



WORLD TITANIUM RESOURCES

Ranobe Project Update – June 2012

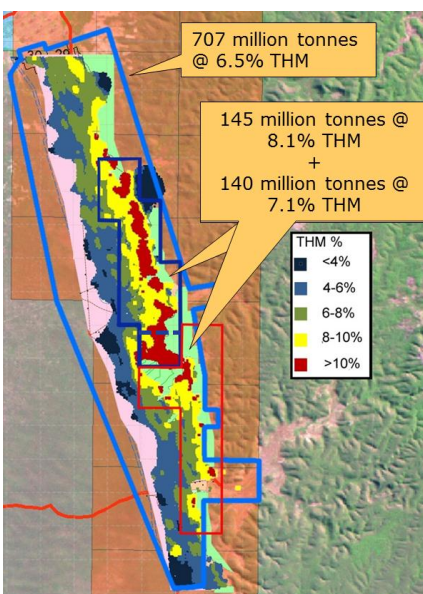
World Titanium Resources Ltd (ASX:WTR or “the Company”) is pleased to provide a Project update for its Ranobe Mine in Madagascar.

The most significant development since our last Project update, in March 2012, was the granting of two mining licences for the Ranobe Mine. We have also continued laying the groundwork for developing the world-class Ranobe mineral sands deposit. This, the latest of our newsletters, aims to give an update on this progress.

Mining and Exploration Licences (Exploitation Permit)

On Friday 27 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).



Mining and Exploration Licences

In Phase 1 we are currently planning to produce some 400,000 tonnes of ilmenite and 43,000 tonnes of rutile/zircon concentrate per annum, over the initial 20-year mine life. 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.

Definitive Engineering Study

The Definitive Engineering Study, managed by TZMI with Engineering & Project Management Services as the lead engineering contractor, is now well advanced. This work entails the finalisation of processing and infrastructure design and updates the capital and operating cost estimates. This 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 make sure that the costs used in the project economic model truly reflect the reality of actual in-country costs.



The slurry pipeline specialist engineering study is well advanced and will be 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.

As part of the definitive engineering study we are 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 we capture opportunities to improve the design to deliver an efficient and cost-effective and Project.

WTR is paying particular attention to export logistics. Our engineers are 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 be no necessity for a barge transfer; in addition it would be
- More expandable – 'haul-road and jetty' can handle any expansion case that we can currently envisage; and finally there will be
- Less community interaction – as the jetty under investigation 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. Some additional geotechnical studies may be required to finalise the study for this option and, if required, should be undertaken in July and August. In any event, 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 cost effective.

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

Key Management Appointments

The Company recently filled two key management positions required to advance the Ranobe Mine development. Les Michalik has been appointed Project Director for the Ranobe Mine Project and Mahen Sookun has been appointed Chief Financial Officer of the Company.

Les will commence as the Project Director for the Ranobe Mine Project from 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.

Les has over 30 years of project execution and management experience predominantly in the mining and mineral processing industry in Africa, Australia and Europe. Previous employers include Bateman, SNC Lavalin, GRD Minproc, Minara Nickel, Ausenco, and Mount Isa Mines. He is a Member of the Association of Professional Engineers, Managers and Scientists of Australia and holds Diplomas in Mechanical Engineering and Project Management and an MBA from Deakin University.

Goorodeo (Mahen) Sookun was appointed Chief Financial Officer of the Company on 24 May 2012 and will join World Titanium Resources 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 is a fellow of the Association of Chartered Certified Accountants (UK) and holds an MBA (Finance) from the University of Leicester (UK). He has been a Corporate Finance Executive for more than 20 years for private and public companies in Mauritius and Africa in a range of sectors including public utilities, agriculture and textiles, real estate development and mining.

He 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.

Environmental and Social Impact Assessment

Coastal and Environmental Services, a South African environmental consultancy with extensive experience in mineral sands and other mining projects in Africa, has 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 will be submitted to the Office for National Environment (ONE) during June.



ESIA Public consultation meeting in Toliara, Madagascar

Based upon the Final Scoping Report, the scope for the required specialist studies will be defined and these studies will be completed during the third quarter 2012. Field visits will start 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 to be received 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, which 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, chaired by the Chef du Region. This 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.

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.

A drilling rig has been contracted from Wallis drilling and a pilot plant for the pitting program has been contracted from AML. Both are currently expected to mobilise to Ranobe before the third quarter of 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 from Australia and Madagascar. Applications for the environmental permit for the program and the temporary import permits for the pilot plant and drilling rig have also been submitted.

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.

Product Off-take

The Company has engaged with a number of potential off-take customers for all three of the proposed 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. These 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 later in 2012 but will only be undertaken once the capital requirement and funding from other sources has been defined.

At the end of March, the Company had \$10.6 million in cash, sufficient to fund all pre-development activities and to maintain the Company's presence in Madagascar and corporate activities until at least the end of 2013.

Community

During April, foot pumps were fitted to the water wells that we had previously 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.



A refurbished village water well with foot pump

Morombe Exploration

An exploration program, using the same drilling rig as at Ranobe, is also planned for Morombe later in the year. Exploration work to-date indicates that the "Big Dune" area at Morombe contains higher TiO₂ ilmenite, as well as higher zircon grades, than 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, which would allow a dredging operation to be contemplated. While further work is required, early indications are that Morombe may be suited to a large-scale operation.

Outlook

The work required to deliver this exciting Project is progressing on schedule and with a thoroughness that should pay lasting dividends into the future for the local communities, the people and the Government of Madagascar and for the shareholders of World Titanium Resources Limited. The Company intends to keep all stakeholders fully informed on the progress at Ranobe. We are all looking forward to an exciting and rewarding future.

A handwritten signature in black ink, appearing to be 'B. Griffin'.

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