Annual Report
30 June 2016

World Titanium Resources Limited
ACN 120 723 426

Corporate Information

Directors

Mr Carlo Baravalle	Non-Executive Chairman
Dr Ian Ransome	Executive Director
Mr Michael Cuthbert	Non-Executive Director
Mr David Sanders	Non-Executive Director
Mr Michael Silbert	Non-Executive Director

Company Secretary

Mr Graeme Boden

Registered Office

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

Auditors

HLB Mann Judd (WA Partnership)

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

Share Registry

Boardroom Pty Limited

Address:	Level 12, 225 George Street	Telephone:	+61 (0) 2 9290 9600
	Sydney NSW 2000	Facsimile:	+61 (0) 2 9279 0664
	GPO Box 3993	Email:	enquiries@boardroomlimited.com.au
	Sydney NSW 2001	Website:	www.boardroomlimited.com.au

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Chairman’s Letter and Review of Operations

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report on the Company’s activities for the year ended 30 June 2016.

Corporate Structure and Board Changes

Following the takeover bid by AMED Fund II SICAR (AMED) during the second semester, AMED now holds 69.4% and the top 20 shareholders now hold 98.5% of the total WTR ordinary shares. On 23rd May 2016, I was appointed by the Directors as a Director and Non-Executive Chairman in replacement of Mr Nicholas Limb who resigned as Non-Executive Chairman. On 9th September Mr Jeff Williams resigned as Director and CEO and Dr. Ian Ransome was appointed Executive Director and interim CEO. Mr Michael Silbert was also appointed Director on 9 September 2016. I express my appreciation of the contribution which Mr Limb and Mr Williams made to the Board during their service.

Pre Development Project Engineering Studies

Major goals achieved in the current year are the completion of further studies relating to the proposed processing methodology. Management continues to focus on processing techniques and alternative engineering and development methods to develop the project at Ranobe. Following the high level Scoping Study completed by independent consultant, ADP Marine and Modular (ADP) of Cape Town, South Africa, further test work is being carried to assess the types of spirals to be used and the various products that can be produced. Management has also sent HMC concentrate to potential customers throughout the year for their assessment. The Company is currently finalising options for undertaking an updated Definitive Feasibility Study over the Ranobe project.

Funding and Cash Flow

WTR had a cash balance of AUD 1.47M at the balance sheet date and depending on the results of the new engineering and processing results, the Company is well set to be able to raise capital to progress the Ranobe Project.

Community

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

Future Development Plan

The management team is now focused on looking for potential offtake markets and is also in discussions with engineering and mine contractors both in Madagascar and internationally to further develop the project at Ranobe. Having secured the Environmental Permits, the objective is now to finalise revised capital estimates and undertake an updated Definitive Feasibility Study, including port and road development, seek off-take for its ilmenite product and continue discussion with financial banking institutions to support project development.

Sincerely,

Carlo Baravalle
Chairman

Directors' Report

The directors present the annual report of the consolidated entity consisting of World Titanium Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

1. Directors

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

Mr Nicholas Limb	(Non-Executive Chairman)	Resigned on 23 May 2016
Mr Carlo Baravalle	(Non-Executive Chairman)	Appointed on 22 April 2016 as Director and on 23 May 2016 as Chairman
Mr Jeffrey Williams	(Executive Director and CEO)	Resigned on 9 September 2016
Dr Ian Ransome	(Executive Director and CEO)	Appointed Interim CEO as from 9 September 2016
Mr Michael Cuthbert	(Non-Executive Director)	
Mr David Sanders	(Non-Executive Director)	Appointed on 23 May 2016
Mr Michael Silbert	(Non-Executive Director)	Appointed on 9 September 2016

Mr Carlo Baravalle – Non-Executive Chairman (Appointed on 22 April 2016 as Director and on 23 May 2016 as Chairman)

Carlo Baravalle is a Founding Partner of AMED Funds, a mining private equity group founded in 2012 with circa $400million under management. AMED Funds invests in mineral exploration and development projects in Sub-Saharan Africa.

Carlo has had a diversified career as a management consultant, investment banker and corporate executive. Prior to AMED Funds, he successfully launched a private equity fund of funds raising over $150million aimed at Italian institutional investors with a global mandate of investing in mid-cap restructuring Funds and co-investments. He has held senior positions such as Executive Director for the Exchange FS, a company owned by Apax Partners and also a number of senior positions in the telecoms industry. These included being the Director of the Corporate Finance Telecoms team at SBC Warburg and also holding a senior global position at Lucent Technologies.

Carlo studied Economics and Business at The University of Turin before completing an MBA at INSEAD. Mr Baravalle has not held any other directorship in Australian listed entities in the last three years.

Mr Jeffrey Williams – Chief Executive Officer (Resigned on 9 September 2016)

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

Prior to MDL, Mr Williams acquired 16 years' experience as a professional mining engineer in Australia and seven years in the stockbroking industry, and is a Fellow of the Australasian Institute of Mining and Metallurgy. His mining experience ranges from mine planning, underground management and feasibility studies through to mine development. From 1972 to 1984, he held various positions with CRA Limited at Broken Hill in New South Wales. Following completion of the MBA programme in 1987, he played a major role as a Senior Project Engineer with North Limited. From 1989 to 1996, he specialised in gold mining research in the stock broking industry. Prior to establishing MDL in 1997, he was the Head of Resources Research at James Capel Australia. Mr Williams is currently a Non-Executive Director of Callabonna Resources Limited, Image Resources Ltd and MacPhersons Resources Limited. He has also held directorship in Archean Star Resources (resigned 10 January 2012) and A1 Consolidated Gold Limited (resigned 30 September 2013). Mr Williams has not held any other directorship in Australian listed entities in the last three years.

Mr Nicholas Limb – Non-Executive Chairman (Resigned on 23 May 2016)

Mr Limb has served as Chairman of Mineral Deposits Limited, a mineral sands production and smelting company, since 1997. He has professional qualifications as a geoscientist and worked in the mineral exploration sector for 10 years. He subsequently worked at a senior level in an investment bank for 9 years in mining finance. In 1993, he became Managing Director of a small listed gold explorer which grew to a substantial gold producer prior to being taken over in 2000. In 1997, he formed MDL and has acted as Chairman since that time. Mr. Limb has been a non-executive director of a number of public companies over the last 20 years and currently holds the non-executive chairman position at First Australian Resources Limited, an oil exploration company in Africa and Australia. Mr Limb has not held any other directorship in Australian listed entities in the last three years.

Dr Ian Ransome – Non-Executive Director and Appointed Interim CEO as from (September 2016)

Dr Ian Ransome is a geologist, whose academic qualifications include an MSc in geochemistry and a PhD in geology. He has more than 20 years' experience as an exploration geologist, using a multidisciplinary approach to generating and evaluating exploration targets in diamonds, gold, nickel, base and rare metals. Most of his experience has been in a broad range of African countries, including a nickel laterite project in Madagascar. Dr Ransome is presently a director of Diamond Fields International Ltd and has not held any other directorship in Australian listed entities in the last three years.

Mr Michael Cuthbert – Non-Executive Director

Mr Cuthbert was a partner with the international law firm Clifford Chance for 24 years. He is a leading international corporate and capital markets lawyer, having been regularly featured in Chambers and Legal 500 and advised on major cross border M&A transactions, joint ventures and international securities offerings. He is one of the foremost experts on natural resource M&A, capital raisings, government negotiations and privatisations and has represented both the mining industry and governments. He held significant leadership positions within Clifford Chance in New York (where he was Managing Partner), London and Central and Eastern Europe and Russia (where he was the Regional Managing Partner and Managing Partner of the Moscow office). He was a member of Clifford Chance's Global Management Committee until he retired from the firm at the end of 2009 to devote greater time to his business interests. Mr Cuthbert has not held directorship in any Australian listed entities in the last three years.

Mr David Sanders – Non-Executive Director (Appointed on 23 May 2016)

Mr David Sanders has more than 20 years' experience in corporate law. He has advised numerous entities, including ASX-listed and private companies on capital raising, mergers and acquisitions, Corporations Act and ASX Listing Rules compliance and corporate governance, as well as commercial transactions across a range of industries and jurisdictions. In addition to his legal qualifications, David also has a Bachelor of Commerce and a Graduate Diploma of Applied Finance and Investment. David is the Chairman of Murlpirrmarra Connection Limited, a charity which focuses on education and training for indigenous youth in the Yilgarn Region of Western Australia. Currently, he is also a non-executive director of Marenica Energy Ltd and International Raw Materials Pty Ltd.

Mr Michael Silbert BJuris LLB B.A. (Hons)

Mr Michael Silbert has over 20 years of legal experience, mostly in challenging in-house roles in listed and private businesses in Australia, the UK and Asia. He has been General Counsel and Company Secretary for ASX listed companies in various sectors, most recently in engineering and mining services (Calibre Group Limited), and mining (Midwest Corporation Limited, which become Sinosteel Corporation Limited).

Michael's knowledge and application of corporate and commercial law is overlaid by his first-hand understanding of the critical importance of good corporate governance, risk management and compliance.

His specialty areas include equity capital markets, mergers & acquisitions, banking and finance, contracting, mining, and IT & telecommunications. His experience as a Company Secretary provides strong depth of practical knowledge in corporate governance, risk management, investor relations and strategy.

2. Company Secretary

Mr Graeme Boden

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

3. Directors' Meetings

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

Director	Directors' Meetings		Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Mr Nicholas Limb	6	6	1	-	1	1
Mr J Williams	6	6	-	-	-	-
Mr M Cuthbert	6	6	1	1	1	1
Dr I Ransome	6	6	1	1	1	1
Mr C Baravalle	-	-	-	-	-	-
Mr D Sanders	-	-	-	-	-	-

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

The remuneration committee did not meet during the year.

4. Principal Activities

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

5. Operating Results

The consolidated operating loss after tax for the financial year ended on 30 June 2016 was $2,181,213 (2015 loss: $3,245,968).

6. Changes in the State of Affairs

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

7. Events Subsequent to the Reporting Date

There has been no matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods, other than:

- Resignation of Mr Jeffrey Williams as a Director and Chief Executive Officer on 9th September 2016;
- Transition of Dr Ian Ransome from Non-executive Director to Executive Director and Chief Executive Officer, on 9th September 2016;
- Appointment of Mr Michael Silbert as a Director on 9th September 2016; and
- Announcement that board would seek shareholder approval to make a retirement payment of $250,000 to Mr Jeffrey Williams.

8. Review of Operations

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

9. Likely Developments and Expected Results

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

10. Environmental regulation

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

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

11. Dividends

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

12. Directors' Interests

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

Director	Ordinary Shares
Dr I Ransome	-
Mr M Cuthbert	-
Mr David Sanders	-
Mr Carlo Baravalle	-
Mr Michael Silbert	-

13. Unissued shares under option

At the date of this report, there were no outstanding options.

14. Indemnification and Insurance of Directors and Officers

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

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

15. Non-Audit Services

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

	$
Audit and review of financial reports	39,250

16. Nomination Committee

Dr I Ransome
Mr N Limb (resigned 23 May 2016)
Mr M Cuthbert

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

The nomination committee did not meet during the year.

17. Audit Committee

Dr I Ransome
Mr N Limb (resigned 23 May 2016)
Mr M Cuthbert

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

The audit committee met once during the year. Mr N Limb was not present at the audit committee meeting. The members of the audit committee possess financial expertise by virtue of their academic qualifications or career history in executive roles.

18. Remuneration Committee

Dr I Ransome
Mr N Limb (resigned 23 May 2016)
Mr M Cuthbert

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

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

The remuneration committee held one meeting during the year.

19. Technical committee

Mr J Williams (Chair)(Resigned 9 September 2016)
Dr I Ransome
Mr N Limb (resigned 23 May 2016)
Mr M Cuthbert

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

The technical committee did not meet during the year.

20. Other

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

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

20.2 Identification of independent directors

In considering independence of directors, the Board refers to the criteria for independence as recommended by ASX. The Board has not established thresholds of materiality. The Executive Director, who is not independent, is Dr Ian Ransome. The Board does not consider that executive roles, particularly in the Group's present stage of development, are likely to prevent independent judgments being applied to decisions as directors. Applying the independence criteria, three of the present directors, namely Mr. Michael Cuthbert, Mr David Sanders and Mr Michael Silbert are classified as independent. Mr Carlo Baravalle is not considered independent because he is a founding partner of AMED Funds, the Company's controlling shareholder.

20.3 Statement concerning availability of independent professional advice

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

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

No evaluation of the performance of the board and its members was carried out during the reporting period.

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

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

21. Remuneration Report – Audited

21.1 Principles of remuneration

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

The directors and other key management personnel of the Group during the year were:

Directors

Mr J Williams	Executive Director
Mr N Limb	Non-Executive Chairman (Resigned on 23 May 2016)
Mr C Baravalle	Non-Executive Chairman (Appointed as director on 22 April 2016 and as Chairman on 23 May 2016)
Dr I Ransome	Non-Executive Director
Mr M Cuthbert	Non-Executive Director
Mr D Sanders	Non-Executive Director (Appointed on 23 May 2016)

Executives

Mr G Sookun	Chief Financial Officer
Mr G Boden	Company Secretary

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

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

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

21.2 Fixed remuneration

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

21.3 Performance linked remuneration

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

21.4 Short term incentive bonus (STI)

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

The present KPI for key management is tied to construction of the Ranobe mine and infrastructure on time and within budget and the achievement of operating capacity, all as set by the Board. The incentive is a fixed bonus amount. No bonuses were paid in the 2016 financial year.

21. Remuneration Report – Audited (Cont.)

21.5 Long term incentives (LTI)

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

1,000,000 options were issued to Mr G Sookun during the year ended 30 June 2016.

21.6 Short-term and long-term incentive structure

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

21.7 Consequences of performance on shareholders' wealth

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

21.8 Service agreements

As at 30 June 2016, there were two senior executives of the Company under employment contract. The employees have contracts of various length and notice terms for termination. There is no termination fee payable other than during the term of notice.

Name	Mr Jeffrey Williams	Mr G Sookun
Position	Chief Executive Officer	Chief Finance Officer
Contract Type	Employee	Contractor
Commencement Date	Renewable on a monthly basis	Renewable on a monthly basis
Term Expiring	n/a	n/a
Package	AUD $20,833 per month	USD $14,000 per month
Options	-	-

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

21.9 Non-executive directors

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

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

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

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

21. Remuneration Report – Audited (Cont.)

21.10 Equity Instruments

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

(a) Options and rights over equity instruments granted as compensation
During the reporting period 1,000,000 options over ordinary shares in the Company were granted as compensation to KMP (2015: 2,000,000).

Details of options that are held by KMP at 30 June 2016:

Person	Options Outstanding 30 June 2016	Grant Date	Fair Value per Option at Grant Date	Exercise Price per Option	Expiry Date	Options Vested as at 30 June 2016
Non-Executive Directors						
Dr I Ransome	-	-	-	-	-	-
Mr C Baravalle	-	-	-	-	-	-
Mr D Sanders	-	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-	-
Executive Directors						
Mr J Williams	-	28 Nov 2014	$0.023	$0.046	15 Oct 2019	-
Senior Management						
M G Sookun	-	6 Aug 2015	$0.018	$0.046	15 Oct 2019	-

These options have been issued under the Company's Share Option Plan. All the outstanding options were exercised during the year.

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

(c) Exercise of options granted as compensation
During the reporting period, 3,000,000 options previously granted as compensation were exercised (2015: Nil).

(d) Analysis of options and rights over equity instruments granted as compensation
Details of vesting profiles of the options granted as remuneration to key management personnel of the Company are detailed below:

Person	Number of Options	Grant Date	Vested in Year (%)	Forfeited in Year (%)	Financial Year in which Grant Vests
Dr I Ransome	-	-	-	-	-
Mr N Limb	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-
Executive Directors					
Mr J Williams	2,000,000	28 Nov 2014	50	-	2016
Senior Management					
Mr G Sookun	1,000,000	6 Aug 2015	100	-	2016

21.11 Payments to persons before taking office

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

20. Remuneration Report – Audited (Cont.)

21.12 Key Management Personnel remuneration

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

Person	Year	Short Term Benefits	Share-Based Payments	Total	Value of Options as proportion of Remuneration
		Salary & Fees	Value of Options		
		$	$	$	%
Non-Executive Directors					
Dr I Ransome	2015	35,000	-	35,000	-
	2016	**35,000**	**-**	**35,000**	
Mr D Sanders (Appointed 23 May 2016)	2015	-	-	-	-
	2016	**4,163**		**4,163**	
Mr M Cuthbert	2015	35,000	-	35,000	-
	2016	**35,000**	**-**	**35,000**	**-**
Mr C Baravalle (appointed 22 Apr 2016)	2015	-	-	-	-
Non-Executive Chairman	**2016**	**-**	**-**	**-**	**-**
Mr N Limb (resigned 23 May 2016)	2015	75,000	-	75,000	-
Non-Executive Chairman	**2016**	**137,500**	**-**	**137,500**	**-**
Executive Directors					
Mr J Williams	2015	250,000	9,596	259,596	3.7
Chief Executive Officer	**2016**	**250,000**	**9,596**	**259,596**	**3.7**
Senior Management					
Mr G Sookun	2015	243,590	-	243,590	-
Chief Finance Officer	**2016**	**230,483**	**14,774**	**245,257**	**6.0**
Mr G Boden	2015	51,344	-	51,344	-
Company Secretary	**2016**	**25,918**	**-**	**25,918**	**-**
Total	2015	689,934	9,596	699,530	1.5
	2016	**718,064**	**24,370**	**742,434**	**2.0**

Notes in relation to the table of remuneration:

1) Short term benefits – Cash bonuses have not been shown in the table above as no bonuses have been paid in either the 2016 or 2015 financial years.
2) Long term benefits – Long service leave expenses have not been shown in the table above as no liability has been accrued to date.
3) Post-employment benefits – No retirement benefits are paid in relation to any key management personnel.
4) The fair values of the options are calculated at the date of grant using a Black-Scholes pricing model and allocated to each reporting period in accordance with the vesting profile of the options. The value recognised is the portion of the fair value of the options allocated to the reporting period. In valuing the options, market conditions have been taken into account.
5) G Sookun remuneration is inclusive of his office costs overheads and directorships in Madagascar Mineral Fields Ltd and Malagasy Sands No.2 Ltd.
6) Payments made to Mr Boden through his consulting company Boden Corporate Services Pty Ltd (BCS) include time spent on Company activities, including accounting and administration by Mr Boden and other employees of BCS, during the period for which Mr Boden was Company Secretary.
7) No portion of remuneration is performance related.

20. Remuneration Report – Audited (Cont.)

21.13 Other transactions with key management personnel

Director	**Transaction**	**2016** **$**	2015 $
Dr I Ransome	Geological Consultancy Services	**65,284**	26,394

Equity holdings of KMP

Key Management Person (KMP)	Balance 1 July 2015	Purchases	Sales	Options Exercised	Balance 30 June 2016
	Number	Number	Number	Number	Number
Dr I Ransome	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-
Mr N Limb (i)	92,184,166	-	(92,184,166)	-	
Mr J Williams	-	-	(2,000,000)	2,000,000	-
Mr G Boden	8,000,000	-	(8,000,000)	-	-
Mr G Sookun	-	-	(1,000,000)	1,000,000	-

(i) Mr Limb is the Chairman and a minority shareholder of Mineral Deposits Limited, which holds the above shares in WTR.

Options over equity instruments

Key Management Person (KMP)	Balance 1 July 2015	Granted as remuneration	Exercised	Net other change	Balance 30 June 2016	Vested during the year	Vested and exercisable
	Number	Number	Number	Number	Number	Number	Number
Dr I Ransome	-	-	-	-	-	-	-
Mr M Cuthbert	-	-	-	-	-	-	-
Mr N Limb	-	-	-	-	-	-	-
Mr J Williams	2,000,000	-	(2,000,000)	-	-	-	-
Mr G Boden	-	-	-	-	-	-	-
Mr G Sookun	-	1,000,000	(1,000,000)	-	-	-	-

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

22. Corporate Governance Commentary

The Company's corporate governance policy is available on the Company's website at http://www.worldtitaniumresources.com/investors/governance/.

23. Lead Auditor's Independence Declaration

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

The Independence Declaration is set out on page 15 and forms part of the Directors' Report for the year ended 30 June 2016.

Signed in accordance with a resolution of the directors:

Ian Ransome

Dr Ian Ransome
Chief Executive Officer
28th September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of World Titanium Resources Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
28 September 2016

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Statement of Comprehensive Income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Continuing Operations			
Revenue	*7*	**39,592**	46,216
Personnel expense	*4*	**(1,123,033)**	(1,149,428)
Exploration and evaluation expense		**(432,908)**	(1,370,393)
Professional services expense		**(317,292)**	(308,630)
Administration expense		**(312,529)**	(371,246)
Depreciation	*5*	**(42,643)**	(46,973)
Travel expense		**(121,432)**	(127,747)
Foreign currency translation gain/(loss)		**129,032**	82,495
Loss before income tax from continuing operations		**(2,181,213)**	(3,245,706)
Income tax expense	*6*	**-**	(262)
Net loss for the year		**(2,181,213)**	(3,245,968)
Other comprehensive income for the year, net of tax			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations	*14(iii)(a)*	**(32,420)**	(17,644)
Other comprehensive loss for the year		**(32,420)**	(17,644)
Total comprehensive loss for the year attributable to the members of World Titanium Resources Limited		**(2,213,633)**	(3,263,612)
		Cents	Cents
Basic earnings per share (loss)	*16*	**(0.47)**	(0.85)
Diluted earnings per share (loss)	*16*	**(0.47)**	(0.85)

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

Statement of Financial Position
As at 30 June 2016

	Note	Consolidated 2016 $	2015 $
Current assets			
Cash and cash equivalents	*8*	**1,472,948**	3,551,479
Trade and other receivables	*9*	**90,369**	135,733
Inventories		**2,776**	5,518
Other current assets	*10*	**65,712**	40,020
Total current assets		**1,631,805**	3,732,750
Non-current assets			
Trade and other receivables	*9*	**250,380**	294,858
Plant and equipment	*11*	**85,636**	133,417
Total non-current assets		**336,016**	428,275
Total assets		**1,967,821**	4,161,025
Current liabilities			
Trade and other payables	*12*	**73,799**	215,740
Total current liabilities		**73,799**	215,740
Total liabilities		**73,799**	215,740
Net assets		**1,894,022**	3,945,285
Equity			
Issued capital	*14*	**30,391,868**	30,253,868
Reserves	*14*	**2,409,982**	2,418,032
Accumulated losses	*15*	**(30,907,828)**	(28,726,615)
Total equity		**1,894,022**	3,945,285

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

Statement of Cash Flows
For the year ended 30 June 2016

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Interest received		**39,592**	46,216
Payments to suppliers and employees		**(2,429,610)**	(2,741,244)
Net cash used in operating activities	*17*	**(2,390,018)**	(2,695,028)
Cash flows from investing activities			
Movement in receivable – subsidiary sale instalments		**47,996**	44,478
Acquisition of property, plant and equipment		**(3,542)**	(3,090)
Net cash provided by investing activities		**44,454**	41,388
Cash flows from financing activities			
Proceeds from the issue of share capital		**138,000**	3,443,937
Share issue costs		**-**	(48,445)
Net cash provided by financing activities		**138,000**	3,395,492
Net (decrease)/ increase in cash and cash equivalents		**(2,207,564)**	741,852
Cash and cash equivalents at 1 July		**3,551,479**	2,847,988
Effect of exchange rate fluctuations on cash held		**129,033**	(38,361)
Cash and cash equivalents at 30 June	*8*	**1,472,948**	3,551,479

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

Statement of Changes in Equity
For the year ended 30 June 2016

Consolidated	*Note*	Issued Capital $	Accumulated Losses $	Reserves $	Total $
Balance at 1 July 2014		26,858,376	(25,480,647)	2,426,080	3,803,809
Loss attributable to members of the parent entity	*15*	-	(3,245,968)	-	(3,245,968)
Other comprehensive income	*14(iii)(a)*	-	-	(17,644)	(17,644)
Total comprehensive loss		-	(3,245,968)	(17,644)	(3,263,612)
Shares issued during the year	*14(i)*	3,395,492	-	-	3,395,492
Share-based payments	*14(iii)(b)*	-	-	9,596	9,596
Balance at 30 June 2015		30,253,868	(28,726,615)	2,418,032	3,945,285
Balance at 1 July 2015		30,253,868	(28,726,615)	2,418,032	3,945,285
Loss attributable to members of the parent entity	*15*	**-**	**(2,181,213)**	**-**	**(2,181,213)**
Other comprehensive income	*14(iii)(a)*	**-**	**-**	**(32,420)**	**(32,420)**
Total comprehensive loss		**-**	**(2,181,213)**	**(32,420)**	**(2,213,633)**
Shares issued during the year	*14(i)*	**138,000**	**-**	**-**	**138,000**
Share-based payments	*14(iii)(b)*	**-**	**-**	**24,370**	**24,370**
Balance at 30 June 2016		**30,391,868**	**(30,907,828)**	**2,409,982**	**1,894,022**

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

1 REPORTING ENTITY

World Titanium Resources Limited (WTR) is a Company domiciled in Australia. The financial report of the Group comprising the Company and its wholly owned subsidiaries for the financial year ended 30 June 2016 was authorised for issue by the directors on 23 September 2016. The Company is primarily involved in the exploration and evaluation of its minerals sands assets in Madagascar.

2 SIGNIFICANT ACCOUNTING POLICIES

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

(a) Statement of compliance

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

(b) Basis of preparation

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

(c) Significant accounting judgements and key estimates

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

Share-based payment transactions

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

(d) Adoption of new and revised accounting standards

In the year ended 30 June 2016, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for the current annual reporting period.

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

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and therefore, no change is necessary to Group accounting policies.

(e) Going concern

The financial report has been prepared on a going concern basis of accounting which assumes the settlement of liabilities and the realisation of assets in the normal course of business. For the year ended 30 June 2016, the Group incurred a loss of $2,181,213 (2015: loss of $3,245,968) and at year end the Group had a working capital surplus of $1,558,007 (2015: $3,517,010) including a cash and cash equivalents balance of $1,472,948 (2015: $3,551,479). The directors believe that the Group will be able to continue as a going concern and obtain sufficient funding in the future if required.

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(f) Basis of consolidation

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

Subsidiaries

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

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

Transactions eliminated on consolidation

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

(g) Foreign currency

(i) Foreign currency transactions

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

(ii) Financial statements of foreign operations

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

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

(iii) Net investment in foreign operations

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(h) Property, plant and equipment

(i) Owned assets

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

(i) Exploration and evaluation expenditure

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

(j) Trade and other receivables

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

(k) Cash and cash equivalents

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

(l) Impairment

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

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

2 SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(m) Calculation of recoverable amount

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

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

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(n) Share capital

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

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

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

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

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

(p) Share-based payment transactions

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

(q) Trade and other payables

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

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

2 **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

(r) Revenue

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

Interest income

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

Logistical support services

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

(s) Income tax

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

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

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

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

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

(t) Goods and services tax

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

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

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

2 **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

(u) Parent entity financial information
The financial information for the parent entity, World Titanium Resources, disclosed in note 25 has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

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

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

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

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

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

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

2 **SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

(y) Derecognition of financial assets and financial liabilities

Financial assets

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

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

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

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

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(z) Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

4 OPERATING SEGMENTS

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

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

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

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

	Mineral Sands	Unallocated	Total
(i) Segment performance	**$**	**$**	**$**
Year Ended 30 June 2016			
Total segment revenue	**24,985**	**14,607**	**39,592**
Segment result	**(836,768)**	**(1,344,445)**	**(2,181,213)**
Year Ended 30 June 2015			
Total segment revenue	8,988	37,228	46,216
Segment result	(1,423,533)	(1,822,435)	(3,245,968)
(ii) Segment assets			
30 June 2016			
Segment assets	222,201	1,745,620	1,967,821
30 June 2015			
Segment assets	259,200	3,901,825	4,161,025
(iii) Segment liabilities			
30 June 2016			
Segment liabilities	36,899	36,900	73,799
30 June 2015			
Segment liabilities	45,396	170,344	215,740
(iv) Cash flow information			
Year Ended 30 June 2016			
Net cash flow from operating activities	(696,690)	(1,732,919)	(2,429,609)
Net cash flow from investing activities	62,603	21,442	84,045
Net cash flow from financing activities	138,000	-	138,000
Year Ended 30 June 2015			
Net cash flow from operating activities	(911,525)	(1,783,503)	(2,695,028)
Net cash flow from investing activities	(3,090)	44,478	41,388
Net cash flow from financing activities	-	3,395,492	3,395,492

		Consolidated	
		2016	2015
4	**PERSONNEL EXPENSES**	**$**	$
	Wages, salaries & fees	**1,098,663**	1,139,832
	Share based compensation - Note 13	**24,370**	9,596
		1,123,033	1,149,428
5	**DEPRECIATION**		
	Depreciation of equipment	**42,643**	46,973
6	**INCOME TAX**		
	The major components of income tax expense are:		
	Income statement		
	Current income tax:		
	Current income tax	**-**	262
	Deferred tax expense:		
	Relating to origination & reversal of temporary differences	**-**	-
	Unused tax losses not recognised as deferred tax asset	**-**	-
	Total income tax expense in statement of comprehensive income	**-**	262
	Numerical reconciliation between tax expense/(benefit) and loss before income tax		
	Accounting loss before income tax	**(2,181,213)**	(3,245,706)
	Income tax benefit using the domestic corporation tax rate of 30% (2015: 30%)	**(654,364)**	(973,712)
	Increase in income tax expense due to:		
	Other assessable income	**-**	-
	Non-deductible expenses	**94,019**	239,946
	Tax losses not recognised	**625,306**	742,007
	Minimum tax requirement in Madagascar	**-**	262
	Decrease in income tax expense due to:		
	Decline in value of depreciating asset	**-**	-
	Deductible expenses	**(64,961)**	(8,241)
	Income tax expense	**-**	262
7	**REVENUE**		
	Interest income	**39,592**	46,216
8	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents in statement of cash flows	**1,472,948**	3,551,479
9	**TRADE AND OTHER RECEIVABLES**		
	Current		
	Deferred consideration receivable	**72,004**	75,522
	Other debtors and receivables	**16,201**	60,211
	Accrued income	**2,164**	-
		90,369	135,733
	Non-current		
	Deferred consideration receivable	**250,380**	294,858
10	**OTHER CURRENT ASSETS**		
	Prepayments	**65,712**	40,020

11 PROPERTY, PLANT AND EQUIPMENT

	Consolidated						
Cost:	**Motor Vehicles**	**Office Equipment**	**Office Furnishings**	**Leasehold Improvements**	**Plant &Technical Equipment**	**Building**	**Total**
Balance at 1 July 2014	148,446	71,128	18,665	12,584	96,888	46,427	394,138
Acquisitions	-	1,163	902	-	1,122	-	3,187
Effect of movements in foreign exchange	(462)	(9,658)	(2,011)	6	(2,717)	21	(14,821)
Balance at 30 June 2015	147,984	62,633	17,556	12,590	95,293	46,448	382,504
Balance at 1 July 2015	**147,984**	**62,633**	**17,556**	**12,590**	**95,293**	**46,448**	**382,504**
Acquisitions	**-**	**2,734**	**-**	**-**	**808**	**-**	**3,542**
Disposals	**(14,945)**	**-**	**-**	**-**	**-**	**-**	**(14,945)**
Effect of movements in foreign exchange	**(11,785)**	**(3,439)**	**(1,399)**	**(1,002)**	**(4,138)**	**(3,698)**	**(25,461)**
Balance at 30 June 2016	**121,254**	**61,928**	**16,157**	**11,588**	**91,963**	**42,750**	**345,640**
Depreciation and impairment losses:							
Balance at 1 July 2014	86,897	52,756	5,241	9,512	49,807	11,439	215,652
Depreciation charge for the year	22,672	12,558	1,667	742	4,866	4,467	46,972
Effect of movements in foreign exchange	225	(9,477)	(1,965)	28	(2,495)	147	(13,537)
Balance at 30 June 2015	109,794	55,837	4,943	10,282	52,178	16,053	249,087
Balance at 1 July 2015	**109,794**	**55,837**	**4,943**	**10,282**	**52,178**	**16,053**	**249,087**
Depreciation charge for the year	**20,789**	**10,665**	**1,609**	**460**	**4,775**	**4,345**	**42,643**
Disposals	**(14,944)**	**-**	**-**	**-**	**-**	**-**	**(14,944)**
Effect of movements in foreign exchange	**(9,082)**	**(10,521)**	**(419)**	**(827)**	**5,384**	**(1,316)**	**(16,781)**
Balance at 30 June 2016	**106,557**	**55,981**	**6,133**	**9,915**	**62,337**	**19,082**	**260,005**
Carrying amounts:							
At 1 July 2014	61,549	18,372	13,424	3,072	47,081	34,988	178,486
At 30 June 2015	38,190	6,796	12,613	2,308	43,115	30,395	133,417
At 1 July 2015	**38,190**	**6,796**	**12,613**	**2,308**	**43,115**	**30,395**	**133,417**
At 30 June 2016	**14,697**	**5,947**	**10,024**	**1,673**	**29,626**	**23,668**	**85,635**

	Consolidated 2016 $	2015 $
12 TRADE AND OTHER PAYABLES		
Trade payables	**26,630**	109,757
Other payables	**47,169**	105,983
	73,799	215,740

13 EMPLOYEE BENEFITS

The Company has a share option program that entitles directors and other key management personnel to acquire shares in the entity. 1,000,000 options were issued to employees or directors under the program during the year ended 30 June 2016 (2015: 2,000,000)

The share based payment expense recognised during the year is comprised of the following:	Consolidated 2016 $	2015 $
Options issued in prior years - current year expense allocation	**9,596**	-
Option expense for current year	**14,774**	9,596
Movement in share based payment reserve	**24,370**	9,596

The fair value of the share based payment is estimated as at the date of grant using the Black and Scholes model taking into account the terms and conditions upon which the options were granted:

	1,000,000 options	**2,000,000 options**
Expected volatility (%)	124%	118%
Risk-free interest rate (%)	2.19%	2.81%
Expected life of options (years)	4	4
Exercise price (cents)	4.6	4.6
Grant date share price	2.5	1.7

	Consolidated 2016 Number	2015 Number
14 ISSUED CAPITAL AND RESERVES		
(i) Issued Capital		
On issue at 30 June – fully paid	**463,404,808**	460,404,808

	Year Ended 30 June 2016		Year Ended 30 June 2015	
	No. of Shares	**$**	No. of Shares	$
Balance at 1 July	460,404,808	30,253,868	362,006,589	26,858,376
Rights issue	**-**	**-**	98,398,219	3,443,937
Options exercised	**3,000,000**	**138,000**	-	-
Cost associated with capital raising	**-**	**-**	-	(48,445)
Balance at 30 June	**463,404,808**	**30,391,868**	460,404,808	30,253,868

	Consolidated 2016 $	2015 $
(ii) Reserves		
Foreign currency translation reserve	**343,525**	375,945
Share-based payments reserve	**2,066,457**	2,042,087
	2,409,982	2,418,032

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

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

14 ISSUED CAPITAL AND RESERVES (CONT.)

	Consolidated	
(iii) Movements in Reserves	**2016**	2015
(a) Foreign currency translation reserve	**$**	$
Balance at 1 July	**375,945**	393,589
Currency translation differences arising during the year	**(32,420)**	(17,644)
Balance at 30 June	**343,525**	375,945
(b) Share-based payments reserve		
Balance at 1 July	**2,042,087**	2,032,491
Options issued to directors and consultants	**24,370**	9,596
Balance at 30 June	**2,066,457**	2,042,087

	2016	2015
(iv) Share Options on Issue	**Number**	Number
Balance at 1 July	**3,500,000**	21,691,667
Options issued to directors, employees and consultants	**1,000,000**	2,000,000
Options exercised during the year	**(3,000,000)**	-
Options expired during the year	**(1,500,000)**	(20,191,667)
Balance at 30 June	**-**	3,500,000

	Weighted Av. Exercise Price 2016	**Number of Options 2016**	Weighted Av. Exercise Price 2015	Number of Options 2015
(a) Exercisable at $0.13 by 12/08/15				
Balance at 1 July	**$0.285**	**1,500,000**	$0.285	1,500,000
Options expired during the year	**$0.285**	**(1,500,000)**	-	-
Balance at 30 June (i)	**-**	**-**	$0.285	1,500,000
(b) Exercisable at $0.046 by 15/10/19				
Balance at 1 July	**$0.046**	**2,000,000**	-	-
Issued during the year	**$0.046**	**1,000,000**	$0.051	2,000,000
Options exercised during the year	**$0.046**	**(3,000,000)**	-	-
Balance at 30 June	**-**	**-**	$0.051	2,000,000

15 ACCUMULATED LOSSES

	Consolidated	
	2016	2015
Movements in accumulated losses were as follows:	**$**	$
Balance at 1 July	**(28,726,615)**	(25,480,647)
Net loss for the year	**(2,181,213)**	(3,245,968)
Balance 30 June	**30,907,828**	(28,726,615)

16 EARNINGS PER SHARE

	Consolidated	
(i) Loss attributable to ordinary shareholders	**2016**	2015
Loss for the year from continuing operations:	**$**	$
Basic and diluted earnings *	**(2,181,213)**	(3,245,968)

	2016	2015
(ii) Weighted average number of ordinary shares	**Number**	Number
Weighted average number of shares used for basic earnings per share	**461,388,415**	381,094,768

*As the Group incurred a loss for the year ended 30 June 2016, the options on issue have an anti-dilutive effect, therefore the diluted earnings per share is equal to the basic earnings per share.

	Consolidated	
17 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	**2016** **$**	2015 $
Loss after income tax	**(2,181,213)**	(3,245,968)
Non-cash items:		
Depreciation and amortisation	**42,643**	46,973
Foreign exchange (gains)/losses	**(152,772)**	21,905
Equity-settled share-based payment expenses	**24,370**	9,596
Changes in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	**16,154**	459,595
(Increase)/Decrease in inventories	**2,741**	394
Increase/(Decrease) in trade and other payables	**(141,941)**	12,477
Net cash used in operating activities	**(2,390,018)**	(2,695,028)

18 FINANCIAL INSTRUMENTS

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

Credit risk

The Group has policies in place to ensure that any sales of surplus assets are made to customers with an appropriate credit history. The Group does not require collateral in respect of financial assets.
Cash deposits and investments are limited to high credit quality financial institutions.

Interest rate risk

As the Group has no interest-bearing liabilities, the Group's loss and operating cash flows are not exposed to change in market interest rates.
The Group's interest rate risk arises from the interest-bearing assets. Cash being held to fund exploration programs and operating costs are placed with financial institutions at variable rates which exposes the Group to cash flow interest rate risk. To attempt to manage this risk the Group policy is to place all but immediately required funds into a range of term deposits and interest bearing call deposits.

Cash and cash equivalents

Balances held in bank accounts are bearing a floating interest rate at a weighted average rate of 1.34% (2015: 1.34% for Australian dollars and 0% for US dollars (2015: 0%).

Other financial assets and liabilities

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

Foreign Currency Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.
The Group operates internationally and is exposed to foreign exchange risk arising from currency exposures to Malagasy Ariary (MGA), Euro and the US Dollar (USD).
The Group's risk management policy is to keep surplus cash in USD and have major contracts written in US Dollars as the currency for calculation of the liability or revenue stream. During 2016, ongoing expenditures in foreign currencies were significant.
At 30 June 2016 the USD bank balance of the Group was $USD417,931 (2015: $USD2,392,720) which converted to $AUD561,545 at the 30 June 2016 exchange rate of $USD0.744/$A1.00 (2015: $AUD3,112,115 at the 30 June 2015 exchange rate of $USD0.7688/$A1.00). It is the present intention of the Board to retain this balance in USD as a hedge against the requirement to send future amounts to Madagascar and Mauritius in that currency.
An appreciation in the AUD against the USD would result in adverse movement in the statements of comprehensive income and financial position and a depreciation of the AUD against the USD would lead to a favourable movement in the statement of comprehensive income and statement of financial position. A 100 basis points change, would result in a movement of approximately $AUD4,179 in the reported results based on the balance at 30 June 2016 (2015 approximately $AUD23,927).

18 FINANCIAL INSTRUMENTS (CONT.)

Market risk

The cash balances held at year end were $AUD890,136 (2015: $AUD407,723), on which interest was being earned at a weighted average rate of 1.34% (2015: 1.34%) and $USD417,931 (2015: $USD 2,392,720), on which interest is being earned at 0% (2015: 0%). A change in the interest rate of 100 basis points, would have the effect of changing earnings and equity by $8,901 (2015: $4,394) and for the US dollars $USD nil (2015: $USD nil).

Capital risk management

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

Fair values

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

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

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

Consolidated	**Carrying Amount 2016 $**	**Fair Value 2016 $**	Carrying Amount 2015 $	Fair Value 2015 $
Trade and other receivables	**156,081**	**156,081**	175,753	175,753
Cash and cash equivalents	**1,472,948**	**1,472,948**	3,551,479	3,551,479
Trade and other payables	**(73,799)**	**(73,799)**	(215,740)	(215,740)
	1,555,230	**1,555,230**	3,511,492	3,511,492

Estimation of fair values

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

Trade and other receivables / payables

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

The amount receivable from Capricorn Metals Ltd in relation to unpaid consideration for its purchase of Mada-Aust SARL amounts to:

	Nominal Amount 2016 $	**Fair Value 2016 $**	Nominal Amount 2015 $	Fair Value 2015 $
Current	**72,004**	**72,004**	75,522	75,522
Non-Current	**362,574**	**250,380**	407,042	294,858
Total	**434,578**	**322,384**	482,564	370,380

The fair value has been calculated by discounting the amounts receivable by 7% pa (2015: 7% pa), based upon the estimated timing of receipts.

19 CAPITAL AND OTHER COMMITMENTS

	Consolidated 2016 $	2015 $
(i) Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	**27,780**	45,982
More than one years and less than five years	**-**	-
	27,780	45,982
Representing:		
Non-cancellable operating leases	**-**	-
Cancellable operating leases	**27,780**	45,982
	27,780	45,982
(ii) Tenement expenditure commitments		
Commitments in relation to tenement expenditures at the reporting date but not recognised as liabilities, payable:	**134,560**	71,630
Within one year	**134,560**	71,630

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

20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

21 CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding (%)		Company's Investment ($)	
			2016	2015	**2016**	2015
WTR Holdings Pty Ltd	Australia	Ordinary	**100**	100	**70,850,510**	70,850,510
World Titane Holdings Ltd	Mauritius	Ordinary	**100**	100	**1,000**	1,000
Malagasy Sands No 2 Limited	Mauritius	Ordinary	**100**	100	**1,000**	1,000
Madagascar Mineral Fields Ltd	Mauritius	Ordinary	**100**	100	**1,660**	1,660
Toliara Sands SARL	Madagascar	Ordinary	**100**	100	**2,041,456**	2,041,456
Madagascar Resources SARL	Madagascar	Ordinary	**100**	100	**568,723**	568,723

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

22 RELATED PARTIES

(i) Key management personnel compensation

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

Non-Executive Directors
Dr Ian Ransome
Mr Michael Cuthbert
Mr Nicholas Limb (resigned on 23 May 2016)
Mr Carlo Baravalle (appointed 22 April 2016)
Mr David Sanders (appointed 23 May 2016)

Executive Directors

Mr Jeffrey Williams	Chief Executive Officer

Senior Management

Mr Graeme Boden	Company Secretary
Mr Gooroodeo Sookun	Chief Finance Officer

Key management personnel compensation for the year was as follows:	Consolidated	
	2016	2015
	$	$
Share based payments	**24,370**	9,596
Salary & fees	**718,064**	689,934
	742,434	699,530

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

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

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

		Consolidated	
		2016	2015
KMP	**Transaction**	**$**	$
Dr I Ransome	Geological Consultancy Services	**65,284**	26,394

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

	Consolidated	
	2016	2015
Current payables	**$**	$
Trade and other payables	**-**	444

(ii) Identity of related parties

The Company has a related party relationship with its subsidiaries (see Note 21) and key management personnel (see Note 22 (i)).

23 EVENTS SUBSEQUENT TO THE REPORTING DATE

There has been no other matter or circumstance that has arisen after balance date that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods, other than:

- Resignation of Mr Jeffrey Williams as a Director and Chief Executive Officer on 9th September 2016;
- Transition of Dr Ian Ransome from Non-executive Director to Executive Director and Chief Executive Officer, on 9th September 2016;
- Appointment of Mr Michael Silbert as a Director on 9th September 2016; and
- Announcement that board would seek shareholder approval to make a retirement payment of $250,000 to Mr Jeffrey Williams.

24 AUDITOR'S REMUNERATION

Audit services	**Consolidated**	
Auditors of the Company	**2016**	2015
Audit and review of financial reports:	**$**	$
HLB Mann Judd	**39,250**	40,000
Other auditors	**2,500**	2,500
	41,750	42,500

25 PARENT ENTITY DISCLOSURES

	2016	2015
(i) Financial position	**$**	$
Assets		
Current assets	**1,406,815**	3,350,492
Non-current assets	**1,000**	3,042
Total assets	**1,407,815**	3,353,534
Liabilities		
Current liabilities	**36,031**	169,475
Non-current liabilities	**-**	-
Total liabilities	**36,031**	169,475
Equity		
Issued capital	**95,083,405**	94,945,405
Accumulated losses	**(96,209,578)**	(94,234,932)
Reserves:		
-Share-based payments	**1,076,476**	1,052,105
-Option Premium	**1,421,481**	1,421,481
Total equity	**1,371,784**	3,184,059

	2016	2015
(ii) Financial Performance	**$**	$
Loss for the period	**(1,974,646)**	(2,818,020)
Other comprehensive income	**-**	-
Total comprehensive loss	**(1,974,646)**	(2,818,020)

Directors' Declaration

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

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

(i) giving a true and fair view of the financial position of the Group as at 30 June 2016 and of its performance, as represented by the results of operations and its cash flows, for the financial year ended on that date; and

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

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

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

2 This declaration has been made after receiving the declaration required to be made to the directors pursuant to Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the directors:

Ian Ransome

Dr Ian Ransome
Chief Executive Officer
Dated this 28th day of September 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of World Titanium Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of World Titanium Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

HLB Mann Judd

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of World Titanium Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
28 September 2016

ASX Additional Information

1. Listed Securities

The security holder information set out below was applicable as at 31st August 2016.

(i) Distribution of Security Numbers

Category (size of holding)	Ordinary Shares	
	Shareholders	Shares
1 – 1,000	66	16,973
1,001 – 5,000	81	239,459
5,001 – 10,000	37	268,739
10,001 – 100,000	73	2,355,669
100,001 and over	40	460,523,968
Total	**297**	**463,404,808**

(ii) Voting Rights

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

(iii) Twenty Largest Security Holders

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

Name	Number of Ordinary Shares	% of Issued Capital
J P MORGAN NOMINEES AUSTRALIA LIMITED	321,717,799	69.425%
BOULLE TITANIUM LTD	98,300,080	21.213%
BOULLE TITANIUM LTD	13,902,143	3.000%
CITICORP NOMINEES PTY LIMITED	7,813,681	1.686%
LOCKHART HOLDINGS PTY LTD	2,100,000	0.453%
CL INVESTMENTS LIMITED	1,750,000	0.378%
BNP PARIBAS NOMS PTY LTD <DRP>	1,383,396	0.299%
MR WEIKANG SHEN	1,274,000	0.275%
MR RAYMOND MARIE MARC HEIN	1,260,000	0.272%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,123,711	0.242%
RUNNING WATER LIMITED	1,000,003	0.216%
MANICITI PTE LTD	900,000	0.194%
MRS MARIE MARTHE JOSEE BONIEUX	796,875	0.172%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	745,125	0.161%
MR JULES LE CLEZIO	514,889	0.111%
MARIE MARTHE JOSEE BONIEUX	500,000	0.108%
MR PETER SAXBY	351,214	0.076%
ED MERCALDO <MERCALDO FAMILY A/C>	350,000	0.076%
JEAN- FRANCOIS TERNYNCK	350,000	0.076%
Total	**456,482,916**	**98.506%**

(iv) Substantial Shareholders

The names of the substantial shareholders listed in the Company's share register as at 31st August 2016 were:

Name	Number of Ordinary Shares	% of Issued Capital
AFRICAN MINERALS EXPLORATION AND DEVELOPMENT FUND II (SICAR)	320,800,027	69.227%
BOULLE TITANIUM LTD	112,202,223	24.213%
Total	**433,002,250**	**93.440%**

(v) On market buy back

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

2. Tenement Schedule

Project Title	Permit Number	REGISTERED Holder/Applicant	PERMIT TYPE	GRANT DATE (Application Date)	EXPIRY DATE	TERM (Years)	TOTAL AREA km**2	SUBSTANCES UNDER TITLE	NOTES
Ranobe	3315	TSSARL	**R**	21/03/2012	20/03/2015	3	106.25	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(1)
	12026	TSSARL	**R**	15/09/2004	14/09/2014	10	6.25	Ilmenite	(2) (3)
	17388	TSSARL	**R**	04/11/2015	03/11/2022	7	18.75	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(5)
	37242	TSSARL	**E**	21/03/2012	20/03/2052	40	9.38	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(4)
	39130	TSSARL	**E**	21/03/2012	20/03/2052	40	9.38	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(4)
Ankililoaka	3314	MRSARL	**R**	04/11/2015	03/11/2018	3	75	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(5)
	36876	MRSARL	**R**	22/11/2004	21/11/2014	10	12.5	Ilmenite	(2) (6)
Basibasy	35822	MRSARL	**R**	04/11/2015	03/11/2018	3	81.25	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(5)
Morombe	30250	MRSARL	**R**	04/11/2015	03/11/2018	3	206.25	Ilmenite, Zircon, Leucoxene, Rutile, Basalte, Calcate, Guano	(5)
Other	36182	MRSARL	**R**	22/10/2009			62.50	Ilmenite, Rutile, Zircon, Magnetite	(7)
	36183	MRSARL	**R**	22/10/2009			8.59	Ilmenite, Rutile, Zircon, Magnetite	(7)
	36648	MRSARL	**R**	16/11/2009			3.13	Calcaire	(7) (8)
	39650	MRSARL	**R**	16/11/2009			3.13	Calcate	(7) (8)
	38091	MRSARL	**R**	23/09/2010			30.47	Ilmenite, Grenate, Zircon	(7)

DEFINITIONS:

“TSSARL”: Toliara Sands SARL

“MRSARL”: Madagascar Resources SARL

"R": Research (Exploration Permit)

"E": Exploitation (Mining Permit)

NOTES:

1. Renewable once for three year period. Application lodged on 15 December 2014 and pending at BCMM.
2. Renewable twice for a three year period per renewal.
3. Renewal application lodged on 23 May 2014 and pending at BCMM.
4. Renewable once for 40 year period.
5. Renewable once for 3 years period.
6. Renewal application lodged 1 September 2014 and pending at BCMM.
7. New application pending at BCMM.
8. Permit 36648 has been split into two Permits (36648 and 39650) but to date the Company has not received confirmation of grant.
9. Renewal application lodged on 27 July 2015 and pending at BCMM.