

5 January 2015

World Titanium Resources Limited
Level 17
500 Collins Street
Melbourne
Victoria 3000

www.worldtitaniumresources.com

Dear World Titanium Shareholder

REJECT THE SHARE TAKEOVER BID FROM BASE RESOURCES

On behalf of the Board, I would like to update you regarding Base Resources Limited ("Base") unsolicited share takeover bid for World Titanium Resources Limited (ASX Code: WTR). Base is offering one share in Base for five (5) WTR shares. You will receive a Bidder's Statement from Base inviting you to accept its bid.

Your WTR directors have reviewed the Base Bidder's Statement and unanimously recommend that shareholders REJECT this uncertain, non-cash takeover bid.

Importantly the Base bid is conditional, amongst other things, on a minimum of 40% of the shares on issue being offered to Base. WTR has now received binding undertakings from shareholders who in aggregate represent more than 60% of the issued shares and therefore the Base bid, unless revised, is not capable of succeeding and will fail as it cannot reach this minimum acceptance level.

The bid should be rejected for 3 key reasons:

1. Bid price lower than the market price

Base is not proposing to acquire your WTR shares for cash. On 24 December 2014 as reported to the ASX, AMED Fund II SICAR acquired 62 million WTR shares at a price of 6 cents per share and equivalent to a 17.12% relevant interest in WTR. After only one day, a new shareholder was prepared to pay 50% cash above the Base share offer.

If you are inclined to sell your WTR shares, we note that on 5th January 2015, the WTR shares continued to trade above the then deemed value of the Base share offer of 3.8 cents.

In other words, you can sell your shares on ASX for a higher price compared to accepting the Base bid.

2. Highly Conditional – Bid now incapable of success

The Base takeover bid is subject to a number of conditions, including a minimum 40% acceptance condition

Substantial shareholders, Boule Titanium Limited (20.4%), Mineral Deposits Limited (19.1%), AMED Fund II SICAR (17.1%) and a number of smaller shareholders have advised WTR they will not accept the current Base takeover bid in any circumstance. So more than 60% of the shareholders have made a binding commitment to reject this bid.

Under these circumstances Base will be able to walk away from the bid unless it waives this condition. It remains to be seen whether or not Base will proceed with this offer. In other words, there is no benefit in accepting the bid at this time, and you wouldn't receive Base shares in return and will have your WTR shares returned to you unless Base waives this condition. The bid is to be open for at least a month in any event.

3. High Risk

WTR subsidiaries have been in Madagascar since 1994 and have a well-established and favourable reputation in Madagascar, a skilled workforce with a good understanding of the local and political systems and understanding of the clear path to mine development. Base has no experience in Madagascar. Although Base is operating in Kenya, Madagascar has a different socio-political operating environment to mainland Africa.

In the Base Bidder's Statement, Base has advised WTR shareholders that there are a number of risks in relation to Base and that its forward looking statements are only predictions and are subject to inherent risks and uncertainties. The directors of WTR have no reason to disagree with Base's assessment regarding its own circumstances and in particular note the substantial debt levels that Base currently has with both secured banks and a substantial shareholder.

The WTR directors will issue a formal response (known as a Target's Statement) to you in due course. This will set out the full basis for our recommendation. In addition we will continue to update the market regarding the recent work on the Ranobe project in Madagascar.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'N. Limb', with a stylized flourish at the end.

Nic Limb
Non-Executive Chairman
World Titanium Resources Limited