

7 March 2016

Supplementary Target's Statement

This Supplementary Target's Statement has been issued in response to the on-market cash takeover bid made by African Minerals Exploration & Development Fund II SCA (**AMED Fund II**) to acquire all of the fully paid shares in World Titanium Resources Limited (**World Titanium**). This document supplements and is to be read together with the Target's Statement dated 28 January 2016. A copy of this Supplementary Target's Statement was lodged with ASIC on 7 March 2016. None of ASIC, ASX or any of their officers take any responsibility for the contents of this Supplementary Target's Statement. Unless otherwise defined in this Supplementary Target's Statement or the context requires otherwise, the defined terms in the Target's Statement have the same meaning in this Supplementary Target's Statement.

1. Increased 7 cent per share Offer price is now final (in the absence of a superior offer) and control in World Titanium now having passed to AMED Fund II

On 25 February 2016 (as subsequently confirmed in a First Supplementary Bidder's Statement), AMED Fund II announced that it had increased the Offer price to **7 cents per Share** from 5 cents per Share. AMED Fund II also announced that in the absence of any superior offer from a third party the Offer price will not be further increased.

The Offer price of 7 cents per Share represents a premium of 218% to the price of 2.2 cents per Share prior to the announcement of the Offer on 18 January 2016.

AMED Fund II has also announced that as at the close of trading on 4 March 2016 it has an interest in approximately 58.41% of the Company's Shares and hence is in a position to control World Titanium.

2. New Closing Date of 18 March 2016 might be final

The Offer closing date has been extended to the close of trading on the ASX on **Friday, 18 March 2016**. (This date was automatically extended by law from 8 March 2016 to 18 March 2016 as a consequence of AMED increasing its voting power to more than 50% during what was previously the last 7 days of the Offer period. AMED Fund II is required to shortly confirm 18 March 2016 as the closing date of the Offer in writing to World Titanium and all current Shareholders.)

AMED Fund II has the ability to extend the current Offer closing date of 18 March 2016 date by providing at least 7 days notice. However, there is no certainty that AMED Fund II will do so. Accordingly, Shareholders should act promptly if they wish to take advantage of the 7 cent per share Offer price available during the Offer period.

3. Directors' Recommendation to accept the Offer

As a consequence of:

- **the Offer price increasing to 7 cents per Share and being declared final by AMED Fund II (in the absence of a superior offer); and**
- **control of World Titanium now having passed to AMED Fund II,**

the Directors now recommend that Shareholders accept the Offer.

Shareholders should do so by selling their Shares on market on ASX by instructing their Broker or Controlling Participant.

Shareholders should accept the Offer by the close of trading on ASX on 18 March 2016.

If Shareholders do not accept the Offer, there is a reasonable prospect that they will be unable to realise 7 cents per share following the close of the Offer and that World Titanium may be delisted from ASX in due course.

There are significant risks involved in remaining a minority Shareholder in World Titanium with a view to potentially achieving greater value in the longer term.

This supersedes the previous recommendation in the Target's Statement, when the Directors said, by way of summary, that Shareholders should:

- Reject the Offer by doing nothing if Shareholders wished to retain their exposure to World Titanium's wholly owned Ranobe Bay Project with a view to potentially achieving greater value in the longer term.
- Accept the Offer if Shareholders are likely to want to sell their Shares in the foreseeable future.

4. Reasons for change in Directors' recommendation

The change in the Directors' recommendation arises as a consequence of the increase in Offer price and the fact that control in World Titanium now having passed to AMED Fund II (as AMED Fund II now holds an interest in more than 50% of World Titanium Shares).

In particular, your Directors consider that the risk-reward tradeoff has materially changed and in particular:

- The Offer price of 7 cents per Share now offered by AMED Fund II represents a sufficiently large premium to justify acceptance.
- The risk of remaining a Shareholder has increased. In particular there is a real possibility of World Titanium being delisted following the Offer as a consequence of AMED Fund II being able to control that decision and the stated intention of AMED Fund II that it may potentially do so. Delisting would remove the ability of Shareholders to obtain an orderly, transparent and timely mechanism for Share trading.
- There is a real possibility that Shareholders will not be able to readily realise 7 cents per Share following the close of the Offer.
- There is currently no competing proposal and the Directors consider there is little prospect of a competing proposal emerging.

In other words, while the reasons why Shareholders may wish to accept or reject the Offer remain as set out in the Target's Statement and in particular section 1 (which Shareholders should have regard to), the assessment of the weight to apply to those reasons have, in the opinion of the Directors, materially changed. There are significant risks involved in remaining a minority Shareholder in World Titanium with a view to potentially achieving greater value in the longer term.

5. Method of accepting the Offer

In order to accept the Offer, Shareholders should sell their shares on-market on ASX by the Offer closing date of 18 March 2016 by instructing their Broker or Controlling Participant. Details in this regard are set out in the Bidder's Statement and Target's Statement.

If you need any more information you should seek independent advice or call World Titanium on (08) 9286 1219.

6. Directors' Intentions

Mr Jeffrey Williams (Executive Director and CEO) who holds a Relevant Interest in 202,296 Shares now intends to accept the Offer in respect of those Shares (Mr Williams being the only Director having a Relevant Interest in World Titanium Shares). Mr Williams also now intends to exercise his 2,000,000 Options at 4.6 cents each and sell the Shares issued on exercise into the Offer. This represents a change from the position previously set out in the Target's Statement.

7. Authorisation

This Supplementary 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



Nic Limb
Chairman

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