FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

- Reported operating loss (EBIT) of $17.0 million
- Both GCO and TTI recorded positive EBITDA and positive cash flow for the year
- Improved TiZir profitability resulting from increased GCO production and cost efficiencies at both operations
- Reline of TTI furnace completed and settlement of insurance claim in December 2016

FINANCIAL SUMMARY

$m	**FY 2016**	FY 2015
TiZir		
TTI EBITDA	**23.0**	3.9
GCO EBITDA	**4.0**	(7.4)
Cash flow from operations	**18.5**	(38.5)
Capital expenditure	**20.2**	51.8

TiZir Limited has today reported an operating loss of $17.0 million for the year ended 31 December 2016, compared to an operating loss of $38.5 million in 2015. The result reflects a stronger profitability at GCO and TTI, with both operations recording positive EBITDA for the reporting period. Further, GCO recorded its first year of positive cash flows since commencement of production in March 2014.

OPERATIONS REVIEW

The key focus areas for the Group in 2016 were the continued optimisation of the mining operations at GCO and the ramp up of the furnace following the completion of the furnace reline and capacity expansion project at TTI.

GCO had a good year in 2016 both operationally and financially. It recorded numerous production records as well as positive EBITDA and cash flow. Focus has been on safety performance, optimisation of operations and cost reduction initiatives which all were instrumental to the strong results at GCO. In particular:

- GCO has now operated for over 3.2 million man hours without a lost time incident ('LTI'), with the last LTI occurring on 17 December 2015;
- mine optimisation projects delivered record utilisation across the mine in 4Q 2016 with further improvements expected as continuing initiatives centred on utilisation, throughput and recovery are realised; and
- cost saving efforts reduced the cost base at GCO by 10.6%.

Up until the operational incident in August, which resulted in a production shutdown and subsequent furnace reline, TTI had been performing strongly as the ramp up of production continued to exceed expectations. While the operational incident was disappointing, insurance funds were received before the end of 2016 and ramp up resumed ahead of schedule in January 2017. Shipments of chloride slag are expected to recommence in early April.

The synergistic benefits of GCO and TTI's integration are reflected in the fact that both operations recorded positive EBITDA for the year ended 31 December 2016 whilst TiZir recorded positive cash flow from its operations, despite low prevailing commodity prices.

GCO sales volumes were consistent with production volumes in 2016 across all product groups. Ilmenite sales volumes were slightly lower due to reduced ilmenite production; however ilmenite that had been set aside for TTI was sold to external customers in 4Q 2016 following the shutdown at TTI in August. Ilmenite pricing was slightly stronger in 2016 as pressure on availability of titanium dioxide feedstock and pigment continued to increase. In particular, pricing in the second half of the year was stronger as pigment producers continued to secure price increases.

Zircon sales volumes rose by 26.7% in 2016, primarily due to increased production and further recognition of the quality of GCO zircon by the market. Sales in the second half of the year were particularly strong, accounting for 57.7% of annual zircon sales volumes. Despite the strong sales volume growth, pricing came under significant pressure during the first half of the year following price decreases announced by major producers. Pricing and demand stabilised during the second half of the year, with some producers securing small price increases towards year-end.

Despite low commodity pricing, GCO produced positive EBITDA and cash flow in 2016. This result reflected GCO's improving operating performance and successful cost reduction initiatives, particularly in respect of energy and contract service costs. Further cost efficiencies are planned for 2017.

TTI's EBITDA for 2016 was $23.0 million. The ramp up of operations in the first half of the year exceeded expectations post completion of the furnace reline and capacity expansion project. Titanium slag production reached levels close to those achieved in 1H 2015. There were periods during 3Q 2016 when the furnace was operating close to its expanded nameplate capacity. Following the incident in August, TTI agreed with its insurer on a full and final settlement of NOK305 million (US$35 million based on a USD/NOK exchange rate of 8.65) pertaining to the incident with funds received during December 2016.

TTI sales volumes were significantly impacted by ramp up during the first half of the year and the operational incident in August outlined above. Prior to the operational incident, sales volumes of TTI's new chloride titanium slag product had been robust with TTI securing contracts for the sale of a significant majority of its 2016 chloride titanium slag production.

Sales of high purity pig iron ('HPPI') were consistent with production in 2016, reflecting market acceptance of TTI's high quality pig iron, following changed specifications resulting from the switch to chloride slag production and the associated consumption of GCO ilmenite.

Pricing for titanium slag was relatively stable throughout the year, largely due to the offtake contracts entered into by TTI. However, pricing for HPPI was volatile, partly as a result of finding customers and niche markets for the new products. Further, movements in coal and iron ore prices throughout 2016, along with ongoing geopolitical issues in Eastern Europe, significantly impacted pricing stability.

TiZir's cash flow from operations in 2016 was positive $18.5 million compared to negative $38.5 million in 2015, driven by the profitability of TiZir along with a decrease in working capital following the operational incident at TTI. While cash flow from operations was positive during the reporting period, it is expected that cash flows will remain under pressure during 1Q 2017 as TTI builds working capital following the successful restart of the furnace in January 2017.

TiZir's capital expenditure moderated further in 2016 as a result of the completion of the furnace reline and capacity expansion project in December 2015. Capital expenditure in 2016 related to residual payables associated with the furnace reline and capacity expansion project, payment for repairs to the furnace surrounds following the operational incident at TTI and sustaining capital expenditure at GCO in relation to optimisation projects. Going forward, capital expenditure is anticipated to be limited to that required for the maintenance of each operation.

FUNDING

At 31 December 2016, external borrowings (excluding shareholder loans) by TiZir amounted to $322.4 million, comprising $281.4 million of senior secured bonds (including accrued interest and borrowing costs) due September 2017, $1.4 million outstanding of a $50 million working capital facility tied to TTI and $44.1 million outstanding of a $50 million working capital facility tied to GCO, offset by $4.6 million of capitalised borrowing costs.

In relation to the abovementioned senior secured bonds, TiZir is currently working on its refinancing options.

OUTLOOK

GCO
Mine operating levels, particularly with regard to utilisation, throughput and recovery are expected to continue to improve as mine optimisation initiatives are delivered. Production at GCO for 1Q 2017 is expected to be lower due to a crossover through low grade tailings which coincides with a 180 degree turnaround of the mine path. Following this period, production is anticipated to increase to levels consistent with those achieved in 4Q 2016.

The cost reduction program operating at GCO will continue, with numerous projects identified for completion during 2017.

TTI
With the furnace repair and reline complete, TTI's primary focus is a successful ramp up to expanded capacity targets. As previously disclosed, it is anticipated that the upgraded furnace and water-cooled copper-ceramic roof will increase smelting capacity by approximately 15% to 230ktpa and improve maintenance performance by lengthening periods between scheduled shutdowns.

TTI will also continue to focus on cost efficiencies to ensure that its production remains cost competitive

Market outlook
The market for titanium dioxide pigment strengthened throughout the year. A tight inventory situation, together with ongoing strength in pigment demand, led to increasing sales volumes by global pigment producers which were accompanied by a series of price increases during 2016. Further price increases have been announced effective 1 January 2017.

In China, ongoing environmental scrutiny has restricted mining and pigment operations, leading to lower inventories and numerous pigment price increases during 2016.

This positive sentiment has also flowed through to feedstock producers. High-grade titanium feedstock producers have kept capacity idled, curb development expenditure and reduce inventories, leading to a decrease in overall feedstock supply. As a result, the outlook for chloride slag pricing continues to improve, although potential excess capacity in the sector may limit the pace of any increase in the short-term.

The zircon market remained relatively unchanged throughout 4Q 2016, with demand and pricing remaining stable. Some major producers have already announced slight price increases for 1Q 2017 due primarily to the reduction of inventories in the sector. As with titanium dioxide, new environmental regulations have resulted in the need for a number of Chinese ceramic and chemical companies to upgrade their production processes to reduce emissions which may have an impact on levels of demand in the short-term.

FINANCIAL SUMMARY

	Revenue		**EBITDA**		**EBIT**	
$m	**FY 2016**	FY 2015	**FY 2016**	FY 2015	**FY 2016**	FY 2015
TTI	75.8	87.0	23.0	3.9	8.8	(3.0)
GCO	84.8	82.0	4.0	(7.4)	(21.0)	(31.4)
Corporate	-	-	(2.9)	(3.2)	(4.8)	(4.1)
Total	**160.6**	**169.0**	**24.1**	**(6.7)**	**(17.0)**	**(38.5)**

FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2016 will be released before the end of April 2017.