FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

TiZir Limited ("TiZir") owns 90% of Grande Côte mineral sands operation ("GCO") in Senegal, West Africa and 100% of TiZir Titanium & Iron ilmenite upgrading facility ("TTI") in Norway.

(Denominated in United States Dollars unless otherwise stated)

HIGHLIGHTS

- Underlying net loss of $42.4 million
- TTI remains profitable – EBITDA of $24.5 million despite current market conditions
- As a consequence of this market environment and declining commodity prices, TiZir recognised an impairment loss of $110.8 million during the year
- TiZir funded by cash of $8.4 million along with available working capital facilities of $41 million at TTI and $50 million at GCO

FINANCIAL SUMMARY

$m	FY 2014	FY 2013
TiZir		
TTI EBITDA	**24.5**	63.6
GCO EBITDA	**(24.2)**	(1.9)
Underlying loss	**(42.4)**	28.3
Cash flow from operations	**(75.3)**	88.3
Capital expenditure	**94.6**	321.2

TiZir Limited has today announced an underlying net loss of $42.4 million for the year ended 31 December 2014, compared to an underlying net profit of $28.3 million in 2013. The result reflects lower contribution from TTI due to lower titanium slag prices along with operating losses from GCO as mining and production continue to ramp-up.

After recognition of a non-cash impairment charge of $110.8 million against TiZir's consolidated assets, and amortisation of assets recognised on acquisition of $3.1 million (after tax), the Company reported a net loss after tax of $145.3 million.

OPERATIONS REVIEW

TiZir's underlying loss in 2014 was $42.4 million, compared to an underlying profit of $28.3 million in 2013, attributable to a reduced contribution from TTI along with operating losses incurred at GCO as mining and production continue to ramp-up.

TTI's EBITDA for 2014 was $24.5 million, 61% lower than 2013, a result of lower prices and lower volumes for titanium slag and high purity pig iron.

Average pricing for titanium slag decreased in the first and second quarters of 2014 before stabilising throughout the second half of the year. Titanium slag volumes decreased primarily due to lower production volumes resulting from a maintenance shutdown in March, timing of shipments in the 2012 and 2013 years and a concerted effort to build-up inventory levels towards the end of the year in preparation for the furnace refurbishment and expansion. Further details of the furnace refurbishment and expansion, scheduled for the third quarter of 2015, are provided in the Outlook section of this release.

GCO recorded an EBITDA loss of $24.2 million in 2014 – primarily a result of the ramp-up of operations which were operating at an average of 42% of throughput capacity during the year. Throughput has been steadily increasing – the result for December represented the best month to date of ore mined. Despite some normal commissioning issues in relation to mechanical seals and impellors (both of which have been resolved), ramp-up continues on schedule to achieve nameplate capacity during the third quarter of 2015.

GCO completed its first shipment of ilmenite in August 2014 with containers of standard zircon following in September. In October, GCO completed its first shipment of ilmenite to TTI marking the realisation of a key element of the strategic rationale of integrating GCO and TTI within TiZir.

During the fourth quarter, GCO also completed its first shipments of premium zircon, with feedback from customers indicating that these quality products were meeting or exceeding expectations.

TiZir's cash flow from operations in 2014 was negative $75.3 million compared to positive $88.3 million in 2013. The primary reasons for the substantial decrease are the working capital build up at GCO due to stockpiling of inventories and receivables from the first year of sales, operating losses incurred during the ramp-up of GCO, lower EBITDA contribution by TTI and the build-up of inventory levels at TTI in anticipation of the furnace refurbishment and expansion to be completed in the third quarter of 2015.

TiZir's capital expenditure moderated in 2014 primarily as a result of the completion of construction of GCO in the first quarter. All expenditure associated with GCO continued to be capitalised up to 30 June 2014. See the section on GCO below for further details.

FUNDING

At 31 December 2014, external borrowings (excluding shareholder loans) by TiZir amounted to $288.3 million, comprising $279.2 million of senior secured bonds (including accrued interest) due September 2017 and $9.1 million outstanding of a $50 million working capital facility tied to TTI.

During the year, TiZir completed a $125 million tap issue of the existing $150 million 9.0% senior secured callable bond. Further, a working capital facility of $50 million tied to GCO was agreed in December 2014.

Cash and cash equivalents at 31 December 2014 were $8.4 million, giving net external debt of $279.9 million.

IMPAIRMENT REVIEW

An impairment review was undertaken as at 31 December 2014 in relation to TiZir's two cash-generating units ("CGUs"), TTI and GCO. The basis on which the recoverable amount of each CGU is assessed is its fair value less costs of disposal, using a discounted cash flow financial model. Due to the impact of softening mineral sands market conditions, an impairment loss of $110.8 million (100% basis) was attributed to GCO at 31 December 2014. No impairment was recognised for TTI.

This impairment has largely been applied against the value of mining rights which were recognised by TiZir on its establishment. As a result, the impairment is effectively a non-cash loss arising from the impairment of a non-cash asset.

GCO – CESSATION OF CAPITALISATION

In accordance with IAS16, TiZir board and management set the following key performance indicators that provided an indication as to when the operating assets of GCO were operating in a manner intended by management:

- Dredge throughput feed of 4,000 tonnes per hour;
- Wet Concentrator Plant ("WCP") throughput feed of 3,500 tonnes per hour;
- Dredge utilisation over 70%;
- WCP utilisation over 70%;
- Wet Mill of the Mineral Separation Plant ("MSP") operating at design feed rates;
- Ilmenite plant operating at design feed rates; and
- Production of primary finished goods – ilmenite and zircon – ready for sale.

During July 2014, a majority of the above key performance indicators were met meaning that GCO was deemed to be commissioned. As such, capitalisation of expenses ceased on 1 July 2014 and any costs incurred (including interest on external borrowings) after this date have been recognised in the income statement. Further, from an accounting perspective, all capitalised costs incurred during the different phases of development at GCO were deemed to be commissioned and therefore amortisation and depreciation of these costs commenced at the same date.

As a consequence, GCO has reported a loss before interest and tax of $37.9 million during the year.

OUTLOOK

Operations at GCO will continue to ramp-up during 2015 with an expectation that full operating capacity will be reached in the third quarter of 2015.

During the third quarter of 2015, the electric furnace at TTI is scheduled to be relined and the existing roof will be upgraded with a water-cooled copper-ceramic roof. The upgrade will increase smelting capacity by approximately 15% and lengthen periods between scheduled shutdowns. A number of health & safety and environmental improvements will also be incorporated. The reline is part of the normal maintenance of the furnace, as the furnace lining is subject to extreme temperatures during the smelting process and consequently its integrity deteriorates over time. The current lining has lasted ten years and produced over 1,900,000 tonnes of titanium slag.

The cost of the furnace expansion will be approximately $70 – $80 million and the plant will be shut down for three months whilst this maintenance is performed.

The refurbishment and capacity expansion of the furnace is a key part in the strategic vision for TiZir and represents another major step in the evolution of the joint venture. The project will create the flexibility to produce both chloride and sulphate titanium slag within the same furnace, providing the ability to alternate between products as dictated by supply and demand dynamics within the market. Also, for the production of chloride titanium slag the required ilmenite will be supplied by GCO, which will have the dual benefit of securing supply of ilmenite from within the group and reduce the exposure of the Company from any reliance on third party sales of ilmenite.

When the relining of the furnace is completed, TiZir will have the ability to supply a range of titanium feedstock to its global customers and the flexibility to produce different feedstocks depending on market demand

FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2014 will be released in March.

TiZir financial summary

$m	Revenue FY 2014	Revenue FY 2013	EBITDA FY 2014	EBITDA FY 2013	EBIT FY 2014	EBIT FY 2013
TTI	147.7	201.3	24.4	63.6	16.2	55.3
GCO	14.2	-	(24.2)	(1.9)	(37.9)	(7.9)
Corporate	-	-	(2.2)	(4.4)	(2.6)	(4.5)
Total	**161.9**	**201.3**	**(2.0)**	**57.3**	**(24.3)**	**42.9**
Foreign exchange gains/(losses)					6.3	1.9
Net finance costs[(1)]					(27.3)	(0.7)
Profit before tax					**(45.3)**	**44.1**
Income tax					(1.4)	(16.6)
Minority interest					4.3	0.8
TiZir underlying NPAT					**(42.4)**	**28.3**
Impairment of assets acquired on establishment[(2)]					(110.8)	-
Minority interest share of impairment[(2)]					11.0	-
Amortisation of assets recognised on acquisition[(3)]					(3.1)	(13.3)
TiZir reported NPAT					**(145.3)**	**15.0**

Notes to the financial information

(1) Net finance costs comprise:

$m	FY 2014	FY 2013
Realised loss on cash flow hedges terminated by TTI	**(10.6)**	-
Interest charged on TiZir bond	**(12.5)**	-
Interest charged on subordinate loans from joint venture partners	**(2.9)**	-
Interest on working capital facility	**(0.6)**	(0.5)
Other net interest, borrowing and other finance costs	**(0.7)**	(0.2)
Total net finance costs	**(27.3)**	(0.7)

Interest and borrowing costs charged on the TiZir bond and subordinate loans have previously been capitalised as part of the construction costs of GCO. In accordance with the cessation of capitalisation as outlined above, interest costs of these borrowings are now being recognised within the income statement.

(2) See description of impairment review outlined above. Minority interest reflects 10% ownership of GCO by the Government of the Republic of Senegal.

(3) As part of the establishment of TiZir in October 2011, specifically identified intangible assets, property, plant & equipment and related deferred tax liabilities are recognised on consolidation and amortised over the useful lives of these assets. The amortisation of such assets during the year amounted to US$3.6 million pre-tax and US$3.1 million on an after-tax basis and has been excluded from underlying NPAT.