



ASX Release

5 November 2012

NPV of Ranobe Mine Increased 21% to US\$310 million

Updated advice confirmed that a 21% corporate tax rate and no dividend withholding tax will apply to the Ranobe Mine Project under Madagascar's Large Investment in Mining Legislation. The revised tax rates have been incorporated into the project economic model;

- **NPV₁₀ increased 21% to US\$310 million;**
- **IRR increased to 29%;**
- **Average annual after tax flow increased 17% to US\$55 million;**
- **Life of Mine free cash flow (post-tax real) increased 13% to US\$1.165 billion;**
- **Payback period shortened to 2.7 years.**

World Titanium Resources Ltd (ASX:WTR) is pleased to announce a 21% increase in the NPV₁₀ of the Ranobe Mine project to US\$310 million with the incorporation of lower corporate and withholding tax assumptions.

WTR recently received updated advice confirming the tax regime for the project under the Large Investment in Mining Legislation. This advice confirmed a corporate tax rate of 21% compared to 25% previously assumed and no withholding tax on dividends compared to 10% assumed previously.

The net effect is to increase the NPV₁₀ of cash flows to WTR in Australia by 21% to US\$310 million and the IRR from 27% to 29%. The payback has been reduced to 2.7 years, the average annual after tax cash flow increases by 17% to US\$55 million, and the total life of mine after tax cash flow increases by 13% to US\$1.165 billion.

"The Definitive Engineering Study previously confirmed the long life, high grade, low capital and high operating margin value proposition of the billion-dollar 'starter pit' at Ranobe" said Bruce Griffin, World Titanium Resources' Chief Executive. "The starter pit is just 17% of the 959 million tonne Ranobe Mineral Resource, and with the capacity of the export facilities able to support more than three times the starter pit production rate the Project can be expanded cost effectively into a larger and truly world class mineral sands operation. The company is progressing the financing of the initial development capital with the focus on minimising dilution of existing shareholders."

The Project economics for the 'Starter Pit' operation announced with the Definitive Engineering Study (DES) results in August are revised as follows:¹

	Unit	DES Value	Updated Value
Development Capital	US\$ M	192	
Working Capital	US\$ M	24	
Operating Cost	US\$/t of product	116	
NPV (at 10% discount rate)	US\$ M	257	310
Including terminal value	US\$ M	49	
IRR	%	27	29
Capital Payback Period	Years	3	2.7
Average annual free cash flow	US\$ M per annum	47	55
Life of Mine Free Cash Flow (post-tax real)	US\$ M	1033	1165



Bruce Griffin

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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).

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 and rutile rich 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.

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 Quarterly Report.

²*These Exploration Targets are at an early stage of evaluation, and the potential quantity and grade remain conceptual in nature. At his 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.*