



ASX Release

30 July 2012

## **Quarterly Report – Period to 30 June 2012**

### **HIGHLIGHTS**

#### **TOLIARA SANDS PROJECT**

- Ranobe Mining Licences and Exploration Licence extension granted;
- Definitive Engineering Study well advanced;
- Environmental and Social Impact Assessment (ESIA) scoping document completed.

#### **CORPORATE**

- Sale of Malagasy Minerals (ASX: MGY) shareholding, raising A\$500,000;
- Les Michalik appointed Project Director for Ranobe; and
- Mahen Sookun appointed Chief Financial Officer;
- Cash balance at 30 June 2012: \$9.9 million.

#### **OUTLOOK FOR SEPTEMBER QUARTER 2012**

- Complete the Definitive Engineering Study;
- Publish updated JORC resource for Ranobe;
- Undertake specialist studies for ESIA;
- Commence drilling and pitting for definitive mine design;
- Continue surface rights acquisition activities; and
- Continue community engagement.

## **CORPORATE**

### **Key Management Appointments**

During the quarter, the Company filled two key management positions required to advance the Ranobe Mine development. Les Michalik was appointed Project Director for the Ranobe Mine Project and Mahen Sookun was appointed Chief Financial Officer of the Company.

Les commenced on 16 July 2012 and will be based onsite at Toliara during the execution phase. He was the Turnover Manager for the Ambatovy Nickel Project in Madagascar and has previously worked on titanium dioxide smelter and synthetic rutile projects.

On 24 May 2012, Gooroodeo (Mahen) Sookun was appointed CFO and will join WTR fulltime from 1 September 2012. Mahen is currently a non-executive director of World Titanium Resources and becomes an executive director with his appointment as CFO. Mahen will be based in Mauritius.

Mahen was the Group Finance and Administrative Manager of Titanium Resources Limited, the AIM-listed company that refurbished the Sierra Rutile mineral sands and bauxite operations. Mahen is currently a Director, CFO and Secretary of Diamond Fields International, a public company listed on the Toronto Stock Exchange.

Further details of their appointments and work experience are detailed in an ASX Release dated 28 May 2012.

### **Product Off-take**

The Company has had preliminary discussions with a number of potential off-take customers for all of three the planned products from Ranobe – sulphate ilmenite, chloride ilmenite and a zircon rich non-magnetic concentrate. These discussions include straightforward supply agreements, as well as the potential for customers to provide prepayment as a source of development capital for the Project. Discussions are ongoing and the Company will update shareholders once they are finalised.

### **Capital Raise**

In addition to the potential for customer pre-payment to partially fund the development capital, the Company is also exploring strategic partner options, at both the asset and the corporate levels.

The balance of funding is expected to come from an equity raising but will only be undertaken once the capital requirement and funding from other sources has been defined and market conditions allow.

### **Disposal of non-core asset**

Following a review of the Company assets, the Board elected to dispose of its non-core holding in Malagasy Minerals (ASX: MGY). In early April, the Company sold 10,000,000 MGY shares, realising net cash proceeds of A\$500,000.

### **Funding**

WTR had A\$9.9 million cash at the end of the period, sufficient to fund all pre-development decision activities, corporate and administration costs through to the end of 2013.

## TOLIARA SANDS PROJECT

### Mining and Exploration Licences (Exploitation Permit)

In late April, WTR received a Mining Licence for Phase 1 of its flagship Ranobe mine and a second Mining Licence for the area immediately south of the initial mining area. In addition WTR received the renewal of the remainder of the Ranobe Exploration Licence.

The Ranobe Phase 1 Mining Licence (Permis D'Exploitation 37242), contains the "Starter Pit" resource which is estimated to contain 145Mt at an average grade of 8.1% Total Heavy Mineral (THM).

Phase 1 is currently planned to produce some 400,000 tonnes of ilmenite and 43,000 tonnes of rutile/zircon concentrate per annum, over the initial twenty-year mine life. Engineering, construction, commissioning will be carried out prior to first production in 2014. Phase 1 represents only 20% of the JORC Resource at Ranobe, which is estimated at 707 Mt, 6.5% average grade THM.

The second Mining Licence (Permis D'Exploitation 39130) contains an additional 140Mt at average grade of 7.1% THM. The Exploration Licence (Permis De Recherche 3315) contains the remainder of the 707 Mt JORC Resource at Ranobe.

These resources form part of the 100% owned Toliara Sands Project, which is situated near the coast in southwest Madagascar.

Each of the Mining Licences has a term of forty years and is renewable. The Exploration Licence has been renewed for three years.

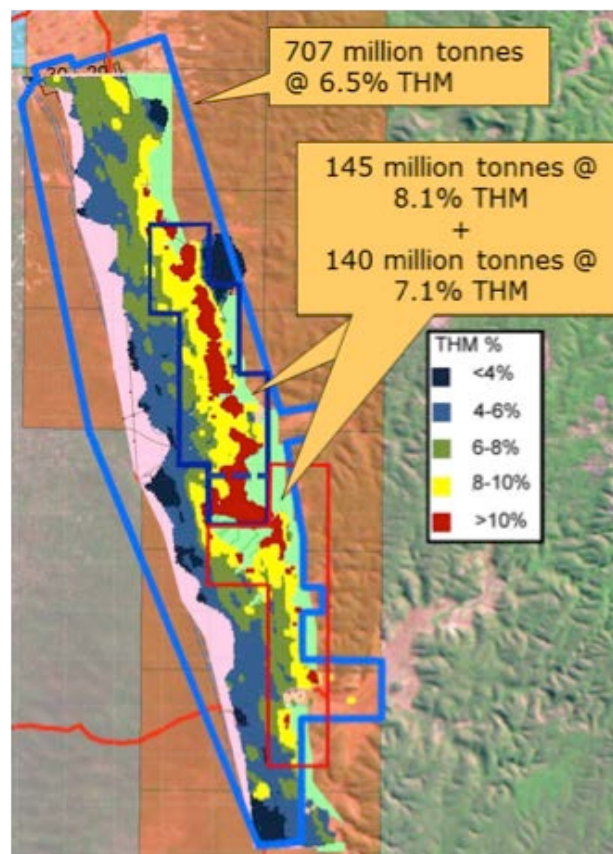


Figure 1 - Mining and Exploration Licences

## **Definitive Engineering Study**

Engineering work for the mine, processing equipment and infrastructure to finalise the design and update the capital and operating cost estimates continued during the quarter.

TZ Minerals International (TZMI) is managing this study, with Engineering & Project Management Services engaged as the lead engineering contractor. This work entails the finalisation of processing and infrastructure design and updates the capital and operating cost estimates. The engineering work is also identifying long lead time items, developing the optimum mine plan, and preparing the tender for project engineering, procurement, construction and management (EPCM).

The process designs for the concentrator and mineral separation plant have been finalised and requests for quotations submitted to equipment suppliers. This will ensure that current costs are used in the updated capital cost estimate. The experience of local and international engineering firms, operating in Madagascar, has been incorporated to ensure that the costs used in the project economic model truly reflect the reality of actual in-country costs.

The slurry pipeline specialist engineering study was completed in early June. Port specialists, mining and haul road contractors have advised on the proposed design and have provided updated cost estimates for these activities.

The resource model data has been reviewed and validated, and an updated resource model and JORC resource estimate is being prepared. This resource model will be used to develop an initial optimised mine plan, and, once economic and technical feasibility is confirmed, a maiden reserve statement will be prepared.

The definitive engineering study is also determining the preferred mining method i.e. (front-end-loader and hopper or bulldozer and trap), refining the number and the locations of the primary concentrators, the location of the Mineral Separation Plant (MSP) and investigating opportunities to improve export logistics. The primary purpose of this value engineering exercise is to ensure that opportunities are captured to improve the design, to deliver an efficient and cost-effective Project.

### **Export logistics**

WTR is currently investigating the potential of an alternate export path that involves locating the MSP at the mine site and trucking the final products, via a causeway over the river, to a stand-alone jetty located north of the city of Toliara. This would allow direct loading of ocean-going vessels in reef-sheltered waters. This alternate export path offers some attractive advantages compared to the existing option, including:

- A simpler overall operation, as it entails one less operating location, there will be no necessity to return the tailings to site, there will be only one road haul versus the current 'road and pipeline combination' and there will no necessity for a barge transfer;
- More expandable – 'haul-road and jetty' can accommodate any expansion case that is currently envisaged; and
- Less community interaction – as the proposed jetty is much further removed from the city of Toliara.

Studies are underway to confirm that this option can be developed for a similar capital cost and to identify what civil engineering work would be required for the jetty. The jetty option

will require some additional geotechnical and marine studies to finalise the design. If this option is selected the additional work required will be completed by the end of March 2013.

The existing option of a 'haul-road, slurry pipeline and MSP located at the existing port' remains viable and will be pursued, if the 'stand-alone jetty' alternative is not viable or not cost effective.

Over the coming months the various elements of the Definitive Engineering Study will be finalised and announced to the market.

### **Drilling and pitting at Ranobe**

A small, five tonne, sample of ore was collected from the initial mining area at Ranobe and is currently being shipped to Perth. This sample will be used in equipment selection trials and to prepare product samples, prior to the main pitting program later in 2012.

The drilling rig and a pilot plant for the pitting program are being mobilised to Ranobe and should be onsite during the third quarter 2012. The drilling and pitting locations at Ranobe will be finalised, once the mine plan being developed for the Definitive Engineering Study has been completed.

Onsite preparations continued, with the refurbishment of the camp at Ranobe being completed. Additional supplies required to support the drilling and pitting program were sourced. Applications for the environmental permit for the program and the temporary import permits for the pilot plant and drilling rig were also submitted and have been received.

The drilling program will focus on in-fill drilling. The pitting program will be used primarily for a confirmatory trial of the mining method selected in the engineering study. A bulk sample will also be collected and processed to confirm the selected flow-sheet and to provide additional product samples for customer testing.

### **Environmental and Social Impact Assessment**



*Figure 2 – Public consultation ESIA meeting that was held in Toliara, Madagascar during the quarter.*

Coastal and Environmental Services, a South African environmental consultancy with extensive experience in mineral sands and other mining projects in Africa, completed a draft

scoping study. During April, the public consultation process started with group and one-on-one meetings held in Antananarivo, Toliara and the villages near the mine site and associated Project infrastructure.

These meetings sought feedback from key stakeholders, including the Government, NGO's and community, on the potential impacts of the Project. This feedback is being incorporated into the Final Scoping Report, which is being translated before submission to the Office for National Environment (ONE) during the current quarter.

Based upon the Final Scoping Report, the scope for the required specialist studies has been defined and these studies will be completed during the third quarter 2012. Field visits started in June. Once the specialist studies are complete the Specialist Report, Environmental and Social Impact Report (ESIR) and Social and Environmental Management Plan (SEMP) will be drafted. A public consultation process will be undertaken before finalisation and submission to the ONE for approval. Final environmental approval is currently expected in the first quarter 2013.

### **Surface Rights**

During the period, additional resources were secured to accelerate the identification of traditional owners and users of the land that will be required for the proposed mine site and associated infrastructure. Once all owners and users are identified, the Company will formalise access agreements with them.

This activity is being facilitated by the Regional Coordination Committee and is being chaired by the Chef du Region. The committee comprises representatives from the Company, the Ministry of Mines, other ministries, and the mayors of the districts and communities that will be impacted by the Project.

### **Morombe Exploration**

An exploration program, using the same drilling rig as at Ranobe, is also planned for Morombe later in 2012. Exploration work to-date indicates that the "Big Dune" area at Morombe contains higher TiO<sub>2</sub> ilmenite, as well as higher zircon grades, than at Ranobe.

The 2012 drilling program at Morombe will follow-up on earlier reconnaissance hand auger-sampling results. The aim is to clarify the stratigraphy of the area, collect samples of heavy minerals (HM) for further analysis and determine the potential for economic mineralisation.

The area has abundant water. While further work is required, early indications are that Morombe may be suited to a large-scale dredging operation operation.

## Community

During April, foot pumps were fitted to the water wells that had previously been refurbished in three villages close to the proposed mine site. The Company continues to support 'Australian Doctors For Africa' in their efforts to provide medical equipment and twice-yearly visits by Australian doctors to run clinics at the main hospital in Toliara.

The ongoing support received from all levels of the local community, from the Toliara regional government down to the individual villagers, is very welcome as it is critical for the long-term success of the Company. Their support, including formal representations by the Chef du Region, district and commune Mayors and the Chiefs of each village to the Government of Madagascar was important in securing the mining licences.



*Figure 3 – A refurbished village water well with foot pump.*



Bruce Griffin  
**Chief Executive Officer**  
**World Titanium Resources**

All enquiries to be directed to

Bruce Griffin (CEO) or Wayne Malouf (Executive Chairman)  
Tel: +61 8 9286 1219

or

David Sasson (Investor Relations – FIRSt)  
Tel: +61 411 468 966

or

Email: [support@worldtitaniumresources.com](mailto:support@worldtitaniumresources.com)

### **About World Titanium Resources**

World Titanium Resources (ASX:WTR) is an Australian listed mineral sands company that owns 100% of the Tier 1 Toliara Sands Project in Madagascar, which includes a current JORC Resource of 707Mt grading 6.5% total heavy mineral (THM) at Ranobe.

Phase 1 will focus on mining 145Mt grading 8.1% THM. Phase I is estimated to produce 400,000 tonnes of ilmenite and 43,000 tonnes of rutile/zircon concentrate per annum over an initial 20 year mine life.

The current JORC Resource at Ranobe could potentially sustain a ~75 year mine life at the initial planned production rates. The Toliara Sands Exploration permits at Ranobe, Ankililoaka, Basibasy and Morombe contain a total exploration target in excess of 4,700Mt of mineralisation<sup>1</sup>.

[www.worldtitaniumresources.com](http://www.worldtitaniumresources.com)

### **Competent Person**

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

---

<sup>1</sup>*These Exploration Targets are at an early stage of evaluation, and the potential quantity and grade remain conceptual in nature. At this stage there has been insufficient exploration to define Mineral Resources and it is uncertain if further exploration will result in the determination of Mineral Resources greater than that already defined.*



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 1/6/2010.

Name of entity

**WORLD TITANIUM RESOURCES LTD**

ABN

**21 120 723 426**

Quarter ended ("current quarter")

**30<sup>th</sup> June, 2012**

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 mths) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(563)	(1,364)
(b) development	-	-
(c) production	-	-
(d) administration	(715)	(2,656)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	31	216
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid, GST received	-	54
1.7 Other (JV and other income)	-	350
<b>Net Operating Cash Flows</b>	<b>(1,247)</b>	<b>(3,400)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(31)	(43)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	522	568
(c) other fixed assets	-	41
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other – Cash acquired on acquisition of subsidiary	-	5,795
<b>Net investing cash flows</b>	<b>491</b>	<b>6,361</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(756)</b>	<b>2,961</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(756)	2,961
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	3,000
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - Costs associated with capital raising	-	-
	<b>Net financing cash flows</b>	-	3,000
	<b>Net increase (decrease) in cash held</b>	(756)	5,261
1.20	Cash at beginning of quarter/year to date	10,617	3,900
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	9,861	9,861

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	244
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

All payments to Directors and Associates are on normal commercial terms.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

Add notes as necessary for an understanding of the position.

N/A

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

		\$A'000
4.1	Exploration and evaluation	2,200
4.2	Development	-
4.3	Production	-
4.4	Administration	700
	<b>Total</b>	<b>2,900</b>

+ See chapter 19 for defined terms.

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	4,469	1,121
5.2 Deposits at call	5,392	9,496
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>9,861</b>	<b>10,617</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

### Issued and quoted securities at end of current quarter

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference</b> <sup>+</sup> <b>securities</b> <i>(description)</i>	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 <b>+Ordinary securities</b> <b>Total Issued and Quoted</b>  Issued, but not quoted (subject to ASX escrow)	<b>298,358,866</b>	<b>231,371,341</b>	Fully Paid	Fully Paid

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

7.4	Changes during quarter (a) Increases through issues/exercised options - Cash Issue - Merger Consideration (b) Decreases through returns of capital, buy-backs - Consolidation				
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b>	<i>Options</i>	<i>Listed Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
		30,000	-	\$1.20	26/11/2012
		375,000	-	\$0.80	08/05/2013
		12,500	-	\$0.60	22/05/2015
		12,500	-	\$0.84	22/05/2015
		12,500	-	\$1.12	22/05/2015
		475,000	-	\$0.80	08/05/2015
		16,275,000	-	\$0.285	31/03/2015
		1,492,050	-	US\$0.285	21/06/2013
		1,000,000	-	\$0.285	31/03/2015
7.8	Issued during quarter	5,475,000	-	\$0.285	31/03/2015
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> (totals only)	-	-	-	-
7.12	<b>Unsecured notes</b> (totals only)	-	-	-	-

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 July, 2012  
 Company Secretary

Print name: Graeme Boden

+ See chapter 19 for defined terms.

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
  
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
  
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
  
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
  
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==