Interim Condensed Consolidated Unaudited Financial Statements of TiZir Limited for the half-year ended 30 June 2015

Registered No: 07727671

This report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report. Accordingly, this report should be read in conjunction with the annual report of TiZir Limited for the year ended 31 December 2014. It is also recommended that this financial report be considered together with any public announcement made by TiZir Limited and its controlled entities during the half-year ended 30 June 2015.

*Expressed in **United States dollars** unless otherwise stated*

FORWARD LOOKING STATEMENTS

Certain information contained in this report, including any information on TiZir Limited's plans or future financial or operating performance and other statements that express management's expectations or estimates of future performance, constitute forward-looking statements.

Such statements are based on a number of estimates and assumptions that, while considered reasonable by management at the time, are subject to significant business, economic and competitive uncertainties. TiZir Limited cautions that such statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of TiZir Limited to be materially different from the Company's estimated future results, performance or achievements expressed or implied by those forward-looking statements. These factors include the inherent risks involved in mining and mineral processing operations, exploration and development of mineral properties, changes in economic conditions, changes in the worldwide price of zircon, ilmenite and other key inputs, changes in the regulatory environment and other government actions, changes in mine plans and other factors, such as business and operational risk management, many of which are beyond the control of TiZir Limited.

Except as required by applicable regulations or by law, TiZir Limited does not undertake any obligation to publicly update, review or release any revisions to any forward looking statements to reflect new information, future events or circumstances after the date of this report.

Nothing in this report should be construed as either an offer to sell or a solicitation to buy or sell publicly traded instruments of TiZir Limited.

Page No.

Directors

N Limb
L Egeland
M Ackland
P Vecten
C Nouel
R Sennitt

Secretary

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Registered office

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Company number

07727671

Auditors

Constantin
25 Hosier Lane
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The directors present their report and the unaudited financial statements of TiZir Limited (the 'Company') and its subsidiaries (the 'Group') for the half-year ended 30 June 2015.

Directors

The directors who served during the period are as stated below:

N Limb
L Egeland
M Ackland
P Vecten
C Nouel (appointed 1 May 2015)
R Sennitt (appointed 1 May 2015)
A Tissidre (resigned 1 May 2015)

Principal activity

The principal activities of the Group for the half-year ended 30 June 2015 were focused on two integrated, operating assets – the Grande Côte mineral sands operation ('GCO') in Senegal, West Africa and the TiZir Titanium & Iron ilmenite upgrading facility ('TTI') in Tyssedal, Norway.

Operating results

The underlying loss for the half-year ended 30 June 2015 was $35.7 million, compared to an underlying profit of $3.6 million in the previous corresponding period. The result reflects operating losses from GCO as mining and production continue to ramp-up along with a reduced contribution from TTI.

After inclusion of amortisation of assets recognised on acquisition of $1.0 million (after tax) (2014 – $1.2 million), the Company reported a net loss after tax of $36.7 million, compared to a net profit of $2.4 million in 2014.

Financial position

As at 30 June 2015 the Company had net assets of $456.1 million (31 December 2014 – $502.2 million), comprising:

- cash of $7.6 million (31 December 2014 – $8.4 million)
- working capital (being the net of trade and other receivables, inventories and trade and other payables) of $48.7 million (31 December 2014 – $54.2 million)
- property, plant and equipment of $802.8 million (31 December 2014 – $802.1 million)
- intangible assets (including mining rights and other identifiable intangible assets recognised on acquisition) of $68.4 million (31 December 2014 – $69.9 million)
- corporate bonds of $279.5 million (31 December 2014 – $279.2 million)
- working capital facilities of $44.8 million (31 December 2014 – $9.1 million)
- subordinated loans from the joint owners of $135.2 million (31 December 2014 – $131.7 million)
- current and deferred tax liabilities of $7.4 million (31 December 2014 – $9.6 million)
- other assets and liabilities netting to a liability of $4.5 million (31 December 2014 – net liability of $2.8 million)

Cash flow

Cash balances reduced by $0.8 million during the half-year ended 30 June 2015, primarily a result of:

- cash used by operations of $20.7 million (including interest payments to bondholders of $12.3 million)
- capital expenditure of $17.0 million
- proceeds from drawdown of working capital facilities of $36.4 million (net of other borrowing proceeds)
- positive impact of foreign exchange rates on cash balances of $0.5 million

Review of operations

TiZir Titanium & Iron Ilmenite Upgrading Facility, Norway

Titanium slag production of 80.9kt for the half-year was lower than 1H 2014 production due to planned maintenance stoppages in both the pre reduction kiln and electric arc furnace during 1Q 2015 and an unplanned maintenance shutdown in 2Q 2015. During April, the pre-reduction kiln was shut down to remove accretion of iron waste in the kiln. The shutdown reduced the availability of pre-reduced feedstock for the furnace and thus expected production of approximately 9kt of titanium slag and 5kt of high purity pig iron was lost prior to resumption of a normal production load.

During the period, a process run of 100% GCO ilmenite was successfully completed, confirming previous trials and results.

Sales of 69.0kt of titanium slag for 1H 2015 were significantly below production levels. This result is the consequence of a strategy to increase inventory levels ahead of the planned three month shutdown for the furnace reline and capacity expansion as well as a reflection of tight economic conditions, where customers have requested delays to their shipments throughout the half-year. Strong competition and lower demand levels prevail throughout the titanium feedstock market, with prices decreasing in 1Q 2015 before stabilising in 2Q 2015.

High purity pig iron production and sales volumes for 1H 2015 were lower than 1H 2014, primarily due to the unplanned shutdown outlined above reducing available product for sale. Prices increased in 1Q 2015 (on a EUR basis) and remained firm throughout 2Q 2015 as a result of the continuing supply uncertainty in Ukraine.

Cost optimisation initiatives implemented throughout 2014 continued to be successful in reducing operational costs and maintaining the competitiveness of TTI products as soft market conditions persist.

The following table summarises sales and production volumes for the half-year ended 30 June 2015:

		1H 2015	1H 2014	Change
Titanium slag produced	(kt)	80.9	90.4	(10.5%)
Titanium slag sold	(kt)	69.0	86.5	(20.2%)
High purity pig iron produced	(kt)	44.2	50.9	(13.2%)
High purity pig iron sold	(kt)	43.3	58.2	(25.6%)
Revenue	(US$m)	52.3	77.8	(32.8%)
Underlying EBITDA	(US$m)	7.4	11.3	(34.5%)

Grande Côte Operations, Senegal

Production

The ramp-up of GCO continued throughout the half-year ended 30 June 2015 with a focus on ramping up the dredge and mineral separation plant ('MSP') during 1Q 2015 and an increased focus on plant availability and tailings management in 2Q 2015.

Mining throughputs have been impacted by electrical outages, tailings management restrictions and other standard commissioning issues that arose as GCO continued to optimise operations within the orebody. The dredge has now operated in excess of design capacity of 7,000tph although this rate is yet to be achieved on a consistent basis. Steady state operation at the floating wet concentrator plant ('WCP') is now the primary focus to enable increased volumes of ore to be received from the dredge. A range of discrete commissioning projects on both the dredge and WCP have been identified and are currently being implemented. The projects are generally straightforward and minor in terms of capital but will require some time to complete due to timing of equipment deliveries and associated engineering works.

The dredge and WCP operated at an average of 57% of nameplate capacity (based on ore mined) during the period. Excluding downtime associated with commissioning issues, the throughput rate achieved was 78% of capacity (based on tonnes per operating hour capacity) or 5,454tph. In 2Q 2015 mining throughput was deliberately constrained to focus on improving the performance of various WCP circuits.

The ramp-up of the MSP continued to meet expectations with both the Wet Plant and the Ilmenite Circuit of the Dry Plant continuing to operate at design feed rates. Ilmenite production increased throughout the period for an average of approximately 32.5kt per month compared to 15kt per month in 2H 2014. The Primary Circuit of the Dry Plant continued to produce two grades of zircon, with production levels increasing on a monthly basis to an average of 3.8kt per month. June represented the best month of finished goods production to date with approximately 40kt of ilmenite and 5kt of zircon produced during the month.

Production of ilmenite and zircon will continue to increase with the ramp-up of mining and associated increase in the availability of heavy mineral concentrate feedstock supply.

During the period, GCO appointed Daniel Marini as its new Chief Executive Officer. He brings many years of large-scale mine management experience to GCO, having previously held the position of Director of Mines at Société Le Nickel's (ERAMET Group) operations in New Caledonia.

Sales

Sales of zircon increased for the third successive quarter as production continued its ramp-up with customer demand for GCO's product outstripping supply; however, ilmenite sales decreased in 2Q 2015 as a result of timing of product shipments to external customers. GCO has successfully negotiated sales contracts for the majority of its 2015 budgeted ilmenite production. These agreements will ensure that a majority of ilmenite produced during the year will be sold to external customers.

GCO recorded its first positive monthly EBITDA result in March 2015, a strong result considering the ramp-up of mining operations is ongoing. However, timing of shipments and constrained production (as outlined above) resulted in the operations not reaching this level on a consistent basis. More recently, the operations achieved significant cost savings in energy and labour through cost efficiency initiatives, lower oil prices and positive exchange rate movements.

The following table summarises quarterly sales and production volumes for the half-year ended 30 June 2015:

100% basis		2Q 2014	3Q 2014	4Q 2014	1Q 2015	2Q 2015	1H 2015
Mining							
Ore mined	(kt)	2,609	4,717	6,776	8,039	7,522	15,561
Heavy mineral concentrate produced	(t)	37,240	57,526	89,333	131,649	136,648	268,297
MSP production							
Ilmenite	(t)	11,463	47,702	41,425	89,789	97,789	187,578
Zircon	(t)	-	3,762	5,278	9,118	11,357	20,475
Rutile & Leucoxene	(t)	-	190	473	1,635	1,247	2,882
Sales volume							
Ilmenite	(t)	-	28,074	46,850	71,857	64,051	135,908
Zircon	(t)	-	1,205	5,848	6,502	12,196	18,698
Rutile & Leucoxene	(t)	-	-	162	22	1,406	1,428

Corporate

On 3 March 2015, the Company announced that it had received advice that its application for funding by TTI totalling NOK122.0 million had been approved by Enova, a Norwegian government agency which promotes energy efficiency and the use of environmentally friendly energy technology. The funds will be received upon final approval by the European Free Trade Association Surveillance Authority.

On 1 May 2015, Mr Arnaud Tissidre resigned as a director of the Company, effective from this date. On the same date, Mr Charles Nouel was appointed as his replacement and has remained in office until the date of this report.

On 1 May 2015, Mr Robert Sennitt was appointed as a director of the Company to replace Mr Warwick Sharp, whose resignation was received on 15 December 2014.

Dividends

The directors have not recommended the payment of an interim dividend for the half-year ended 30 June 2015 (2014 – nil).

Principal risks and uncertainties

Foreign currency risks

When the exposure arising from borrowings taken out by Group companies in currencies other than their functional currencies is not offset by income in those currencies, the Group may have recourse to hedging. In addition, the Group uses derivative financial instruments to limit its exposure to the currency risk on its sales and on certain dollar-denominated costs.

Interest rate risk

The Company is part of a group pooling arrangement with other Group companies whereby excess funds are lent to or deficits borrowed from other Group companies. Rates of interest are set with reference to the market rates ruling in the lender's country. At 30 June 2015, the Company is exposed to changes in market interest rates through its lending to group companies, which are subject to the variable interest rates.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure to its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a regular basis.

Trade receivables consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

Apart from a small number of large customers, the Group does not have significant credit risk exposure to a single counterparty. Concentration of credit risk related to these large customers did not exceed 20% of gross monetary assets at any time during the half-year. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during the half-year.

The maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors who have built an appropriate liquidity risk management framework for the management of the group's funding and liquidity management requirements. The group manages liquidity risk by maintaining sufficient cash balances.

Future developments

For the remainder of 2015 the Company will continue to focus on completing all development activities; namely, the commissioning of GCO and the furnace reline and expansion project at TTI such that TiZir enters 2016 best positioned to maximise its cash flow and financial returns. The primary areas of focus for the second half of the year are:

GCO ramp-up

Operations at GCO will continue to ramp-up over the remainder of 2015 with a focus on increasing the mechanical availability and throughput capacity of the WCP and increasing recoveries of intermediate and finished products. A range of discrete commissioning projects have been identified and are currently being implemented. The projects are generally straightforward and minor in terms of capital but require some time to complete due to timing of equipment deliveries and associated engineering works.

TTI Ilmenite Upgrading Facility – furnace reline and capacity expansion

Work on the furnace reline and capacity expansion project at TTI is well advanced as the planned shut-down in September approaches. Primary contractors and a majority of capital equipment and supplies to complete the project are on site. Current expectations are that the project will be completed within budget and on time.

The reline 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.

Maximising the benefits of the vertical integration of GCO and TTI

Following the reline and expansion project, TTI will commence processing 100% GCO ilmenite. Thereon, the joint venture operations will be fully integrated. Managing GCO and TTI as a single, vertically integrated operation will create a number of important advantages for the Company's stakeholders. In particular:

- securing offtake for a majority of GCO's ilmenite, thereby limiting the Company's exposure to the lower value, more volatile ilmenite market;
- ensuring long-term security of ilmenite supply for TTI; and
- providing the flexibility to produce either a chloride or sulphate feedstock for key global customers.

Each of these elements will minimise the risk of the combined business, while increasing flexibility and optionality to respond to changes in market dynamics, thereby enhancing the potential to maximise returns to the Company's stakeholders.

Payments of creditors

The Company does not adopt a specific code or standard payment policy. However, it is the Company's policy to pay its suppliers in accordance with agreed terms, provided that the supplier has met its contractual obligations.

Events after the balance sheet date

There have not been any significant events since the balance sheet date.

Financial instruments

The Group's financial instruments comprise bonds, bank loans, finance leases, overdrafts and performance guarantees. The principal purpose of these instruments is to raise funds for general corporate purposes. In addition, various other financial instruments such as trade creditors and trade debtors arise from its operations. The use of interest rate swaps and currency swaps will be used to manage interest and currency risk when necessary or material.

This report was approved by the Board on 30 July 2015 and signed on its behalf by

Nic Limb
Director

	Note	Half-year ended 30 Jun 2015 US$'000	30 Jun 2014 US$'000
Sales	5	**84,777**	**77,848**
Other (expenses)/income		(638)	3,060
Cost of products sold		(88,951)	(65,831)
Administrative and selling costs		(2,183)	(2,577)
EBITDA for the period		**(6,995)**	**12,500**
Amortisation and depreciation of non-current assets		(14,507)	(7,932)
Amortisation of assets recognised on acquisition		(1,360)	(1,360)
Operating profit for the period		**(22,862)**	**3,208**
Net borrowing costs		(16,651)	48
Other finance income and expenses		445	420
Income tax	6	(40)	(1,634)
Profit for the period	5	**(39,108)**	**2,042**
Add loss attributable to non-controlling interests		2,368	384
Profit for the period attributable to equity holders of the parent		**(36,740)**	**2,426**
Other comprehensive loss, net of income tax			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Translation adjustments for financial statements of subsidiaries in a foreign currency		(5,758)	(1,814)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		**(5,758)**	**(1,814)**
Items that will not to be reclassified to profit or loss in subsequent periods:			
Change in revaluation reserve for cash flow hedging instruments		(1,713)	1,106
Income tax in relation to revaluation of cash flow hedging instruments		463	(310)
Net other comprehensive loss that will not to be reclassified to profit or loss in subsequent periods:		**(1,252)**	**796**
Total other comprehensive loss for the period		(7,010)	(1,018)
Attributable to non-controlling interest		140	1
Other comprehensive loss for the period attributable to equity holders of the parent		**(6,870)**	**(1,017)**
Total comprehensive income/(loss) for the period			
Attributable to equity holders of the parent		(46,118)	1,024
Attributable to non-controlling interests		2,508	385
Total comprehensive income for the period attributable to equity holders of the parent		(43,610)	1,409
Earnings per share (US$)			
Basic earnings per share		(111.50)	7.37
Diluted earnings per share		(111.50)	7.37

Notes to the financial statements are included on pages 13 to 20.

	Half-year ended	
	30 Jun 2015 US$'000	**30 Jun 2014 US$'000**
Other revenue	500	-
Administrative and costs	(1,742)	(1,687)
EBITDA for the period	**(1,242)**	**(1,687)**
Amortisation and depreciation of non-current assets	(62)	(62)
Operating loss for the period	**(1,304)**	**(1,749)**
Net borrowing costs	(16,169)	(11,196)
Other finance income and expenses	2,559	352
Income tax	-	-
Loss for the period	**(14,914)**	**(12,593)**

Notes to the financial statements are included on pages 13 to 20.

	Note	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Assets			
Non-current assets			
Intangible assets	7	68,354	69,904
Property, plant and equipment	8	802,805	802,129
Other non-current financial assets		104	123
Other non-current assets	10	200	198
Total non-current assets		**871,463**	**872,354**
Current assets			
Inventories	9	68,849	63,768
Trade and other receivables	10	26,612	31,723
Cash and cash equivalents	11	7,639	8,401
Total current assets		**103,100**	**103,892**
Total assets		**974,563**	**976,246**
Shareholders' equity and liabilities			
Share capital	12	329	329
Share premium	12	621,412	621,412
Cash flow hedging instrument revaluation reserve		(3,276)	(2,156)
Foreign currency translation reserve		(32,699)	(26,949)
Accumulated losses		(117,892)	(81,152)
Attributable to equity holders of the parent		**467,874**	**511,484**
Attributable to non-controlling interests		(11,766)	(9,258)
Total shareholders' equity		**456,108**	**502,226**
Liabilities			
Non-current liabilities			
Deferred tax		7,348	7,907
Borrowings	13	409,200	405,303
Total non-current liabilities		**416,548**	**413,210**
Current liabilities			
Borrowings	13	50,316	14,762
Trade and other payables	14	46,721	41,322
Current tax payables		70	1,742
Derivative financial liabilities		4,800	2,984
Total current liabilities		**101,907**	**60,810**
Total liabilities		**518,455**	**474,020**
Total shareholders' equity and liabilities		**974,563**	**976,246**

Notes to the financial statements are included on pages 13 to 20.

The financial statements were approved by the Board on 30 July 2015 and signed on its behalf by

N Limb

Nic Limb
Director

Registration number 07727671

	Note	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Assets			
Non-current assets			
Property, plant and equipment		183	245
Investments in subsidiaries		899,486	899,486
Loans to related parties		85,932	79,631
Total non-current assets		**985,601**	**979,362**
Current assets			
Other current assets		1,318	3,613
Cash and cash equivalents		3,096	7,616
Total current assets		**4,414**	**11,229**
Total assets		**990,015**	**990,591**
Shareholders' equity and liabilities			
Share capital		329	329
Share premium		621,412	621,412
Retained earnings		(94,362)	(79,448)
Total shareholders' equity		**527,379**	**542,293**
Liabilities			
Non-Current Liabilities			
Borrowings	13	409,200	405,303
Other non-current liabilities		43,968	34,065
Total non-current liabilities		**453,168**	**439,368**
Current liabilities			
Borrowings	13	5,532	5,636
Trade and other payables		3,936	3,294
Total current liabilities		**9,468**	**8,930**
Total liabilities		**462,636**	**448,298**
Total shareholders' equity and liabilities		**990,015**	**990,591**

Notes to the financial statements are included on pages 13 to 20.

The financial statements were approved by the Board on 30 July 2015 and signed on its behalf by

Nic Limb
Director

Registration number 07727671

	Note	Half-year ended 30 Jun 2015 US$'000	Half-year ended 30 Jun 2014 US$'000
Operating activities			
(Loss)/Profit for the period		**(39,108)**	**2,042**
Elimination of non-cash and non-operating income and expenses:			
- Depreciation, amortisation and provisions		15,867	9,292
- Deferred tax		(21)	(757)
- Amortisation of borrowing costs		392	-
- Foreign exchange gains		(3,767)	(76)
Cash (used in)/generated by operating activities		**(26,637)**	**10,501**
Decrease/(increase) in inventories		(6,887)	1,327
(Increase)/decrease in trade receivables		7,179	(5,329)
Increase/(decrease) in trade payables		1,797	(2,204)
Change in other assets and liabilities		5,829	1,583
Accrued interest		(325)	(536)
Tax paid		(1,677)	(18,527)
Net change in current operation assets and liabilities		**5,916**	**(23,686)**
Net cash used in operating activities		**(20,721)**	**(13,185)**
Cash flows from investing activities			
Payments for non-current assets		(16,984)	(84,729)
Payment of capitalised interest costs	13	-	(6,750)
Net cash used in investing activities		**(16,984)**	**(91,479)**
Cash flows from financing activities			
Proceeds from borrowings		36,416	202,327
Payment of borrowing costs		-	(3,693)
Repayment of borrowings		-	(31,365)
Net change in current financial assets and liabilities		-	(25)
Net cash provided by financing activities		**36,416**	**167,244**
Net effect of cash held in foreign currency		527	(162)
Net (decrease)/increase in cash held		**(762)**	**62,418**
Opening cash and cash equivalents		**8,401**	**11,552**
Closing cash and cash equivalents	**11**	**7,639**	**73,970**

Notes to the financial statements are included on pages 13 to 20.

	Half-year ended	
	30 Jun 2015 US$'000	**30 Jun 2014 US$'000**
Operating activities		
Loss for the period	**(14,914)**	**(12,593)**
Elimination of non-cash and non-operating income and expenses:		
- Depreciation, amortisation and provisions	62	62
- Foreign exchange gains	(2,558)	(353)
- Amortisation of borrowing costs	392	374
Cash used in operating activities	**(17,018)**	**(12,510)**
Decrease/(increase) in trade receivables	2,264	(123)
Increase in trade payables	643	479
Change in other assets and liabilities	30	16
Accrued interest	3,404	4,071
Net change in current operation assets and liabilities	**6,341**	**4,443**
Net cash used in operating activities	**(10,677)**	**(8,067)**
Cash flows from investing activities		
Payments from/(to) subsidiaries	6,200	(121,350)
Net cash provided by/(used in) investing activities	**6,200**	**(121,350)**
Cash flows from financing activities		
Proceeds from borrowings	-	200,320
Payment of borrowing costs	-	(3,693)
Net cash provided by financing activities	**-**	**196,627**
Net effect of cash held in foreign currency	(43)	(14)
Net increase/(decrease) in cash held	**(4,520)**	**67,196**
Opening cash and cash equivalents	**7,616**	**6,359**
Closing cash and cash equivalents	**3,096**	**73,555**

Notes to the financial statements are included on pages 13 to 20.

	Number of shares	Share capital US$'000	Share premiums US$'000	Cash flow hedging reserve US$'000	Foreign currency translation reserve US$'000	Actuarial gains and losses reserve US$'000	Retained earnings US$'000	Attributable to equity holders of parent US$'000	Attributable to non-controlling interests US$'000	Total shareholders' equity US$'000
Shareholders' equity at 1 January 2014	**329,500**	**329**	**621,412**	**(2,650)**	**(5,130)**	**123**	**64,030**	**678,114**	**6,248**	**684,362**
Profit for the half-year ended 30 June 2014	-	-	-	-	-	-	2,426	2,426	(384)	2,042
Exchange differences on translation of foreign subsidiaries	-	-	-	-	(1,813)	-	-	(1,813)	(1)	(1,814)
Change in hedging instruments revaluation reserve	-	-	-	796	-	-	-	796	-	796
Other components of comprehensive income	-	-	-	796	(1,813)	-	-	(1,017)	(1)	(1,018)
Total comprehensive income	**-**	**-**	**-**	**796**	**(1,813)**	**-**	**2,426**	**1,409**	**(385)**	**1,024**
Total transactions with shareholders	-	-	-	-	-	-	-	-	-	-
Shareholders' equity at 30 June 2014	**329,500**	**329**	**621,412**	**(1,854)**	**(6,943)**	**123**	**66,456**	**679,523**	**5,863**	**685,386**
Shareholders' equity at 1 January 2015	**329,500**	**329**	**621,412**	**(2,156)**	**(26,949)**	**-**	**(81,152)**	**511,484**	**(9,258)**	**502,226**
Profit for the half-year ended 30 June 2015	-	-	-	-	-	-	(36,740)	(36,470)	(2,368)	(39,108)
Exchange differences on translation of foreign subsidiaries	-	-	-	132	(5,750)	-	-	(5,618)	(140)	(5,758)
Change in hedging instruments revaluation reserve	-	-	-	(1,252)	-	-	-	(1,252)	-	(1,252)
Other components of comprehensive income	-	-	-	(1,120)	(5,750)	-	-	(6,870)	(140)	(7,010)
Total comprehensive income	**-**	**-**	**-**	**(1,120)**	**(5,750)**	**-**	**(36,740)**	**(43,610)**	**(2,508)**	**(46,118)**
Total transactions with shareholders	-	-	-	-	-	-	-	-	-	-
Shareholders' equity at 30 June 2015	**329,500**	**329**	**621,412**	**(3,276)**	**(32,699)**	**-**	**(117,892)**	**467,874**	**(11,766)**	**456,108**

Notes to the financial statements are included on pages 13 to 20.

1. GENERAL INFORMATION

TiZir Limited (the 'Company') is a limited company incorporated in the United Kingdom. The parent entities of the Company are MDL (Mining) Limited and Eralloys Holding AS. The address of its registered office and principal place of business are disclosed in the Corporate Data.

The condensed consolidated unaudited interim financial statements as at and for the half-year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 30 July 2015.

2. STATEMENT OF COMPLIANCE

The interim condensed consolidated unaudited financial statements for the half-year ended 30 June 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

3. BASIS OF PREPARATION

The consolidated financial statements are presented in United States dollars, which is the Company's functional and presentation currency. All values are rounded to the nearest thousand except where otherwise indicated.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Boards that are relevant to its operations and effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the group's accounting policies and has no effect on the amounts reported for current or prior periods. The new and revised Standards and Interpretations have not had a material impact and not resulted in changes to the Group's presentation of, or disclosure in, its half-year financial report.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the date of the financial statements. Actual outcomes could differ from these estimates.

The below are the most critical judgments, estimates and assumptions:

4.1 Impairment testing

When events or economic changes in the markets in which the Group operates indicate the possibility of impairment losses on its goodwill, intangible assets and property, plant and equipment, these assets are subject to impairment tests to determine whether their carrying amount has fallen below their recoverable amount or value in use.

Goodwill is impairment-tested at least once a year. In the event that the recoverable amount is below the net carrying amount, an impairment loss is recognised for the difference. The recoverable amount is determined on the basis of the value in use by applying the method of future cash flows expected from the use of the assets projected over a five-year period with a terminal value.

4.2 Employee benefits

Group companies' offer their employees various long-term benefits such as retirement packages, pension plans and healthcare plans. All these liabilities are estimated on the basis of assumptions such as discount rates, rates of return on financial investments under these plans, salary increases, employee turnover rates and mortality tables. The Group generally updates these assumptions once a year and the most recent assumptions used are included in the specific note.

4.3 Environmental rehabilitation costs

The provisions for rehabilitation costs are based on estimated future costs using information available at the balance sheet date. These provisions are estimated on the basis of forecast cash flows by maturity and discounted using inflation and discount rates determined in accordance with local economic conditions. To the extent the actual costs differ from these estimates, adjustments will be recognised which may impact the Group's income statement.

4.4 Deferred tax

Deferred tax assets recognised primarily relate to deductible temporary differences and tax losses carried forward in accordance with IAS 12. These deferred tax assets are recognised whenever it is likely that the Group will have sufficient future taxable profit to absorb these timing differences and tax losses. The estimate of the Group's capacity to recover recognised deferred-tax assets is based in particular on the earnings forecasts drawn up by each tax entity.

5. SEGMENT REPORTING

The directors of the Company have chosen to organise the Group's operating segments based on differences in products and services provided by the Group.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Upgraded ilmenite products
- Extracted mineral sands products

The extracted mineral sands products segment did not generate revenue during the half-year ended 30 June 2015 as GCO continues its commissioning and ramp-up phase.

Revenues and profit by segment

The following is an analysis of the Group's revenue and profit by reportable segment:

	Segment Revenue		Segment Profit	
	Half-year ended		Half-year ended	
	30 Jun 2015 US$'000	30 Jun 2014 US$'000	30 Jun 2015 US$'000	30 Jun 2014 US$'000
Upgraded ilmenite products	52,270	77,848	1,080	4,921
Extracted mineral sands products	32,507	-	(23,944)	(806)
Total	**84,777**	**77,848**	**(22,864)**	**4,115**
Administration costs			(1,242)	(1,687)
Other finance expenses			(13,610)	860
Depreciation expenses			(62)	(62)
Amortisation of non-current assets recognised on acquisition			(1,697)	(1,360)
Income tax on amortisation of non-current assets recognised on acquisition			367	176
Profit for the period			**(39,108)**	**2,042**

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the current year (2014 – nil).

Segment profit represents the profit after income tax earned by each segment without allocation of centralised administration costs, foreign exchange losses recognised outside the reportable segments, depreciation of non-current assets not allocated to a reportable segment and amortisation and associated income tax impact of non-current assets recognised on acquisition. Segment profit is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Segment assets		
Upgraded ilmenite products	92,855	92,414
Extracted mineral sands products	827,907	823,788
Total segment assets	**920,762**	**916,202**
Unallocated	53,801	60,044
Total consolidated assets	**974,563**	**976,246**
Segment liabilities		
Upgraded ilmenite products	56,980	36,438
Extracted mineral sands products	36,566	16,742
Total segment liabilities	**93,546**	**53,180**
Unallocated	424,909	420,840
Total consolidated liabilities	**518,455**	**474,020**

6. INCOME TAX

The Group calculates the income tax expense for the half-year using the applicable tax rates for each group entity that would be expected to be levied against total annual earnings.

The major components of income tax expense in the interim condensed income statement are:

	Half-year ended 30 Jun 2015 US$'000	Half-year ended 30 Jun 2014 US$'000
Income tax expense		
Current income tax expense	(71)	(2,396)
Deferred income tax expense related to origination and reversal of deferred taxes	31	762
Total	**(40)**	**(1,634)**

7. INTANGIBLE ASSETS

	Gross value US$'000	Amortisation US$'000	Net value 30 Jun 2015 US$'000	Net value 31 Dec 2014 US$'000
By category				
Capitalised mining convention costs	3,432	(971)	2,461	2,490
Mine development expenditure	49,190	(1,023)	48,167	48,754
Other intangible assets	61,606	(43,880)	17,726	18,660
Total	**114,228**	**(45,874)**	**68,354**	**69,904**

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Changes over the period		
At beginning of the period	69,904	183,685
Capital expenditure during the period	-	326
Amortisation expenses during the period	(1,522)	(3,194)
Impairment during the period	-	(110,800)
Translation adjustments	(28)	(113)
At end of the period	**68,354**	**69,904**

There were no impairment losses recognised in relation to intangible assets of the Group for the half-year ended 30 June 2015 (2014 – nil).

Mine development expenditure relates exclusively to GCO.

Other intangible assets mainly comprise intangible assets recognised on acquisition (representing an ilmenite supply contract and electricity supply contract) and computer software that are being amortised over their useful economic lives of between 2.5 to 20 years.

8. PROPERTY, PLANT AND EQUIPMENT

	Gross value US$'000	Depreciation US$'000	Net value 30 Jun 2015 US$'000	Net value 31 Dec 2014 US$'000
By category				
Land and buildings	32,069	(1,673)	30,396	32,296
Industrial and mining facilities	822,682	(69,818)	752,864	764,480
Other property, plant and equipment	15	(11)	4	6
Work in progress	19,541	-	19,541	5,347
Total	**874,307**	**(71,502)**	**802,805**	**802,129**

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Changes over the period		
At beginning of the period	802,129	740,578
Capital expenditure during the period	16,988	92,298
Disposals during the period	-	(30)
Depreciation during the period	(14,345)	(22,823)
Translation adjustments	(1,967)	(7,894)
At end of the period	**802,805**	**802,129**

There were no impairment losses recognised in relation to property, plant and equipment of the Group for the half-year ended 30 June 2015 (2014 – nil).

9. INVENTORIES

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
By category		
Raw materials	5,741	10,247
Merchandise and finished products	33,461	22,950
Work in progress and semi-finished products	3,450	6,310
Consumables and spare parts	26,197	24,261
Total	**68,849**	**63,768**
Changes over the period		
At beginning of the period	63,768	46,877
Changes in working capital requirement	6,887	4,029
Translation adjustments and other movements	(1,806)	(3,508)
At end of the period	**68,849**	**63,768**

There was no inventory allowance for slow-moving inventory, excess of cost over net realisable value and obsolescence for the half-year ended 30 June 2015 (2014 – nil).

10. TRADE AND OTHER RECEIVABLES

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
By category		
Trade receivables	24,429	26,703
Payroll and tax receivables	1,543	1,356
Prepayments and other operating receivables	840	3,862
Total	**26,812**	**31,921**
Represented in the statement of financial position as:		
- Current assets	26,612	31,723
- Non-current assets	200	198
Changes over the period		
At beginning of the period	31,921	22,578
Changes in working capital requirement	(4,031)	15,670
Allowance for doubtful debts	-	-
Translation adjustments	(1,078)	(6,327)
At end of the period	**26,812**	**31,921**

During the six months ended 30 June 2015, the Company did not recognise an allowance for impairment of trade receivables (2014 – nil).

11. CASH AND CASH EQUIVALENTS

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
By category		
Cash	**7,639**	**8,401**

Cash includes cash in hand and at bank. The change from one period to the next is analysed via a cash flow statement drawn up using the indirect method. In addition to the above stated figures the Group had US$52.3 million available as unutilised borrowings with financial institutions, subject to satisfactory fulfilment of facility conditions.

12. SHAREHOLDERS' EQUITY

The share capital is comprised of 329,500 ordinary shares held by MDL (Mining) Limited and Eralloys Holding AS who hold 164,750 shares each.

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Share capital	329	329
Share premium	621,412	621,412
	621,741	**621,741**

	Number of shares '000	Share capital US$'000	Share premium US$'000
Movement in fully paid ordinary shares			
Balance at 1 January 2014	**329**	**329**	**621,412**
Issue of shares	-	-	
Balance at 30 June 2015	**329**	**329**	**621,412**

There were no shares issued by the Company during the half-year ended 30 June 2015.

Fully paid ordinary shares have a par value of US$1.00, carry one vote per share and carry a right to dividends.

The Company's constitution does not disclose an authorised capital amount as this concept was abolished in the Companies Act 2006. As such, the authorised capital of the Company at 30 June 2015 is equal to the amount of shares allotted to date.

The Company did not issue any share options or other instruments relating to rights over the Company's equity during the half-year ended 30 June 2015.

13. BORROWINGS

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
Consolidated		
Current		
Bonds (i)	5,532	5,636
Operating line of credit	44,784	9,126
	50,316	**14,762**
Non-current		
Bonds	274,003	273,611
Loans from related parties (ii)	135,197	131,692
	409,200	**405,303**
Company		
Current		
Bonds (i)	**5,532**	**5,636**
Non-current		
Bonds	274,003	273,611
Loans from related parties (ii)	135,197	131,692
	409,200	**405,303**

(i) On 29 September 2012, the Company issued bonds with a face value of $150 million at nine percent interest paid semi-annually and a term of five years. Further, on 23 May 2014 the Company completed a $125 million tap issue of the existing bonds.

The total of corporate bonds issued by the Company is now $275 million, is secured by the Company's 100% interest in both TiZir Titanium & Iron AS and TiZir Mauritius Limited and matures on 28 September 2017.

Interest accrued on the bond to 30 June 2015 amounted to $12,270,215 and has been recognised as an expense in the statement of profit or loss and other comprehensive income.

(ii) As part of the agreement to establish the joint venture on 1 October 2011, ERAMET SA agreed to provide a $45.0 million subordinated loan facility, which was contributed during the 2013 year. Interest on the subordinated loan facility is accrued at LIBOR plus five percent. For the half-year ended 30 June 2015, interest of $1,284,957 (2014 – 1,216,991 – capitalised as a part of qualifying costs of property, plant and equipment) accrued on this facility and has been recognised as an expense in the statement of profit or loss and other comprehensive income.

Further, during the year ended 31 December 2013, the Group entered into two $40 million subordinated loan agreements with each of Mineral Deposits Limited and ERAMET SA. These loans accrue interest at a rate of LIBOR three months plus five percent and are repayable on or before 29 September 2018. The Group received $5 million from each controlling party (for a total loan balance of $10 million) as part of these loan agreements in December 2013, whilst the remaining $70 million was received during the half-year ended 30 June 2014.

Interest accrued to 30 June 2015 on the above subordinated loans amounted to $2,220,102 (2014 – 1,660,485 – capitalised as a part of qualifying costs of property, plant and equipment) and has been recognised as an expense in the statement of profit or loss and other comprehensive income.

The carrying value of borrowings includes principal repayments, transaction costs and unamortised discounts.

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
By maturity		
Less than one year	50,316	14,762
One to five years	409,200	405,303
	459,516	**420,065**
By interest rate		
Fixed interest rates		
- 5.0% to 10.0%	**279,535**	**279,247**
Variable interest rate		
- Under 5.0%	44,784	9,126
- Over 5.0%	135,197	131,692
	179,981	**140,818**
	459,516	**420,065**

14. TRADE AND OTHER PAYABLES

	30 Jun 2015 US$'000	31 Dec 2014 US$'000
By category		
Trade payables	40,224	33,695
Tax and payroll liabilities	3,928	5,863
Other operating liabilities	2,569	1,764
	46,721	**41,322**
Changes over the period		
At beginning of the period	41,322	51,809
Changes in working capital requirement	3,450	(2,914)
Translation adjustments	1,949	(7,573)
At end of the period	**46,721**	**41,322**

15. COMMITMENTS FOR EXPENDITURE

TTI Ilmenite Upgrading Facility – Furnace reline and capacity expansion

Work on the furnace reline and capacity expansion project at TTI is well advanced as the planned shut-down in September approaches. Primary contractors and a majority of capital equipment and supplies required to complete the project are on site. Current expectations are that the project will be completed within budget and on time.

The reline 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.

16. CONTINGENT ASSETS AND LIABILITIES

The Group has agreed to the following payments in respect of GCO:

- During the term of the Mining Concession and the entire period of validity of the Mining Convention an amount of $500,000 per annum during the pre-production phase and thereafter $400,000 per annum during the production phase on social development of local communities in the GCO and surrounding region; and

- $50,000 per annum during production on training of Directorate of Mines and Geology officers and logistical support to the technical services of the Ministry for Mines.

17. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Transactions with related parties

(i) During the period, the Company placed cash on deposit with an ERAMET group entity, Metal Securities SA at a rate of 0.75% per annum. The deposit was liquid and able to be accessed at call. This balance was included in the Group's cash and cash equivalents. The balance of this deposit was $3,130 at 30 June 2015 (31 Dec 2014 – US$5.1 million).

The Company earned US$515 (30 June 2014 - $108,168) of interest on the above deposit for the half-year ended 30 June 2015.

(ii) As part of the agreement to establish the joint venture on 1 October 2011, ERAMET SA agreed to provide a $45 million subordinated loan facility which was contributed during the year ended 31 December 2013. Interest on the subordinate loan facility is accrued at LIBOR plus five percent. For the half-year ended 30 June 2015, interest of $1,284,957 (30 June 2014 – 1,216,991) accrued on this facility. This interest was recognised as an expense in the statement of profit or loss and other comprehensive income as outlined in note 13 above.

(iii) During the year ended 31 December 2013, the Group entered into two $40 million subordinated loan agreements with each of Mineral Deposits Limited and ERAMET SA. These loans accrue interest at a rate of LIBOR three months plus five percent and are repayable on or before 29 September 2018. The Group received $40 million from each controlling party (for a total loan balance of $80 million) as part of these loan agreements.

The Company accrued $2,220,102 of interest during the half-year ended 30 June 2015 (30 June 2014 – 1,660,485). This interest was recognised as an expense in the statement of profit or loss and other comprehensive income as outlined in note 13 above.

(iv) During the year ended 31 December 2013, the Group entered into management fee agreements with each of Mineral Deposits Limited and ERAMET SA. The management fee is $500,000 per annum per joint venture sponsor and is related to group financial reporting, administrative and corporate overheads incurred by each sponsor. The management fee was applied retrospectively from 1 January 2012.

For the half-year ended 30 June 2015, the Group incurred management fee expenses of $500,000 (30 June 2014 – $500,000). At 30 June 2015, the balance of management fees accrued was $3,500,000 (31 December 2014 - $3,000,000).

(v) During the period, the Company charged a management fee to its wholly owned subsidiary, TiZir Titanium & Iron AS. The management fee is $1.0 million per annum and is related to group financial reporting, administrative and corporate overheads incurred by the parent entity, TiZir Limited. For the half-year ended 30 June 2015, the Company charged $500,000 in relation to this fee.

Compensation of key management personnel

The remuneration of directors and key management personnel during the half-year was as follows:

	30 Jun 2015 US$'000	30 Jun 2014 US$'000
Key management personnel		
Wages and salaries	539	412
Social security costs	38	18
Other costs	58	64
	635	**494**

Directors of the Company did not receive any remuneration during the half-year ended 30 June 2015 (2014 – nil).

18. EVENTS AFTER REPORTING DATE

To the best of the Company's knowledge, there are no events to report after the balance sheet date.

19. ULTIMATE CONTROLLING PARTY

The Company does not have an ultimate controlling party.