Operating Segments.

Activity by segment

Mineral Sands

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

	Mineral Sands	Unallocated	Total
	\$	\$	\$
(i) Segment performance			
Half-Year Ended 31 December 2014			
Total segment revenue	7,270	29,485	36,755
Segment result	<u>(966,341)</u>	<u>(1,000,310)</u>	<u>(1,966,651)</u>
Half-Year Ended 31 December 2013			
Total segment revenue	-	26,974	26,974
Segment result	<u>(1,726,490)</u>	<u>(1,093,742)</u>	<u>(2,820,232)</u>
	Mineral Sands	Unallocated	Total
	\$	\$	\$
(ii) Segment assets			
31 December 2014			
Segment assets	<u>339,278</u>	<u>1,710,718</u>	<u>2,049,996</u>
30 June 2014			
Segment assets	<u>751,357</u>	<u>3,255,716</u>	<u>4,007,073</u>

Notes to the Condensed Consolidated Financial Statements (Cont.)

For the Half-Year Ended 31 December 2014

3 Issued Capital and Reserves

(i) Issued Capital

Ordinary shares – fully paid

31 December 2014	30 June 2014
\$	\$
26,858,376	26,858,376

	Half-Year Ended 31 December 2014		Half-Year Ended 31 December 2013	
	No. of Shares	\$	No. of Shares	\$
Balance at the start of the half-year	362,006,589	26,858,376	317,006,589	21,292,776
Share issue - private placement	-	-	25,000,000	3,250,000
Share issue – private placement	-	-	20,000,000	2,600,000
Cost associated with capital raising	-	-	-	(284,400)
Balance at the end of the half-year	362,006,589	26,858,376	362,006,589	26,858,376

(ii) Reserves

Foreign currency translation reserve

Share-based payments reserve

31 December 2014	30 June 2014
\$	\$
429,201	393,589
2,042,089	2,032,491
2,471,290	2,426,080

(iii) Movements in reserves

(a) Foreign currency translation reserve

Balance at the start of the half-year

Currency translation differences arising during the half-year

Balance at the end of the half-year

Half-Year Ended 31 December	
2014	2013
\$	\$
393,589	416,392
35,612	33,684
429,201	450,076

(b) Share-based payments reserve

Balance at the start of the half-year

Options issued to directors and consultants

Balance at the end of the half-year

2,032,491	1,914,182
9,598	108,833
2,042,089	2,023,015

(iv) Share Options on Issue

Balance at the start of the half-year

Options issued to directors and consultants

Options lapsed

Balance at the end of the half-year

2014 Number	2013 Number
21,691,667	24,725,000
2,000,000	1,500,000
-	(3,033,333)
23,691,667	23,191,667

4 Financial Instruments

The Directors consider that the carrying value of the financial assets and financial liabilities as recognised in the condensed consolidated statement of financial position approximate their fair values.

World Titanium Resources Limited ACN 120 723 426
Notes to the Condensed Consolidated Financial Statements (Cont.)
For the Half-Year Ended 31 December 2014

5 Subsequent Events

In order to progress the Ranobe Project by completing the environmental approvals and further engineering, infrastructure and port studies, the Board of WTR has approved an equity raising of up to approximately \$4.2 million before costs comprising a 1 for 3 non-renounceable pro-rata Entitlement Offer at an offer price of 3.5 cents per share. The process has started on 12 March 2015 and is expected to be completed by end April 2015.

Apart from the above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

6 Contingent Liabilities

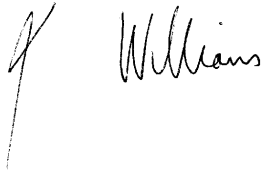
There has been no change in contingent liabilities since the last annual reporting date.

World Titanium Resources Limited ACN 120 723 426
Directors' Declaration

In the opinion of the directors of World Titanium Resources Limited:

- a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors.



Jeffrey Williams
Chief Executive Officer

Perth, Western Australia
13 March 2015

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of World Titanium Resources Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of World Titanium Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



HLB Mann Judd
Chartered Accountants



W M Clark
Partner

Perth, Western Australia
13 March 2015