



WORLD TITANIUM RESOURCES

World Titanium Resources Limited
ABN 21 120 723 426

Entitlement Offer Booklet

For a 1 for 3 non-renounceable Entitlement Offer of
New Shares at 3.5 cents each
with the ability to apply for additional shares

This is an important document and you should read it in its entirety. If you are in any doubt about how to deal with this document, please consult your stockbroker or other professional adviser.

Important Information

This Booklet and your enclosed personalised Entitlement and Acceptance Form ("Information") have been prepared by World Titanium Resources Limited ABN 21 120 723 426 ("World Titanium"). This Information is dated 19 March 2015. No party other than World Titanium has authorised or caused the issue of this Information, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information. All dollar values in this Booklet are in Australian dollars (A\$).

You should read this Information carefully and in its entirety before deciding whether to invest in World Titanium. In particular, you should refer to section in this document headed "Risk Factors" that could affect the operating and financial performance of World Titanium or the value of an investment in World Titanium.

The offer is being made without a prospectus in accordance with section 708AA of the Corporations Act. The Information is not a prospectus or any other form of disclosure document regulated by the Corporations Act and has not been lodged with ASIC. It is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Information does not purport to contain all the information that you may require to evaluate an investment in World Titanium.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the offer, you should contact your stockbroker, accountant or other professional adviser.

This Information does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of this Information (including an electronic copy) outside Australia, New Zealand, Luxembourg, Mauritius, United Kingdom, Switzerland, Hong Kong, Singapore and Belgium is restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions.

Summary of the Entitlement Offer

Offer Price	3.5 cents per New Share
Your entitlement	1 share for every 3 shares held on the Record Date with the ability for eligible shareholders to apply for additional shares in excess of their entitlement

Key Dates*

Record Date	7.00 pm on 18 March 2015
Entitlement Offer opens	23 March 2015
Entitlement Offer closes	5.00 pm on 13 April 2015
Issue of New Shares under the Entitlement Offer	20 April 2015
Despatch of holding statements	20 April 2015
Normal trading of New Shares issued under the Entitlement Offer expected to commence on ASX	21 April 2015

*Dates and times are indicative only and subject to change. All times refer to Melbourne time.

World Titanium reserves the right to modify these dates without prior notice subject to the ASX Listing Rules.

Enquiries

For any enquiries please call Boardroom Pty Limited as Share Registry on 1300 737 760 (within Australia) or +61 2 9290 6300 (outside Australia), or contact your stockbroker, accountant or other professional adviser.



19 March 2015

Dear Shareholder

World Titanium Capital Raising – Entitlement Offer

As advised to shareholders on 12 March 2015, on behalf of World Titanium Resources Limited, I am pleased to invite you to participate in a 1 for 3 non-renounceable pro-rata Entitlement Offer of World Titanium shares ("New Shares") at an offer price of 3.5 cents per New Share (the "Entitlement Offer") to raise up to approximately \$4.2 million before costs.

The structure of the capital raising is in the form of a pro-rata Entitlement Offer, providing the opportunity for all eligible shareholders to participate. The offer price of 3.5 cents per New Share represents a discount of 23.91% to the price of World Titanium shares as at the close of trading on 10 March 2015, being the last day of trading of World Titanium shares before the Entitlement Offer was announced.

World Titanium is also pleased to advise that its three largest shareholders have each provided a commitment to subscribe for their full entitlements under the Entitlement Offer totalling approximately \$2.48 million as follows: Boule Titanium Ltd (currently 20.37% shareholder): 24,575,020 New Shares, representing a commitment totalling approximately \$860,000; Mineral Deposits Limited (through its nominee) (currently 19.10% shareholder): 23,046,042, New Shares, representing a commitment totalling approximately \$807,000; and African Minerals Exploration & Development (AMED) Fund II SICAR (through its nominee) (currently 19.27% shareholder): 23,255,039 New Shares, representing a commitment totalling approximately \$814,000.

World Titanium intends to use the proceeds from the Entitlement Offer to progress the 100% owned Ranobe mineral sands project in Madagascar by gaining final environmental approvals and seek revised capital estimates for associated infrastructure including the port and processing facilities. Further details are available in the December quarterly report and Target's Statement released to the ASX on 16 January 2015. For a summary of the key risks that could affect the operating and financial performance of World Titanium or the value of an investment in World Titanium, please refer to the "Risk Factors" section of this Booklet.

You will find enclosed your personalised Entitlement and Acceptance Form which details your entitlement, to be completed in accordance with the instructions provided on the form if you wish to participate. You may also apply for additional New Shares in excess of your entitlement. You should refer to the Entitlement and Acceptance Form for details on how to apply.

If any Shortfall remains, the directors have reserved the right to place any shortfall in their discretion until 3 months after the close of the Entitlement Offer. The Entitlement Offer is not underwritten.

The Entitlement Offer closes at **5.00pm (Melbourne time) on Monday, 13 April 2015**. To participate in the Entitlement Offer, applications must be received by no later than this time. If you do not take up your entitlement, you will not receive any value in respect of your entitlements which will lapse.

On behalf of your directors, I invite you to consider this investment opportunity.

Yours sincerely,

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

Nic Limb
Chairman

1 How to apply

If you wish to take up all or part of your entitlement

If you wish to take up all or part of your entitlement you can do either of the following:

Payment by BPAY

If you wish to pay by BPAY, please follow the instructions on your personalised Entitlement and Acceptance Form. You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full entitlement, you are deemed to have taken up your entitlement in respect of such whole number of New Shares which is covered in full by your application monies.

It is your responsibility to ensure that your BPAY payment is received by the share registry by no later than 5.00pm (Melbourne time) on Monday, 13 April 2015.

Payment by cheque, bank draft or money order

If you wish to pay by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the Form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the application monies, payable to "World Titanium Resources Limited" and crossed "Not Negotiable".

Your cheque, bank draft or money order must be:

- for an amount equal to 3.5 cents multiplied by the number of New Shares that you are applying for; and
- in Australian currency drawn on an Australian branch of a financial institution.

Cash payments will not be accepted. Receipts for payment will not be issued.

Shareholders who make payment via cheque, bank draft or money order should mail their completed personalised Entitlement and Acceptance Form together with application monies using the reply paid or self-addressed envelope provided with this Booklet to:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Australia

If you wish to apply for additional New Shares in excess of your entitlement

If you wish to apply for additional New Shares in excess of your entitlement, please complete your personalised Entitlement and Acceptance Form accordingly and follow the instructions set out on it or above.

Your application for additional New Shares may not be successful (wholly or partially). The decision in relation to the number of additional New Shares in excess of your entitlement to be allocated to you will be final. No interest will be paid on any application monies received and returned.

Further information

Applicants with queries on how to complete the Entitlement and Acceptance Form should contact Boardroom Pty Limited as Share Registry on 1300 737 760 (within Australia) or +61 2 9290 6300 (outside Australia).

2 Additional Information

2.1 Issue of New Shares

Under the Entitlement Offer, World Titanium shareholders are being given the opportunity to subscribe for 1 New Share for every 3 Shares held as at 7.00pm on the Record Date of 18 March 2015, at the offer price of 3.5 cents per New Share.

The New Shares are expected to be issued, and holding statements despatched, on 20 April 2015. It is the responsibility of shareholders applying for New Shares to determine their allocation of New Shares prior to trading in those shares. Shareholders who purport to sell their New Shares before they receive their holding statement do so at their own risk. World Titanium disclaims any liability to persons who trade in New Shares before receiving their holding statements.

2.2 Capital Structure

The following sets out World Titanium's capital structure both pre and post the successful completion of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed).

Shares on issue as at the date of the Entitlement Offer Booklet	362,006,589
New Shares to be issued under the Entitlement Offer (maximum)	120,668,863
Total shares on issue after Entitlement Offer (maximum)	482,675,452
Options on issue as at the date of the Entitlement Offer Booklet	28,225,000

2.3 Rights attaching to New Shares

The New Shares will rank equally in all respects with all existing issued shares in World Titanium. A shareholding in World Titanium is held subject to World Titanium's constitution, a copy of which is available for inspection at World Titanium's registered office. In particular, shareholders are entitled to receive notices of and attend and vote at general meetings where they have one vote on a show of hands and one vote per share on a poll. Subject to World Titanium's constitution, the Corporations Act and the ASX Listing Rules, New Shares are freely transferable. World Titanium is presently admitted to the official list of the ASX and its Shares are quoted on the ASX. World Titanium has applied for the grant by ASX of official quotation of the New Shares.

2.4 Top-Up Facility

Eligible shareholders may, in addition to taking up their entitlements in full, apply for additional New Shares ("Additional Shares") in excess of their entitlement ("Top-Up Facility"). Additional Shares will only be available where there is a shortfall between applications received from eligible shareholders and the number of New Shares proposed to be issued under the Entitlement Offer ("Shortfall"). Additional Shares will be issued at the offer price of 3.5 cents per New Share.

World Titanium proposes to adopt the following allocation policy for Additional Shares subscribed pursuant to the Top-Up Facility:

- If there is a Shortfall, each eligible shareholder who has applied for Additional Shares through the Top-Up Facility will be entitled to be allocated their pro-rata share of the Shortfall having regard to their holdings at the Record Date (if a holder has made an application for Additional Shares for an amount less than the amount of Additional Shares that the holder would otherwise be allocated under this process, the holder will be allocated the amount applied for).
- If, following allocation of the Shortfall in the first round, there remains any Shortfall, the above allocation process will be repeated in rounds until either all the Shortfall has been allocated or all applications for Additional Shares have been satisfied in full.

For avoidance of doubt the Corporations Act limits apply to the acquisition of Additional Shares through the Top-Up Facility.

- If any Shortfall remains following the above allocation process, the directors of the World Titanium reserve their discretion to place the remaining Shortfall within 3 months following the close of the Entitlement Offer.

Accordingly, eligible shareholders who apply for Additional Shares may be allocated a lesser number of Additional Shares than applied for in which case excess application money will be refunded without interest. If you wish to subscribe for Additional Shares in addition to your Entitlement then you should nominate the maximum number of Additional Shares you wish to subscribe for on the Entitlement and Acceptance Form and make corresponding payment for your full Entitlement plus the Additional Shares (at 3.5 cents per Additional Share).

2.5 Effect of the Entitlement Offer

The potential affect the Entitlement Offer will have on the control of World Titanium is as follows:

- If all eligible shareholders take up their entitlements under the Entitlement Offer, then the Entitlement Offer will have no effect on the control of World Titanium. If some eligible shareholders do not take up all of their entitlements under the Entitlement Offer, then the interests of those eligible shareholders will be diluted.
- The proportional interests of shareholders who are not eligible shareholders will be diluted because such shareholders are not entitled to participate in the Entitlement Offer.
- World Titanium's three largest shareholders, Boule Titanium Ltd ("Boule Titanium"), ZTF Investments Pty Ltd (as nominee for Mineral Deposits Limited) ("MDL") and African Minerals Exploration & Development (AMED) Fund II SICAR (through its nominee) ("AMED") have each provided a commitment to subscribe for their full entitlements under the Entitlement Offer based on their current holdings outlined in the table below.

The maximum voting power of all known substantial shareholders of World Titanium at the date of this notice based on the following assumptions (although none of these matters have yet been determined) both currently and following the Entitlement Offer is set out in the table below:

- there is no change to the below shareholdings prior to the close of the Entitlement Offer;
- no other eligible shareholder, other than Boule Titanium, MDL and AMED, take up their entitlement under the Entitlement Offer; and
- none of Boule Titanium, MDL or AMED apply for any Additional Shares under the Top-Up Facility (noting that the Corporations Act limits apply to the acquisition of Additional Shares through the Top-Up Facility).

Substantial shareholder	Current number of shares over which holder has voting power	Current voting percentage	Maximum possible number of shares over which holder may have voting power following the Entitlement Offer	Maximum possible voting percentage
Boule Titanium Ltd	73,725,060	20.73%	98,300,080	22.71%
ZTF Investments Pty Ltd (as nominee for Mineral Deposits Limited)	69,138,124	19.10%	92,184,166	21.30%
African Minerals Exploration & Development (AMED) Fund II SICAR (through its nominee)	69,765,116	19.27%	93,020,155	21.49%
J P Morgan Nominees Australia Limited	25,305,389	6.99%	25,305,389	5.85%

2.6 Continuous disclosure

World Titanium is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations including an obligation under the ASX Listing Rules (subject to certain exceptions) to disclose to ASX any information of which it is or becomes aware concerning World Titanium and which a reasonable person would expect to have a material effect on the price or the value of shares. All such disclosures are available at www.asx.com.au. You have the opportunity to access any information about World Titanium which has previously been disclosed to ASX. In particular, please refer to World Titanium's Annual Report for the year ended 30 June 2014 that was released to ASX on 30 September 2014. You should also have regard to any further announcements which may be made by World Titanium to ASX after the date of this Entitlement Offer Booklet.

2.7 Past performance

The past share performance of World Titanium Shares provides no guidance as to future price performance.

2.8 Future performance and forward looking statements

Neither World Titanium nor any other person warrants or guarantees the future performance of the New Shares or any return on any investment made pursuant to this Information. Forward looking statements, opinions and estimates provided in the Information are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

In particular, forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of World Titanium and its directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in the Information.

2.9 Taxation

Each person's position is different and taxation consequences will depend on each person's particular circumstances. You should seek and rely on your own independent taxation advice concerning your taxation position in relation to an investment made pursuant to this Information.

2.10 Treatment of Excluded Shareholders

This Booklet and Entitlement and Acceptance Form are being sent only to shareholders with registered addresses in Australia, New Zealand, Luxembourg, Mauritius, United Kingdom, Switzerland, Hong Kong, Singapore and Belgium, and will not be sent to and does not constitute an offer in any other jurisdiction. World Titanium is of the view that it is unreasonable to extend the offer to other shareholders ("Excluded Shareholders") having regard to their small number and the value of shares which would be offered to them and the cost of complying with the legal requirements and requirements of the regulatory authorities in those overseas jurisdictions.

However, in accordance with section 615 of the Corporations Act, World Titanium will appoint an ASIC approved nominee (the "Nominee") to arrange for the sale on ASX of the New Shares which may have been issued to Excluded Shareholders. The Nominee will be instructed to direct the net proceeds (if any, after deduction of the offer price and the costs of sale) to Boardroom Pty Limited to facilitate pro rata payments of any net proceeds to Excluded Shareholders.

The Nominee will have the absolute and sole discretion to determine the timing and the price at which the New Shares issued to it may be sold and the manner in which any sale is made. Any interest earned on the proceeds of the sale of these New Shares will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to World Titanium.

The proceeds of sale (if any) will be paid in Australian dollars to the Excluded Shareholders for whose benefit the New Shares have been sold in proportion to their shareholdings (after deducting brokerage, commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by World Titanium for distributing those proceeds, such proceeds may be retained by World Titanium.

Notwithstanding that the Nominee may sell New Shares, Excluded Shareholders may nevertheless receive no net proceeds if the offer price plus the costs of the sale are greater than the sale proceeds. Neither World Titanium nor the Nominee will be liable for a failure to obtain any net proceeds, or to sell New Shares at any particular price.

2.11 Foreign Jurisdictions

The distribution of this Booklet in jurisdictions outside Australia, New Zealand, Luxembourg, Mauritius, United Kingdom, Switzerland, Hong Kong, Singapore and Belgium may be restricted by law and persons who come into possession of this Booklet outside the above jurisdictions should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

This Booklet does not constitute an offer or invitation in any place outside Australia, New Zealand, Luxembourg, Mauritius, United Kingdom, Switzerland, Hong Kong, Singapore and Belgium. No action has been taken to register or qualify the New Shares or to otherwise permit an offering of the New Shares outside Australia.

New Zealand

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of World Titanium with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the Financial Markets Conduct Act 2013 (New Zealand) and the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

European Economic Area - Belgium and Luxembourg

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID");
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID;
- to fewer than 150 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of World Titanium or any underwriter for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by World Titanium of a prospectus pursuant to Article 3 of the Prospectus Directive.

Mauritius

In accordance with The Securities Act 2005 of Mauritius, no offer of the New Shares may be made to the public in Mauritius without the prior approval of the Mauritius Financial Services Commission. Accordingly this offer is being made on a private placement basis only and does not constitute a public offering. As such, this document has not been approved or registered by the Mauritius Financial Services Commission and is for the exclusive use of the person to whom it is addressed. The document is confidential and should not be disclosed or distributed in any way without the express written permission of World Titanium.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to fewer than 150 persons (other than "qualified investors" (within the meaning of section 86(7) of FSMA)) in the United Kingdom, and the Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to World Titanium.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares may not be issued, circulated or distributed, nor may these securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of World Titanium's shares. In the event that you are not such a shareholder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

2.12 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

2.13 Risk Factors

In considering an investment in World Titanium, you 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 outside the control of World Titanium and its 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. You should carefully consider these risks before deciding to invest in World Titanium.

Specific Risks

Additional requirements for capital

World Titanium's capital requirements depend on numerous factors. World Titanium indicated in the "going concern" note in World Titanium'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, which World Titanium is currently intending to do so through the Entitlement Offer. Beyond that, World Titanium would need to fund the development of the Ranobe Project (being the mineral sands project of the same name which forms part of World Titanium's Toliara Project, a mineral sands project in Madagascar ultimately owned by World Titanium) 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 World Titanium's activities and projects may result in delay and indefinite postponement of exploration, development or production on World Titanium'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 World Titanium and might involve substantial dilution to World Titanium shareholders.

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 World Titanium 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 World Titanium.

The success of World Titanium 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 World Titanium's tenements.

Mine development

Possible future development of a mining operation at any of World Titanium'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 World Titanium 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 World Titanium will achieve commercial viability through the development or mining of its projects and treatment of mineralisation.

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.
Political risks and other sovereign risks

World Titanium'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 World Titanium.

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 World Titanium and the market price of World Titanium Shares. No assurance can be given regarding future stability in Madagascar or any other country in which World Titanium may, in the future, have an interest.

Securing offtake for produced commodities

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

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.

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 World Titanium'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.

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.

Title risks

The grant of a tenement or the renewal of the term of a tenement of World Titanium 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, World Titanium may suffer significant damage through the loss of opportunity to develop and discover mineral deposits on that tenement.

Equipment and availability

World Titanium'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 World Titanium is unable to source appropriate equipment economically or at all then this would have a material adverse effect on World Titanium's financial or trading position.

General Risks

Risk of international operations generally

International activities and operations are subject to a number of risks, including, without limitation: potential difficulties in enforcing agreements (including joint venture agreements) and collecting receivables through foreign local systems;

- potential difficulties in protecting intellectual property;
- costs for transportation and shipping; and
- restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes.

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

Joint venture, acquisitions or other strategic investments

World Titanium 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 World Titanium to additional risks, which may adversely affect World Titanium's financial position and financial performance.

Litigation risks

World Titanium is exposed to possible litigation risks including, without limitation, title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, World Titanium 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 World Titanium's operations, financial performance and financial position. World Titanium and its subsidiaries are not currently engaged in any litigation.

Competition risk

The industry in which World Titanium is involved is subject to domestic and global competition. World Titanium 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 World Titanium's projects and business.

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.

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:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- 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 its Board Directors warrant the future performance of World Titanium or any return on an investment in World Titanium.

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.

Force majeure

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

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.

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.

Insurance risks

World Titanium carries insurance policies relevant to its current level of operation and in accordance with industry practice. However, in certain circumstances, World Titanium'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 World Titanium.

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