



ASX Release

26 October 2012

Quarterly Report – Period to 30 September 2012

HIGHLIGHTS

- Ranobe Mine – Definitive Engineering Study completed;
 - Low-risk, long-life, high-grade, low-capital and high margin Project;
 - Maiden Ore Reserve of 161Mt @ 8.20% Total Heavy Mineral (THM) in 'Starter Pit' for 13.2 Mt THM;
 - Annual production of 407kt of ilmenite and 44kt tonnes of zircon rich concentrate from the 21 year mine life 'Starter Pit'
 - Utilising less than 17% of the overall Mineral Resource at Ranobe;
 - NPV₁₀ US\$257 million;
 - IRR 27% and 3 year payback;
 - First production second half 2014;
- Ranobe Mineral Resource estimate increased 36% to 959Mt at 6.10% average grade THM (3% cut-off) and contained heavy mineral increased 27% to 58.5 Mt THM.

CORPORATE

- Cash balance at 30 September 2012: A\$7.2 million.

OUTLOOK FOR DECEMBER QUARTER 2012

- Continue off-take, strategic partner and project financing discussions;
- Commence geotechnical and marine studies for the jetty;
- Complete geotechnical and topography studies and update road and causeway design;
- Finalise EPCM contractor shortlist and tender documents;
- Complete specialist studies for ESIA and prepare draft ESIA and ESMP documents;
- Complete drilling program at Ranobe and Morombe;
- Undertake trial mining at Ranobe to acquire samples for customer testing and demonstrate the selected mining method;
- Continue surface rights acquisition activities; and
- Continue community engagement including support for the latest Australian Doctors for Africa visit to Toliara.

CORPORATE

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.

Funding

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 and Project Financing options with European and African financial institutions. All interested parties are currently undertaking due diligence.

Cash

WTR had A\$7.2 million in cash as at 30 September 2012.

TOLIARA SANDS PROJECT

Definitive Engineering Study

The results of the Definitive Engineering Study (DES) for the Ranobe Mine, which is situated near the south western coast of Madagascar (Figure 1) were announced at the end of August. The Ranobe Mine will be the initial operation of the Toliara Sands Project.

TZ Minerals International (TZMI) managed the study, with Engineering & Project Management Services engaged as the lead engineering contractor.

The DES confirmed that a low capex, low technical risk and simple mineral sands operation can be built using proven technology.

A simplified flow sheet for the mine is shown in Figure 2. It envisages utilising a simple mining and processing route at 8Mt of ore per annum beginning in the second half of 2014.



Figure 1 – Location map showing the Ranobe Mine within Toliara Sands Project

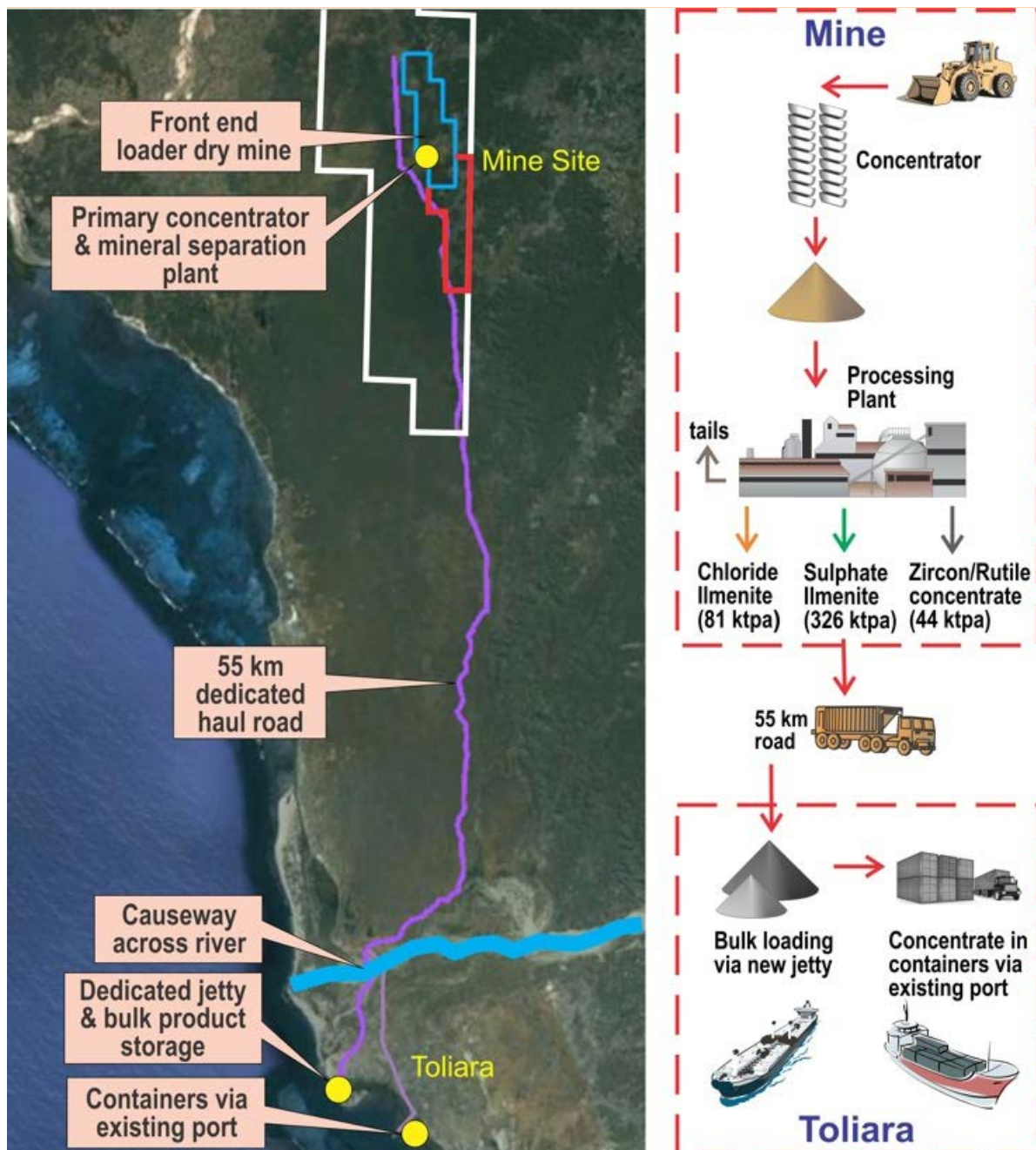


Figure 2 – Simplified schematic showing major processes in the Ranobe Mineral Sands mine

The ore zone in the deposit ranges between 2–30 metres in depth and will be mined by two Front End Loaders (FEL). FEL mining provides a high degree of flexibility and will be able to selectively sequence and mine the higher-grade parts of the deposit to maximise the project cash flow.

Ore mined by the FELs will be fed to mining units and pumped to the primary concentrator, the Ranobe ore has low slimes content, less than 5%, which should assist the concentration of the ore feed. The concentrator has four stages of spirals and a hydrosizer to produce a heavy mineral concentrate.

The final heavy mineral concentrate, which will have a grade of 92% heavy mineral, will be stockpiled before being fed into the mineral separation plant. The mineral separation plant will use conventional mineral sands separation equipment to produce final products

consisting of primary ilmenite, secondary ilmenite and a valuable non-magnetic concentrate containing zircon and rutile.

The ilmenite circuit is a combination of magnetic separators and high tension rolls to produce 326,000 tonnes per annum (tpa) of saleable sulphate ilmenite and 81,000 tpa of saleable chloride ilmenite.

The non-magnetic circuit will utilise gravity separation (spirals) and magnetic separation to produce 44,000 tpa of saleable zircon and rutile rich concentrate.

All products will be transported, via a planned dedicated 55-kilometre long haul road, to a bulk loading facility, located north of the existing town and port of Toliara.

The ilmenite products will be bulk loaded via a dedicated bulk-export jetty, which will be established as part of this development. The zircon and rutile concentrate will either be bulk loaded via the same facility or loaded into containers for export from the existing Port of Toliara. The proposed dedicated jetty is sufficiently deep for vessels up to Supramax size.

Whilst the initial Starter Pit development is a low-risk, long-life, high-grade, low-capital and high margin Project, it also secures the long term options to expand, extend the life, and add value to products. The haul road plus dedicated jetty export option provides inherently expandable infrastructure and maximises the potential to incrementally scale up the operation to fully exploit the 959 million tonnes at 6.10% THM Mineral Resource. Once the starter pit has become well established these options will be progressed.

Capital and Operating Cost Estimates

A key component of the definitive engineering study was the compilation of capital and operating cost estimates.

The capital estimate of US\$192 million covers the design, procurement, management, construction and commissioning of the mining unit, primary concentrator, mineral separation plant, export facilities and infrastructure. This total includes US\$32 million in project contingency.

Additional geotechnical and marine studies are required to finalise the design study for the dedicated jetty. These studies will determine the piling requirements for the jetty. The port consultants quantified the range of possible outcomes for the cost of piling. When this range is taken into account the total capital cost will be between US\$188 million and US\$200 million with a base case of US\$192 million.

Operating cost estimates have been developed over the life of the project. The average annual operating cost is US\$51.7million equivalent to US\$116 per tonne of product. Power and fuel account for 30%, contract mining 22% and labour 13% of annual operating costs.

Working capital for operational labour prior to start-up, operating costs prior to the first sales revenue being received and other owners' costs is estimated at US\$24 million.

Resources and Reserves

In early August, WTR announced a 36% increase in the Ranobe Mineral Resource estimate to 959Mt at 6.10% average grade Total Heavy Mineral (THM).

The increase in the resource followed an extensive review and reinterpretation of existing data and geological models. The data included 6,600 sample analyses from 800 holes and

18,000 metres from drilling campaigns in 2001, 2003 and 2005. A new block model was developed across the entire Ranobe licence area.

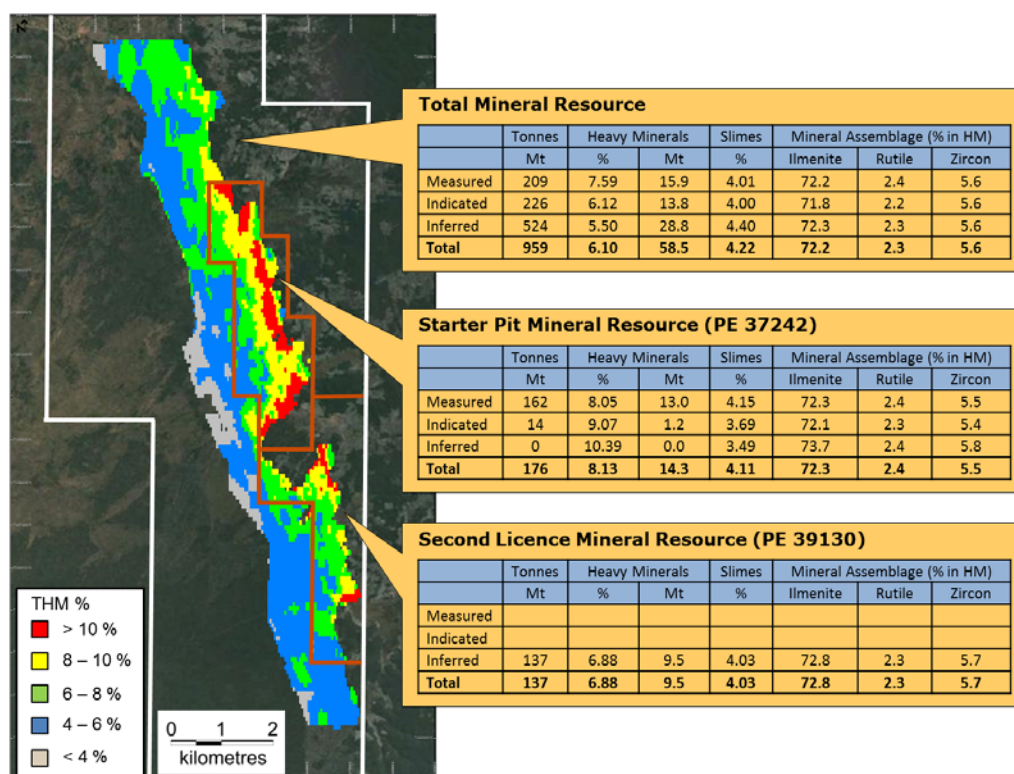


Figure 3: Ranobe mining licences and details of the updated Mineral Resource estimate.

The 'Starter Pit' mining licence (Permis D'Exploitation 37242) (Figure 3) contains an estimated 176Mt Mineral Resource at an average grade of 8.13% THM, most of which is in the Measured category. The mine plan to exploit this 'Starter Pit' was developed on a maiden Ore Reserve for the 'Starter Pit' of 161Mt @ 8.20% THM.

The second mining licence (Permis D'Exploitation 39130) contains a Mineral Resource of 137Mt, 6.88% average grade THM.

Each of the mining licences has a term of 40 years and may be renewed for one or more additional 20 year terms. The Exploration Licence was renewed for 3 years earlier in 2012.

A cut-off grade of 3% THM was used to estimate the Mineral Resource. The grade-tonnage curve (Figure 4) clearly illustrates that there is very little material below 3% THM in the Ranobe deposit.

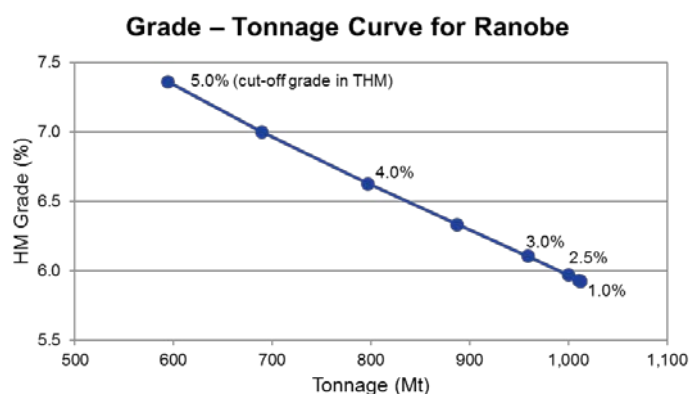


Figure 4: Grade – Tonnage curve for the Ranobe deposit.

Based upon the Measured and Indicated Resource in the 'Starter Pit' Licence area a mining schedule has been developed. Mining will commence on the south east corner corresponding to an area of high HM grade.

During the first two years of operations, the mining rate will be 900 tonnes per hour (tph), increasing to 1,050 tph in Year 3 in order to maintain the ilmenite production at 407,000 tpa. According to the proposed schedule, two concentrator moves are expected during the mine life (Figure 5). The first concentrator move is expected in Year 9, when the concentrator would be re-located to midway along the deposit. The second move is expected during Year 16.

Over the life of mine of 21 years an estimated 161 million tonnes total ore will be mined.

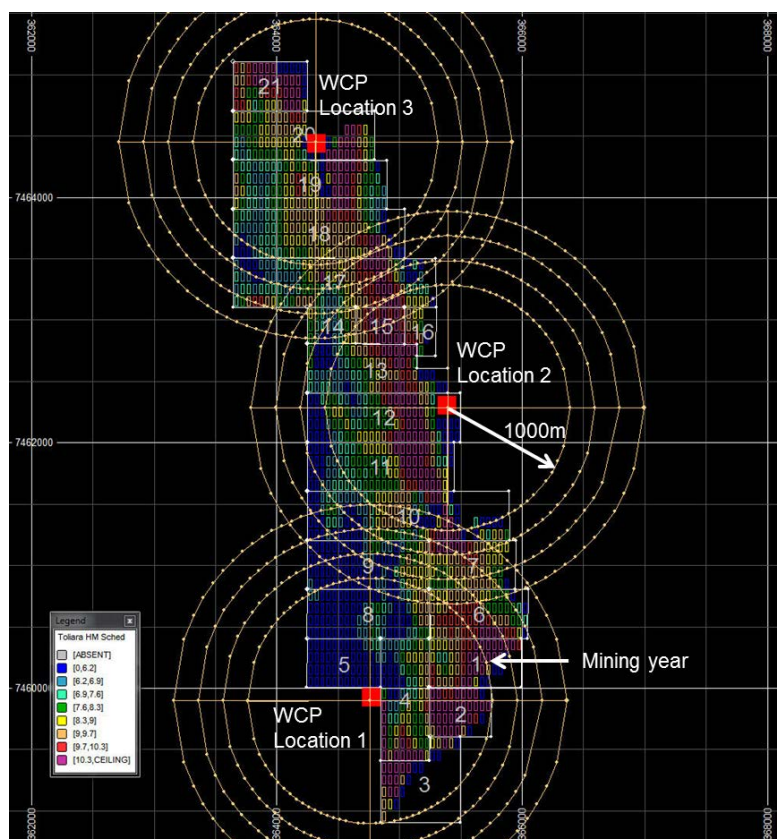


Figure 5: Proposed mine schedule.

Ore Reserves have been estimated using all available geological, drill hole and assay data, including mineralogical sampling and test work on mineral recoveries and final product qualities. The Ore Reserve estimates are determined by consideration of all the modifying factors in accordance with the JORC Code 2004, and may include but are not limited to, product prices, mining costs, mining dilution and recovery, metallurgical recoveries, environmental considerations, access and approval.

	Tonnes	Heavy Minerals		Slimes	Mineral Assemblage (% in HM)		
	Mt	%	Mt	%	Ilmenite	Rutile	Zircon
Proved	148	8.12	12.0	4.02	72.3	2.4	5.5
Probable	13	9.18	1.2	3.65	72.1	2.3	5.4
Total	161	8.20	13.2	3.99	72.3	2.4	5.5

Table 1: Ranobe Ore Reserve Statement.

Project Economics

Project economics on the 'Starter Pit' operation are very attractive with the mine expected to deliver the following financial outcomes:¹

	Unit	Value
Development Capital	US\$ M	192
Working Capital	US\$ M	24
Operating Cost	US\$/t of product	116
Revenue	US\$/t of product	267
NPV (at 10% discount rate)	US\$ M	257
Including terminal value	US\$ M	49
IRR	%	27
Capital Payback Period	Years	3
Average annual free cash flow	US\$ M per annum	49
Life of Mine Free Cash Flow (post-tax real)	US\$ M	1033

Table 2: Project Economics

Pre-Development Engineering

Preparations have been completed for the required jetty geotechnical and marine studies. Suitable contractors have been identified and execution plans developed.

During the current quarter wave monitoring equipment will be deployed, geotechnical drilling will be undertaken offshore and onshore, topographic and bathymetry surveys completed, and wave modelling will commence. The various studies should be completed and incorporated into a final jetty design prior to the beginning of 2Q 2013, when Front End Engineering and Design is planned to commence.

A hydrography study for the causeway commenced during the September quarter and will be completed during the current quarter. Topographic and geotechnical studies for the road and causeway will be undertaken before the end of 2012. Based upon these studies are completed the road and causeway detailed design will be completed during Q1 2013.

Preparations have started for the tender for the project engineering, procurement, construction and management (EPCM) contract. Five internationally recognised EPCM contractors have been shortlisted based upon Expressions of Interest and the Scope of Work and Request for Tender documents for the EPCM tender process have been developed.

The development execution plan assumes a 6 month engineering and procurement phase followed by 12 months of construction. Assuming the development phase commences during Q2 2013 then commissioning and first production should be achieved in Q4 2014.

Drilling and Pitting at Ranobe

A five tonne sample of ore collected earlier in 2012, from the initial mining area at Ranobe, is currently being processed in Perth. This sample is being used for equipment selection trials and to prepare product samples.

¹ Annual average commodity prices (FOB): Ilmenite US\$169/t (blended price for sulphate and chloride ilmenite) and Zircon and Rutile rich concentrate US\$1206/t (assumes 75% of the contained value reflecting a processing discount).

The drilling rig and a pilot plant for the pitting program have been mobilised to Ranobe. The pilot plant is currently clearing customs in Toliara and the drilling rig is expected to arrive in November.

The drilling and pitting locations at Ranobe have been finalised based upon the mine plan developed for the Definitive Engineering Study. The Ranobe drilling program will focus on in-fill drilling.

The pitting program will collect a bulk sample to demonstrate the flow sheet and Front End Loader mining method selected in the engineering study and to provide additional product samples for customer testing. An experienced mineral sands contract mining company is assisting with the design and execution of the pitting program. Suitable mining equipment has been sourced from within Madagascar.

Local labour has been hired for the drilling and pitting programs, all onsite preparations have been completed and the required permits are in place for all activities at Ranobe.



Figure 6 – Recruiting drilling and pitting crews from local villages.

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 the final environmental and social scoping study was translated and submitted to Office for National Environment (ONE). The required specialist studies commenced during the quarter with all field work completed. The specialist studies undertaken include; Fish, Marine and River, Social and Economic, Flora, Fauna, Waste, Noise, Air Quality, and Rehabilitation.

The specialist reports are currently being finalised for inclusion in the Environmental and Social Impact Report (ESIR) and Social and Environmental Management Plan (SEMP). The draft ESIR and ESMP will be submitted to ONE and a public consultation process will be undertaken in early 2013. Final environmental approval is currently expected in the first quarter 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.

Morombe Exploration

An exploration program at Morombe, using the same drilling rig as at Ranobe, is planned for the last quarter of 2012. Exploration work to-date indicates that the "Big Dune" area at Morombe contains higher TiO_2 ilmenite, as well as higher zircon grades, than at Ranobe.

This 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 permits for the Morombe drilling have been submitted and are currently being considered for approval.

Community

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

The Company continues to support 'Australian Doctors For Africa' in their efforts to provide medical equipment and a visit by Australian doctors to run clinics at the main hospital in Toliara is currently underway.

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.



Bruce Griffin
Chief Executive Officer
World Titanium Resources

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or

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or

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or

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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 mineralisation².

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.

²These 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")

30th September, 2012

Consolidated statement of cash flows

Cash flows related to operating activities

- 1.1 Receipts from product sales and related debtors
- 1.2 Payments for: (a) exploration & evaluation
(b) development
(c) production
(d) administration
- 1.3 Dividends received
- 1.4 Interest and other items of a similar nature received
- 1.5 Interest and other costs of finance paid
- 1.6 Income taxes paid, GST received
- 1.7 Other (JV and other income)

Net Operating Cash Flows

Current quarter \$A'000	Year to date (3 mths) \$A'000
-	-
(1,858)	(1,858)
-	-
-	-
(828)	(828)
-	-
43	43
-	-
21	21
-	-
(2,622)	(2,622)

Cash flows related to investing activities

- 1.8 Payment for purchases of:
 - (a) prospects
 - (b) equity investments
 - (c) other fixed assets
- 1.9 Proceeds from sale of:
 - (a) prospects
 - (b) equity investments
 - (c) other fixed assets
- 1.10 Loans to other entities
- 1.11 Loans repaid by other entities
- 1.12 Other – Cash acquired on acquisition of subsidiary

Net investing cash flows

- 1.13 Total operating and investing cash flows (carried forward)

-	-
-	-
(70)	(70)
-	-
29	29
24	24
-	-
-	-
-	-
(17)	(17)
(2,639)	(2,639)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(2,639)	(2,639)
Cash flows related to financing activities			
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	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(2,639)	(2,639)
1.20	Cash at beginning of quarter/year to date	9,906	9,906
1.21	Exchange rate adjustments to item 1.20	(45)	(45)
1.22	Cash at end of quarter	7,222	7,222

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	218
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.

	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
4.2	Development
4.3	Production
4.4	Administration
Total	2,200

+ 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	2,721	4,469
5.2	Deposits at call	4,501	5,437
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		7,222	9,906

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 Preference ⁺ securities (description)	-	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 ⁺ Ordinary securities Total Issued and Quoted Issued, but not quoted (subject to ASX escrow)	298,358,866	232,153,656	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	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options	<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	-	US\$0.285	21/06/2013
		6,475,000	-	\$0.285	31/03/2015
7.8	Issued during quarter	1,500,000	-	\$0.285	31/12/2015
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-	-	-
7.12	Unsecured notes (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: 26 October, 2012
 Company Secretary

Print name: Graeme Boden

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.

+ See chapter 19 for defined terms.

- 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.

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