



ASX Release

25 January 2013

## Quarterly Report – Period to 31 December 2012

### HIGHLIGHTS

- 8000m of resource development and mine optimisation drilling completed at Ranobe;
- Trial mining program confirms suitability of front end loader dry mining;
- Process design and product quality confirmed by processed samples;
- Product samples prepared for dispatch to potential customers;
- Jetty, haul road and causeway studies commenced.

### CORPORATE

- Encouraging progress in strategic partner, debt finance and offtake discussions;
- Cash balance at 31 December 2012: A\$5.2 million.

### OUTLOOK FOR MARCH QUARTER 2013

- Continue off-take, strategic partner and project financing discussions;
- Complete geotechnical and marine studies for the jetty;
- Complete updated design and cost estimate for road and causeway;
- Finalise specialist studies Environmental and Social Impact Assessment (ESIA) and Social and Environmental Management Plan (SEMP) and submit for approval;
- Complete trial mining at Ranobe and operate pilot plant to acquire additional samples for customer testing;
- Prepare Large Investment in Mining (LGIM) application and submit for approval;
- Commence private port approval process; and
- Continue surface rights acquisition activities.

## **CORPORATE**

### **Strategic Partner**

The Company continued to explore strategic partner options, at both the asset and the corporate levels. A number of interested parties undertook due diligence during the quarter and discussions are continuing with several parties.

### **Debt Funding**

During the quarter the Company investigated the potential to secure debt finance at the project level from commercial banks. The Company has been encouraged by these discussions and is currently exploring forming a debt syndicate, including commercial banks from Europe and Africa, for a project finance facility for the Ranobe Project.

### **Product Off-take**

The Company has continued discussions with a number of potential off-take customers for the three 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.

The company has recently dispatched product samples to a number of these potential customers.

### **Cash**

WTR had A\$5.2 million in cash as at 31 December 2012.

## **RANOBE MINE PROJECT**

### **Pre-Development Engineering**

Work has commenced on pre-development engineering, following the completion of the Definitive Engineering Study (DES) in August 2012. The DES confirmed that a low capex, low technical risk and simple mineral sands operation could be built using proven technology.

The pre-development engineering is primarily focussed on finalising the design for the haul road, causeway and jetty. In addition further engineering work has been undertaken to refine elements of the DES design, including electrical systems and storage sheds.

Hydrographical and geotechnical surveys have been completed for the causeway. Geotechnical and topographic surveys have been completed for the haul road. The findings are currently being incorporated into the detailed design.

A bathymetric and topographical survey was completed for the proposed jetty location and offshore wave modelling commenced. A drilling barge and rig have been mobilised to Toliara for the jetty geotechnical survey and the drilling program will be completed during the March quarter. Wave monitoring equipment has been mobilised to Toliara and will be deployed in February. Detailed design work for the jetty has commenced and will be completed during 2Q 2013, once all survey data has been acquired and incorporated.

When the updated design for the jetty, causeway and road are incorporated into the refined DES the resulting study is expected to meet the requirements of a Definitive Feasibility Study (DFS) suitable for project finance. This DFS should be completed during 2Q 2013.

Ten internationally recognised Engineering, Procurement, Construction and Management (EPCM) contractors have been shortlisted. Request for Tender documents for the EPCM contract continue to be developed. The process of tendering key operational contracts has commenced and will continue throughout the current quarter.

### **Drilling**

During the quarter a 362 hole, 8000m drilling program was completed at Ranobe. The samples are currently being analysed at independent laboratories in South Africa and Australia. When the results are received they will be used to update the resource and reserve and refine the initial mine plan.



*Figure 1 – Drilling at Ranobe*

### **Trial Mining**

A 20m deep trial mining pit was completed and the second pit had reached 10m by quarter end. During the current quarter the second pit will be completed to expose the limestone basement at a depth of approximately 16m.

The front loader and excavator used for the trial have had no problem extracting the sand and the pit walls were stable indicating that a simple and safe front end loader dry mine using benches can be designed. The program was supervised by an experienced mineral sands contract mining company and their feedback is being incorporated into the mine design.



*Figure 2 – Ranobe trial mining*

### **Process Samples and Pilot Plant**

The five tonne sample of ore collected from the initial mining area at Ranobe earlier in 2012 was processed in Perth. The processing confirmed the DES process flow sheet design and product quality. Product samples have been produced and have been dispatched to potential customers for testing.

Some of the ore from the trial mine is being processed to heavy mineral concentrate using a pilot plant on site at Ranobe. This removes the bulk of the sand (85%) and puts it back into the pit. The other 15% will then be sent offshore for processing to final product samples and to further confirm the flow sheet.



*Figure 3 – Pilot plant processing ore from trial mining*

### **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 is managing the environmental approval process for Ranobe.

During the quarter, work continued on the required specialist studies including Fish, Marine and River, Social and Economic, Flora, Fauna, Waste, Noise, Air Quality, and Offset and Rehabilitation. These studies are being finalised and the ESIA and SEMP reports are being drafted.

The draft ESIA and SEMP will be submitted to the Office National pour L'Environnement (ONE) during the current quarter. A public consultation process will be undertaken once they have been submitted. Final environmental approval is currently expected in the second quarter of 2013.

### **Surface Rights**

During the period, the identification of traditional owners and users of the land that will be required for the proposed mine site and associated infrastructure continued. 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.

## Community

The majority of the labour for the jetty and causeway field work, drilling, trial mining and pilot plant programs has been hired from the local community. This is consistent with WTR's commitment to maximise employment opportunities in the directly affected communities.

The Company implemented a grievance process to ensure that feedback from the community on WTR's activities in Toliara can be received confidentially. The process requires appropriate steps to be taken to address concerns or incorporate suggestions into future community programs and feedback to be provided to the community. The process is being promoted widely.

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.

## Project timeline

In addition to the ESIA to be submitted during the current quarter, applications will be made to develop and operate a private port and for certification under the LGIM Act. These approvals are expected during Q2 2013.

The development execution plan assumes a 6 month engineering and procurement phase, followed by 12 months of construction, development phase commencing during Q2 2013 commissioning and first production in Q4 2014.



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

All enquiries to be directed to

Bruce Griffin (CEO)  
Tel: +61 8 9286 1219

or

Wayne Malouf (Executive Chairman)

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 Mineral Resource of 959Mt grading 6.10% total heavy mineral (THM) at Ranobe.

Phase 1 will focus on mining a 161Mt Mineral Reserve at an average grade of 8.20% THM. Phase I is estimated to produce 407,000 tonnes of ilmenite and 44,000 tonnes of zircon/rutile concentrate per annum over an initial 21 year mine life.

The Mineral Resource at Ranobe could potentially sustain a ~100 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")

**31<sup>st</sup>December, 2012**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date(6mths) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for: (a) exploration & evaluation	(1,262)	(3,120)
(b) development	-	-
(c) production	-	-
(d) administration	(732)	(1,560)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	74	117
1.5 Interest and other costs of finance paid	(8)	(8)
1.6 Income taxes paid, GST/taxes paid	(159)	(138)
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(2,087)</b>	<b>(4,709)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(27)	(97)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	25	54
(c) other fixed assets	-	24
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>(2)</b>	<b>(19)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(2,089)</b>	<b>(4,728)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(2,089)	(4,728)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	-	
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>	-	-
	<b>Net increase (decrease) in cash held</b>	(2,089)	(4,728)
1.20	Cash at beginning of quarter/year to date	7,222	9,906
1.21	Exchange rate adjustments to item 1.20	83	38
1.22	<b>Cash at end of quarter</b>	<b>5,216</b>	<b>5,216</b>

**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	303
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	2 700
4.2	Development	-
4.3	Production	-
4.4	Administration	800
	<b>Total</b>	<b>3 500</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	1,545	2,721
5.2	Deposits at call	3,671	4,501
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)		5,216	7,222

### 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> <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>232,153,656</b>	Fully Paid	Fully Paid
7.4 Changes during quarter (a) Increases through issues/exercised options - Cash Issue - Merger Consideration (b) Decreases through returns of capital, buy-backs - Consolidation				

+ See chapter 19 for defined terms.

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

7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
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>
		375,000	-	\$0.80	08/05/2013
		475,000	-	\$0.80	08/05/2015
		16,275,000	-	\$0.285	31/03/2015
		1,492,050	-	\$0.285	21/06/2013
		6,475,000	-	\$0.285	31/03/2015
		1,500,000	-	\$0.285	31/12/2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-	-	-
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-	-	-

**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: 25 January, 2013  
 C F O

Print name: Goorodeo Sookun

**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

+ See chapter 19 for defined terms.

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.

== == == == ==