



WORLD TITANIUM RESOURCES

World Titanium Resources Limited

ABN 21 120 723 426

Half-Year Financial Report

31 December 2015

World Titanium Resources Limited ACN 120 723 426

Contents

	Page No.
Directors' Report	2
Auditor's Independence Declaration	5
Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income	6
Condensed Consolidated Statement of Financial Position	7
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Directors' Declaration	14
Independent Auditor's Review Report	15

This interim financial report does not include all of the notes and other disclosure information of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of World Titanium Resources Limited released to ASX on 25 September 2015 for the financial year ended 30 June 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

World Titanium Resources Limited ACN 120 723 426

Directors' Report

The directors present their report on the consolidated entity consisting of World Titanium Resources Limited ("Group") and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The following persons were directors of World Titanium Resources Limited ("WTR") during the whole of the half-year under review and up to the date of this report:

Mr. Nicholas Limb	(Non-Executive Chairman)
Mr. Jeffrey W Williams	(Chief-Executive Officer)
Mr. Ian Ransome	(Non-Executive director)
Mr. Michael Cuthbert	(Non-Executive director)

Review and Results of Operations

The consolidated entity incurred a loss after tax for the half-year of \$1,037,661 (2014: \$1,966,651). Exploration and technical studies expenditure for the half year amounted to \$284,597 (2014:\$976,216).

Management continues to focus on processing techniques and alternative engineering and development methods to progress the project at Ranobe. A high level Scoping Study completed by independent consultant, ADP Marine and Modular (ADP) of Cape Town, South Africa has demonstrated that simplifying the processing stream to sell only zircon/rutile concentrates in container and stockpile ilmenite will require a capital cost of US\$48m plus VAT (up to 20%), working capital and other owners costs.

Preliminary work was completed in the December quarter 2015 by Mineral Technologies (MT) near Brisbane, Queensland on two-stage Wet High Intensity Magnetic Separation (WHIMS) to clearly define and optimise the maximum recovery of magnetic ilmenite versus the more non-magnetic zircon/rutile concentrate product.

We have since approved additional test work to process 5 tonnes of Ranobe run-of-mine mineralised sand with about 8% HM. The sample arrived on 8 December 2015 in Brisbane, Australia and testing started on 4 January 2016. As part of this program, we intend to test the suitability of using the newly MT designed Spiral 12 when compared with the Spiral 6.3 (both designed and manufactured by MT). The Company has requested MT to produce a final Heavy Mineral Concentrate (HMC) via the WHIMS and clean-up with spirals/tables. A portion of the HMC will be sent to our potential customer base for assessment. We anticipate a HMC sample during March 2016.

During the half-year, discussions with financial institutions to support project development in 2016 have been held and feedback has been positive.

The company is still in negotiation with different interested parties and will continue to pursue opportunities with possible Joint Venture options.

Subsequent events

On 18 January 2016, World Titanium Resources Limited ("World Titanium") announced an unsolicited takeover offer from African Minerals Exploration and Development Fund 11 ("AMED") had been received. Under the offer, AMED propose an unconditional cash offer of 5 cents per ordinary share in World Titanium commencing on 2 February 2016. The offer price was subsequently increased to 7 cents and as at 14 March 2016, AMED acquired 65.81% of the issued capital of World Titanium. The takeover offer will end on 18 March 2016.

Three million options were exercised in early March 2016 at an exercise price of 4.6 cents, raising \$138,000 for the Company.

Toliara Sands Project

World Titanium Resources (ASX: WTR) is an Australian listed mineral sands company that owns

World Titanium Resources Limited ACN 120 723 426

Directors' Report

100% of the Tier 1 Toliara Sands Project in Madagascar.

As background, the Company received the two Mining Licences for the Ranobe Project on 27 April 2012. Each of the License's has a term of 40 years and is renewable. On 18 January 2016, the Company announced Measured and Indicated Resources in the Mining Licences of 244.7 mt grading at 8.02% HM, an increase of 39% over the 2012 maiden resource estimate of 176 mt at 8.13% HM. The upgrading of the resource classification is inclusive within a revised global Mineral Resource estimate of 884.2 mt at the measured, indicated and inferred confidence levels grading at 6.19% HM.

Mineral Resource Estimate

The updated mineral resource estimate includes all drilling data reported in the 2012, independent maiden resource estimate undertaken by McDonald Speijers and Associates (2012; see ASX release dated 28 August 2012), with the addition of the 2012 drilling data. The new resource estimate includes a digitized 3% Heavy Mineral (HM) cut-off, and the recognition of a western boundary formed by the on-lap of a younger dune formation. Whilst a westward extension to the deposit at or greater than 3% HM in the overlying younger dunes and the underlying Upper Sand Unit is indicated by the drilling data, no mineralogical data for the younger dune system is available at present, and thus the Company is not currently treating this area as a resource, and has excluded it from the current resource estimate.

Resource Category	Tonnes (106)	Oversize %	Slimes %	HM%	Ilmenite %	Rutile %	Zircon %	Monazite/Xenotime %
Measured	360.2	0.12	3.96	7.23	71.64	2.33	5.58	1.84
Indicated	171.2	0.15	3.90	5.94	72.3	2.33	5.60	1.85
Inferred	352.8	0.52	4.98	5.25	72.3	2.33	5.59	1.85
Measured, Indicated and Inferred	884.2	0.28	4.36	6.19	72.03	2.33	5.59	1.85

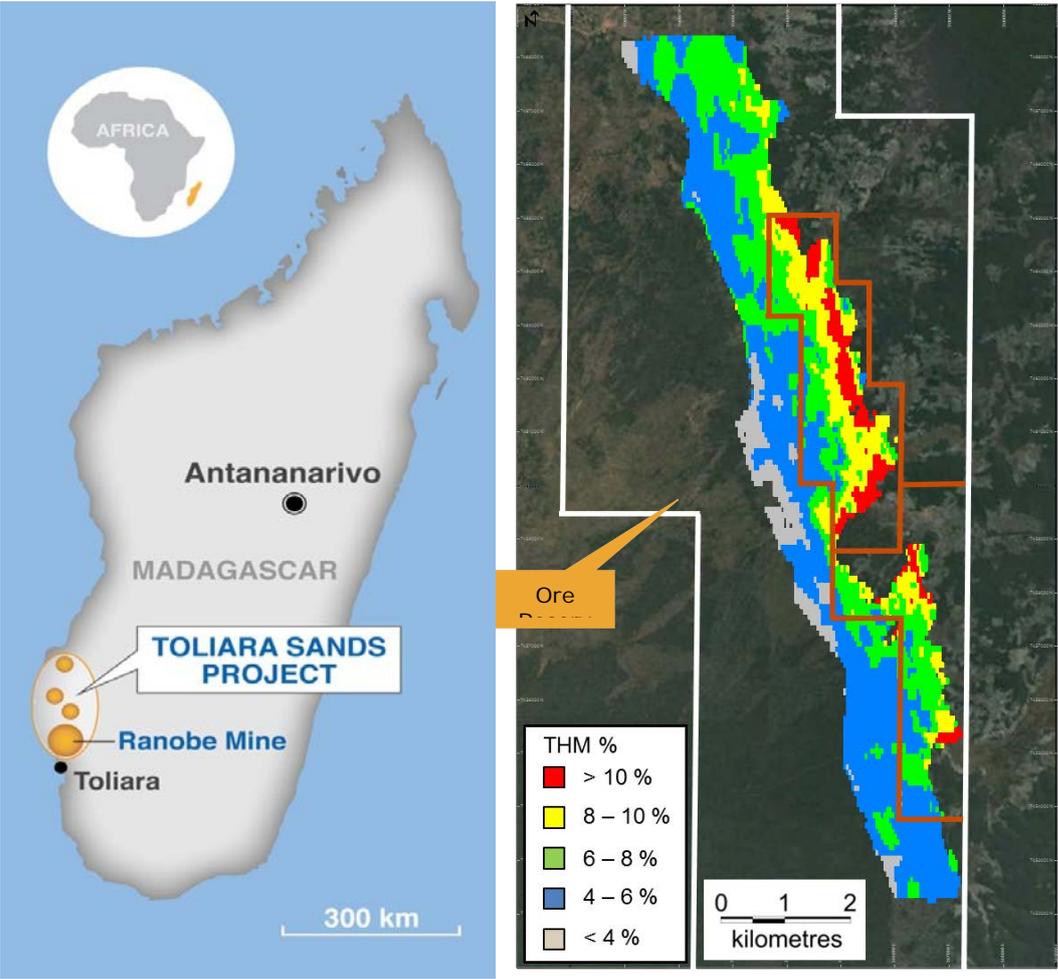
Resources within the current starter pit design at Ranobe

The precision of the capital and operating cost estimates in the scoping study is not sufficient to enable the attribution of reserve status to the resources. The resources within the pit outline established by the scoping study are as follows:

Resource Category	Tonnes (106)	Oversize %	Slimes %	HM %	Ilmenite %	Zircon %	Rutile %
Measured	210.5	0.14	4.07	8.21	71.27	5.55	2.35
Indicated	34.1	0.35	3.81	6.84	72.35	5.60	2.34
Measured and Indicated	244.6	0.17	4.04	8.02	71.42	5.56	2.35

The 2015 updated mineral resource estimates replace the previous estimates prepared in accordance with the 2004 edition of the JORC Code, and first disclosed by the Company in 2012 (reference Australian Stock Exchange (ASX) releases of 9 August and 28 August 2012). This updated estimate includes:

- Additional drilling of 363 air-core holes into the Ranobe deposit undertaken in late 2012 for a total of 8088.2 metres.
- Inclusion of a digitized 3% HM cut-off.
- Reporting in accordance with the 2012 edition of the JORC Code.



Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of directors.

Jeffrey Williams
Chief Executive Officer
Perth, Western Australia 14 March 2016

Competent Person Statement

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 report.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of World Titanium Resources Limited for the half-year ended 31 December 2015, 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 review; and
- b) any applicable code of professional conduct in relation to the review.



**Perth, Western Australia
14 March 2016**

**N G Neill
Partner**

World Titanium Resources Limited ACN 120 723 426
**Condensed Consolidated Statement of Profit or Loss and other
Comprehensive Income**
For the Half-Year Ended 31 December 2015

	Half-Year Ended 31 December	
	2015	2014
	\$	\$
Revenue and other income from continuing operations	8,008	36,755
Employee benefits expense	(552,204)	(637,137)
Share-based payments expense	(24,370)	(9,598)
Exploration and evaluation expense	(284,597)	(976,216)
Professional services expense	(80,469)	(129,192)
Administration expense	(189,183)	(197,665)
Depreciation	(21,832)	(25,355)
Travel expense	(49,417)	(57,126)
Foreign currency gain	156,403	28,883
Loss before income tax	(1,037,661)	(1,966,651)
Income tax expense	-	-
Loss for the half-year	(1,037,661)	(1,966,651)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(35,070)	35,612
Total other comprehensive (loss)/income for the half year	(35,070)	35,612
Total comprehensive loss for the half-year attributable to the members of World Titanium Resources Limited	(1,072,731)	(1,931,039)
Basic/diluted loss per share (cents per share)	(0.23)	(0.54)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Condensed Consolidated Statement of Financial Position
As at 31 December 2015

	Notes	31 December 2015 \$	30 June 2015 \$
Current assets			
Cash and cash equivalents		2,573,692	3,551,479
Trade and other receivables		79,044	135,733
Inventories		5,241	5,518
Other current assets		-	40,020
Total current assets		<u>2,657,977</u>	<u>3,732,750</u>
Non-current assets			
Trade and other receivables		294,858	294,858
Plant and equipment		108,200	133,417
Total non-current assets		<u>403,058</u>	<u>428,275</u>
Total assets		<u>3,061,035</u>	<u>4,161,025</u>
Current liabilities			
Trade and other payables		164,111	215,740
Total current liabilities		<u>164,111</u>	<u>215,740</u>
Total current liabilities		<u>164,111</u>	<u>215,740</u>
Net assets		<u>2,896,924</u>	<u>3,945,285</u>
Equity			
Issued capital	3 (i)	30,253,868	30,253,868
Reserves	3 (ii)	2,407,332	2,418,032
Accumulated losses		(29,764,276)	(28,726,615)
Total equity		<u>2,896,924</u>	<u>3,945,285</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Condensed Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2015

	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
2015				
Balance at 1 July 2015	30,253,868	2,418,032	(28,726,615)	3,945,285
Loss for the half-year	-	-	(1,037,661)	(1,037,661)
Other comprehensive income	-	(35,070)	-	(35,070)
Total comprehensive income/(loss) for the half-year	-	(35,070)	(1,037,661)	(1,072,731)
Share-based payments	-	24,370	-	24,370
Balance at 31 December 2015	30,253,868	2,407,332	(29,764,276)	2,896,924
2014	\$	\$	\$	\$
Balance at 1 July 2014	26,858,376	2,426,080	(25,480,647)	3,803,809
Loss for the half-year	-	-	(1,966,651)	(1,966,651)
Other comprehensive income	-	35,612	-	35,612
Total comprehensive income/(loss) for the half-year	-	35,612	(1,966,651)	(1,931,039)
Share-based payments	-	9,598	-	9,598
Balance at 31 December 2014	26,858,376	2,471,290	(27,447,298)	1,882,368

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Condensed Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2015

	Half-year Ended 31 December	
	2015	2014
	\$	\$
Cash flows from operating activities		
Interest received	8,008	36,755
Payments to suppliers and employees	(1,197,064)	(1,602,792)
Net cash used in operating activities	<u>(1,189,056)</u>	<u>(1,566,037)</u>
Cash flows from investing activities		
Movement in receivable – subsidiary sale installments	27,731	24,943
Payments for property, plant and equipment	(2,925)	(2,436)
Net cash inflows from investing activities	<u>24,806</u>	<u>22,507</u>
Cash flows from financing activities		
Share issue proceeds	30,060	-
Costs of share issue	-	-
Net cash inflows from financing activities	<u>30,060</u>	<u>-</u>
Net decrease in cash and cash equivalents	(1,134,190)	(1,543,530)
Cash and cash equivalents at the beginning of the half-year	3,551,479	2,847,988
Effect of exchange rate fluctuations on cash held	156,403	28,883
Cash and cash equivalents at the end of the half-year	<u>2,573,692</u>	<u>1,333,331</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

World Titanium Resources Limited ACN 120 723 426
Notes to the Condensed Consolidated Financial Statements
For the Half-Year Ended 31 December 2015

1 Significant Accounting Policies

(a) Statement of compliance

These general purpose financial statements for the interim reporting period ended 31 December 2015 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS34 Interim Financial Reporting.

This interim financial report is intended to provide users with an update of the latest annual financial statements of World Titanium Resources Limited and its controlled entities (the Group). As such, it does not include all the notes of the type normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of World Titanium Resources Limited for the year ended 30 June 2015, together with any public announcements made during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of preparation

The interim 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 Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

(c) Significant accounting judgements and key estimates

The preparation of interim 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.

In preparing this interim report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2015.

(d) Adoption of new and revised accounting standards

In the half-year ended 31 December 2015, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015.

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 Company 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 half-year ended 31 December 2015. 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 Company 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 period ended 31 December 2015, the Group incurred a loss of \$1,037,661 (2014: loss of \$1,966,651) and at period end the Group had a working capital surplus of \$2,493,866 (June 2015: \$3,517,010) including a cash and cash equivalents balance of \$2,573,692 (June 2015: \$3,551,479). Within the next 12 months, the Directors project to raise additional funds to finance exploration and ongoing working capital. During the year ended 30 June 2015, the Company successfully raised share capital of \$3,395,492 (after costs). The directors believe that the Group will be able to obtain sufficient funding as and when required.

Notes to the Condensed Consolidated Financial Statements (Cont.)

For the Half-Year Ended 31 December 2015

(f) Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements as at 30 June 2015.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

2 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 activities. 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, based upon the Ranobe resource and other projects at less advanced stages at Ankililoaka, Basibasy and Morombe.

	Mineral Sands	Unallocated	Total
	\$	\$	\$
(i) Segment performance			
Half-Year Ended 31 December 2015			
Total segment revenue	617	7,391	8,008
Segment result	<u>(473,841)</u>	<u>(563,820)</u>	<u>(1,037,661)</u>
 Half-Year Ended 31 December 2014			
Total segment revenue	7,270	29,485	36,755
Segment result	<u>(966,341)</u>	<u>(1,000,310)</u>	<u>(1,966,651)</u>
 (ii) Segment assets			
31 December 2015			
Segment assets	<u>393,684</u>	<u>2,667,351</u>	<u>3,061,035</u>
 30 June 2015			
Segment assets	<u>259,200</u>	<u>3,901,825</u>	<u>4,161,025</u>

Notes to the Condensed Consolidated Financial Statements (Cont.)

For the Half-Year Ended 31 December 2015

3 Issued Capital and Reserves

(i) Issued Capital

Ordinary shares – fully paid

31 December 2015	30 June 2015
\$	\$
30,253,868	30,253,868

	Half-Year Ended 31 December 2015		Year ended 30 June 2015	
	No. of Shares	\$	No. of Shares	\$
Balance at the start of the half-year	460,404,808	30,253,868	362,006,589	26,858,376
Rights issue	-	-	98,398,219	3,443,937
Cost associated with capital raising	-	-	-	(48,445)
Balance at the end of the half-year	460,404,808	30,253,868	460,404,808	30,253,868

(ii) Reserves

Foreign currency translation reserve

Share-based payments reserve

	Half-Year Ended 31 December 2015	Year ended 30 June 2015
	\$	\$
	340,875	375,945
	2,066,457	2,042,087
	2,407,332	2,418,032

(iii) Movements in reserves

(a) *Foreign currency translation reserve*

Balance at the start of the half-year

Currency translation differences arising during the half-year

Balance at the end of the half-year

	Half-Year Ended 31 December 2015	Year ended 30 June 2015
	\$	\$
	375,945	393,589
	(35,070)	(17,644)
	340,875	375,945

(b) *Share-based payments reserve*

Balance at the start of the half-year

Options issued to directors and consultants

Balance at the end of the half-year

	2,042,087	2,032,491
	24,370	9,596
	2,066,457	2,042,087

(iv) Share Options on Issue

Balance at the start of the half-year

Options issued to directors and consultants

Options lapsed

Balance at the end of the half-year

	Half-Year Ended 31 December 2015	Year ended 30 June 2015
	Number	Number
	3,500,000	21,691,667
	1,000,000	2,000,000
	(1,500,000)	(20,191,667)
	3,000,000	3,500,000

World Titanium Resources Limited ACN 120 723 426
Notes to the Condensed Consolidated Financial Statements (Cont.)
For the Half-Year Ended 31 December 2015

4 Financial Instruments

The Directors consider that the carrying value of the financial assets and financial liabilities as recognised in the condensed consolidated statement of financial position approximate their fair values.

5 Subsequent Events

On 18 January 2016, World Titanium Resources Limited ("World Titanium") announced an unsolicited takeover offer from African Minerals Exploration and Development Fund 11 ("AMED") had been received. Under the offer, AMED proposed an unconditional cash offer of 5 cents per ordinary share in World Titanium commencing on 2 February 2016. The offer price was subsequently increased to 7 cents and as at 14 March 2016, AMED acquired 65.81% of the issued capital of World Titanium. The takeover offer will end on 18 March 2016.

Three million options were exercised in early March 2016 at an exercise price of 4.6 cents, raising \$138,000 for the Company.

6 Contingent Liabilities

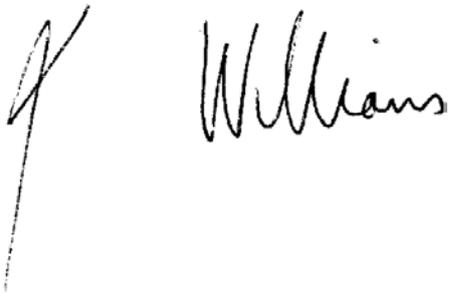
There has been no change in contingent liabilities since the last annual reporting date.

World Titanium Resources Limited ACN 120 723 426
Directors' Declaration

In the opinion of the directors of World Titanium Resources Limited:

- a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; 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.

This declaration is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'Jeffrey Williams', is written over a faint, light-colored signature line.

Jeffrey Williams
Chief Executive Officer

Perth, Western Australia
14 March 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of World Titanium Resources Limited

Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of World Titanium Resources Limited ("the company") which comprises the condensed statement of financial position as at 31 December 2015, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of World Titanium Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Judd

N G Neill
Partner

Perth, Western Australia
14 March 2016