

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR URGENT ATTENTION. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

SCHEME BOOKLET

A RECOMMENDED MERGER BETWEEN

**WORLD TITANIUM RESOURCES LTD
ACN 061 662 011**

AND

**BONDI MINING LTD
ACN 120 723 426**

The World Titanium Directors unanimously recommend that, in the absence of a superior offer, you vote in favour of the Scheme. The World Titanium Directors intend, in the absence of a superior offer, to vote in favour of the Scheme in respect of the World Titanium Shares over which they have voting control.

Legal Adviser to World Titanium

STEINPREIS PAGANIN
Lawyers & Consultants 

Legal Adviser to Bondi

 **Loughlins**

IMPORTANT NOTICES

Entire Booklet

Scheme Participants are encouraged to read the Explanatory Statement contained in this Scheme Booklet in its entirety before making a decision on how to vote on the resolution to be considered at the Scheme Meeting.

Registration and Disclaimers

A copy of this Scheme Booklet (including the Explanatory Statement) has been registered with ASIC pursuant to Section 412(6) of the Corporations Act. ASIC has been requested to provide a statement, in accordance with Section 411(17)(b) of the Corporations Act, in respect of the Scheme, that ASIC has no objection to the Scheme. If ASIC provides the statement, then this statement will be produced to the Court at the time of the Second Court Date. Neither ASIC nor its officers take any responsibility for the contents of this Scheme Booklet.

Responsibility Statement

The World Titanium Information has been prepared by World Titanium and is the responsibility of World Titanium. Bondi and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any of the World Titanium Information.

The Bondi Information has been prepared by Bondi and is the responsibility of Bondi. World Titanium and its directors, officers and advisers do not assume any responsibility for the accuracy or completeness of any of the Bondi Information.

World Titanium, Bondi and their respective directors, officers and advisers do not assume any responsibility for the accuracy or completeness of the Independent Expert's Report contained in Appendix 5 of this Scheme Booklet.

Status of this Scheme Booklet

This Scheme Booklet is not a prospectus or bidder's statement pursuant to the Corporations Act. Section 708(17) and Item 17 of Section 611 of the Corporations Act provide that Section 606 and Chapter 6D of the Corporations Act do not apply in relation to arrangements under Part 5.1 of the Corporations Act approved at a meeting held as a result of an order under Section 411(1) or Section 411(1A) of the Corporations Act.

Investment Decisions

This Scheme Booklet does not take into account the investment objectives, financial situation and particular needs of each individual Scheme Participant or any other particular person. Before making any investment decision in relation to the Scheme, you should consider, with or without the assistance of a securities adviser, whether that decision is appropriate in light of your particular investment needs, objectives and financial circumstances.

Court Order

A copy of this Scheme Booklet has been lodged with the Court to obtain an order of the Court to approve the convening of the Scheme Meeting. If Scheme Participants approve the Scheme at the Scheme Meeting, the Court will be asked to approve the Scheme. The Federal Court Rules provide a procedure for Scheme Participants to oppose the approval by the Court of the Scheme. If you wish to oppose the approval of the Scheme by the Court at the Second Court Hearing, you may do so by filing with the

Court, and serving on World Titanium, a notice of appearance in the prescribed form, together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on World Titanium at least one day before the Second Court Date. The Second Court Date is expected to be on or around 15 December 2011.

IMPORTANT NOTICE ASSOCIATED WITH COURT ORDER UNDER SUBSECTION 411(1) OF CORPORATIONS ACT

The fact that under subsection 411(1) of the Corporations Act the Court has ordered that a meeting be convened and has approved the explanatory statement required to accompany the notices of the meeting does not mean that the Court:

- (a) has formed any view as to the merits of the proposed scheme or as to how members should vote (on this matter members must reach their own decision); or**
- (b) has prepared, or is responsible for the content of, the explanatory statement.**

World Titanium Shareholders outside Australia

This Scheme Booklet complies with Australian disclosure requirements and, unless otherwise indicated, Australian accounting standards. These disclosure requirements and accounting standards may be different to those in other countries. World Titanium Shareholders who are subject to taxation outside Australia should consult their tax adviser as to the applicable tax consequences of the Scheme.

In addition, Foreign Scheme Participants should refer to Sections 4.10 of this Scheme Booklet.

Important Considerations

For a discussion of certain factors that should be considered in deciding whether to approve the Scheme, refer to the summary of the advantages and disadvantages of the Scheme contained in Section 5 of this Scheme Booklet.

Forward Looking Statements

Some statements in this Scheme Booklet relate to the future. Such statements involve known risks, uncertainties and other important factors that could cause the actual results, performance or achievements of World Titanium, Bondi or the Merged Group to be materially different from future results, performance or achievements expressed or implied by such statements.

The statements contained within this Scheme Booklet reflect the views held as at the date of this Scheme Booklet.

None of World Titanium or Bondi, the officers of those companies nor any person named in this Scheme Booklet with their consent nor any person involved in the preparation of this Scheme Booklet makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statement, or any results, values, performance or achievements express or implied in any forward looking statement, except to the extent required by law. Scheme Participants should not place undue reliance on any such statement.

Subject to any continuing obligations under the ASX Listing Rules or the Corporations Act, World Titanium and Bondi disclaim any obligation or undertaking to disseminate after the date of this Scheme Booklet any updates or revisions of any such statements to reflect

any change in expectations in relation thereto or any changes in events, conditions or circumstances on which any such statement is based.

Additional Information

If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please call Graeme Boden or Natasha Forde on +61 8 9384 3284 during business hours.

Defined Terms

Capitalised terms used in this Scheme Booklet are defined in the Glossary in Section 10 of this Scheme Booklet. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet.

JORC Code

This Scheme Booklet uses the terms "Measured", "Indicated" and "Inferred" Resources as defined and required by the JORC Code.

Date of Booklet

This Scheme Booklet is dated 7 November 2011.

For personal use only

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IMPORTANT DATES AND TIMETABLE FOR THE SCHEME

Latest date and time for lodgement of completed proxy forms for Scheme Meeting	10.00am (WST) on 3 December 2011
Date and time for determining eligibility to attend and vote at Scheme Meeting	10.00am (WST) on 3 December 2011
Scheme Meeting	10.00am (WST) on 5 December 2011

If the Scheme is approved by Scheme Participants and the other conditions precedent to the Merger Implementation Deed are satisfied, the EXPECTED TIMETABLE is:

Second Court Hearing to approve the Scheme	15 December 2011
Lodge Court Order with ASIC Scheme becomes binding (Effective Date)	16 December 2011
Record Date Time for determining entitlements to Scheme Consideration	10.00pm (WST) on 23 December 2011
Merger Implementation Date Scheme Consideration issued to Scheme Participants	30 December 2011
Despatch of holding statements for Bondi New Shares	30 December 2011
Bondi New Shares commence trading on ASX	5 January 2012

NOTES

1. All dates and times are indicative only. The actual timetable will depend on many factors outside the control of World Titanium, including the Court approval process and satisfaction of other conditions precedent.
2. World Titanium reserves the right to vary the times and dates set out above and may not be able to notify Scheme Participants of these changes.

LETTER FROM WORLD TITANIUM TO SCHEME PARTICIPANTS

Dear World Titanium Shareholders,

RECOMMENDED SCHEME OF ARRANGEMENT IN RELATION TO THE MERGER OF WORLD TITANIUM RESOURCES LTD WITH BONDI MINING LTD

World Titanium Resources Ltd (ACN 061 662 011) (**World Titanium**) has proposed to merge with Bondi Mining Ltd (ACN 120 723 426) (**Bondi**), which is to be implemented by scheme of arrangement (the **Scheme**).

For the Scheme to proceed, it requires, amongst other things, approval from World Titanium Shareholders. The Scheme Meeting has been convened for this purpose and will be held at 10.00am (WST) on 5 December 2011 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

This Scheme Booklet contains extensive information relating to the Scheme. I encourage you to read this Scheme Booklet carefully in order to make a fully informed decision on how to vote.

If the Scheme is approved and implemented:

- (a) Bondi will acquire all of the World Titanium Shares and World Titanium will become a wholly owned subsidiary of Bondi;
- (b) Bondi New Shares will be issued in consideration of the acquisition of the World Titanium Shares;
- (c) Bondi New Options will be issued in consideration for the World Titanium Options which will subsequently lapse in accordance with their terms;
- (d) Bondi Warrants will be issued in consideration for the acquisition or cancellation of the World Titanium Warrants;
- (e) the existing board/management of Bondi will be replaced with representatives of World Titanium other than Darren Morcombe who will remain as a non-executive director;
- (f) Bondi will maintain its listing on ASX under the name World Titanium Resources Ltd; and
- (g) World Titanium Shareholders will acquire approximately 86.2% of Bondi's issued share capital¹ (the **Merged Group**).

Independent Expert

The World Titanium Board has commissioned an independent expert, HLB Mann Judd Corporate (WA) Pty Ltd (**Independent Expert**), to prepare a report on the merits of the Scheme.

The Independent Expert has concluded that the Scheme is not fair but reasonable and in the best interests of World Titanium Shareholders. The Independent Expert's Report in respect of the Scheme is set out in its entirety in Appendix 5 of this Scheme Booklet.

¹ Based on the issued capital of Bondi and World Titanium as at 25 October 2011. This percentage may change if Bondi issues additional Bondi Shares (including due to the exercise of Bondi Options) before the Scheme is implemented or existing World Titanium Shareholders participate in the Capital Raising.

Recommendation of the World Titanium Directors

The World Titanium Directors, all whom are independent, unanimously recommend that you vote in favour of the Scheme, in the absence of a superior offer. Each member of the World Titanium Board intends to vote in favour of the Scheme in respect of the World Titanium Shares in which they have voting control, in the absence of a superior offer.

Scheme Meeting

The Scheme Meeting will be held at 10.00am (WST) on 5 December 2011 at The Celtic Club, 48 Ord Street, West Perth, Western Australia. World Titanium Shareholders can either vote in person at the Scheme Meeting or complete and return the enclosed proxy form to be received by no later than 10.00am (WST) on 3 December 2011.

Additional Information

If you are in doubt about anything in this Scheme Booklet, please contact your legal, financial, taxation or other professional adviser.

We look forward to your support.

Yours sincerely



**Edward Wayne Malouf,
Chief Executive Officer**

EXPLANATORY STATEMENT

In relation to a scheme of arrangement between World Titanium and Scheme Participants

1. OVERVIEW

1.1 What is a Scheme of Arrangement?

A scheme of arrangement is an arrangement between a company and its members (and in some cases its creditors or option holders) which by law, binds the members to a form of rearrangement of their rights and obligations arising in respect of the company.

A scheme of arrangement may be used to effect a merger of two companies by which one company becomes a subsidiary of the other.

In order to be implemented, a scheme must be voted on and approved by the members of the company, or option holders, as the case may be, and then approved by the Court.

1.2 Purpose of the Explanatory Statement

This Explanatory Statement is required by Part 5.1 of the Corporations Act in relation to the Scheme. The purpose of this Explanatory Statement is to explain the terms of the Scheme, the manner in which the Scheme will be considered and implemented (if approved) and to provide such information as is prescribed or is otherwise material to the decision of a Scheme Participant whether or not to vote in favour of the Scheme.

1.3 Key features of the Merger Proposal

The Merger Proposal

On 29 August 2011, Bondi announced to the ASX that it had entered into the Merger Implementation Deed with World Titanium pursuant to which Bondi will acquire all World Titanium Shares on issue in consideration for the issue of the Scheme Consideration to Scheme Participants, and all World Titanium Options and World Titanium Warrants which have not been exercised prior to the Record Date will be acquired or cancelled in consideration for Bondi New Options and Bondi Warrants respectively.

Under the Scheme, Scheme Participants will receive 3.5 Bondi New Shares for every 1 World Titanium Share held on the Record Date.

Information on Bondi

Bondi is a mineral exploration company based in Australia.

Further information on Bondi is contained in Section 7 of this Scheme Booklet.

Information on the Merged Group

The effect of the Scheme is that World Titanium will become a wholly-owned subsidiary of Bondi. Immediately following implementation of the Scheme, World

Titanium Shareholders will acquire approximately 86.2% of Bondi's issued share capital.²

The Merged Group's principal assets will comprise:

- (a) Bondi and its subsidiary and their assets, which include:
 - (i) exploration tenement applications in Namibia.
- (b) World Titanium and its assets, which include:
 - (i) the Ranobe minerals sands project Resources;
 - (ii) Mineral sands exploration tenements at Ankililoaka, Basibasy and Morombe in Madagascar;
 - (iii) 10,000,000 shares in ASX listed Malagasy Minerals Ltd, an exploration company; and
 - (iv) deferred sale proceeds of A\$795,675 receivable from Malagasy Minerals Ltd.

The Merged Group's board of directors will comprise:

- (a) Mr Darren Morcombe who is currently a director of Bondi;
- (b) Mr Wayne Malouf who is currently a director of World Titanium;
- (c) Mr Tristan Davenport who is currently a director of World Titanium;
- (d) Mr Mahen Sookun who is currently a director of World Titanium;
- (e) Mr Ian Ransome who is currently a director of World Titanium; and
- (f) Mr Bruce Griffin who will take up the position of Chief Executive Officer of World Titanium in early November 2011.

Further information on the Merged Group is contained in Sections 3 and 9 of this Scheme Booklet.

Conditions and termination

The Merger will be implemented by scheme of arrangement which will require approval by the Federal Court of Australia.

Implementation of the Scheme is subject to a number of conditions which are set out in the Merger Implementation Deed which is included as Appendix 1 to this Scheme Booklet.

Scheme Meeting

The Scheme Meeting will be held at 10.00am (WST) on 5 December 2011 at The Celtic Club, 48 Ord Street, West Perth, Western Australia. World Titanium Shareholders can either vote in person at the Scheme Meeting or complete and

² Based on the issued capital of Bondi and World Titanium as at 25 October 2011. This percentage may change if Bondi issues additional Bondi Shares (including due to the exercise of Bondi Options) before implementation of the Scheme or existing World Titanium Shareholders participate in the Capital Raising.

return the enclosed proxy form to be received by no later than 10.00am (WST) on 3 December 2011.

The notice convening the Scheme Meeting is included in this Scheme Booklet as Appendix 4.

1.4 Questions and Answers

This section answers some basic questions you may have about the Scheme. The information is a summary only and should be read in conjunction with the entire Scheme Booklet.

PROPOSED TRANSACTION

Why have I received this Scheme Booklet?

This Scheme Booklet has been sent to you because you are a World Titanium Shareholder. The purpose of the Scheme Booklet is to explain the terms of the Merger Proposal between Bondi and World Titanium, the manner in which the Merger will be considered and implemented and to assist you in making a decision whether or not to approve the Scheme at the Scheme Meeting.

What is the proposed transaction?

The proposed transaction involves a merger between World Titanium and Bondi to be effected by scheme of arrangement under Part 5.1 of the Corporations Act. Under the Scheme, Bondi will acquire all World Titanium Shares on issue (that it does not already own) in consideration for the issue of the Scheme Consideration to Scheme Participants and all World Titanium Options and World Titanium Warrants which have not been exercised prior to the Record Date will be acquired or cancelled in consideration for Bondi New Options and Bondi Warrants respectively at the time of completion of the Merger.

Further details on the proposed Merger are set out in Section 1.3 above.

What is the effect of approving the Scheme?

If the Scheme is approved by the requisite majorities at the Scheme Meeting and subsequently approved by the Court, the merger of World Titanium and Bondi will be implemented.

SCHEME CONSIDERATION

What will I receive if the Scheme is implemented?

If the Scheme is implemented, Scheme Participants will receive the Scheme Consideration.

The Scheme Consideration comprises Bondi New Shares. Each Scheme Participant will receive 3.5 Bondi New Shares for every 1 World Titanium Share held on the Record Date.

How will fractional entitlements be treated?

Fractional entitlements to Scheme Consideration will be rounded down to the nearest whole number of Bondi New Share.

If the Scheme is implemented, when will I receive the Scheme Consideration?

If the Scheme is approved by the requisite majorities at the Scheme Meeting and subsequently approved by the Court, the Scheme Consideration will be issued to Scheme Participants on the Merger Implementation Date, which is expected to be 30 December 2011.

You should be aware that if the Scheme Meeting is adjourned or the Effective Date is otherwise delayed, the timing of the payment of the Scheme Consideration will also be delayed.

What are the tax implications of the Scheme?

World Titanium Shareholders are referred to the report of Cooper Partners Pty Ltd contained in Section 8 of this Scheme Booklet for an overview of the tax implications of the Scheme.

Will I have to pay brokerage fees or duty in relation to the Scheme?

Unless you are a Prohibited Foreign Scheme Participant, you will not have to pay brokerage fees or duty in connection with the issue of the Scheme Consideration.

Prohibited Foreign Scheme Participants will have some brokerage costs deducted from the proceeds of the sale of their Scheme Consideration under the nominee sale process (refer to Section 4.10 for further information).

What is the value of the Scheme Consideration compared to the value of my World Titanium Shares?

Independent Expert Valuation

The Independent Expert has assessed the value of each World Titanium Share to be in the range of A\$1.00 to A\$2.236, with a preferred value of A\$1.773, at the date of the Independent Expert's Report. The Scheme Consideration will comprise 3.5 Bondi New Shares for every 1 World Titanium Share held at the Record Date.

The Independent Expert has assessed the value of the Scheme Consideration, being 3.5 Bondi New Shares, to be in the range of A\$0.942 to A\$2.009, with a preferred value of A\$1.61, as at the date of its report (see section 12 of the Independent Expert's Report), based on net realisable value of the assets of each company.

It should be noted that the value of World Titanium Shares adopted by the Independent Expert reflects the business affairs of World Titanium as at the date of the Independent Expert's Report, that being 3 October 2011.

SCHEME MEETING

What am I being asked to vote on?

As a World Titanium Shareholder, you are being asked to vote on the Scheme at the Scheme Meeting.

Am I entitled to vote?

World Titanium Shareholders who are registered on the Register at 10.00am (WST) on 3 December 2011 are entitled to vote at the Scheme Meeting.

Do I have to vote?

Voting is not compulsory, however, the World Titanium Directors believe that the Scheme is important to all World Titanium Shareholders and your vote is important. If the Scheme is approved by the requisite majorities of Scheme Participants and the Court, you will be bound to participate, whether or not you voted or voted in favour of or against the Scheme.

How do I vote?

You may vote in person by attending the relevant Scheme Meeting, by proxy by completing and lodging the relevant proxy form enclosed with this Scheme Booklet, or in the case of a corporate World Titanium Shareholder, by a corporate representative. Further details on how to vote are set out in the notice of meeting forming part of this Scheme Booklet as Appendix 4.

What do the World Titanium Directors recommend?

The World Titanium Directors unanimously recommend that, in the absence of a superior offer, World Titanium Shareholders vote in favour of the Scheme.

How will the members of the World Titanium Board be voting?

Each World Titanium Director intends, in the absence of a superior offer, to vote in favour of the Scheme in respect of the World Titanium Shares over which they have voting control.

What is the Independent Expert's conclusion?

The Independent Expert has concluded that the Scheme is not fair but reasonable and in the best interests of World Titanium Shareholders. The Independent Expert's Report in relation to the Scheme is included as Appendix 5 to this Scheme Booklet.

Why should I vote in favour of the Scheme?

Reasons to vote in favour of the Scheme are set out in Section 5.2.

Why might I consider not voting in favour of the Scheme?

Reasons to consider not voting in favour of the Scheme are set out in Section 5.4.

What happens if I do not vote, or I vote against the Scheme?

If you do not vote or you vote against the Scheme, the Scheme may still be implemented if the Scheme is approved by the requisite majorities at the Scheme Meeting and are subsequently approved by the Court. In those circumstances, you will be bound by the Scheme even though you have not voted or have voted against them.

What voting majorities are required to approve the Scheme?

For the Scheme to be implemented, it must be approved by:

- a majority of World Titanium Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting (in person or by proxy or representative); and

- at least 75% of the total number of the World Titanium Shares voted at the Scheme Meeting.

ADDITIONAL INFORMATION

Is the Scheme subject to any conditions precedent?

In addition to the approval of World Titanium Shareholders and the Court, implementation of the Scheme is conditional on the satisfaction or waiver of a number of other conditions precedent. Refer to Section 4.2 for a summary of the conditions and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Deed.

What happens if the Scheme is not implemented?

If the Scheme is not implemented, Scheme Participants will not receive the Scheme Consideration from Bondi and existing World Titanium Shareholders will retain their World Titanium Shares.

In that event, World Titanium would continue to operate as it currently does and would not have any new connection with Bondi. In this case, the benefits of the Scheme described in Section 5.2 of this Scheme Booklet will not be realised.

When will the Scheme become effective?

Subject to satisfaction or waiver of the conditions precedent to the Merger Implementation Deed and the Scheme being approved by the Court and the required majorities of World Titanium Shareholders, the Scheme will become effective on the Effective Date which is expected to be 16 December 2011. This is the date on which the Court orders approving the Scheme are expected to be lodged with ASIC.

Where can I get further information?

If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please call Graeme Boden or Natasha Forde on +61 8 9384 3284 during business hours.

If you are in any doubt about anything in this Scheme Booklet, please contact your legal, financial, taxation or other professional adviser.

1.5 Deemed warranties

World Titanium Shareholders' attention is drawn to the warranties that Scheme Participants will be deemed to have given, if the Scheme takes effect, in clause 8.4 of the Scheme.

1.6 Privacy statement

Personal information may be collected by Bondi and World Titanium in the process of implementing the Scheme. This information may include the name, contact details and shareholdings of Scheme Participants and the names of individuals appointed to act as proxies or corporate representatives by Scheme Participants at a Scheme Meeting. The primary purpose for collecting this personal information is to assist Bondi and World Titanium conduct the Scheme Meeting and implement the Scheme.

For personal use only

All personal information collected may be disclosed to Bondi and World Titanium's respective share registries, advisers, print and mail service providers and related bodies to the extent necessary to effect the Scheme.

The collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. Scheme Participants are entitled under Section 173 of the Corporations Act to inspect and obtain copies of personal information collected. Scheme Participants should contact World Titanium in the first instance if they wish to access their personal information. Scheme Participants should inform their personal representatives, proxy or attorney of these matters.

2. SUMMARY OF THE SCHEME

2.1 General

It is intended, subject to obtaining all necessary approvals from the World Titanium Shareholders and the Court, that World Titanium undergo a reorganisation to be implemented by scheme of arrangement under Section 411 of the Corporations Act.

The scheme of arrangement comprises the Scheme in respect of the World Titanium Shares only. All of the World Titanium Options and World Titanium Warrants which have not been exercised prior to the Record Date will be acquired or cancelled in consideration for Bondi New Options and Bondi Warrants respectively at the time of completion of the Merger.

If the Scheme obtains the necessary approvals and is subsequently implemented, Scheme Participants will receive the Scheme Consideration. Scheme Participants shall be issued 3.5 Bondi New Shares for every 1 World Titanium Share held on the Record Date.

The Scheme will take effect, subject to obtaining all necessary approvals, on the Effective Date, which is expected to be 16 December 2011. This is the date on which the Court orders approving the Scheme are expected to be lodged with ASIC. The Merger will be implemented, and the Scheme Consideration issued to Scheme Participants under the Scheme, on the Merger Implementation Date, which is expected to be 30 December 2011.

This Scheme Booklet has been prepared pursuant to Section 412(1) of the Corporations Act to explain the effect of the proposed Scheme between World Titanium and the Scheme Participants. A copy of the Scheme is contained in Appendix 2 of this Scheme Booklet.

2.2 Effect of the Scheme

The Scheme operates as a statutory mechanism that, if duly approved, compels each World Titanium Shareholder holding World Titanium Shares on the Record Date (including those who do not vote on the Scheme or who vote against it) to:

- (a) appoint World Titanium to transfer all of the World Titanium Shares held by them to Bondi free from all encumbrances in exchange for the issue to them of the relevant Scheme Consideration;
- (b) agree to cease to be a holder of, and to have any direct interest in, their World Titanium Shares in return for being issued the Scheme Consideration;
- (c) agree to any variation, cancellation or modification of the rights attaching to their World Titanium Shares constituted by or resulting from the Scheme;
- (d) agree to accept the issue to them of the Bondi New Shares; and
- (e) agree to become a registered Bondi Shareholder and to be bound by the constitution of Bondi as in force from time to time in respect of the Bondi New Shares.

2.3 Scheme Meeting

The Scheme must be approved by World Titanium Shareholders before it can be implemented. In this regard and in accordance with the order of the Court dated 7 November 2011, World Titanium will convene the Scheme Meeting, which will be held at 10.00am (WST) on 5 December 2011 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

2.4 Entitlement to vote

World Titanium Shareholders who are registered on the Register at 10.00am (WST) on 3 December 2011 are entitled to vote at the Scheme Meeting.

Further details on how to vote at the Scheme Meeting are set out in the notice of meeting included as Appendix 4 to this Scheme Booklet.

2.5 Scheme voting threshold

For the Scheme to be implemented, it must be approved by a majority of World Titanium Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting (in person or by proxy or representative) and by at least 75% of the total number of the World Titanium Shares voted at the Scheme Meeting.

2.6 Quotation of Scheme Consideration

Subject to ASX approval and Bondi complying with its obligations under the Merger Implementation Deed to apply for quotation, Bondi New Shares will be quoted and freely tradeable on ASX, unless subject to trading restrictions imposed by ASX as set out in Section 2.15 of this Scheme Booklet.

2.7 Conditions of the Scheme

A number of conditions need to be satisfied (or waived) by World Titanium and/or Bondi before the Scheme can be implemented. In particular, the Scheme is subject to the required majority of World Titanium Shareholders approving the Scheme at the Scheme Meeting and the approval of the Court. Refer to Section 4.2 for a summary of the conditions and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Deed.

2.8 Implementation of the Scheme

Details of the process by which the Scheme is proposed to be implemented, including obtaining the approval of the Court, are summarised in Section 4 of this Scheme Booklet.

2.9 World Titanium Directors' recommendation

The World Titanium Directors unanimously recommend that World Titanium Shareholders vote in favour of the Scheme, in the absence of a superior offer.

The matters considered by the World Titanium Directors in making this recommendation are set out in Section 5 of this Scheme Booklet.

The World Titanium Directors advise that they intend to vote all the World Titanium Shares over which they have voting control in favour of the Scheme, in the absence of a superior offer.

2.10 Independent Expert's Report

The World Titanium Board has commissioned HLB Mann Judd Corporate (WA) Pty Ltd to prepare an independent expert's report on the merits of the Scheme. After considering various advantages and disadvantages, the Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of World Titanium Shareholders.

The Independent Expert's Report in relation to the Scheme is included as Appendix 5 to this Scheme Booklet.

2.11 Scheme Consideration

Under the Scheme, Scheme Participants will receive 3.5 Bondi New Shares for every 1 World Titanium Share held on the Record Date.

2.12 Scheme Consideration issue date

If the Scheme is approved by World Titanium Shareholders and the Court, the Scheme Consideration will be issued to Scheme Participants on the Merger Implementation Date, which is expected to be 30 December 2011.

World Titanium Shareholders should be aware that if the Scheme Meeting is adjourned or the Merger Implementation Date is otherwise delayed, the timing of the issue of the Scheme Consideration will also be delayed.

2.13 Issue of holding statements

Holding statements for Bondi New Shares will be sent to Scheme Participants within 2 Business Days after the Merger Implementation Date by prepaid post at their respective addresses as shown in the Register. If a Scheme Participant wishes to change the address to which the holding statement will be sent, they must change their address on the Register prior to the Record Date.

2.14 Terms of Bondi New Shares

The Bondi New Shares to be allotted pursuant to the Scheme will be fully-paid ordinary shares of Bondi, freely tradeable, subject to trading restrictions imposed by ASX as set out in Section 2.15 of this Scheme Booklet and, with effect from their date of issue, will rank equally in all respects with the existing Bondi Shares. A summary of the rights attaching to Bondi New Shares is contained in Section 9.3 of this Scheme Booklet.

2.15 ASX Trading Restrictions on Bondi New Shares

ASX Limited has provided an in principle approval that the following restrictions will apply to the Bondi New Shares held after completion of the Merger by present World Titanium Shareholders.

Other than the exceptions noted below:

- all World Titanium Shares acquired for cash earlier than 12 months before Bondi's quotation on ASX will be tradeable;
- World Titanium Shares issued for 5 cents within 12 months of Bondi's quotation on ASX will have 5.29% of the Bondi New Shares tradeable and the balance restricted from trading for 12 months from the date of issue of the World Titanium Shares;

- World Titanium Shares issued for 10 cents within 12 months of Bondi's quotation on ASX will have 10.58% of the Bondi New Shares tradeable and the balance restricted from trading for 12 months from the date of issue of the World Titanium Shares;
- World Titanium Shares issued for 25 cents within 12 months of Bondi's quotation on ASX will have 26.46% of the Bondi New Shares tradeable and the balance restricted from trading for 12 months from the date of issue of the World Titanium Shares; and
- all World Titanium Shares issued for US\$1.00 in June 2011 will be tradeable.

World Titanium Shareholders who will own more than 10% of Bondi on completion of the Merger or who are directors or proposed directors (or associates of those directors or proposed directors) of Bondi on completion of the Merger will have tradeable Bondi New Shares calculated according to the cash proportions outlined above, with non-tradeable Bondi New Shares restricted for two years from quotation.

World Titanium Shareholders who will receive Bondi New Shares that will be subject to ASX imposed trading restrictions will be required to enter into restriction agreements prior to the Second Court Hearing.

2.16 Foreign Scheme Participants

Foreign Scheme Participants should refer to Section 4.10 of the Scheme Booklet.

2.17 Questions

If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please call Graeme Boden or Natasha Forde on +61 8 9384 3284 during business hours.

If you are in any doubt about anything in this Scheme Booklet, please contact your legal, financial, taxation or other professional adviser.

3. REASONS FOR THE SCHEME AND OVERVIEW OF THE MERGED GROUP

3.1 Overview of the Merger

The effect of the Scheme is that World Titanium will become a wholly-owned subsidiary of Bondi as a result of Bondi holding all the World Titanium Shares on issue and all of the World Titanium Options and World Titanium Warrants which have not been exercised prior to the Record Date will be acquired or cancelled in consideration for Bondi New Options and Bondi Warrants respectively at the time of completion of the Merger.

The Merger is subject to, amongst other things, obtaining all necessary approvals, including those from World Titanium Shareholders and the Court. Refer to Section 4.2 for a summary of the conditions precedent and Appendix 1 of the Scheme Booklet for a full copy of the Merger Implementation Deed. All such approvals and transactions are interrelated and conditional on each other. In other words, should such approvals not be granted for any part of the proposed transactions as envisaged, the Merger may not proceed.

The World Titanium Directors recommend that World Titanium Shareholders vote in favour of the Scheme and approve the proposed Merger with Bondi, in the absence of a superior offer. In making this recommendation, the World Titanium Directors have had regard to:

- (a) the considerations set out in Section 5; and
- (b) the conclusions of the Independent Expert.

3.2 Summary of the benefits of the Merger

The World Titanium Directors believe that significant benefits will flow from the Merger. These benefits primarily include:

- (a) access to capital markets and liquidity for share trading provided by ASX quotation; and
- (b) an expanded shareholder base creating greater diversity and additional access to capital.

The advantages of the Merger Proposal are set out in more detail in Section 5.2 5.4 of this Scheme Booklet. There are also a number of potential disadvantages of the Merger Proposal. These potential disadvantages are set out in Section 5.4 of this Scheme Booklet.

3.3 Board of directors of the Merged Group

Upon the implementation of the Scheme, it is proposed that the board of directors of the Merged Group will comprise one member of the current Bondi Board and five directors recommended by World Titanium as identified in Section 1.3 of this Scheme Booklet.

Background details and qualifications of the current World Titanium Board and Bondi Board are set out in Section 6.6 and 7.5 of this Scheme Booklet.

3.4 Future direction of the Merged Group

The Merged Group will continue to pursue the development of the combined assets of World Titanium and Bondi, endeavouring to bring the Ranobe minerals sands project to production, together with the exploration of Bondi's Namibian

tenements.

3.5 Intentions for the business, assets and employees of World Titanium

This Section sets out the intentions of Bondi and the proposed directors of the Merged Group in relation to:

- (a) the continuation of the business of World Titanium;
- (b) any major change to the business of World Titanium and any redeployment of the fixed assets of World Titanium; and
- (c) the future employment of the present employees of World Titanium,

in circumstances where the Scheme is implemented.

These statements of intention are based on the information concerning World Titanium and the general business environment which is known to Bondi and the proposed directors of the Merged Group at the time of preparation of this Scheme Booklet. Accordingly, the statements set out in this Section 3.5 are statements of Bondi and the proposed directors of the Merged Group in respect of their present intentions only and these intentions may change as new information becomes available or as circumstances change.

(a) **Board of directors**

The World Titanium Board will change as Guy LeClezio and Peter Woods will resign, Bruce Griffin will be appointed a director in early November 2011 when he takes up his appointment as Chief Executive Officer of World Titanium and Darren Morcombe will also be appointed as a director of World Titanium. In addition, the existing Bondi Directors (other than Darren Morcombe) will resign and five people recommended by World Titanium as identified in Section 1.3 of this Scheme Booklet will be appointed as directors of the Merged Group.

(b) **Business continuity**

The director and proposed directors of the Merged Group do not have any present intention to:

- (i) alter the continuation of the business of World Titanium or transfer any undertaking or any part of an undertaking of World Titanium; or
- (ii) make any major changes to the business of World Titanium, including any redeployment of the fixed assets of World Titanium.

(c) **Future employment**

The director and proposed directors of the Merged Group do not have any present intention to alter the continuation of the current employees of World Titanium or the terms on which they are engaged.

3.6 Capital raising

The proposed directors of the Merged Group have advised that it is their intention to proceed with development of the Ranobe project as soon as practicable after the Malagasy government grants the mining lease and other

necessary permits. Initial project development is estimated to require approximately A\$135 million. This will require the Merged Group to seek further financing in the form of debt, equity or a combination of both. The structure, form and terms of any such capital raising have not yet been determined, and will depend upon various factors at the time, including the financial position of the Merged Group and market conditions. Any capital raising by way of a placement will have a dilutive effect on all shareholders of the Merged Group.

3.7 Financial Forecasts

The World Titanium Board believes that it does not have a reasonable basis to provide an earnings forecast for the Merged Group. Accordingly, World Titanium believes that the inclusion of financial forecasts for the Merged Group would be unduly speculative and potentially misleading and has declined to include financial forecasts in this Scheme Booklet.

3.8 Pro forma Consolidated Net Asset of the Merged Group

Basis of preparation

The pro forma statement of net assets included in this section has been prepared in accordance with the recognition and measurement principles of Australian International Reporting Standards (**AIFRS**). The pro forma is presented in an abbreviated form and consequently does not comply with all the presentation and disclosure requirements of AIFRS and the Corporations Act.

Acquisition accounting

AASB 3 Business Combinations (AASB 3) requires that all business combinations are accounted for using the purchase method. This involves assigning fair values at the settlement date to the identifiable assets, liabilities and contingent liabilities, including intangible assets assumed.

A formal analysis of the fair value of the net assets acquired will be performed post completion of the Merger. Bondi is permitted to adjust the assessment of fair values up to 12 months following the settlement date of the Merger with the amounts being classified as provisional during any interim reporting period. Any adjustments to these fair values will likely have an equal and opposite impact on the value recorded for deferred exploration and evaluation costs. Accordingly, any such adjustments will likely have no impact on the aggregate net assets of Bondi but could have an impact on any potential depreciation and amortisation charges in future financial periods.

Pro forma Statement of Net Assets

Outlined below is an unaudited statement of net assets of World Titanium as at 30 June 2011 together with pro forma adjustments which reflect a pro forma statement of net assets of the Merged Group as at 30 June 2011.

	Audited Bondi (Parent) 30 June 2011	Audited Bondi (Namibia) 30 June 2011	Adjustment (a)	Adjustment (b)	Pro Forma Bondi 30 June 2011	World Titanium 30 June 2011	Adjustment (c)	Pro Forma World Titanium 30 June 2011	Pro Forma Merged Entity 30 June 2011
ASSETS									
Current Assets									
Cash and cash equivalents	3,881,192	2,577		2,820,000	6,703,769	6,951,389	25,000	6,976,389	13,680,158
Trade and other receivables	113,573	0			113,573	307,504		307,504	421,077
Other current assets	29,578	0			29,578	0		0	29,578
Total Current Assets	4,024,343	2,577	0	2,820,000	6,846,920	7,258,893	25,000	7,283,893	14,130,813
Non-Current Assets									
Property, plant and equipment	123,186				123,186	41,732		41,732	164,918
Investment in subsidiary	11,418,251		-11,418,251		0	0		0	0
Loan to subsidiary	2,574,027	-29,702	-2,544,325		0	0		0	0
Other investments					0	390,000		390,000	390,000
Other receivables					0	523,687		523,687	523,687
Total Non-Current Assets	14,115,464	-29,702	-13,962,576	0	123,186	955,419	0	955,419	1,078,605
Total Assets	18,139,807	-27,125	-13,962,576	2,820,000	6,970,106	8,214,312	25,000	8,239,312	15,209,418
LIABILITIES									
Current Liabilities									
Trade and other payables	71,938	0			71,938	265,251		265,251	337,189
Provisions	14,145	0			14,145	0		0	14,145
Total Current Liabilities	86,083	0	0	0	86,083	265,251	0	265,251	351,334
Non- Current Liabilities									
Trade and other payables	110,650	0			110,650	16,092		16,092	126,742
Total Non- Current Liabilities	110,650	0	0	0	110,650	16,092	0	16,092	126,742
Total Liabilities	196,733	0	0	0	196,733	281,343	0	281,343	478,076
NET ASSETS	17,943,074	-27,125	-13,962,576	2,820,000	6,773,373	7,932,969	25,000	7,957,969	14,731,342

The pro forma statement of net assets reflects the following principal adjustments and assumptions:

- (a) Bondi divests its two Australian subsidiaries.
- (b) Bondi raises A\$3,000,000 upon completion of the Merger, with associated share issue costs of A\$180,000.
- (c) World Titanium Option holders exercise to subscribe A\$25,000 for 250,000 World Titanium Shares.

Other than the adjustments set out above, the pro forma balances at 30 June 2011 are not adjusted for operating receipts and payments for either company.

Other than as set out above in the pro forma adjustments, the World Titanium Directors are not aware of any material change to the financial position of World Titanium between 30 June 2011 and the date of this Scheme Booklet.

The Independent Expert has been provided with this information for use in the Independent Expert's Report included in Appendix 5 of this Scheme Booklet.

3.9 Top 10 Shareholders of the Merged Group

Based on the World Titanium Shareholders and Bondi Shareholders as at 25 October 2011, following completion of the Merger, the top 10 shareholders of the Merged Group are expected to be as follows:

Shareholder Name	Number of Bondi Shares	Percentage Shareholding
Boulle Titanium Ltd	76,305,443	25.58%
Running Water Ltd / Canon Point Pty Ltd / Guy LeClezio ¹	22,458,338	7.53%
Quantum Holdings Pty Ltd ²	13,747,227	4.61%
Larkhill Pty Ltd	11,812,500	3.96%
Jules LeClezio	8,400,000	2.82%
JP Morgan Nominees Australia Limited	7,000,000	2.35%
Boden Corporate Services Pty Ltd	6,804,000	2.28%
Graham Robert Forward Pty Ltd	6,727,777	2.25%
Raymond Marie Marc Hen	5,716,669	1.92%
Peter John Nelson	5,211,112	1.75%
Total	164,183,066	55.03%

* World Titanium Director related entities (1) G LeClezio (2) P Woods

Boulle Titanium Ltd will become the largest shareholder in the Merged Group, and is presently the largest shareholder of World Titanium (refer to Section 6.7). World Titanium is not aware of the details of the ownership structure or officeholders of Boulle Titanium Ltd, but to the best of its knowledge, World Titanium understands that Boulle Titanium Ltd is ultimately controlled by mining entrepreneur Jean-Raymond Boulle.

3.10 Capital Structure of the Merged Group

The capital structure of the Merged Group based on the number of Bondi Securities and World Titanium Securities on issue as at 25 October 2011 is outlined as follows:

	Bondi Shares	Bondi Options	Bondi Warrants
Number of Bondi Securities on issue as at 25 October 2011	120,412,807	5,235,000	-
Number of Bondi Securities on issue after the consolidation ¹	30,103,202	1,308,750	-
Number of Bondi Securities on issue after the Capital Raising	11,111,112	-	-
Number of Bondi New Shares to be issued as Scheme Consideration ²	257,144,545	-	-
Number of Bondi New Options and Bondi Warrants to be issued for the acquisition or cancellation of World Titanium Options and World Titanium Warrants respectively ³	-	16,275,000	1,492,050
Number of Bondi Securities on issue in the Merged Group post completion of Merger	298,358,859	17,583,750	1,492,050

Notes:

1. Bondi is required to complete a 1:4 consolidation of its capital as a condition precedent to the Merger. These figures remain subject to the effects of rounding.
2. Assuming no World Titanium Options or World Titanium Warrants are exercised. This figure remains subject to the effects of rounding.
3. Assuming no World Titanium Options or World Titanium Warrants are exercised.

4. IMPLEMENTATION OF THE SCHEME

4.1 Merger Implementation Deed, Scheme and Deed Poll

On 26 August 2011, World Titanium and Bondi entered into the Merger Implementation Deed and on 6 October 2011 and 27 October 2007 deeds of amendment. A copy of the Merger Implementation Deed and deeds of amendment is included in this Scheme Booklet at Appendix 1 and a summary of the material terms of the Merger Implementation Deed as amended is contained below in Section 4.2.

The detailed terms of the Scheme are set out in the Scheme of Arrangement in Appendix 2 of this Scheme Booklet.

In support of its obligations under the Merger Implementation Deed, Bondi has executed the Deed Poll in favour of Scheme Participants under which it has agreed to perform its obligations under the Merger Implementation Deed and the matters contemplated by the Scheme. A copy of the Deed Poll is included in Appendix 3 of this Scheme Booklet.

4.2 Summary of terms of the Merger Implementation Deed

This is a summary only of the key terms to the Merger Implementation Deed signed by World Titanium and Bondi. The complete Merger Implementation Deed is included in this Scheme Booklet at Appendix 1. Defined terms have the same meaning as in the Merger Implementation Deed.

Conditions Precedent

Implementation of the Scheme is subject to a number of conditions precedent, which remain to be satisfied at the date of this Scheme Booklet, including:

The obligations of Bondi to issue the Scheme Consideration, grant the Options Consideration and grant the Warrant Offer Consideration and to otherwise give effect to the transactions contemplated by the Merger Implementation Deed are subject to each of the following conditions precedent having been satisfied or waived by 8:00 am on the Business Day prior to the Second Court Date:

- (a) **Court or Other Orders:** no temporary restraining order, preliminary or permanent injunction or other order issued by any Court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of any aspect of the Transaction shall be in effect at 8:00 am on the Business Day prior to the Second Court Date;
- (b) **World Titanium Shareholder Approval:** the Scheme is approved by the necessary majority of holders of World Titanium Shares in accordance with section 411(4)(a) of the Corporations Act at the Scheme Meeting;
- (c) **No ASIC Objection:** ASIC stating in writing, prior to the Second Court Date, that it has no objection to the Scheme pursuant to section 411(17) of the Corporations Act;
- (d) **Court Approval:** the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act with or without modification;
- (e) **Options terms:** the Options are issued and the holder agrees to the issue of the Options Consideration in consideration for the acquisition or cancellation of their Options on implementation of the Scheme;

- (f) **No World Titanium Prescribed Occurrence:** between the date of the Merger Implementation Deed and 8:00 am on the Business Day prior to the Second Court Date, no World Titanium Prescribed Occurrence occurs other than as required or contemplated by the Merger Implementation Deed or the Scheme;
- (g) **Consolidation:** Bondi's shareholders approving the consolidation of its capital on a 1:4 basis prior to the Second Court Date;
- (h) **Bondi Shareholder Approval:** Bondi obtaining all shareholder approvals required under the Corporations Act (including for the purposes of item 7 of section 611) and the Listing Rules of ASX (including for the purposes of Listing Rules 11.1.2 and 11.4) for the Transaction, a change of name to World Titanium Resources Ltd and the matters referred to in clauses 4.2(g), 4.2(i) and 4.2(j);
- (i) **Disposal of Non-African Assets:** Bondi obtaining all necessary approvals for the disposal of its non-African uranium and copper assets by in specie distribution to holders of Bondi Shares at a record date to be set by Bondi but prior to the Second Court Date and completing all other steps required to effect such a disposal prior to the Second Court Date other than the transfer of shares held by Bondi in the subsidiary entities holding the non-African assets to the holders of Bondi Shares at the record date set for the in specie distribution which shall occur immediately following Court approval of the Scheme pursuant to section 411(4)(b) of the Corporations Act;
- (j) **Chapters 1 and 2 of Listing Rules:** Bondi meeting the requirements in Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list (including completing the Capital Raising);

The obligations of World Titanium in relation to the implementation of the Scheme are subject to each of the following conditions precedent having been satisfied or waived by 8:00 am on the Business Day prior to the Second Court Date:

- (a) **Bondi Shares quotation approval:** Bondi receiving a letter from ASX confirming that ASX will grant conditional re-quotation of the Bondi Shares on the official list of ASX (including those to be issued to World Titanium Shareholders under the Scheme) on terms acceptable to World Titanium, including in respect to escrow relief for Scheme Participants, prior to the Second Court Date;
- (b) **No Bondi Prescribed Occurrence:** between the date of the Merger Implementation Deed and 8:00 am on the Business Day prior to the Second Court Date, no Bondi Prescribed Occurrence occurs other than as required or contemplated by the Merger Implementation Deed or the Scheme.

Exclusivity

World Titanium has agreed not to solicit or invite a proposal or competing transaction but may consider unsolicited offers or proposals.

Termination & undertaking to pay compensation

World Titanium may, by notice in writing to Bondi, terminate the Merger Implementation Deed without further obligation to Bondi if:

- (a) Bondi is in material breach of its obligations under the Merger Implementation Deed and Bondi has failed to remedy that breach within five Business Days after receipt by it of a notice in writing from World Titanium setting out details of the relevant circumstance and requesting Bondi to remedy the breach;
- (b) without limiting paragraph (a) above, Bondi is in material breach of any of its obligations in relation to implementation of the Scheme;
- (c) any of the Conditions Precedent which are for the benefit of World Titanium becomes incapable of being satisfied (other than due to the failure of World Titanium to use commercially reasonable efforts) and is not otherwise waived;
- (d) any Court or regulatory authority has taken any action permanently restraining or otherwise prohibiting the Scheme or has refused to do anything necessary to permit the Scheme and such action or refusal has become final and unable to be appealed;
- (e) the Transaction is not completed by 15 April 2012; or
- (f) without reason at its sole discretion, but in such case must reimburse Bondi for its reasonable out-of-pocket expenses incurred in connection with the transaction up to five hundred thousand dollars (\$500,000) should World Titanium do any of the following acts within 6 months of termination:
 - (i) enters into a merger or similar arrangement with a third party and completes same (whether or not completion is within said 6 months);
 - (ii) sells its Madagascar assets or any subsidiary containing such assets at the time of sale to a third party; or
 - (iii) is acquired by a third party.

Bondi may, by notice in writing to World Titanium, terminate the Merger Implementation Deed if:

- (a) World Titanium is in material breach of its obligations under the Merger Implementation Deed and World Titanium has failed to remedy that breach within five Business Days after receipt by it of a notice in writing from Bondi setting out details of the relevant circumstance and requesting World Titanium to remedy the breach;
- (b) without limiting paragraph (a) above, World Titanium is in breach of any of its obligations in relation to implementation of the Scheme;
- (c) any of the Conditions Precedent becomes incapable of being satisfied and, in respect only of the Conditions Precedent which are for the benefit of Bondi are not otherwise waived, including because of the occurrence of a Prescribed Occurrence;
- (d) any Court or regulatory authority has taken any action permanently restraining or otherwise prohibiting the Scheme or has refused to do anything necessary to permit the Scheme and such action or refusal has become final and unable to be appealed;
- (e) the Transaction is not completed by 15 April 2012.

4.3 Status of conditions precedent

As at the date of this Scheme Booklet, World Titanium is not aware of any circumstances which would cause the conditions precedent for the Scheme not to be satisfied.

4.4 Implementation of the Scheme – procedural steps

The procedural steps for the implementation of the Scheme are set out in Sections 4.5 to 4.10 below.

4.5 Scheme Meeting

For the Scheme to take effect, Section 411(4) of the Corporations Act requires the Scheme be approved by a majority of World Titanium Shareholders in number (i.e. more than 50%) who attend and vote at the Scheme Meeting (in person or by proxy or representative) and by at least 75% of the votes that may be cast on the resolution by World Titanium Shareholders present and voting at the Scheme Meeting, either in person or by proxy or representative.

The Scheme Meeting will be convened by World Titanium in accordance with orders made by the Court. Details of the Scheme Meeting are contained in Section 2.

In the event World Titanium Shareholders approve the Scheme, the Scheme must also be approved by the Court in order to be implemented.

In the event World Titanium Shareholders do not approve the Scheme then World Titanium will not apply to the Court for any orders in connection with the Scheme and the Scheme will not proceed.

4.6 Court approval

World Titanium will apply to the Court for orders approving the Scheme if:

- (a) the Scheme is approved by the requisite majorities of World Titanium Shareholders at the Scheme Meeting; and
- (b) all other conditions precedent to the implementation of the Scheme are satisfied or waived or will be satisfied or waived upon the orders of the Court.

The Court may refuse to grant the order approving the Scheme even if the Scheme is approved by the requisite majorities of World Titanium Shareholders.

If the Court refuses to make any order convening the Scheme Meeting or approving the Scheme, World Titanium must appeal the Court's decision to the fullest extent possible, unless the parties agree otherwise or World Titanium's counsel indicates that, in his or her view, an appeal would more likely than not, be unsuccessful.

If the Court approves the Scheme, the Scheme will become binding on Bondi, World Titanium and each Scheme Participant upon the Court making orders under section 411(4)(b) of the Corporations Act and those orders being lodged with ASIC.

4.7 Actions by World Titanium after Court approval

If the Court orders approving the Scheme are obtained, the World Titanium Directors will take or procure the taking of the steps required for the Scheme to be implemented. These will include the following:

- (a) World Titanium will lodge with ASIC a copy of the Court orders approving the Scheme under Section 411 of the Corporations Act and the Scheme will become Effective;
- (b) subject to the terms of the Scheme becoming Effective, Bondi will issue the Scheme Consideration to each Scheme Participant on the Merger Implementation Date; and
- (c) subject to despatch of the Scheme Consideration to Scheme Participants, World Titanium will enter the name of Bondi in the Register as the holder of all of the World Titanium Shares.

4.8 Effective Date

The Scheme will become Effective on the date upon which a copy of the orders of the Court under Section 411 of the Corporations Act approving the Scheme is lodged with ASIC.

If the Scheme becomes Effective, World Titanium will become bound to implement the Scheme in accordance with each Scheme's terms.

4.9 Record Date

For the purpose of establishing who are Scheme Participants, dealings in World Titanium Shares will be recognised provided that registrable transfers or transmission applications in respect of those dealings are received at or before 10.00 pm (WST) on the Record Date at the place where the Register is kept.

Subject to the provisions of its constitution, World Titanium must register transfers or transmission applications of the type referred to above by 10.00 pm (WST) on the Record Date. World Titanium will not accept for registration or recognise for any purpose any transmission application or transfer in respect of World Titanium Shares received after 10.00 pm (WST) on the Record Date, other than a transfer to Bondi in accordance with the Scheme.

For the purpose of determining entitlements to the Scheme Consideration, World Titanium will, until the Scheme Consideration has been issued in accordance with the Scheme, maintain the Register in accordance with the foregoing provisions of this Section and the Register in this form will solely determine entitlements to the Scheme Consideration. As from 10.00 pm on the Record Date and subject to the issue of the Scheme Consideration by Bondi and registration of the transfer of the World Titanium Shares to Bondi, each entry current on the Register will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the World Titanium Shares relating to that entry.

4.10 Foreign Scheme Participants

If you are a Foreign Scheme Participant, you may not be able to receive Bondi New Shares under the Scheme.

Restrictions in certain foreign countries make it impractical or unlawful for Bondi to offer or for World Titanium Shareholders to receive Bondi New Shares in those countries.

Accordingly, Bondi is not issuing Scheme Consideration to Prohibited Foreign Scheme Participants, being a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia, New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties, unless Bondi and World Titanium determine:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Foreign Scheme Participant with Bondi New Shares when the Scheme becomes Effective; or
- (b) it is lawful for that Foreign Scheme Participant to participate in the Scheme by the law of the relevant place outside Australia or New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing between the parties.

Unless a determination is made in accordance with paragraph (a) or (b) above, the Bondi New Shares which would otherwise be required to be issued to a Prohibited Foreign Scheme Participant will not be issued to the Prohibited Foreign Scheme Participant and will instead be issued to a nominee appointed by Bondi.

Bondi will cause the nominee to offer for sale on the open market within five Business Days after the Merger Implementation Date all of the Bondi New Shares issued to the nominee in such manner, at such price and on such other terms as the nominee shall determine and to remit to Bondi the proceeds of sale (after deducting brokerage, taxes and other costs of sale) (**Proceeds**).

Bondi will pay to each Prohibited Foreign Scheme Participant such fraction of the Proceeds as is equal to the number of Bondi New Shares which would have been issued to the Prohibited Foreign Scheme Participant but for the application of this sale process divided by the total number of Bondi New Shares issued to the nominee.

Payment will be by cheque drawn in Australian dollars and dispatched to the relevant Prohibited Foreign Scheme Participant by ordinary mail to the address of the Prohibited Foreign Scheme Participant recorded in the Register on the Record Date.

5. SCHEME RECOMMENDATIONS AND ISSUES FOR CONSIDERATION

5.1 World Titanium Directors' recommendation

The World Titanium Directors acknowledge that the Independent Expert has concluded that the Scheme is considered not fair, however, the World Titanium Directors consider that the Scheme is still in the best interests of World Titanium Shareholders for the reasons set out in Section 5.2 and unanimously recommend that World Titanium Shareholders vote in favour of the Scheme, in the absence of a superior offer.

In reaching their recommendation, the World Titanium Directors have reviewed World Titanium's strategic alternatives for access to capital to progress development of the Randbe mineral sands project and had regard to the matters set out in this Section 5.

Each member of the World Titanium Board intends to vote in favour of the Scheme in respect of the World Titanium Shares over which they have voting control, in the absence of a superior offer.

5.2 Why the Merger Proposal should be implemented

(a) Shares in a listed company

Pursuant to the issue of the Scheme Consideration, World Titanium Shareholders will receive as consideration, Bondi New Shares which can be traded on ASX. This will offer World Titanium Shareholders greater liquidity in their holding compared with the very limited liquidity in the present unlisted status.

The World Titanium Directors have been seeking to achieve this outcome for several years, with activities including:

- seeking an industry investor, with efforts centred mainly in China, India and Australia but also some attempts in Japan, North America and the Middle East;
- canvassing Australian and United Kingdom capital market brokers; and
- an attempted merger in 2010 with ASX listed company Malagasy Minerals Ltd, from which that company withdrew.

Broker interest has been muted because of the perceived political risk of Madagascar and the impact of the global financial crisis and subsequent events on the capital markets. The latter factor increases the difficulty of obtaining the required spread of shareholders for an ASX listing through an initial public offer.

World Titanium has undertaken two capital raisings so far in 2011, neither of which was fully subscribed, namely:

- a rights issue to raise A\$1.5 million at A\$0.25 per World Titanium Share concluded in May 2011 with a 67% uptake from World Titanium Shareholders other than the major shareholder and underwriter, Boule Titanium Ltd.

- a placement concluded in June 2011 at US\$1.00 per World Titanium Share which raised US\$7.1 million of its target US\$10 million.

Whilst these results were encouraging, they also indicate a somewhat limited appetite for investment in World Titanium. In the circumstances the World Titanium Directors considered that a back door listing into a suitable company with a supportive board and shareholder base was the preferred option. Bondi was proposed by the United Kingdom broker who supported the June 2011 placement and has also indicated continued support for the merged entity.

(b) **Independent Expert's conclusion**

HLB Mann Judd Corporate (WA) Pty Ltd has been appointed by World Titanium to assess independently the merits of the Scheme. It has concluded that the Scheme is not fair but reasonable and in the best interests of World Titanium Shareholders.

(c) **Access to capital markets**

World Titanium will need substantial capital if it is to proceed with development of the Ranobe mineral sands project after the Malagasy government grants the mining lease and other necessary permits whilst still retaining significant equity in the project. Initial project development is estimated to require approximately A\$135 million. This will require the Merged Group to seek further financing in the form of debt, equity or a combination of both. It is anticipated that the access of a listed entity will provide additional sources of capital to World Titanium.

It is noted that the structure, form and terms of any such capital raising have not yet been determined, and will depend upon various factors at the time, including the financial position and market conditions. In addition, any capital raising by way of a placement will have a dilutive effect on all shareholders.

(d) **Investor diversity**

The Bondi share register offers a broader investment base to World Titanium, particularly in the eastern states of Australia and European institutional investors, and also includes other networks into capital markets through the current Bondi Directors.

(e) **Cost savings**

There are expected to be some minor cost savings from the Merger, arising from the removal of duplication of effort in administering two corporate groups.

5.3 **Independent Expert's conclusion**

The Independent Expert has been appointed by World Titanium to prepare an independent expert's report on the merits of the Scheme. The Independent Expert has concluded that the Scheme is not fair but reasonable and is in the best interests of World Titanium Shareholders.

The Independent Expert's Report, which is included as Appendix 5 to this Scheme Booklet, should be read in its entirety.

5.4 Relevant considerations against the Merger Proposal

Although the World Titanium Directors unanimously recommend that you vote in favour of the Scheme, in the absence of a superior offer, and the Independent Expert has concluded that the Scheme is not fair but reasonable and in the best interests of World Titanium Shareholders, there may be factors which may lead you to vote against the Scheme, including those set out below:

(a) **Disagreement with the conclusions and/or recommendation of the World Titanium Directors and/or the Independent Expert**

In concluding that the Scheme is in the best interests of World Titanium Shareholders, the World Titanium Directors and the Independent Expert are making judgements as to the value of obtaining an ASX listing by reverse takeover and future trading conditions and events which are not predictable with certainty and which may prove to be inaccurate (either positively or negatively). World Titanium Shareholders may hold a different view from, and are not obliged to follow the recommendation of, the World Titanium Directors, and may not agree with the Independent Expert's conclusions.

(b) **Expectation of a superior offer**

You may consider that a third party may emerge with a superior offer. Since announcement of the proposed Merger on 29 August 2011 and as of the date of this Scheme Booklet, no superior offer has emerged and the World Titanium Board is not aware of any superior offer that may emerge.

(c) **Dilution of interest in World Titanium**

World Titanium Shareholders that hold Bondi New Shares after implementation of the Merger will have a diluted interest in the current World Titanium portfolio and will share any future revaluation of development and exploration upside in this asset portfolio with the existing shareholders of the Merged Group.

Upon implementation of the Scheme, World Titanium Shareholders' ownership in the underlying business of World Titanium will be diluted from 100% to approximately 86.2%³, being their combined ownership of the Merged Group as a result of the issue of Bondi New Shares.

Furthermore, if all Bondi New Options and Bondi Warrants, to be issued in consideration for the acquisition or cancellation of World Titanium Options and World Titanium Warrants respectively, are exercised (but existing Bondi Options are not), the combined shareholding in the Merged Group of those parties who hold securities in World Titanium at the Merger Implementation Date will be approximately 87.0%.

(d) **Sharing of future profits (if any)**

If the Scheme becomes Effective, World Titanium Shareholders will share future profits and dividends (if any) associated with World Titanium's assets and projects with the existing Bondi Shareholders. This dilutes the

³ Based on the issued capital of Bondi and World Titanium as at 25 October 2011. This percentage may change if Bondi issues additional Bondi Shares (including due to the exercise of Bondi Options) before the Scheme is implemented or existing World Titanium Shareholders participate in the Capital Raising.

exposure of World Titanium Shareholders to any potential upside from World Titanium's assets and projects.

(e) **Individual tax implications**

Implementation of the Scheme may have varying tax consequences for World Titanium Shareholders depending on their specific circumstances, some of which may be adverse. Further information on the tax consequences of the Scheme for World Titanium Shareholders is contained in the report of Cooper Partners Pty Ltd set out in Section 8 of this Scheme Booklet.

(f) **Value fluctuation**

The value of the Scheme Consideration received by Scheme Participants is dependent upon the price at which Bondi New Shares trade once the Merger is implemented.

5.5 Other relevant considerations

(a) **Implications of failure to approve the Merger Proposal**

Should the Scheme not proceed, the benefits of the Merger Proposal will not materialise and World Titanium Shareholders will retain their direct interest in World Titanium. In these circumstances, World Titanium's management would need to develop alternative funding strategies for the continued growth of the World Titanium business.

(b) **The Scheme may be implemented even if you vote against it**

You should be aware that even if you do not vote at the Scheme Meeting, or you vote against the Scheme at the Scheme Meeting, the Scheme may still be implemented if it is approved by the requisite majorities of World Titanium Shareholders and the Court.

If this occurs, your World Titanium Shares will be transferred to Bondi and you will receive the Scheme Consideration in respect of your World Titanium Shares even though you did not vote on, or voted against, the Scheme.

(c) **No brokerage or duty**

You will not incur any brokerage or duty on the transfer of your World Titanium Shares pursuant to the Scheme unless you are a Prohibited Foreign Scheme Participant.

(d) **Risk factors**

The Merged Group will continue the current businesses of World Titanium (as described in Section 6 of this Scheme Booklet) and Bondi in all respects (other than in respect of its subsidiaries which hold non-African uranium and copper assets which will be divested before completion of the Merger), except that World Titanium will become a wholly owned subsidiary of Bondi and Scheme Participants will hold an indirect interest in World Titanium through their Bondi New Shares. As the scale and extent of the Merged Group's business will significantly change from that of the stand-alone World Titanium, Scheme Participants will potentially be exposed to additional risks in respect of the Merged Group if the Merger is successful.

The risks summarised below are not exhaustive and do not take into account the individual circumstances of Scheme Participants. Each Scheme Participant should consult their professional adviser if they have any doubts about an investment in the Merged Group.

In addition to the usual economic conditions, share market fluctuations and general business and investments risks involved in investing in a listed company, the Merged Group will be subject to a number of specific risks, which include primarily:

(i) Exploration success

Some of the Merged Group's tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Merged Group's tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Merged Group may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Merged Group.

The success of the Merged Group will also depend upon it having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Merged Group's tenements.

(ii) Operations

The Merged Group's operations may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Merged Group intends to have in place risk management plans in order to minimise the potential damage flowing from these possible events.

(iii) Title

The grant of a tenement or the renewal of the term of a tenement of the Merged Group is at the discretion of various authorities in the country of Madagascar and the government of Madagascar. If a tenement is not granted or renewed, the Merged Group may suffer significant damage through the loss of opportunity to develop and discover mineral deposits on that tenement.

It is noted the expiry date of the initial term of four permits has passed and each of these permits has had an application for renewal submitted but not yet approved. As the renewal process has been complied with by the holder it is noted in the Legal Report on World Titanium Assets included as Appendix 6 that World Titanium has acquired an irrevocable right for the renewal of these permits. On this basis the Merged Group does not believe there is a risk that the renewals will not be approved.

(iv) Land access

If and when the Merged Group develops its assets through to the commencement of mining operations, it will need, in addition to exploitation permits, to enter agreements with the landowners of that land covered by the exploitation permit to commence mining operations. This will involve negotiating with the landowners to lease or directly acquire the underlying land. This process is explained in detail in the Legal Report on World Titanium Assets included as Appendix 6.

The Merged Group notes that most of the land is vacant land owned by the government. Informal discussions have been held with relevant parties but no agreements have been entered. The Merged Group will enter more formal discussions at the appropriate time in the future.

In the event the Merged Group is unable to reach agreement with the landowners of private land a dispute resolution process is available which may impose terms and conditions of a template lease agreement between the parties where no mutually acceptable resolution is reached. However, this procedure does not apply to government owned land and as there are no prescribed time limits to reach an agreement the length of negotiations could result in a delay in the commencement of mining operations, or, where no agreement is reached mining operations on that portion of land could not be conducted. This would adversely impact on the Company's ability to generate revenue.

In addition, the rent payable in respect of leased land may vary depending on the region it is located. Although there are schedules of prices, it is common practice in relation to government owned land for the rate to be negotiated on a case by case basis. The level of rent negotiated will impact on the commercial viability of any proposed mining operations and may, depending on the rate, adversely affect the Company's proposed operations and in turn revenue.

Until such time as these issues are resolved the Merged Entity will not be able to commence mining operations on the underlying land to which it has not agreed access.

(v) Resource estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Merged Group's operations.

(vi) Additional requirements for capital

The Merged Group's capital requirements depend on numerous factors. Depending on its ability to generate income from its operations, the Merged Group may require further financing the form of debt or equity, particularly for the development of the Ranobe project. Any additional equity financing may dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Merged Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration, development and production programs as the case may be.

(vii) Reliance on key employees

The Merged Group will rely on a number of key employees. The Merged Group will have in place employment contracts with key employees and has the objective of providing attractive employment conditions in general to assist in retaining key employees. However, there can be no guarantee that the Merged Group can retain its key employees. If the Merged Group cannot attract and retain suitable human resources, especially at the management and technical level, the Merged Group's business and future growth may be adversely affected.

(viii) Environmental, environmental approval and project risks

Mineral exploration and production can be damaging to the environment and can give rise to substantial costs for environmental rehabilitation, damage control and losses. Further, environmental conditions can be attached to mining tenements and a failure to comply with these conditions could lead to forfeiture of tenements.

Prior to commencing mining and production, each of the Merged Group's projects need environmental and governmental approvals. The timing of environmental and ministerial approvals can adversely affect development of the Merged Group's projects. Environmental and project approval

conditions and timing of these approvals can adversely impact on the Merged Group's revenues and profits.

There are also risks involved in the implementation of the Merger and these are summarised below:

(ix) Political risks

The Merged Group's assets in the country of Madagascar may be exposed to adverse political developments that could affect the development of those assets and the economics of projects. Since early 2009 the country of Madagascar has experienced a period of political unrest following a coup. An interim solution has been found with the installation of a transitional authority, preparatory to holding national elections. No elections have yet occurred. Presently the political situation remains stable, but there can be no assurance that further political developments will not negatively impact the Merged Group.

(x) Securing offtake for produced commodities

If and when the Merged Group develops its assets through to production phase, the operational success of the Merged Group will depend upon its ability to secure arrangements on suitable terms with third parties for the offtake of produced commodities.

(xi) Commodity prices & exchange rates

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

Commodity prices fluctuate and are affected by numerous factors beyond the control of Merged Group. These factors include world demand for commodities, forward selling by producers, production cost levels and macroeconomic factors. These factors may have an adverse effect on the Merged Group's exploration activities, and also the revenues of the Merged Group if and when it develops its assets through to production phase.

Furthermore, international prices of various commodities are denominated in United States dollars and expenditure will be incurred by the Merged Group in a number of currencies, including that of Madagascar, whereas the income and expenditure of the Merged Group will be accounted for in Australian currency, exposing the Merged Group to the fluctuations and volatility of the rate of exchange between the foreign currencies and the Australian dollar as determined in international markets.

(xii) Issue of Bondi New Shares

Some Scheme Participants may not wish to retain the Bondi New Shares that they receive as part of their Scheme

Consideration and may seek to sell these shares on market once they receive them. This may have an adverse effect on the price of Bondi Shares.

(xiii) Integration

The acquisition of World Titanium by Bondi to form the Merged Group involves the integration of businesses and operations that have previously operated as independent entities. While Bondi expects that value can be provided to Scheme Participants through the Merger, there is a risk that implementation of the Merger may involve unexpected delays, liabilities and costs in relation, but not limited to, integrating operating and management systems;

5.6 Documents available for inspection

Copies of the following documents are available for inspection at the registered office of World Titanium between 9.30am and 4.30pm on Business Days up until the date of the Scheme Meeting:

- (a) the World Titanium Constitution;
- (b) the Bondi Constitution;
- (c) the Merger Implementation Deed; and
- (d) financial statements of World Titanium for the year ended 30 June 2010.

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6. INFORMATION ON WORLD TITANIUM RESOURCES LTD

6.1 Introduction

This Section contains information in relation to World Titanium.

The Independent Expert's Report set out in Appendix 5 to this Scheme Booklet contains further information about World Titanium.

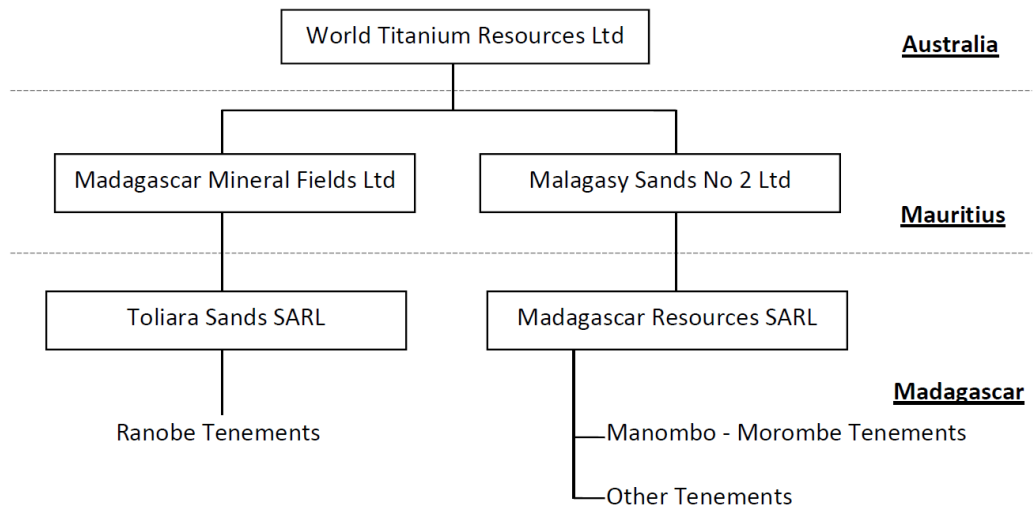
6.2 Background

World Titanium is an unlisted public company incorporated in Australia. World Titanium is an explorer with a portfolio of mineral sands tenements in Madagascar.

6.3 World Titanium's assets

World Titanium's assets include:

- (a) 10,000,000 shares in Malagasy Minerals Ltd (MGY), representing approximately 6.39% of the MGY issued capital at the date of this document.
- (b) An amount of A\$795,675 receivable from MGY as deferred payment of the purchase consideration for Mada-Aust SARL, previously a wholly owned subsidiary of World Titanium. This receivable is to be repaid from 70% of the quarterly cash receipts in Mada-Aust SARL from royalty agreements for the quarrying of labradorite from its tenements; and
- (c) Subsidiary companies and their interests in tenements as set out below:



The Toliara Sands Project is the only material asset of World Titanium in the country of Madagascar, and has been taken to comprise:

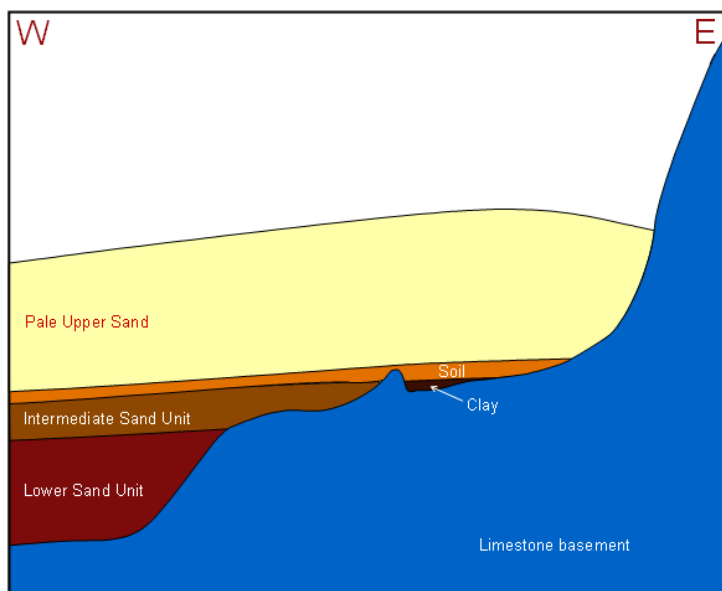
- The Ranobe mineral sands project (**Ranobe**), which has been the subject of approximately US\$20million of exploration and evaluation expenditure. Of this amount, approximately US\$17 million was spent by Exxaro Mineral Sands BV (**Exxaro**) on a preliminary feasibility study and components of a bankable feasibility study, including the establishment of a JORC compliant resource. Exxaro had an option over all of World Titanium's subsidiary companies from January 2004 to July 2009, when it chose to terminate the agreement.

- Mineralisation defined by drilling at Ankililoaka and Basibasy.
- A large dune system in the Manombo Morombe region which has been the subject of an aeromagnetic survey and hand auger sampling.



The Ranobe Resource

The mineralised zone at Ranobe is approximately 20 km in length, 1 to 1.5 km in width and comprised of three mineralised sand units, shown diagrammatically below



A JORC compliant Resource of heavy minerals (**HM**) has been calculated for the Upper Sand unit, as follows⁴:

Category	Million Tonnes	Average % Total Heavy Minerals (THM)	% Slimes

⁴ Please refer to Section 9.20 of this Scheme Booklet for the Competent Persons Statements.

Measured	222	7.66	4.42
Indicated	393	6.07	4.66
Inferred	92	5.91	5.36
	707	6.54	4.70

(From Competent Person report April 2010)

The average composition of the HM assemblage in the Ranobe resource is ilmenite (64.7%), rutile (1.9%), zircon (5.5%) and leucosene (5.1%).

Global potential of the resource in the Ranobe area may be significantly more than this, as wide spaced drilling indicates that mineralisation in the Upper Sand Unit extends to the north (possibly by 1km), west (beyond intersections in the most westerly holes) and south (by possibly 5km), as well as within the Intermediate Clay Sand Unit and the Lower Sand Unit.

A mining lease application has been submitted over an area which contains the following higher grade Resource within the Upper Sand Unit⁵:

Category	Million Tonnes	% THM	% Slimes
Measured	134.8	8.25	4.11
Indicated	22.90	8.67	4.83
	157.7	8.31	4.22

(From Competent Person report May 2010)

A preliminary scoping study for a mining rate of 7.5 million tonnes per annum focussed on this mining lease.

A second mining lease application is in progress, to the south of the first. The Resource within the Upper Sand Unit in this area is⁶:

Category	Million Tonnes	Average % THM	% Slimes
Measured	22.30	8.24	4.11
Indicated	94.80	7.00	4.83
Inferred	22.60	6.51	4.22
	139.70	7.12	4.67

(From Competent Person report July 2010)

Ankililoaka

At Ankililoaka, 25km north of Ranobe, drilling encountered intersections over a distance of 5000m, in young quartz sands and clay sands, to both the north and south of a northwest trending ridge of limestone. The estimated size and grade of the mineralisation based on this drilling is around 360mt at 5.8% HM and 8.9% slime. World Titanium has not yet identified Mineral Resources at Ankililoaka and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and

⁵ Please refer to Section 9.20 of this Scheme Booklet for the Competent Persons Statements.

⁶ Please refer to Section 9.20 of this Scheme Booklet for the Competent Persons Statements.

it is uncertain if further exploration will result in the determination of a Mineral Resource.

The HM suite is dominated by ilmenite (52%), leucoxene (5%), rutile (1%) and zircon (4%). The TiO₂ content of the ilmenite ranges from 47.6 to 56.8% TiO₂. The HM suite therefore appears to be similar to that at Ranobe.

Basibasy

At Basibasy, 60km north of Ranobe, there appears to be a shoreline running roughly through north- south, with clay-rich sediments to the east. West of this "shoreline" the sediments are more sandy and drilling encountered significant mineralisation (ie 39m at 7.0% HM) in quartz sands in an area around 2km by 3km. The estimated size and grade of the mineralisation based on this drilling is around 440mt at 4.9% HM and 8.3% Slime. World Titanium has not yet identified Mineral Resources at Basibasy and any discussion in relation to targets and Mineral Resources is conceptual in nature. There has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

The HM suite is dominated by ilmenite (50%), leucoxene (16%), rutile (1%) and zircon (7%). The TiO₂ content of the ilmenite ranges from 50.2 to 59.6% TiO₂. This HM suite therefore appears to be different to that at Ranobe.

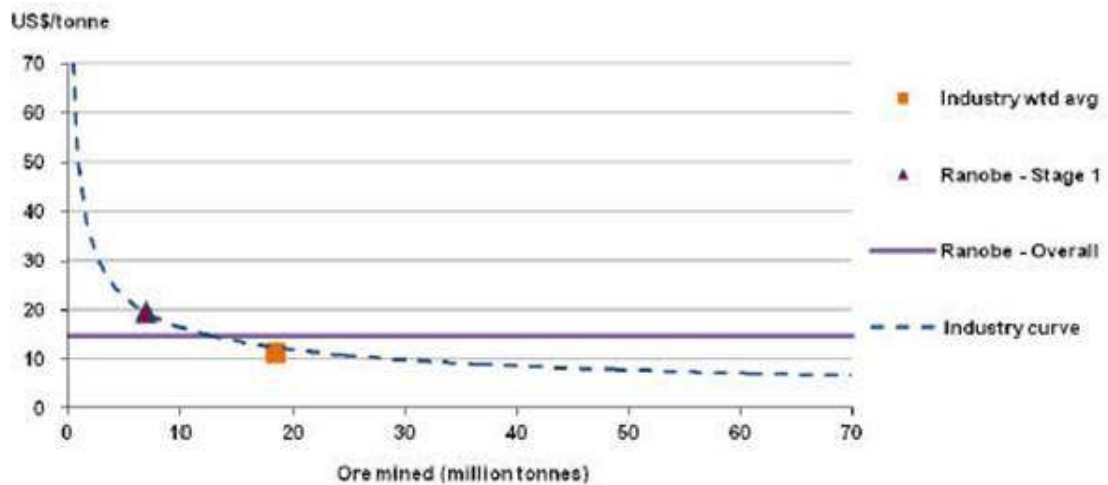
Ranobe Development Concept



The heavy mineral consists predominantly of ilmenite making up about 70% of the concentrate. The project also benefits significantly from the presence of

much higher value zircon and rutile which together contribute about 8% of the heavy mineral, but around 50% of the value.

Important features of the deposit that deliver significant advantages compared to many existing operations are the low slimes content in the ore (less than 5%) and the absence of barren overburden.



Ore contained value Ranobe compared with mineral sands industry average

The global mineral sands industry mines an average ore grade of 5.1% heavy mineral with an overburden strip ratio of 0.4. By contrast, contained value of the first phase of the Ranobe deposit has the potential to exceed this value due to its grade, and there is no overburden to remove. This is the key to unlocking the project value.

The ore volume requirements for the project mean that the deposit can be economically mined using a simple front end loader direct feeding a slurry transport unit. This mining methodology is employed in many operations worldwide, and represents a very low risk option.

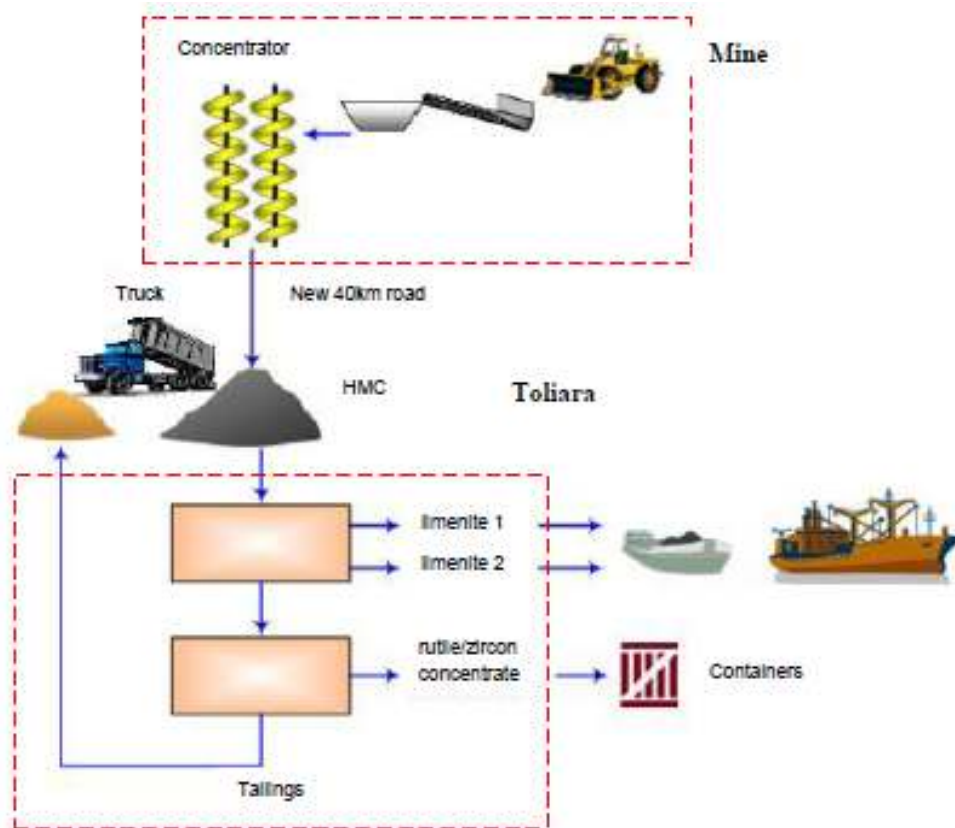
The primary concentrator plant will be based on easily relocatable plants widely employed in many Australian ilmenite mines.

Testwork conducted to date shows that the ilmenite consists predominantly of a product suitable for use in the TiO₂ sulfate pigment process or in ilmenite smelters for the production of chloride grade slag. A smaller volume of higher value ilmenite suitable for direct chlorination or as a blend feed to synthetic rutile processors is also recovered. These products can be separated with conventional mineral sands processing technology at a low unit cost.

A simplified flowsheet will be employed to recover a mixed rutile/zircon concentrate suitable for shipment to Chinese processors, which have shown an increasing appetite for semi-finished concentrates.

Capital and operating cost estimates are considered to be in line with similar minerals sands processing operations.

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A Legal Report on Permits in relation to World Titanium’s mineral exploration assets is included as Appendix 6 to this Scheme Booklet.

6.4 World Titanium’s strategy

World Titanium’s strategy is to develop the Ranobe deposit to create significant value for World Titanium Shareholders and stakeholders in the region.

6.5 Financial information

The historical financial information has been extracted from World Titanium’s audited financial statements for the financial year ended 30 June 2010 and unaudited consolidated balance sheet at 30 June 2011. The information in this section is a summary only of these financial statements which have been prepared for this Scheme Booklet. Copies of World Titanium’s audited financial statements (including all notes) have been published in World Titanium’s annual reports, which can be accessed through contacting the Company Secretary, Mr Graeme Boden on + 61 8 9384 3284 during office hours.

UNAUDITED BALANCE SHEET AS AT 30 JUNE 2011

	Unaudited 30 June 2011 \$	Audited 30 June 2010 \$
ASSETS		
Current Assets		
Cash and cash equivalents	6,951,389	1,294,755
Trade and other receivables	307,504	173,172
Total Current Assets	7,258,893	1,467,927

Non-Current Assets		
Other investments	390,000	360,000
Other receivables	523,687	744,484
Property, plant and equipment	41,732	25,938
Total Non-Current Assets	955,419	1,130,422
Total Assets	8,214,312	2,598,349
LIABILITIES		
Current Liabilities		
Trade and other payables	265,251	144,757
Total Current Liabilities	265,251	144,757
Non-Current Liabilities		
Other Payables	16,092	-
Total Non-Current Liabilities	16,092	-
Total Liabilities	281,343	144,757
Net Assets	7,932,969	2,453,592
EQUITY		
Issued Capital	12,141,670	3,916,580
Reserves	357,938	309,423
Accumulated Losses	(4,566,639)	(1,772,411)
Total Equity	7,932,969	2,453,592

Significant changes in the financial position of World Titanium during the financial year ending 30 June 2011 included:

- an increase in issued capital of A\$8,225,090 (after deducting issue costs) from the exercise of 8,750,000 options, the issue of 6,000,000 shares pursuant to a shareholder rights issue and the issue of 7,105,000 shares pursuant to a placement;
- an increase in the cash balance of A\$6,597,451; and
- an increased loss for the year of A\$1,764,448 compared with the previous year of A\$1,029,780, primarily because of engineering consulting fees of A\$557,074 in relation to the Randbe project, A\$141,260 of travel costs seeking investors for the project, and A\$429,336 spent on commercial consultants and legal fees in pursuing capital raising alternatives, including the uncompleted merger with an ASX listed company.

The World Titanium Directors are not aware of any material change to the financial position of World Titanium between 30 June 2011 and the date of this Scheme Booklet.

6.6 World Titanium Directors

The following is a description of the current and proposed directors of World Titanium:

Dr Peter Woods – Non-Executive Director

Peter Woods has been a non-executive director for 17 years. He holds a Bachelor of Science (Honours) and a Doctorate of Philosophy (Geology) from the University of Western Australia. He has had over 30 years' experience in the mining and exploration industry specialising in base metals, gold, diamonds and industrial minerals. He is currently a consulting geologist and a Member of the Australian Institute of Geoscientists. He is also a director of ASX listed Malagasy Minerals Limited.

Mr Guy F M LeClezio – Non-Executive Director

Guy Le Clezio has been a non-executive director for 17 years. He holds a Bachelor of Arts from the University of Western Australia. He has had 20 years experience in the securities industry with a special interest in the mining and exploration industry. He is also a director of Running Water Limited, a share trading and investment company, and a director of ASX listed Malagasy Minerals Limited.

Mr Wayne Malouf – Executive Chairman

Wayne Malouf has a BA and JD from St Mary's University of San Antonio, Texas and an MA in social sciences (economics and international relations) from the University of Chicago. In addition to his legal experience, Mr. Malouf served as CEO of Titanium Resources Group ("TRG") from 2002 to 2005 and TRG's Executive Vice-Chairman from 2005 to early 2008. He oversaw the company's IPO listing on the AIM Exchange and the successful restart of the Sierra Rutile titanium mine and Sierra Minerals bauxite mine. From 2008 to 2010 Mr. Malouf served as CEO of Diamond Fields Resources ("DFI") and continues to serve as DFI's non-executive Chairman. He negotiated DFI's joint venture for the Atlantis II Red Sea deposit, the largest known SEDEX deposit in the world. He returned briefly to TRG as Executive Chairman in August 2010 and assisted that company in addressing a number of organizational and operational matters before stepping down in February 2011. Mr. Malouf's current directorships and partnerships include Diamond Fields International Ltd, Kimberley Overseas, Diamond Fields (S.L.) Ltd, Diamond Fields (Liberia) Inc., Gem Fields Resources Ltd, Diamond Fields Marine Ltd, Diamond Fields Saudi Arabia Ltd, Diamond Fields Potash Saudi Arabia Ltd, Diamond Fields Salt Saudi Arabia Ltd and Red Sea Arabian Resources Ltd.

Mr Tristan Davenport – Non-Executive Director

Tristan Davenport was appointed by the Directors in 2007. He has been an employee of J R Boule Corporation since 1995 and has been involved in the mining industry for over 20 years, principally in the Congo, but also in other African countries, including Madagascar.

Mr Gooroodeo (Mahen) Sookun – Non-Executive Director

Mahen Sookun was appointed a director in June 2011. He is a fellow of the Association of Chartered Certified Accountants (UK) and holds an MBA(Finance) from the University of Leicester (UK). He has served in private and public companies during the last twenty years as Corporate Finance Executive in Mauritius and Africa in diverse sectors such public utilities, agriculture and textiles, real estates development and mining. Before joining World Titanium, he was the Group Finance and Administrative Manager of Titanium Resources Limited, a company involved in mineral resources and mining and listed on the AIM market of the London Stock Exchange. He is also currently the Director, CFO and Secretary of Diamond Fields International, a public company listed in

Toronto. In Mauritius, Mr Sookun is the Head of Finance of the largest Real Estate Development in the Anahita Integrated Resort Scheme Development promoted by the CIEL Group.

Dr Ian Ransome – Non-Executive Director

Dr Ian Ransome is a geologist, whose academic qualifications include an MSc in geochemistry and a PhD in geology. He has more than 20 years' experience as an exploration geologist, using a multidisciplinary approach to generating and evaluating exploration targets in diamonds, gold, nickel, base and rare metals. Most of his experience has been in a broad range of African countries, including a nickel laterite project in Madagascar.

Dr Ransome is presently a director and chief executive officer of Diamond Fields International Ltd.

Mr Bruce Griffin – Proposed Director (after appointment as Chief Executive Officer in early November 2011)

Bruce Griffin is an experienced executive and brings relevant international mineral sands experience to World Titanium. He is currently the Managing Director of MIL Resources an ASX listed Papua New Guinea focussed exploration company and was previously Group General Manager Storage and Logistics at GrainCorp where he was responsible for grain storage and handling business including road rail and port logistics, OH&S, quality assurance and technical services. He also spent seven years at BHP Billiton and nine years in a variety of operational and commercial positions with Shell and has experience as a management consultant with Bain & Company.

While at BHP Billiton, Bruce held a number of positions including Vice President, Global Approvals for the Rio Tinto takeover bid and Vice President Titanium where he had responsibility for BHP Billiton's titanium business, including the Richards Bay Minerals joint venture with Rio Tinto and the Corridor Sands and Tigen projects in Mozambique. Bruce held a number of operational and commercial roles for the Shell Group in New Zealand, Venezuela and the Netherlands.

Bruce holds a Bachelor of Engineering Degree in Chemical and Process Engineering from Canterbury University, a Bachelor of Arts Degree in Economics from Massey University and an MBA from the Melbourne Business School.

6.7 Capital structure

As at 25 October 2011, World Titanium had 73,469,870 World Titanium Shares on issue, held by 86 holders.

As at 25 October 2011, World Titanium had the following substantial shareholders:

Shareholder Name	Number of World Titanium Shares	Percentage shareholding
Boulle Titanium Ltd	21,801,555	29.67%
Running Water Ltd/ Canon Point Pty Ltd/ Guy LeClezio	6,416,668	8.73%
Quantum Holdings Pty Ltd	3,927,779	5.35%
Total	32,146,002	43.75%

As at 25 October 2011, the top 20 World Titanium Shareholders held approximately 78.48% of the World Titanium Shares as indicated in the following table:

Shareholder Name	Number of World Titanium Shares	Percentage shareholding
Boulle Titanium Ltd	21,801,555	29.67%
Running Water Ltd/ Canon Point Pty Ltd/ Guy LeClezio ¹	6,416,668	8.73%
Quantum Holdings Pty Ltd ²	3,927,779	5.35%
Larkhill Pty Ltd	3,375,000	4.59%
Jules LeClezio	2,400,000	3.27%
JP Morgan Nominees Australia Limited	2,000,000	2.72%
Boden Corporate Services Pty Ltd	1,944,000	2.65%
Graham Robert Forward Pty Ltd	1,922,222	2.62%
Raymond Marie Marc Hein	1,633,334	2.22%
Peter John Nelson	1,488,889	2.03%
HSBC Custody Nominees (Australia) Limited	1,450,000	1.97%
Nefco Nominees Pty Limited	1,388,889	1.89%
Seaborne Agencies & Consultants Ltd	1,375,000	1.87%
Chetwynd Nominees Ltd	1,350,000	1.84%
Pennock Pty Ltd	1,111,111	1.51%
Firefox Limited	1,013,889	1.38%
Trovex Pty Ltd	833,333	1.13%
David John Reed	830,000	1.13%
Bryan Alfred Ellis	700,000	0.95%
Tech Gain Limited	700,000	0.95%
	57,661,669	78.48%

* World Titanium Director related entities (1) G LeClezio (2) P Woods

As at 25 October 2011, World Titanium had 4,650,000 World Titanium Options and 426,300 World Titanium Warrants on issue.

Pursuant to the terms of the World Titanium Options and the obligations of Bondi under the Merger Implementation Deed, Bondi New Options will be issued in consideration for the World Titanium Options which will subsequently lapse in accordance with their terms.

Bondi and the World Titanium Warrant Holder have agreed that Bondi will issue 1,492,050 Bondi Warrants in consideration for the acquisition or cancellation of the World Titanium Warrants.

In accordance with Section 170 of the Corporations Act, World Titanium maintains a register of the names of all World Titanium Shareholders, World Titanium Option Holders and World Titanium Warrant Holders. Pursuant to

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Section 173 of the Corporations Act, those holders may, upon request to World Titanium:

- (a) inspect this register free of charge; and
- (b) obtain a copy of this register subject to payment of a prescribed fee to World Titanium.

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7. INFORMATION ON BONDI MINING LTD

7.1 Background

Bondi was incorporated in 2006 and has been listed on the Australian Securities Exchange (ASX Code: BOM) since December 2006.

The Bondi corporate structure comprises Bondi Mining Ltd and three subsidiary companies: two incorporated in Australia and one incorporated in Namibia.

It is a condition of the Merger Implementation Deed that Bondi divest the Australian subsidiaries. Hence the Merged Group will include Bondi, its subsidiary Bondi Mining Namibia (Proprietary) Limited and the World Titanium companies.

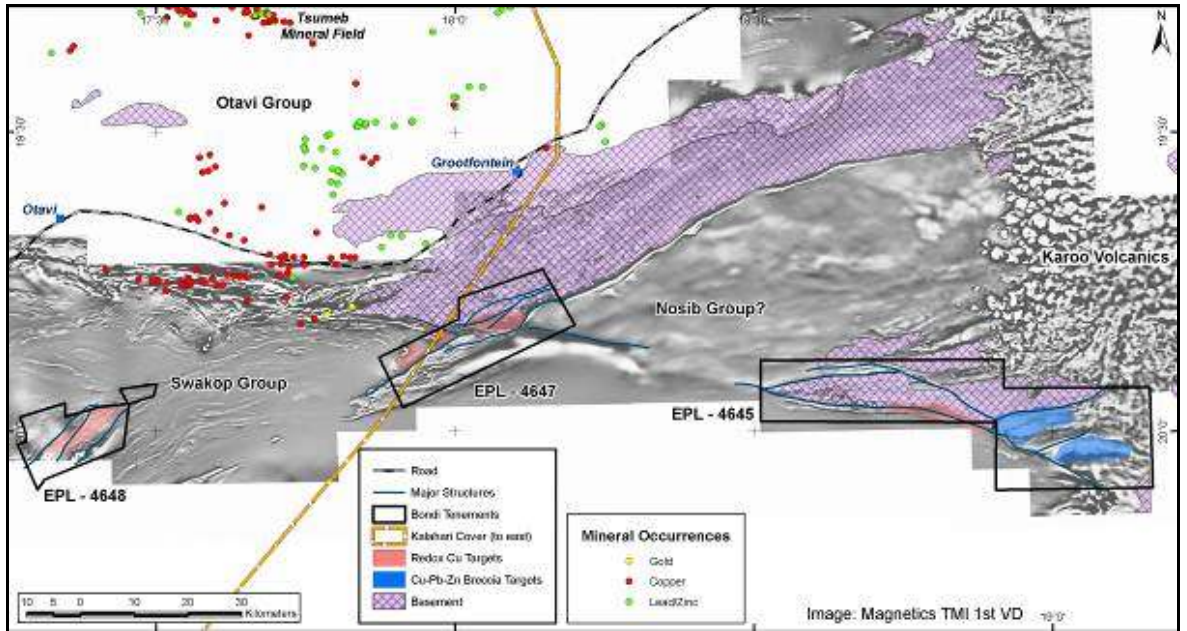
7.2 Bondi's Assets

At the time of the Merger, the only exploration assets held by Bondi will be ten tenement applications in Namibia, made in the name of its Namibian subsidiary.

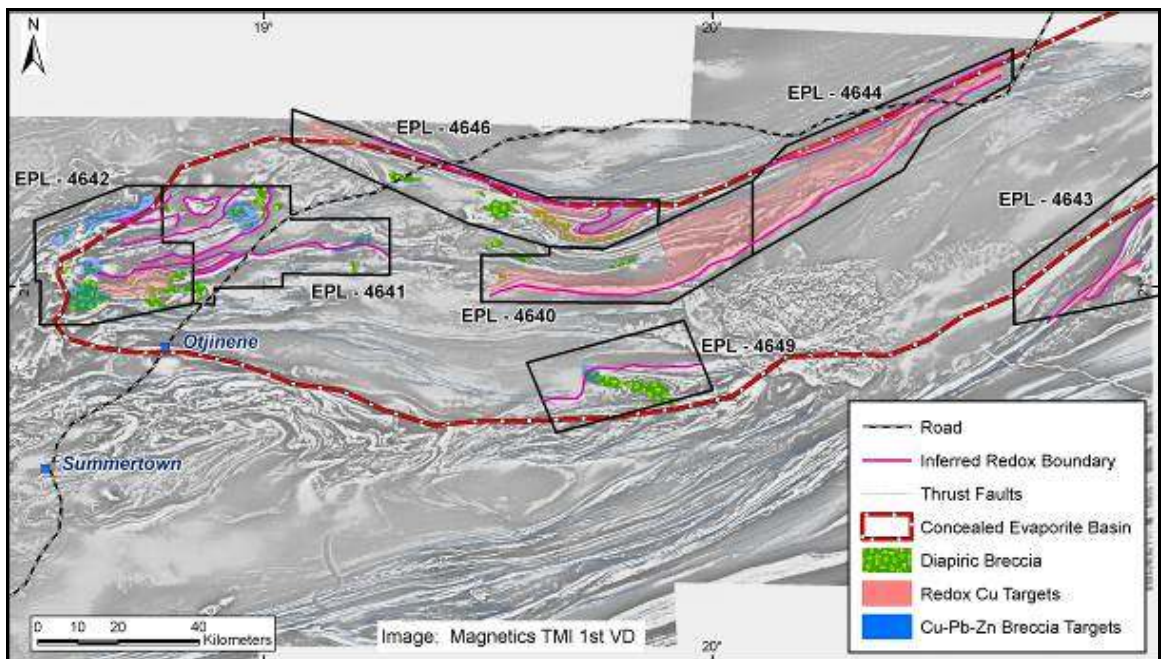
The tenement applications, covering approximately 8,000 square kilometres in the Grootfontein and Hereroland districts of central western Namibia, approximately 200km north-west of the capital Windhoek, are expected to be granted in the fourth quarter of 2011. The tenure covers two main project areas; Otjinene and Otavi. The areas comprise flat to gently undulating savannah with good access via graded roads and tracks around the townships of Otjinene and Grootfontein.

The Otjinene and Otavi project areas are target areas for concealed sediment hosted, Zambian Copper Belt Style, copper deposits and breccia hosted lead-zinc-silver deposits. Target types comprise the large sediment hosted, stratiform copper deposits of the Zambian copper belt (e.g. *Fungurume deposit* in the DRC) or breccia hosted Cu-Pb-Zn-Ag deposits of the Kapushi style (e.g. *Kapushi deposit* in the DRC).

The Otjinene and Otavi projects are located at the southwestern portion of a large rift zone, termed the Pan-African Belt, which extends through north eastern Namibia, northern Botswana into Zambia, Zimbabwe and the DRC. A series of Proterozoic extensional basins developed along the rift zone and host both the well known Zambian Copper Belt and lesser developed Kalahari Copper Belt in which the project is located. The Proterozoic rocks in the project areas are covered by recent Kalahari sands. Magnetic data indicate that the cover is relatively shallow in the project area and this is supported by the presence of outcrop and subcrop to the west, north and northeast of the project areas. Jurassic aged Karoo basalt also occurs under the Kalahari Sands in the region but the magnetic data shows that it is absent in the project areas.



Otavi project area with tenement applications EPL 4645, 4647 and 4648 on greyscale magnetics



Otjinene project with tenement applications EPL 4640, 4641, 4642, 4643, 4644, 4646 and 4649 on greyscale magnetics

Once the tenements are granted, drill targets will be defined through wide spaced, low detection multi-element soil geochemistry and airborne electromagnetic surveys to define the sulphides associated with copper-silver mineralisation and also the pyritic black shale which is part of the host sequence.

7.3 Bondi's strategy & objectives

Bondi's strategy and objectives are:

- Create shareholder wealth through focused exploration, discovery and development of significant ore bodies, principally base and precious metals.

- Utilise the technically competent and experienced resource team assembled by Bondi.
- Continually assess existing projects and create new opportunities whilst remaining focussed on initial exploration targets.

7.4 Financial information

Set out below is summary financial information for Bondi, consisting of audited balance sheet data as at 30 June 2010 and 30 June 2011.

AUDITED BALANCE SHEET AS AT 30 June 2011

	<u>Audited</u> <u>30-Jun-11</u> \$	<u>Audited</u> <u>30-Jun-10</u> \$
ASSETS		
Current Assets		
Cash and cash equivalents	113,151	179,929
Trade and other receivables	181,949	91,203
Other financial assets – Term Deposits	3,786,978	2,072,178
Other assets - prepayments	29,578	182,521
Total Current Assets	4,111,656	2,525,831
Non-Current Assets		
Trade and other receivables	38,000	32,000
Property, plant and equipment	123,186	119,026
Exploration and evaluation assets	11,954,578	11,267,576
Total Non-Current Assets	12,115,764	11,418,602
Total Assets	16,227,420	13,944,433
LIABILITIES		
Current Liabilities		
Trade and other payables	73,598	178,881
Short-term provisions	14,145	11,856
Total Current Liabilities	87,743	190,737
Non-Current Liabilities		
Other payables	110,650	-
Total Non-Current Liabilities	110,650	-
Total Liabilities	198,393	190,737
Net Assets	16,029,027	13,753,696
EQUITY		
Issued Capital	22,284,114	19,218,822
Reserves	-7,354,035	-6,453,519
Accumulated Losses	1,098,948	988,393
Total Equity	16,029,027	13,753,696

Notes:

- These consolidated balance sheets include subsidiary companies Murphy Uranium Pty Ltd and Mount Owen Resources Pty Ltd which will be disposed of by Bondi prior to the Merger and therefore will not form part of the assets of the Merged Group.
- The above 30 June 2011 Balance Sheet is to be read in conjunction with the notes to the audited financial statements released by Bondi on 27 September 2011.

The Bondi Directors are not aware of any material change to the financial position of Bondi between 30 June 2011 and the date of this Scheme Booklet.

Further financial information on Bondi may be found on its website at www.bondimining.com.au

7.5 Bondi Board

Mr Simon O'Loughlin – Non-Executive Director/Chairperson

Simon O'Loughlin is the founding member of O'Loughlins Lawyers, an Adelaide based medium sized specialist commercial law firm. For many years he has practiced both in Sydney and Adelaide, in the corporate and commercial fields with, in more recent times, a particular focus on the resources sector. He also holds accounting qualifications. Simon is the Chairman of Bondi Mining Ltd, Avenue Resources Ltd and Kibaran Nickel Ltd and a Non-executive Director of Petrathem Limited, Probiomics Limited, Chesser Resources Ltd, WCP Resources Limited, Aura Energy Limited and Strzelecki Metals Ltd.

Simon has extensive experience and involvement with companies in the small industrial and resources sectors. He has also been involved in the listing and back-door listing of numerous companies on the ASX and National Stock Exchanges. He is a former Chairman of the Taxation Institute of Australia (SA Division) and Save the Children Fund (SA Division).

Dr Richard Valenta – Managing Director

Dr Valenta has 30 years of exploration experience in Australia, Canada, Turkey, Mexico, Brazil, Argentina and other parts of Latin America. Prior to joining Bondi, Dr Valenta was Chief Operating Officer of TSX-listed Fronteer Development, Chief Geoscientist of TSX-listed Aurora Energy Resources, and Central American Exploration Manager for Mount Isa Mines Exploration. Dr Valenta has a proven track record for discovery of high-grade gold, copper-gold and uranium resources and has been directly involved in the greenfield exploration, discovery and development of multi-million ounce gold and world-class uranium resources in the Americas and Asia. He is also Managing Director of Chesser Resources Ltd.

Mr Creagh O'Connor – Non-Executive Director

Mr O'Connor is a founding Director of specialist resource and energy investment bank, Gryphon Partners Advisory Pty Limited ("Gryphon"). Gryphon was acquired by the Standard Chartered Bank in September 2011. Recent advisory assignments undertaken by Gryphon include: Citadel Resources' A\$1.25 billion takeover by Equinox Minerals, OZ Resources sale of the Martabe gold project for US\$211 million, Beach Petroleum's sale of its Tipton West interest for up to A\$400 million, Oxiana Limited's merger with Zinifex Limited, Lion Selection Limited's successful defence of the Indophil Resources NL takeover, Oxiana Limited's A\$265 million acquisition of the Golden Grove base and precious metals operation in Western Australia; Oxiana's A\$415 million takeover of Agincourt

Resources; the initial public offering of (uranium company) Toro Energy Limited; the A\$80 million acquisition of (gold company) Sedimentary Holdings Limited by AuSelect Limited; and Agincourt Resources Limited's US\$80 million acquisition of (gold company) Sedimentary Holdings Limited by AuSelect Limited.

Prior to establishing Gryphon, Mr O'Connor was employed by the Normandy Mining Company in a variety of roles including Company General Manager of Business Development for Normandy Mining Limited having joined in 1993. Prior to this, he spent 13 years specialising in corporate finance, advisory roles and providing general financial advice in Australia and Europe. Mr O'Connor has held numerous directorships of resource companies and he is currently a Non-Executive Director of Chesser Resources Limited.

Mr Darren Morcombe – Non-Executive Director

Darren Morcombe has more than 20 years of professional experience in a variety of natural resource roles in Australia, United States and Switzerland. Commencing with over 10 years in senior roles with Normandy Mining and Newmont Mining Corp. in the areas of financing, treasury, mergers and acquisitions. He is the founder of Springtide Capital, which is a private investment company specialising in investments in microcap listed companies, venture capital and resource orientated companies. He was Chairman and major shareholder of a refining and gold financing company European Gold Refineries SA, Europe's largest gold refinery, and Director of AGR Matthey, one of the largest gold refineries in the world. He retired from this position in 2008 and these businesses are now owned by Newmont Mining Corporation. Darren is a major shareholder of several public companies and also the Chairman of Foran Mining Corporation listed in Canada.

7.6 Capital structure

As at 25 October 2011, Bondi had 120,412,807 Bondi Shares on issue and 5,235,000 Bondi Options on issue.

As at 25 October 2011, Bondi had the following substantial shareholders:

Bondi Shareholder Name	Number of Bondi Shares	Percentage Shareholding (%)
Laguna Bay Capital Pty Ltd	12,462,500	10.35
Springtide Capital Pty Ltd	12,242,500	10.17
National Nominees Ltd	9,312,435	7.73
Total	34,017,435	28.25

As at 25 October 2011, the top 20 Bondi Shareholders held approximately 50.55% of Bondi Shares as indicated in the following table:

Shareholder Name	Number of Bondi Shares	Percentage shareholding (%)
Laguna Bay Capital Pty Ltd	12,462,500	10.35
Springtide Capital Pty Ltd ¹	12,242,500	10.17
National Nominees Limited	9,312,435	7.73
ABN Amro Clearing Sydney Nominees Pty Ltd	2,977,897	2.47

Mr Jeremy Tobias	2,612,409	2.17
AWJ Family Pty Ltd	2,515,334	2.09
Taycol Nominees Pty Ltd	2,250,000	1.87
Mr Robert James Pullar & Mrs Rebecca Anne Pullar	2,055,556	1.71
Merrill Lynch (Australia) Nominees Pty Limited	1,975,873	1.64
Pangean Resources Pty Ltd	1,750,000	1.45
Dr Richard Karel Valenta & Ms Rosemary Anne Gall ²	1,275,556	1.06
Hillbri Nominees Pty Ltd	1,270,000	1.05
CPO Superannuation Fund Pty Ltd ³	1,255,556	1.04
Souffar Superannuation Pty Ltd	1,255,556	1.04
Foresight Pty Ltd	1,120,000	0.93
Mr Nicholas Crispin Lyons & Mrs Kerrie Maree Lyons	1,000,000	0.83
Ragan Capital Ltd	1,000,000	0.83
Mr Keith William Sheppard	1,000,000	0.83
Wholesalers (Morley) Pty Ltd	1,000,000	0.83
Wadley Bickle Pty Ltd	914,211	0.76
Total	61,245,383	50.86

* Bondi Director or related entity: (1) Darren Marcombe (2) Richard Valenta (3) Creagh O'Connor

As at 25 October 2011, Bondi has the following Bondi Options on issue:

Expiry Date	Exercise Price	Balance
11/11/2011	\$0.40	500,000
11/11/2011	\$0.35	500,000
11/11/2011	\$0.30	500,000
26/11/2012	\$0.30	120,000
28/02/2015	\$0.12	65,000
08/05/2015	\$0.20	1,900,000
08/05/2013	\$0.20	1,500,000
22/05/2015	\$0.15	50,000
22/05/2015	\$0.21	50,000
22/05/2015	\$0.28	50,000
Total		5,235,000

7.7 Other information about Bondi

Bondi is a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Bondi is required to notify ASX (subject to certain exceptions) immediately it becomes aware of any information concerning it which a reasonable person would expect to have a material effect on the price or value of its securities.

Copies of announcements made by Bondi to ASX are available on the ASX website www.asx.com.au (ASX:BOM).

Further announcements concerning developments relating to Bondi will continue to be made available on the ASX website after the date of this Scheme Booklet. Certain disclosure documents and reports lodged in relation to Bondi can also be obtained from ASIC.

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TAXATION SPECIALISTS
AND BUSINESS ADVISORS

31 October 2011

The Directors
World Titanium Resources Ltd
Suite 2
47 Ord Street
WEST PERTH WA 6005

Dear Sirs

Australian capital gains tax consequences: Exchange of ordinary shares in World Titanium Resources Limited for ordinary shares in Bondi Mining Limited.

The purpose of this letter is to outline the Australian capital gains tax implications to the resident and non-resident shareholders of World Titanium Resources Limited ("World Titanium") as a result of the proposed merger with Bondi Mining Limited ("Bondi").

It is our understanding that World Titanium and Bondi have executed a Merger Implementation Agreement to merge the two companies by means of a scheme of arrangement ("Scheme") under Part 5.1 of the *Corporations Act 2001*. It is proposed that pursuant to the Scheme, Bondi will acquire all the share capital in World Titanium. Furthermore, we understand that all World Titanium options and warrants, which have not been exercised by the Record Date or have expired under the terms of their issue, will be acquired (or cancelled) under a separate agreement between World Titanium interest holders and Bondi. Accordingly, this opinion deals only with the shares covered by the Scheme, and does not address the options and warrants that are the subject to separate arrangements.

This letter discusses our independent opinion on the capital gains tax implications to both resident and non-resident shareholders should the Scheme be approved, to exchange their shares in World Titanium for replacement shares in Bondi, and is intended for inclusion in the Scheme Booklet to be provided to World Titanium shareholders in respect of the above proposed merger.

This opinion is detailed below.

Introduction

We have been requested by World Titanium to provide our independent opinion on certain tax matters relating to the Scheme Booklet to be issued in connection with the proposed

Scheme to participate in the exchange of ordinary shares in World Titanium for ordinary shares in Bondi ("New Bondi shares") as part of the proposed merger.

Scope of Opinion

The following is not intended to be an authoritative or complete statement of the taxation law applicable to the particular circumstances of every World Titanium shareholder. The information contained in this opinion is intended to provide a general outline of the Australian capital gains tax consequences applicable to a World Titanium shareholder who disposes of World Titanium ordinary shares under the Scheme.

This outline reflects the current established judicial and administrative interpretations of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* and the regulations made under those Acts, taking into account currently proposed amendments and an understanding of the current administrative practices of the Australian Taxation Office. This outline does not otherwise take into account or anticipate changes in the law, whether by way of judicial decision or legislative action, nor does it take into account tax legislation of countries apart from Australia.

This opinion is not exhaustive of all possible Australian capital gains tax considerations that could apply to World Titanium shareholders. In particular, this opinion does not consider the Australian taxation consequences for:

- World Titanium shareholders who hold their World Titanium shares on revenue account or as trading stock;
- those World Titanium shareholders that may be subject to special tax rules, such as financial institutions, insurance companies, partnerships, trusts, tax exempt organisations, superannuation funds, dealers in securities, or temporary residents of Australia;
- World Titanium shareholders who hold their shares as part of an enterprise carried on, at or through a permanent establishment in a foreign country;
- World Titanium shareholders who change their tax residence while holding their World Titanium shares;
- World Titanium shareholders who acquired their shares prior to 20 September 1985; or
- any World Titanium shareholder that would meet the definition of a "significant stakeholder" or "common stakeholder" as defined in the Scrip for Scrip provisions (if any).

Furthermore, this information does not consider the Goods and Service Tax or Stamp Duty consequences of the Scheme.

World Titanium shareholders who are not Australian residents should consider the taxation consequences of participating in the Scheme under the laws of their country of residence, as well as under Australian taxation law.

This taxation opinion and the information contained in it, is not, and is not intended to be, taxation advice to any shareholder. It is recommended that all holders of World Titanium shares consult with their own tax adviser regarding the consequence of acquiring, holding or disposing of their World Titanium shares in light of the current tax laws and their particular investment circumstances.

We provide our independent income tax opinion on the basis that the underlying assumptions are fair and reasonable and the representations made to us by World Titanium are correct.

It is noted that the exchange of World Titanium options and warrants does not form part of the proposed Scheme and it is our understanding that such interests will be dealt with under a separate agreement. Accordingly, this tax opinion does not consider the Australian taxation implications of the transfer of the World Titanium options and warrants.

Subject to the above, described below is a broad overview of the general capital gains tax consequences to be considered by Australian resident and non-resident World Titanium ordinary shareholders should the Scheme be approved by the shareholders and the Federal Court of Australia.

Taxation on the Disposal of World Titanium Shares

If the Scheme is approved by World Titanium shareholders and subsequently accepted by the Federal Court of Australia, you will be treated as having disposed of your World Titanium shares for Australian tax purposes.

Australian Resident World Titanium Shareholders

(a) Transfer of World Titanium shares

World Titanium shareholders who hold their World Titanium shares as passive investments with the intention of generating dividend income and long term capital growth are likely to be considered to hold their shares on capital account for tax purposes.

To the extent that the value of the consideration received (being the market value of the New Bondi shares) is greater or less than the cost base a World Titanium shareholder has in their World Titanium shares, a capital gain or capital loss may result under capital gains tax provisions. The relevant market value for determining the value of the consideration received for World Titanium shareholders under the Scheme is the market value of the New Bondi shares at the date of implementation of the Scheme.

(b) *Discount Capital Gain*

If a World Titanium shareholder (being an individual, a trust or a complying superannuation fund) has held their World Titanium shares for at least 12 months, any capital gain may be treated as a Discount Capital Gain. For a Discount Capital Gain to apply, the capital gain must be worked out without the cost base being indexed.

For individuals and trusts, the amount of the discount capital gain which may be included in assessable income is 50% of the net capital gain after applying current and prior year capital losses. For complying superannuation funds, only two thirds of the discount capital gain may need to be included in assessable income after applying current and prior year capital losses.

The Discount Capital Gain is not available to shareholders who are companies, or treated as such for tax purposes.

World Titanium shareholders should seek their own taxation advice on whether the Discount Capital Gain is available to them.

(c) *Scrip for scrip rollover*

Further, if a capital gain accrues to a World Titanium shareholder as a result of this Scheme and the other conditions of scrip for scrip rollover are satisfied (refer below), the World Titanium shareholder may be eligible for tax relief upon the disposal of their World Titanium shares under the scrip for scrip rollover provisions.

Scrip for scrip rollover enables a shareholder to disregard a capital gain they make from a share that is disposed of as part of a corporate takeover or merger if the shareholder receives in exchange a replacement share. The capital gain is disregarded completely if, at the time of the transaction the only capital proceeds the shareholder receives is a replacement share. To the extent that ineligible proceeds (i.e. cash proceeds) are received, a partial rollover may be available. The rollover also provides that the cost base and reduced cost base of the replacement shares are based on the cost base and reduced cost base of the original shares at the time of the rollover.

The scrip for scrip rollover provisions will not apply where a World Titanium shareholder realises a capital loss on disposal of their shares under the Scheme.

World Titanium shareholders who would otherwise make a capital gain from the disposal of their World Titanium shares may elect to obtain scrip for scrip rollover relief, where the Scheme satisfies the following conditions:

- Bondi shares are received in exchange for World Titanium shares;
- as a part of a single arrangement which results in the above exchange of shares, there is sufficient acceptance of the Scheme by World Titanium shareholders such

that Bondi becomes the owner of at least 80% of the voting shares in World Titanium;

- is one entered into by World Titanium, that is approved by a court under Part 5.1 of the *Corporations Act 2001* (scheme of arrangement); and
- Bondi and World Titanium shareholders deal with each other at arm's length.

In respect to the above conditions, it is noted that the Scheme, to which Part 5.1 of the *Corporations Act 2001* applies, is one in which requires that Bondi acquire all World Titanium shares in exchange for New Bondi shares. Accordingly, where the merger proceeds as planned, Bondi will become the owner of 100% of the voting shares in World Titanium.

Further pre-conditions may also be required to be satisfied in order to obtain rollover relief, where it is determined that the original shareholders (that is, World Titanium shareholders) and the acquiring entity (Bondi) did not deal with each other at arm's length.

Whether parties to a transaction are dealing with each other at arm's length invites an analysis of the manner in which the parties have conducted themselves in forming the transaction. Relevant case law on the subject requires that the parties act severally and independently in their negotiations. Where the parties collude to achieve a particular result or where one party submits the exercise of its will to the discretion of the other party, the parties cannot be said to be dealing at arm's length.

Based on our discussions with World Titanium key personnel, it is our understanding that the proposed Scheme and subsequent transaction have been negotiated entirely on an arm's length basis. Furthermore, we understand that there are no common Directors, key personnel or significant shareholders with shares in both companies, as such there were no common parties involved in the negotiation process. Where this is the case, there will be no requirement to satisfy the further conditions for rollover.

Further, even to the extent that the World Titanium shareholders and Bondi did not deal with each other at arm's length, no further conditions would be required to be satisfied on the basis that Bondi has more than 300 shareholders, and would not be otherwise deemed not to have 300 shareholders on the basis that it does not meet the concentrated ownership test.

It is noted that at the date of this opinion World Titanium has not sought a Class Ruling from the Australian Taxation Office on the matter of whether the proposed Scheme would satisfy the requirements for scrip for scrip rollover relief.

It is recommended that all holders of World Titanium shares seek their own independent confirmation of the availability of rollover to them.

(d) *Scrip for scrip rollover election*

If all of the requirements and pre-conditions for scrip for scrip rollover relief are satisfied, then those World Titanium shareholders who elect for it to apply, should not be required to include in their assessable income any capital gain arising from the transfer of their World Titanium shares to Bondi. Rather, the tax attributes of the World Titanium shares will be effectively transferred to the New Bondi shares, as outlined in further detail below.

An election to obtain rollover relief must generally be made before the lodgement of the income tax return for the year in which the disposal of World Titanium shares occurs. The exclusion of the portion of the capital gain in respect of which rollover relief is obtained from a shareholder's tax return is regarded as sufficient evidence of the making of the election.

As the benefit of electing for rollover relief to apply will depend on your own personal tax circumstances, we recommend that you seek your own taxation advice as to whether you should elect for rollover relief to apply. It is noted that the eligibility for scrip for scrip rollover relief is not affected by the decision of one or more shareholders who do not elect to apply the rollover relief.

If World Titanium shareholders cannot or do not elect to apply rollover relief, they will be required to include in their assessable income any capital gain (less the Discount Capital Gain, where applicable) arising from the transfer of their World Titanium shares to Bondi.

(e) *Ownership and future disposal of New Bondi shares*

The subsequent disposal of new shares in Bondi by Australian resident shareholders for tax purposes will be subject to Australian capital gains tax where the New Bondi shares are held on capital account.

World Titanium shareholders may make a capital gain or loss on any future disposal of New Bondi shares acquired under the Scheme. Whether a capital gain or capital loss is made will depend on whether the capital proceeds from the disposal of the New Bondi shares are more or less than the cost base or the reduced cost base of the New Bondi Shares.

If World Titanium shareholders elect to apply scrip for scrip rollover relief, the capital gains tax cost base and reduced cost base of the New Bondi shares issued under the Scheme will be determined on the basis of a reasonable apportionment of the cost base and reduced cost base of the World Titanium shares disposed of by the World Titanium shareholder.

Where the scrip for scrip rollover relief does not apply or if World Titanium shareholders do not elect to apply scrip for scrip rollover relief, the cost base of the Bondi shares issued under the Scheme will generally be based on the market value of the World Titanium shares at the time of accepting the Scheme plus any incidental costs of acquisition and disposal.

World Titanium shareholders who become holders of New Bondi shares and are individuals, trusts or complying superannuation funds may be entitled to reduce their

capital gain (after taking into account any capital losses) by applying the Discount Capital Gain, where they have held their New Bondi shares for at least 12 months prior to the disposal of the shares.

For capital gains tax purposes World Titanium shareholders who have elected to apply the scrip for scrip rollover relief will be taken to have acquired their new Bondi shares at the time when they acquired their original World Titanium shares (the exchanged shares).

For capital gains tax purposes World Titanium shareholders who have not elected to apply the scrip for scrip rollover relief will be taken to have acquired their new Bondi shares at the time when their New Bondi shares were issued under the Scheme (i.e. the Implementation Date).

Any capital loss made in respect of the future disposal of New Bondi shares may be available to be offset against future capital gains. A capital loss cannot otherwise be deducted from assessable income.

If the holders of World Titanium shares have any questions about the financial or taxation aspects of holding or disposing of their New Bondi shares, then they should consult a suitably qualified adviser, prior to making a decision whether or not to vote for the Scheme.

Non-resident World Titanium Shareholders

If the Scheme is approved by World Titanium shareholders and subsequently accepted by the Federal Court of Australia, you will be treated as having disposed of your World Titanium shares for Australian tax purposes.

(a) Taxable Australian Property

Under the Australian capital gains tax provisions a capital gain or loss that is made by a non-resident is disregarded to the extent that capital gains tax event relates to a capital gains tax asset that is not Taxable Australian Property.

Taxable Australian Property is defined to include Australian real property and includes mining, quarrying, prospecting rights where the minerals, petroleum or quarry materials are situated in Australia. Taxable Australian property also includes indirect taxable Australian property, such as non-portfolio (that is, greater than 10%) interests in an entity whose assets are principally taxable Australian real property. This test is undertaken at the time of the exchange of shares.

At the date of this opinion, based on the audited Annual Report as at 30 June 2010 and the unaudited consolidated balance sheet of World Titanium as at 31 December 2010 and the market value of the underlying assets as advised to us, World Titanium shares are not considered to be taxable Australian property and as such any non-resident shareholders of World Titanium will not be subject to Australian capital gains tax upon the transfer of their shares to Bondi.

To the extent that World Titanium shares held by non-resident shareholders would be considered to be capital gains tax assets that are taxable Australian property as defined by these provisions (for example, due to changes in their residency status where they have elected to treat the assets as taxable Australian property), any capital gain or loss arising from the deemed disposal, under the Scheme, of World Titanium shares by its non-resident shareholders would be similar to those outlined above for resident shareholders, where the non-resident World Titanium Shareholders receive replacement New Bondi shares in exchange for their World Titanium shares.

(b) Scrip for scrip rollover relief

Non-residents may elect for scrip for scrip rollover relief to apply to a capital gain made by them as a result of a capital gains tax event happening to taxable Australian property held by them, however an additional condition applies. In addition to the requirements for scrip for scrip rollover relief availability (as discussed above), non-resident World Titanium shareholders may only elect for scrip for scrip rollover relief to apply, if just after the replacement interest (the New Bondi shares) is acquired, the New Bondi shares are considered to be taxable Australian property. For the reasons set out below, it is unlikely that the New Bondi shares would be considered taxable Australian property, as such the scrip for scrip relief would not be available.

The question of whether the New Bondi shares will be considered taxable Australian property will depend upon the nature of the underlying assets of the combined World Titanium and Bondi group.

We understand that it is proposed that the takeover shall only occur after Bondi has spun-out its non-African assets. As such, it is intended that there will be little or no Australian assets remaining in Bondi at the time of the takeover.

On the basis of our recent high level analysis of the purported market values of each company on a standalone basis (as outlined in the Bondi June 2010 Annual Report; the Bondi December 2010 Half Year Financial Report; the unaudited consolidated balance sheet as at 31 December 2010 for Bondi; the Australian Stock Exchange Release dated 29 August 2011; and the recent placement of US\$ 1.00 for World Titanium) it would appear reasonable that the market value of the assets that are not taxable Australian property assets is likely to be greater than the market value of the assets that are taxable Australian property assets (if any). Based on the limited information available to us, it would therefore appear that the New Bondi shares issued to the non-resident shareholders as part of the Scheme would not be taxable Australian property at the time of the exchange.

(c) Prohibited Foreign Scheme Participants

Under the terms of the Scheme, those World Titanium shareholders who are considered to be Prohibited Foreign Scheme Participants (as defined by the Scheme of Arrangement) will effectively receive cash proceeds from the sale of their replacement Bondi shares, in exchange for their World Titanium shares.

Where the non-resident World Titanium shareholders instead receive cash proceeds in respect of the proposed transaction, they will be required to calculate the capital gain / or capital loss based on these proceeds. Furthermore, no capital gains tax relief will be available under the scrip for scrip provisions on the basis that the non-resident World Titanium shareholders will receive cash proceeds, which are considered to be ineligible proceeds for the purposes of the scrip for scrip provisions. A capital gain made in these circumstances however, will only be assessable to the shareholder where the shares in World Titanium are considered to be Taxable Australian Property.

The Discount Capital Gain may be applied to reduce any capital gain (after the application of any capital losses) where the shareholder has held their World Titanium shares for longer than 12 months.

The above comments are general in nature, and do not take into account any tax that may be payable in a foreign jurisdiction by the non-resident interest holders. Such interest holders should seek their own professional advice in order to determine if there are any further tax consequences in their own jurisdiction as a result of participating in the Scheme.

* * * * *

Yours faithfully



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9. ADDITIONAL INFORMATION

9.1 Lodgement of Scheme Booklet

This Scheme Booklet was given to ASIC on 7 October 2011 pursuant to Section 411(2)(b) of the Corporations Act.

9.2 No unacceptable circumstances

The World Titanium Directors are not aware of any declaration or allegation of “unacceptable circumstances” in relation to the Scheme for the purposes of Section 657A of the Corporations Act.

9.3 Rights attaching to the Bondi New Shares

The Bondi New Shares will, once issued, rank equally with existing Bondi Shares, subject to trading restrictions imposed by ASX as set out in Section 2.15 of this Scheme Booklet. The rights and liabilities attaching to Bondi New Shares and Bondi Shares are:

- (a) set out in the constitution of Bondi, a copy of which is available for inspection at World Titanium’s registered office during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

The following is a broad summary of the more significant rights attaching to the Bondi New Shares and Bondi Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities attaching to Bondi New Shares and Bondi Shares. To obtain such a statement, Scheme Participants should seek independent legal advice.

Shares

The issue of Bondi Shares, including the terms and timing of, as well as the consideration for an issue, is under the control of the Bondi Directors, subject to the Corporations Act, ASX Listing Rules and any rights attached to any special class of shares.

Preference shares

Bondi has the power to issue preference shares. The Bondi constitution sets out a framework of rights for these preference share issues from which the Bondi Board can determine to allot and issue preference shares, subject to the Corporations Act and ASX Listing Rules, without the need to obtain further Bondi Shareholder approval every time an allotment of preference shares is proposed.

Alterations of share capital

Bondi may reduce its share capital on any terms and at any time determined by the Bondi Directors subject to compliance with the requirements of the Corporations Act and ASX Listing Rules when undertaking such an alteration of capital. Bondi Shares may be converted or cancelled with Bondi Shareholder approval, subject to the Corporations Act and ASX Listing Rules.

Liens

If Bondi issues partly paid shares and a call made on those shares is unpaid, Bondi will have a lien over the shares on which the call is unpaid. The lien may be enforced by a sale of those shares.

Transfer of shares

Bondi may participate in any clearing and settlement facility provided under the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules. An instrument of transfer must be a proper ASX Settlement transfer or in a form that complies with Bondi's constitution or is permitted by the Corporations Act, ASX Listing Rules or ASX Settlement Operating Rules. Transfers through ASX Settlement are effected electronically in CHESS. For the purposes of Bondi's participation in the CHESS, Bondi may issue holding statements in lieu of share certificates. Bondi will not charge any fee for registering a transfer of Bondi Shares except as permitted by the Corporations Act, ASX Listing Rules and ASX Settlement Operating Rules. The Bondi Directors may refuse to register a transfer of Shares in the circumstances permitted or required under the Corporations Act and ASX Listing Rules.

Proportional takeovers

A proportional takeover bid is one in which the offeror offers only to buy a specified proportion, rather than all, of each shareholders' shares. The Bondi constitution provides for Bondi Shareholder approval of any proportional takeover bid for Bondi Shares. Subject to the ASX Listing Rules and ASX Settlement Operating Rules, the provisions require the Bondi Directors to refuse to register any transfer of Bondi Shares made in acceptance of a proportional takeover offer until the requisite Bondi Shareholder approval has been obtained. The provision requiring Bondi Shareholder approval of any proportional takeover bid for the Bondi Shares expires on the third anniversary of its last renewal and is renewed when a resolution is passed by 75% or more of the Bondi Shareholders.

Buy backs

Bondi may buy back Bondi Shares on any terms and at any time determined by the Bondi Directors subject to compliance with the requirements of the Corporations Act and ASX Listing Rules when undertaking such an alteration of capital.

Disposal of less than a marketable parcel

Bondi may procure the disposal of Bondi Shares where the Bondi Shareholder holds less than a marketable parcel of Bondi Shares within the meaning of the ASX Listing Rules (being a parcel of Shares with a market value of less than A\$500). To invoke this procedure, the Bondi Directors must first give notice to the relevant Bondi Shareholder holding less than a marketable parcel of Bondi Shares, who may then elect not to have his or her Bondi Shares sold by notifying the Bondi Directors.

Variation of class rights

Class rights attaching to a particular class of Bondi Shares may be varied or cancelled with a special resolution of the Company and with the consent in writing of holders of 75% of the Bondi Shares in that class or by a special resolution of the holders of Bondi Shares in that class.

Meetings of shareholders

Bondi Directors may call a meeting of Bondi Shareholders whenever they think fit. Bondi Shareholders may call a meeting as provided by the Corporations Act. The constitution prescribes that the date and time, general nature of business, record date and any other information required by applicable law must be included in the notices of meetings of Bondi Shareholders. All Bondi Shareholders are entitled to receive a notice of meeting, reports and financial reports of Bondi. Consistent with the Corporations Act, a meeting may be held in two or more places linked together by audio-visual communication devices. A quorum for a meeting of Bondi Shareholders is three eligible voters.

Bondi will hold annual general meetings in accordance with the Corporations Act and the ASX Listing Rules.

Voting of shareholders

Resolutions of Bondi Shareholders will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. On a poll each eligible Bondi Shareholder has one vote for each Bondi Share held and a fraction of a vote for each partly paid share determined by the amount paid up on that share. A poll may be demanded by the chairperson of the meeting, any five Bondi Shareholders entitled to vote present in person or by proxy, attorney or representative or by any one or more Bondi Shareholders holding not less than 5% of the total voting rights of all Bondi Shareholders having the right to vote.

Proxies

An eligible Bondi Shareholder may appoint a proxy to attend and vote at the meeting on the Bondi Shareholder's behalf. An appointment of a proxy is only effective if Bondi receives the appointment not less than 24 hours before the scheduled commencement of the meeting and is in the form specified by Bondi's constitution. A Bondi Shareholder may appoint an individual or corporation to act as its representative.

Directors

Unless changed by Bondi in general meeting, the minimum number of Bondi Directors is three and the maximum number is not more than nine. The existing directors of Bondi may appoint a new Bondi Director to fill a casual vacancy or as an addition to the Bondi Board. Any such Bondi Director shall retire at the next annual general meeting of Bondi (at which meeting he or she is eligible for election as a Bondi Director). No Bondi Director other than the managing director may hold office for longer than three years without submitting himself or herself for re-election.

Powers of directors

The business of Bondi is to be managed by or under the direction of the Bondi Directors.

Remuneration of directors

Bondi may pay non-executive Bondi Directors a maximum of the total amount as determined by the Bondi Shareholders in general meeting and such sum must not be paid by way of commission on, or percentage of, profits or operating revenue.

The remuneration of executive Bondi Directors will be subject to the provisions of any contract between each of them and Bondi but will not be by way of commission on, or percentage of, profits or operating revenue.

Execution of documents

In accordance with the Corporations Act, Bondi may execute documents without the use of a company seal.

Dividends

The Bondi Directors may determine that a dividend is payable but only out of the profits of Bondi and may fix the amount, the time for payment and the method of payment of a dividend. Subject to any special rights attaching to Bondi Shares (such as preference shares), dividends will be paid proportionately. Bondi is not required to pay any interest on dividends.

Winding up

If Bondi is wound up, the liquidator may, with the authority of a special resolution, divide among the Bondi Shareholders in kind the whole or any part of the property of Bondi, and may for that purpose set such value as they consider fair upon any property to be so divided, and may determine how the division is to be carried out as between the Bondi Shareholders or different classes of Bondi Shareholders. Distributions made on the winding up of Bondi are to be proportional to a Bondi Shareholder's paid up capital.

9.4 Quotation of the Bondi New Shares

It is a condition precedent of the Merger Implementation Deed that Bondi applies to ASX for the quotation of the Bondi New Shares.

9.5 World Titanium Securities held by World Titanium Directors and Proposed Director

The number, description and amount of World Titanium Securities held by or on behalf of each World Titanium Director and the Proposed Director as at the date of this Scheme Booklet are as follows:

World Titanium Director/Proposed Director	World Titanium Shares	Percentage Interest in World Titanium Issued Capital	World Titanium Options
Mr Wayne Malouf	-	-	1,600,000
Mr Guy LeClezio	6,416,668	8.73%	400,000
Dr Peter Woods	3,927,779	5.35%	250,000
Mr Mahen Sookun	-	-	250,000
Mr Ian Ransome	-	-	150,000
Mr Tristan Davenport	277,778	0.38%	200,000
Mr Bruce Griffin	-	-	1,300,000
Total	10,622,225	14.46%	4,350,000

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9.6 Intentions of World Titanium Directors regarding their World Titanium Shares

Each World Titanium Director intends to vote the World Titanium Shares over which they have voting control in favour of the Scheme, in the absence of a superior offer.

9.7 Interests of World Titanium Directors in Bondi Securities

There are no Bondi Securities held by or on behalf of any World Titanium Director as at the date of this Scheme Booklet.

9.8 Agreements or arrangements with World Titanium Directors or the Proposed Director in connection with or conditional upon outcome of the Scheme

Other than an allocation of Scheme Consideration on equivalent terms to all Scheme Participants in respect of the World Titanium Shares held by them at the Record Date, the issue of Bondi New Options in consideration for the cancellation of World Titanium Options and as set out below, no director, proposed director, secretary or executive officer of World Titanium or any related body corporate of World Titanium will receive any payment or other benefit through the Scheme.

The World Titanium Directors are not paid any monetary remuneration for their services as directors. Three of the World Titanium Directors are paid consultancy fees for services provided by themselves or related parties.

World Titanium Director	Year to 30 June 2011	Year to 30 June 2010
Mr Wayne Malouf	\$57,960	-
Mr Guy LeClezio	\$152,675	\$35,000
Dr Peter Woods	\$136,800	\$120,750

World Titanium has agreed to pay the Proposed Director A\$325,000 per annum when he commences in the position as Chief Executive Officer of World Titanium in early November 2011. In addition Mr Griffin will receive a bonus of A\$500,000 if the Ranobe project commences production within the budget and time frame approved by the board of World Titanium.

Upon implementation of the Scheme and completion of the Merger, it is proposed that the following World Titanium Directors will resign, Guy LeClezio and Peter Woods.

9.9 Remuneration of Bondi Directors

The non-executive directors of Bondi are paid for their services as directors the remuneration, not exceeding in aggregate a maximum sum, which is fixed by a general meeting. The current maximum aggregate sum which Bondi Shareholders have fixed to be paid as fees to the non-executive directors of Bondi is A\$200,000 per annum. This amount was fixed by Bondi Shareholders at the Bondi general meeting held on 6 November 2006.

The remuneration of Bondi's executive director is fixed by the Bondi Board and may consist of salary, bonuses or any other elements, but must not be a commission on, or percentage of operating revenue.

Directors' remuneration for the year ended 30 June 2011 was as follows:

Director	Salary	Fees	Super	Options	Total
Richard Valenta	\$140,000	-	\$24,300	\$41,240	\$205,540
Simon O'Loughlin	-	\$35,000	\$5,850	\$12,372	\$53,222
Creagh O'Connor	-	\$35,000	\$5,850	\$12,372	\$53,222
Darren Morcombe	-	\$35,000	\$3,332	\$12,372	\$50,704

The remuneration of the directors of Bondi as outlined above is current as at the date of this Scheme Booklet, but is subject to adjustment in the ordinary course of business.

9.10 Interests of World Titanium Directors and Proposed Director

Other than as disclosed elsewhere in this Scheme Booklet, no World Titanium Director or Proposed Director has, or during the previous 2 years, has had:

- (a) any interest in the Scheme other than as a holder of, or of a relevant interest in, World Titanium Shares;
- (b) any interest in any contract entered into by Bondi; or
- (c) any interest as a creditor of World Titanium.

9.11 Litigation

To the best of the World Titanium Directors' knowledge, there is no current, threatened or impending litigation against World Titanium, other than the prospect of a dispute concerning Exxaro's termination of the option agreement with World Titanium referred to in Section 6.3 of this Scheme Booklet.

The option agreement contained a provision, the effect of which was that if World Titanium sold an interest in the Toliara Sands Project prior to 17 January 2012, then Exxaro would be entitled to half of the proceeds up to an amount which recouped its expenditure of US\$17 million on the project. If World Titanium were to develop the project in its own right, the full amount would be payable at the commencement of construction. These recoupment rights were to survive lapsing of the option under the option agreement, but not termination of the option agreement in the manner in which Exxaro chose to end its involvement. World Titanium's interpretation of the option agreement is that the recoupment provisions do not apply following termination of the option agreement. World Titanium has advised Exxaro of this fact. Exxaro has however notified World Titanium in writing that it believes the relevant provisions survive termination.

To the best of the Bondi Directors knowledge, there is no current, threatened or impending litigation against Bondi.

9.12 Other material information

There is no other information material to the making of a decision in relation to the Scheme or a decision by Scheme Participants whether or not to agree to the Scheme, being information that is within the knowledge of any World Titanium Director or Bondi Director or of a related company of either World Titanium or Bondi and that has not previously been disclosed to World Titanium Shareholders other than as set out in this Scheme Booklet or the Appendices to this Scheme Booklet.

9.13 World Titanium interest in Bondi Securities

As at the date of this Scheme Booklet, World Titanium holds no interest in any Bondi Securities.

There have been no acquisitions or disposals of Bondi Securities by World Titanium in the 4 months before the Scheme Booklet was registered with ASIC.

9.14 Bondi interest in World Titanium Securities

As at the date of this Scheme Booklet, Bondi has no interest in any World Titanium Securities.

There have been no acquisitions or disposals of World Titanium Securities by Bondi in the 4 months before the Scheme Booklet was registered with ASIC.

9.15 Information in relation to Bondi Shares

Bondi Shares are listed on ASX.

The highest and lowest recorded sale prices of existing Bondi Shares on ASX during the 3 months immediately preceding the date on which the Merger Proposal was announced to ASX (29 August 2011) and the respective dates of those sales, were:

Date	Highest Price	Date	Lowest Price
Earliest 30/05/2011	\$0.095	8, 9 and 11/08/2011	\$0.065
Latest 29/07/2011			

The highest and lowest recorded sale prices of existing Bondi Shares on ASX during the 3 months immediately preceding 25 October 2011 and the respective dates of those sales, were:

Date	Highest Price	Date	Lowest Price
30/08/2011 and 2 and 5 /09/ 2011	\$0.10	8, 9 and 11/08/2011	\$0.065

The last recorded sale price of Bondi Shares on ASX on 20 October 2011 was \$0.075.

9.16 Information in relation to World Titanium Shares

World Titanium Shares are not listed on a securities exchange.

During the 6 months immediately preceding the date of this Scheme Booklet there have been transfers of World Titanium Shares between unrelated parties as follows:

Date	Number Of Shares	Consideration
10/06/2011	50,000	\$0.50
10/06/2011	75,000	\$0.50
10/06/2011	125,000	\$0.50
06/07/2011	300,000	\$0.55

9.17 Independent Expert

The World Titanium Board has commissioned an independent expert, HLB Mann Judd Corporate (WA) Pty Ltd, to prepare a report on the merits of the Scheme.

The Independent Expert has concluded that the Scheme is not fair but reasonable and in the best interests of World Titanium Shareholders.

The Independent Expert's Report in respect of the Scheme is included as Appendix 5 of this Scheme Booklet.

9.18 Effect of Scheme on creditors

The Scheme, if implemented, will not materially prejudice World Titanium's ability to pay its creditors as it involves the purchase of World Titanium Shares rather than World Titanium's underlying assets. No new liability (other than the transaction costs) is expected to be incurred by World Titanium as a consequence of implementation of the Scheme.

9.19 Consents

(a) Bondi has consented to the inclusion of the Bondi Information in the form and context in which the statements appear and has not withdrawn its consent before the date of this Scheme Booklet and has not authorised or caused the issue of this Scheme Booklet.

(b) HLB Mann Judd Corporate (WA) Pty Ltd has given its consent to:

(i) the inclusion of its Independent Expert's Report on the Scheme in this Scheme Booklet in the form and context in which it appears in Appendix 5;

(ii) the references to its Independent Expert's Report in this Scheme Booklet being made in the form and context in which each such reference is made; and

(iii) be named in this Scheme Booklet as the Independent Expert,

and has not withdrawn that consent before the date of this Scheme Booklet. HLB Mann Judd Corporate (WA) Pty Ltd has not authorised or caused the issue of this Scheme Booklet. The interests of HLB Mann Judd Corporate (WA) Pty Ltd are disclosed in the Independent Expert's Report.

(c) Steinepreis Paganin has given its consent to be named as the legal adviser to World Titanium in the form and context in which it is named. Steinepreis Paganin has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.

(d) Cooper Partners Pty Ltd has given its consent to the inclusion of its report on the taxation implications of the Merger contained in Section 8 of this Scheme Booklet, and the references to its report in this Scheme Booklet being made in the form and context in which each such reference is made. Cooper Partners has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.

(e) Lexel Juridique & Fiscal has given its consent to the inclusion of its Legal Report on World Titanium Assets contained in Appendix 6 of this Scheme Booklet, the references to its report in this Scheme Booklet being made

in the form and context in which each such reference is made. Lexel Juridique & Fiscal has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.

- (f) O'Loughlins Lawyers has given its consent to be named as the legal adviser to Bondi in the form and context in which it is named. O'Loughlins Lawyers has not authorised or caused the issue of this Scheme Booklet and takes no responsibility for its content.

9.20 Competent Person Statements

- (a) **Geological data, interpretation and resource estimations**

Ranobe Project

The information in this Scheme Booklet that relates to Mineral Resource results with regard to the Ranobe project is based on information compiled by Mr Andrew Milne who is a member of the Australasian Institute of Mining and Metallurgy. Mr Milne is a full time employee of GEOCraft Pty Ltd. Mr Milne has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined in the JORC Code. GEOCraft Pty Ltd consents to the inclusion in the Scheme Booklet of the matters based on their information in the form and context in which it appears.

- (b) **References to exploration / production targets and potential**

On behalf of World Titanium, GEOCraft Pty Ltd estimated a Mineral Resource of 707 million tonnes for its Ranobe Project. Any discussion in relation to targets, Resources or Reserves over and above the reported Mineral Resource of 707 million tonnes is only conceptual in nature. There has been insufficient exploration to define a Mineral Resource over and above the reported Mineral Resource of 707 million tonnes, and it is uncertain if further exploration will result in the determination of a Mineral Resource over and above the resource of reported Mineral Resource of 707 million tonnes.

World Titanium has not yet identified Mineral Resources at Ankilliloaka and Basibasy and any discussion in relation to targets and Mineral Resources at Ankilliloaka and Basibasy is conceptual in nature. There has been insufficient exploration to define a Mineral Resource at Ankilliloaka and Basibasy and it is uncertain if further exploration will result in the determination of a Mineral Resource at Ankilliloaka and Basibasy.

9.21 Supplementary information

If, between the date of despatch of this Scheme Booklet and the date of the Scheme Meeting, World Titanium becomes aware of:

- (a) a misleading or deceptive statement in this Scheme Booklet;
- (b) an omission from this Scheme Booklet of information which is required by the Corporations Act or the Corporations Regulations; or
- (c) a new circumstance that:
 - (i) has arisen since the Scheme Booklet was despatched to Scheme Participants; and

- (ii) would have been required to be included in this Scheme Booklet had it arisen before the Scheme Booklet was lodged,

that is materially adverse from the point of view of a Scheme Participant,

World Titanium will prepare a supplementary document to this Scheme Booklet that remedies this defect or provides information about the new circumstance.

The form which the supplementary document may take will depend on the nature and timing of the defect or the new circumstance. Subject to obtaining relevant approvals from the Court and ASIC, World Titanium may circulate and publish any supplementary document by making an announcement to ASX through the Bondi announcement platform.

The World Titanium Directors recommendation to World Titanium Shareholders to vote in favour of the Scheme and their intention to vote in favour of the Scheme is subject to the occurrence of any new circumstances. As a result of the World Titanium Directors' duty to act in the best interests of World Titanium Shareholders generally, should a material new circumstance occur which alters the basis or relative value of the transaction, each of the World Titanium Directors reserves their right to vary their recommendation.

**BY ORDER OF THE BOARD OF
WORLD TITANIUM RESOURCES LTD**



**Mr Peter Woods
Director**

10. GLOSSARY

10.1 Definitions

In this Scheme Booklet (other than the Appendices), unless the context requires otherwise:

\$ or A\$ means the lawful currency of Australia.

Appendix means an appendix to this Scheme Booklet.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or, as the context requires, the financial market conducted by it.

ASX Listing Rules means the official listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd (ACN 008 504 532).

ASX Settlement Operating Rules mean the operating rules of ASX Settlement.

Bondi means Bondi Mining Ltd (ACN 120 723 426).

Bondi Board means the board of directors of Bondi.

Bondi Director means a director of Bondi.

Bondi Information means the information contained in Section 7 of the Scheme Booklet.

Bondi New Options means the new Bondi Options to be issued to World Titanium Option Holders in consideration for their World Titanium Options.

Bondi New Shares means the new Bondi Shares to be issued to Scheme Participants or the Nominee as Scheme Consideration.

Bondi Option means an option to acquire a Bondi Share.

Bondi Securities means Bondi Shares, Bondi Options, Bondi New Options and Bondi Warrants.

Bondi Share means a fully paid ordinary share in the capital of Bondi.

Bondi Shareholder means the holder of a Bondi Share.

Bondi Warrant means a warrant to acquire a Bondi Share.

Bondi Warrant Holder means the holder of a Bondi Warrant.

Business Day means a business day as defined in the ASX Listing Rules.

Capital Raising means the capital raising to be completed by Bondi of A\$3,000,000 at an issue price of no less than A\$0.27 per Bondi Share to no less than that number of new investors in Bondi required by ASX.

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement.

Corporations Act means the Corporations Act 2001 (Cth).

Corporations Regulations means Corporations Regulations 2001 (Cth).

Court means the Federal Court of Australia.

Deed Poll means the deed poll dated 27 October 2011 executed by Bondi and set out in Appendix 3, pursuant to which Bondi covenants in favour of the Scheme Participants to perform its obligations under the Scheme.

Effective means the coming into effect, pursuant to Section 411(10) of the Corporations Act of the order of the Court made under Section 411(4)(b) (and if applicable Section 411(6) of the Corporations Act) in relation to the Scheme.

Effective Date means the date on which an office copy of the relevant Scheme Orders are lodged with ASIC pursuant to section 411(10) of the Corporations Act or, if an earlier date is specified in the Scheme Order for the coming into effect of the Scheme, that earlier date.

Explanatory Statement means the explanatory statement set out in this Scheme Booklet in relation to the Scheme and includes the Appendices.

Foreign Scheme Participant means a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia, New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties.

Independent Expert means HLB Mann Judd Corporate (WA) Pty Ltd.

Independent Expert's Report or **IER** means the report from the Independent Expert set out Appendix 5 to this Scheme Booklet, and any update to such report that the Independent Expert issues.

Indicated Resource or **Indicated Mineral Resource** has the meaning given to Indicated Mineral Resource in the JORC Code.

Inferred Resource or **Inferred Mineral Resource** has the meaning given to Inferred Mineral Resource in the JORC Code.

JORC Code means the 2004 Edition of the *Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*, which is available at www.jorc.org.

Measured Resource or **Measured Mineral Resource** has the meaning given to Measured Mineral Resource in the JORC Code.

Merged Group means the merged group entities comprising Bondi and all of its subsidiaries and World Titanium and all of its subsidiaries following implementation of the Scheme.

Merger or **Merger Proposal** means the proposed merger of World Titanium and Bondi pursuant to the terms of the Scheme.

Merger Implementation Date means the date which is three Business Days after the Record Date.

Merger Implementation Deed means the agreement dated 26 August 2011 between World Titanium and Bondi to give effect to the Merger and as varied

by World Titanium and Bondi by deed of amendment dated 6 October 2011 and a deed of amendment dated 27 October 2011, copies of which are included in Appendix 1.

Notice means the notice convening the Scheme Meeting.

Nominee means a nominee for Prohibited Foreign Holders to be approved by World Titanium and Bondi pursuant to the Merger Implementation Deed.

Prohibited Foreign Scheme Participant means a Foreign Scheme Participant unless Bondi and World Titanium determine:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Foreign Scheme Participant with Bondi New Shares when the Scheme becomes Effective; or
- (b) it is lawful for that Foreign Scheme Participant to participate in this Scheme by the law of the relevant place outside Australia or New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Proposed Director means Bruce Griffin, the proposed director of World Titanium.

Record Date means the date which is five Business Days after the Effective Date.

Register means the register of members of World Titanium maintained in accordance with the Corporations Act.

Resource or **Mineral Resource** has the meaning given to **Mineral Resource** in the JORC Code.

Scheme or **Scheme of Arrangement** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act to be made between World Titanium and the Scheme Participants, a copy of which is set out in Appendix 2 to the Scheme Booklet.

Scheme Booklet mean the booklet lodged with ASIC containing inter alia the following items:

- (a) the letter from World Titanium to Scheme Participants;
- (b) the Explanatory Statement (including the Appendices);
- (c) the Scheme;
- (d) the Deed Poll;
- (e) the Notice; and
- (f) the Independent Expert's Report.

Scheme Consideration means the consideration payable by Bondi to Scheme Participants in accordance with the Scheme, as described in Section 2.11.

Scheme Meeting means the meeting of World Titanium Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act and held at 10.00am (WST) on 5 December 2011 at The Celtic Club, 48 Ord

Street, West Perth, Western Australia to consider and, if thought fit, to approve the Scheme.

Scheme Orders means the orders of the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act.

Scheme Participant means a World Titanium Shareholder registered in the Register as a holder of World Titanium Shares as at 10:00 pm (WST) on the Record Date.

Second Court Date means the first day on which the Court hears the application for the Scheme Orders is heard or, if the application is adjourned for any reason, the first day on which the adjourned application is heard.

Second Court Hearing means the hearing of the application to the Court for an order under Section 411(4)(b) of the Corporations Act approving the Scheme.

US\$ means the lawful currency of the United States of America.

World Titanium means World Titanium Resources Ltd (ACN 061 662 011).

World Titanium Board means the board of directors of World Titanium.

World Titanium Director means a director of World Titanium.

World Titanium Information means the information contained in this Scheme Booklet other than the Bondi Information and the Independent Expert's Report.

World Titanium Option means an option to acquire a World Titanium Share at an exercise price of A\$1.00 on or before 31 March 2015.

World Titanium Option Holder means the holder of a World Titanium Option.

World Titanium Securities means World Titanium Shares, World Titanium Options, and World Titanium Warrants.

World Titanium Share means a fully paid ordinary share in the capital of World Titanium.

World Titanium Shareholder means a holder of a World Titanium Share.

World Titanium Warrant means a warrant to acquire a World Titanium Share.

World Titanium Warrant Holder means a holder of a World Titanium Warrant.

WST means Western Standard Time, as observed in Perth, Western Australia.

10.2 Interpretation

In this Scheme Booklet (other than the Appendices):

- (a) All dates and times are Perth, Western Australia times unless otherwise stated.
- (b) Words and phrases not otherwise defined in this Scheme Booklet have the same meaning (if any) given to them in the Merger Implementation Deed.
- (c) The singular includes the plural and vice versa.

- (d) A reference to a person includes a reference to a corporation.
- (e) Headings are for ease of reference only and do not affect the interpretation of the Scheme Booklet.
- (f) A reference to a Section is to a section in this Scheme Booklet unless stated otherwise.

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Bondi Mining Limited
ACN 120 723 426

World Titanium Resources Ltd
ACN 061 662 011

Implementation Deed

DATE

26 August 2011

DATE 26 August 2011

PARTIES

1. **BONDI MINING LIMITED, ACN 120 723 426** of 96 Stephens Road, South Brisbane, Queensland (**Bondi**)
2. **WORLD TITANIUM RESOURCES LTD ACN 061 662 011** of Suite 2, 47 Ord Street, West Perth, Western Australia (**World Titanium**)

RECITALS

- A. Bondi and World Titanium hereby agree to effect a transaction by means of a scheme of arrangement under Part 5.1 of the Corporations Act pursuant to which Bondi will acquire all of the World Titanium Shares (the "**Scheme**") and, separately by private agreement or pursuant to their terms, all of the Options and Warrants, which have not been exercised by the Record Date or expired in accordance with their terms, will be acquired or cancelled so that World Titanium will become a wholly-owned Subsidiary of Bondi (the "**Transaction**"), subject to the terms and conditions of this Deed; and
- B. Bondi and World Titanium hereby agree in good faith to implement the Scheme upon and subject to the terms and conditions of this Deed.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATIONS

1.1 Definitions

In this Deed unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691;

Bondi means Bondi Mining Limited ACN 120 723 426 and where the context requires means the Bondi Group;

Bondi Board means the board of directors of Bondi;

Bondi Group means Bondi and each of its Subsidiaries;

Bondi Information means such information regarding Bondi which is reasonably required under all applicable law, including all relevant ASIC regulatory guides, to be included in the Scheme Booklet;

Bondi Option means an option to acquire a Bondi Share with an exercise price of \$0.285 and an expiry date of 31 March 2015 and otherwise on the terms and conditions set out in Annexure C;

Bondi Prescribed Occurrence means any of the following occurring unless with the prior written consent of World Titanium:

- (a) the constitution of Bondi or a Subsidiary of Bondi is amended;
- (b) Bondi or a Subsidiary of Bondi declares or pays any dividend or makes any other distribution of its profits or assets (including by issuing any bonus shares);
- (c) other than Bondi disposing of its non-African uranium and copper assets per clause 3.1(k), Bondi or any Subsidiary of Bondi resolves to reduce its share capital in any way;
- (d) other than the consolidation referred to in clause 3.1(i), Bondi or any Subsidiary of Bondi converts all or any of its shares into a larger or smaller number of shares;
- (e) Bondi or any Subsidiary of Bondi;
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (f) other than the Capital Raising, Bondi or any Subsidiary of Bondi issues any shares or securities convertible into shares or grants an option to subscribe for any shares or securities convertible into shares or agrees to issue or to grant such an option;
- (g) other than Bondi disposing of its non-African uranium and copper assets per clause 3.1(k), Bondi or any Subsidiary of Bondi:
 - (i) disposes of;
 - (ii) agrees to dispose of; orany business, assets, entity or undertaking where the value of such business, assets, entity or undertaking exceeds in aggregate \$150,000;
- (h) Bondi or any Subsidiary of Bondi creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property;
- (i) Bondi or any Subsidiary of Bondi enters into any onerous or long-term contract or commitment;
- (j) Bondi or any Subsidiary of Bondi incurs any indebtedness or issues any indebtedness or debt securities;

- (k) Bondi or any Subsidiary of Bondi makes any loans, advances or capital contributions to, or investments in, any other person which in aggregate of all such loans, advances, contributions or investments to all such persons total more than \$150,000;
- (l) Bondi or any Subsidiary of Bondi:
 - (i) pays any bonuses to, or increases the compensation of any executive officer, director or employee of Bondi or any Subsidiary of Bondi which in the aggregate for all such bonuses and increases totals more than \$100,000;
 - (ii) grants to any employee of Bondi or any Subsidiary of Bondi any increase in severance or termination pay or superannuation entitlements; or
 - (iii) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of Bondi or relating to the employees of Bondi;
- (m) Bondi or any Subsidiary of Bondi makes capital expenditure in excess of \$250,000 with the exception of previously agreed exploration programs funded by joint venture partners (for example, the upcoming JOGMEC-funded drill program at North Maureen);
- (n) Bondi or any Subsidiary of Bondi resolves that it be wound up;
- (o) a Court makes an order for the winding up of Bondi or of any Subsidiary of Bondi;
- (p) a liquidator, provisional liquidator or administrator of Bondi or of any Subsidiary of Bondi is appointed;
- (q) a receiver or a receiver and manager is appointed in relation to the whole or a substantial part of the property of Bondi or of any Subsidiary of Bondi;
- (r) Bondi or any Subsidiary of Bondi executes a deed of company arrangement;
- (s) other than as required by law, Bondi or any Subsidiary of Bondi makes any change in accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of Bondi;
- (t) Bondi or any Subsidiary of Bondi makes any material Tax election or settles or compromises any material Tax liability or refund other than the election by Bondi to become a consolidated tax group for the purposes of the Income Tax Assessment Act; or

- (u) Bondi or any Subsidiary of Bondi authorises, commits or agrees to take any of the actions referred to in paragraphs (a) to (t) above;
- (v) Bondi or any Subsidiary of Bondi is not in compliance with the requirements of the Corporations Act and ASX.

Bondi Shares means fully paid ordinary shares in the capital of Bondi;

Bondi Warrant means an option to acquire a Bondi Share with an exercise price of US\$0.285 and an expiry date of 21 June 2013 and otherwise substantially on the terms and conditions set out in Annexure C;

Business means the business carried on by World Titanium and its Related Bodies Corporate as at the date of this Deed;

Business Day has the meaning given in the Listing Rules;

Capital Raising means the capital raising to be completed by Bondi of \$3,000,000 at an issue price of no less than \$0.27 per Bondi Share to no less than that number of new investors in Bondi required by ASX;

Conditions Precedent means the conditions set out in clauses 3.1 and 3.2;

Corporations Act means the *Corporations Act 2001* (Cth);

Court means the Federal Court of Australia or Supreme Court of Western Australia as selected by World Titanium;

Deed means this implementation deed;

Deed Poll means the deed poll to be executed by Bondi in favour of the Scheme Participants in the form of annexure B;

Effective when used in relation to a Scheme means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act (and if applicable, section 411(6) of the Corporations Act) in relation to that Scheme;

Effective Date means the date on which an office copy of the relevant Scheme Orders are lodged with ASIC pursuant to section 411(10) of the Corporations Act or, if an earlier date is specified in the Scheme Order for the coming into effect of the Scheme, that earlier date;

Encumbrance means any pledge, lien, charge, security interest, lease, title retention agreement, mortgage, restriction, development or similar agreement, easement, right-of-way, title defect, option, adverse claim, or encumbrance of any kind or character whatsoever;

End Date means 15 February 2012;

Explanatory Statement means the explanatory statement of World Titanium in relation to the Scheme issued pursuant to section 412 of the Corporations Act which has been registered with ASIC;

Foreign Scheme Participant means a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia, New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Governmental Authority means any government, regulatory authority, governmental department, agency, commission, board, tribunal, dispute settlement panel or body, bureau, official, minister, Court or other law, rule or regulation-making entity having or purporting to have jurisdiction on behalf of any nation, or province or State or other geographic or political subdivision thereof;

Implementation Date means the date which is three Business Days after the Record Date;

Income Tax Assessment Act means the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth);

Listing Rules means the official listing rules of ASX and includes the market rules of ASX;

Option means an option to subscribe for one fully paid ordinary share in the capital of World Titanium which option has an exercise price of \$1.00 and an expiry date of 31 March 2015;

Option Holder means each person who is registered in the register of optionholders of World Titanium as the holder of an Option;

Options Consideration means 3.5 Bondi Options for each Option;

Prohibited Foreign Scheme Participant means a Foreign Scheme Participant unless Bondi and World Titanium determine:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Foreign Scheme Participant with Scheme Consideration when this Scheme becomes Effective; or
- (b) it is lawful for that Foreign Scheme Participant to participate in this Scheme by the law of the relevant place outside Australia or New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Record Date means the date which is five Business Days after the Effective Date;

Register means the register of members of World Titanium maintained in accordance with the Corporations Act;

Regulators' Draft means a draft of the Scheme Booklet in a form acceptable to both parties which is to be provided to ASIC for approval;

Regulatory Guide 60 means Regulatory Guide 60 issued by ASIC on 11 December 2009;

Regulatory Review Period means the period from the date on which the Regulators' Draft is submitted to ASIC to the date on which ASIC approves in writing the form of the Scheme Booklet;

Related Body Corporate has the meaning given in the Corporations Act;

Representative means, in relation to a party, that party's directors, officers, employees, agents or advisers (including lawyers, accountants, consultants, bankers, financial advisers and any representatives of those advisers);

Scheme means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act to be made between World Titanium and the Scheme Participants and included as Annexure A;

Scheme Booklet means the information to be dispatched to the holders of World Titanium Shares including the Explanatory Statement, copies of the Scheme, the Deed Poll, and this Deed and a notice convening the Scheme Meeting (together with a proxy form) in such form as is approved by the World Titanium Board and the Bondi Board;

Scheme Consideration means the consideration to be provided to Scheme Participants for the transfer of each Scheme Share, calculated in accordance with clause 5 of the Scheme;

Scheme Meeting means the meeting of World Titanium Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme;

Scheme Orders means the orders of the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act;

Scheme Participants means each person who is registered in the Register as a holder of Scheme Shares as at 10:00 pm on the Record Date;

Scheme Shares means the World Titanium Shares on issue at the Effective Date;

Second Court Date means the first day on which an application made to the Court for the Scheme Orders is heard or, if the application is adjourned for any reason, means the date on which the adjourned application is heard;

Second Court Hearing means the hearing of the application to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving that Scheme;

Subsidiary has the meaning given in the Corporations Act;

Tax means any tax, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding, which is assessed, levied, imposed or collected by any

Governmental Authority and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above;

Transaction has the meaning given in the Recitals;

Warrant means a warrant to subscribe for one fully paid ordinary share in the capital of World Titanium which warrant has a conversion price of \$ US 1.00 and an expiry date of 21st June 2013;

Warrant Holder means each person who is registered in the register of warrant holders of World Titanium as the holder of a Warrant;

Warrant Offer means the offer to be made by Bondi for the Warrants substantially on the terms set out in clause 6.

Warrant Offer Consideration means 3.5 Bondi Warrants for each Warrant;

World Titanium Board means the board of directors of World Titanium;

World Titanium Director means a director of World Titanium;

World Titanium Prescribed Occurrence means any of the following occurring unless with the prior written consent of Bondi:

- (a) the constitution of World Titanium or a Subsidiary of World Titanium is amended;
- (b) World Titanium declares or pays any dividend or makes any other distribution of its profits or assets (including by issuing any bonus shares);
- (c) World Titanium or any Subsidiary of World Titanium resolves to reduce its share capital in any way;
- (d) World Titanium or any Subsidiary of World Titanium converts all or any of its shares into a larger or smaller number of shares other than as required by Malagasy law for the Malagasy Subsidiaries of World Titanium;
- (e) World Titanium or any Subsidiary of World Titanium;
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under the Corporations Act;
- (f) other than Options to be issued by World Titanium as disclosed in writing to Bondi prior to the date of dispatch of the Scheme Booklet, World Titanium or any Subsidiary of World Titanium issues any shares or securities convertible into shares or grants an option to subscribe for any shares or securities convertible into shares or agrees to issue or to grant such an option;
- (g) World Titanium or any Subsidiary of World Titanium;

- (i) disposes of; or
- (ii) agrees to dispose of,

any business, assets, entity or undertaking where the value of such business, assets, entity or undertaking exceeds two hundred fifty thousand dollars (\$250,000);

- (h) World Titanium or any Subsidiary of World Titanium creates, or agrees to create, any Encumbrance over the whole or a substantial part of its business or property;
- (i) World Titanium or any Subsidiary of World Titanium enters into any onerous or long-term contract or commitment which materially adversely affects the valuation of World Titanium;
- (j) World Titanium or any Subsidiary of World Titanium incurs any indebtedness or issues any indebtedness or debt securities other than advances under existing credit facilities;
- (k) World Titanium or any Subsidiary of World Titanium makes any loans, advances or capital contributions to, or investments in, any other person which materially adversely affects the valuation of World Titanium;
- (l) World Titanium or any Subsidiary of World Titanium:
 - (i) pays any bonus to, or increases the compensation of, any executive officer, director or employee of World Titanium or any Subsidiary of World Titanium in excess of \$200,000;
 - (ii) grants to any employee of World Titanium or any Subsidiary of World Titanium any increase in severance or termination pay or superannuation entitlements; or
 - (iii) establishes, adopts, enters into or amends in any material respect (including by taking any action to accelerate any rights or benefits due under) any enterprise bargaining agreement, Australian workplace agreement, employee benefit plan or superannuation scheme of World Titanium or relating to the employees of World Titanium;
- (m) World Titanium or any Subsidiary of World Titanium makes capital expenditure in excess of two million dollars (\$2,000,000);
- (n) World Titanium or any Subsidiary of World Titanium resolves that it be wound up;
- (o) a Court makes an order for the winding up of World Titanium or of any Subsidiary of World Titanium;
- (p) a liquidator, provisional liquidator or administrator of World Titanium or of any Subsidiary of World Titanium is appointed;

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- (q) a receiver or a receiver and manager is appointed in relation to the whole or a substantial part of the property of World Titanium or of any Subsidiary of World Titanium;
 - (r) World Titanium or any Subsidiary of World Titanium executes a deed of company arrangement;
 - (s) other than as required by law, World Titanium or any Subsidiary of World Titanium makes any change in accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of World Titanium;
 - (t) World Titanium or any Subsidiary of World Titanium makes any material Tax election or settles or compromises any material Tax liability or refund other than the election by World Titanium to become a consolidated tax group for the purposes of the Income Tax Assessment Act; or
 - (u) World Titanium or any Subsidiary of World Titanium authorises, commits or agrees to take any of the actions referred to in paragraphs (a) to (t) above.

World Titanium Shareholder means each person who is registered in the Register as the holder of World Titanium Shares; and

World Titanium Shares means fully paid ordinary shares in the capital of World Titanium.

1.2 Interpretation

In this Deed unless expressly stated otherwise, or the context otherwise requires:

- (a) words denoting the singular number include the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (d) words denoting natural persons include natural persons, companies, and partnerships and vice-versa;
- (e) references to clauses are to clauses of this Deed;
- (f) headings are for convenience only and do not affect interpretation;
- (g) a reference to any party to this Deed or to any other document includes that party's executors, administrators, successors and permitted assigns (as the case may be);

- (h) references to any document include references to such document as amended, novated, supplemented, varied or replaced from time-to-time;
- (i) references to any legislation or to any provision of any legislation include any modification or re-enactment of that legislation or legislative provision or any legislation or legislative provision substituted for, and all regulations and instruments issued under, such legislation or provision;
- (j) reference to dollars and \$ are to amounts in Australian currency;
- (k) a reference to time means Western Australian time;
- (l) a reference to a thing (including an amount) is a reference to the whole or any part of it;
- (m) specifying anything in this Deed after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (n) where the day or the last day for doing an act is not a Business Day, the day or last day for doing that act will be the next following Business Day;
- (o) the annexures to this Deed form part of this Deed; and
- (p) the Recitals are correct and form part of this Deed.

1.3 Construction

- (a) A provision of this Deed must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Deed or the inclusion of the provision in this Deed.
- (b) If any provision of this Deed is found to be invalid or unenforceable in accordance with its terms, all other provisions which are self-sustaining and capable of separate enforcement without regard to the invalid or unenforceable provisions will be and will continue to be valid and enforceable in accordance with their terms.

2. AGREEMENT TO PROCEED WITH SCHEME

World Titanium agrees to propose the Scheme upon and subject to the terms and conditions of this Deed.

3. CONDITIONS PRECEDENT

3.1 Bondi Conditions

The obligations of Bondi to issue the Scheme Consideration, grant the Options Consideration and grant the Warrant Offer Consideration and to otherwise give effect to the transactions contemplated by this Deed are subject to each of the

following conditions precedent having been satisfied or waived by 8:00 am on the Business Day prior to the Second Court Date in accordance with clause 3.3:

- (a) **Court or Other Orders:** no temporary restraining order, preliminary or permanent injunction or other order issued by any Court of competent jurisdiction or other legal or regulatory restraint or prohibition preventing the consummation of any aspect of the Transaction shall be in effect at 8:00 am on the Business Day prior to the Second Court Date;
- (b) **World Titanium Shareholder Approval:** the Scheme is approved by the necessary majority of holders of World Titanium Shares in accordance with section 411(4)(a) of the Corporations Act at the Scheme Meeting;
- (c) **No ASIC Objection:** ASIC stating in writing, prior to the Second Court Date, that it has no objection to the Scheme pursuant to section 411(17) of the Corporations Act;
- (d) **Court Approval:** the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act with or without modification;
- (e) **Options terms:** the Options are issued and the holder agrees to the issue of the Options Consideration in consideration for the acquisition or cancellation of their Options on implementation of the Scheme;
- (f) **Warrant Offer:** On or before that date which is 20 days after the date of execution of this Deed, Bondi and the holder of the Warrants agree that the Warrant Offer Consideration will be issued in consideration for the acquisition or cancellation of the Warrants on implementation of the Scheme not otherwise exercised prior to the Record Date.
- (g) **No World Titanium Prescribed Occurrence:** between the date of this Deed and 8:00 am on the Business Day prior to the Second Court Date, no World Titanium Prescribed Occurrence occurs other than as required or contemplated by this Deed or the Scheme;
- (h) **Due Diligence:** Bondi conducting due diligence in respect of World Titanium within 10 days after the date of this Deed and being satisfied in all respects with such due diligence;
- (i) **Consolidation:** Bondi's shareholders approving the consolidation of its capital on a 1:4 basis prior to the Second Court Date;
- (j) **Bondi Shareholder Approval:** Bondi obtaining all shareholder approvals required under the Corporations Act (including for the purposes of item 7 of section 611) and the Listing Rules of ASX (including for the purposes of Listing Rules 11.1.2 and 11.4) for the Transaction, a change of name to World Titanium Resources Limited and the matters referred to in clauses 3.1(i), 3.1(k) and 3.1(l);
- (k) **Disposal of Non-African Assets:** Bondi disposing of its non-African uranium and copper assets prior to the Second Court Date;

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- (l) **Chapters 1 and 2 of Listing Rules:** Bondi meeting the requirements in Chapters 1 and 2 of the Listing Rules as if it were applying for admission to the official list (including completing the Capital Raising);
 - (m) **Escrow relief:** On or before the despatch of the Scheme Booklet, Bondi receiving in principle approval from ASX of the escrow to be applied to securities in Bondi to be issued to holders of securities in World Titanium on terms acceptable to World Titanium; and
 - (n) **Scheme Participants:** On or before the despatch of the Scheme Booklet, Bondi being satisfied that it is lawful to issue each Scheme Participant whose address in the Register as at the Record Date is in Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg or Monaco with Scheme Consideration when this Scheme becomes Effective.

3.2 **World Titanium Conditions**

The obligations of World Titanium in relation to the implementation of the Scheme are subject to each of the following conditions precedent having been satisfied or waived by 8:00 am on the Business Day prior to the Second Court Date in accordance with clause 3.3:

- (a) **Bondi Shares quotation approval:** Bondi receiving a letter from ASX confirming that ASX will grant conditional re-quotation of the Bondi Shares on the official list of ASX (including those to be issued to World Titanium Shareholders under the Scheme) on terms acceptable to World Titanium, including in respect to escrow relief for Scheme Participants, prior to the Second Court Date;
- (b) **Due Diligence:** World Titanium conducting due diligence in respect of Bondi within 14 days after the date of this Deed and being satisfied in all respects with such due diligence.
- (c) **No Bondi Prescribed Occurrence:** between the date of this Deed and 8.00 am on the Business Day prior to the Second Court Date, no Bondi Prescribed Occurrence occurs other than as required or contemplated by this Deed or the Scheme.

3.3 **Benefit and waiver of Conditions Precedent**

- (a) The conditions precedent in clause 3.1 are for the benefit of Bondi and:
 - (i) any breach or non-fulfilment of the conditions precedent in clauses 3.1(e) to 3.1(h) may only be waived by Bondi in writing; and
 - (ii) the conditions precedent in clauses 3.1(a) to 3.1(d) cannot be waived.

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- (b) The conditions precedent in clauses 3.1(i) to 3.1(m) and 3.2 are for the benefit of World Titanium and may only be waived by World Titanium in writing.
 - (c) The condition precedent in clause 3.1(n) is for the benefit of both Bondi and World Titanium and may only be waived by Bondi and World Titanium in writing.
 - (d) If Bondi or World Titanium waives the breach or non-fulfilment of any of the Conditions Precedent, that waiver will not prevent it from taking any action it thinks fit in respect of the circumstances that give rise to the breach or non-fulfilment of the Condition Precedent.

3.4 Commercially Reasonable Efforts

- (a) Each of Bondi and World Titanium (as applicable) must use commercially reasonable efforts to procure that each of the Conditions Precedent (other than those in clauses 3.1(h) and 3.2(b) which must be satisfied within the time limits prescribed in such clauses) is satisfied as soon as practicable after the date of this Deed or that there is no occurrence that would prevent the Conditions Precedent being satisfied (as the context requires) and in particular must promptly comply with their respective obligations under clauses 7.1 and 7.2.
- (b) World Titanium will reimburse Bondi on demand an amount equal to half of Bondi's costs incurred as a result of using commercially reasonable efforts to procure the satisfaction of the condition precedent in clause 3.1(n) subject to Bondi providing reasonable supporting documentation.

3.5 Notifications

Each party must:

- (a) keep the other promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions Precedent; and
- (b) promptly notify the other in writing if it becomes aware that any Condition Precedent has been satisfied or has become incapable of being satisfied and in respect of a Condition Precedent for due diligence such notification must be no more than 3 days after the time period set in that Condition Precedent.

3.6 Failure to satisfy Conditions Precedent

- (a) If:
 - (i) an event occurs which would prevent any of the Conditions Precedent being satisfied, or there is an occurrence that is reasonably likely to prevent a Condition Precedent being satisfied (**Relevant Occurrence**) by the date

specified in this Deed for its satisfaction (**Relevant Date**) (other than as the result of a deliberate action of World Titanium or Bondi); or

(ii) the Scheme has not become Effective by the End Date,

the parties will consult in good faith to:

(iii) determine whether to agree that the Transaction should proceed by way of alternative means or methods; or

(iv) extend the Relevant Date or End Date.

(b) If the parties are unable to reach agreement under clause 3.6(a):

(i) within five Business Days after becoming aware of the Relevant Occurrence;

(ii) by the Relevant Date; or

(iii) by the End Date,

then unless that condition is waived as permitted under clause 3.3, any party may terminate this Deed and the Transaction without any liability to the other party, except in respect of any antecedent breach of this Deed.

4. SCHEME

4.1 Scheme

World Titanium must propose a scheme of arrangement under Part 5.1 of the Corporations Act in the form set out in annexure A (or such other form as the parties agree in writing) under which, subject to the scheme becoming Effective, all of the Scheme Shares will be transferred to Bondi and the Scheme Participants will be entitled to receive for each Scheme Share held at the Record Date the Scheme Consideration.

4.2 Post Transaction Ownership

On the assumptions that no World Titanium Shares are issued whether by the exercise of Options or Warrants or otherwise and no Bondi Shares are issued whether by the exercise of options on issue in Bondi or otherwise other than pursuant to the Capital Raising and assuming this is completed at \$0.27 per Bondi Share, following implementation of the Transaction, the existing shareholders of WTR will own 89.5% of the issued capital of Bondi and existing shareholders of Bondi will own 10.5%.

4.3 Share Scheme Consideration

Bondi covenants in favour of each Scheme Participant that in consideration for the transfer of a Scheme Share held by a Scheme Participant under the terms of the Scheme, Bondi will issue to such Scheme Participant the Scheme Consideration in accordance with the terms of the Scheme.

4.4 Prohibited Foreign Scheme Participant

The Scheme Consideration which would otherwise be required to be issued to a Prohibited Foreign Scheme Participant will not be issued to the Prohibited Foreign Scheme Participant and will instead be issued to a nominee appointed by Bondi and otherwise in accordance with clause 5.2 of Annexure A.

5. OPTIONS CONSIDERATION

- (a) Subject to the Scheme becoming Effective, Bondi covenants in favour of each Option Holder that in consideration for the acquisition or cancellation of an Option held by an Option Holder under the terms of the Options, Bondi will grant to the Option Holder the Options Consideration.
- (b) Any fractional entitlement to a Bondi Option to be issued pursuant to clause 5(a) will be rounded down to the nearest whole number.
- (c) The consideration Option to be issued pursuant to clause 5(a) shall be payable on or about the date that the consideration under the Scheme is payable to Scheme Participants.

6. WARRANT OFFER

6.1 Warrant Offer

- (a) Bondi shall make the Warrant Offer on or before that date which is 5 days after the date of execution of this Deed.
- (b) The Warrant Offer is to be made conditional on:
 - (i) the Scheme becoming Effective; and
 - (ii) all of the Warrants being acquired pursuant to the Warrant Offer or being exercised prior to the Record Date.

6.2 Warrant Offer Consideration

- (a) Subject to the Scheme becoming Effective, Bondi covenants in favour of the Warrant Holder that in consideration for the acquisition or cancellation of the Warrants it holds, Bondi will grant to the Warrant Holder the Warrant Offer Consideration.
- (b) Any fractional entitlement to a Bondi Warrant under the Warrant Offer will be rounded down to the nearest whole number.
- (c) The consideration payable under the Warrant Offer shall be payable on or about the date that the consideration under the Scheme is payable to Scheme Participants.

7. IMPLEMENTATION

7.1 World Titanium's obligations

After due diligence, if World Titanium notifies Bondi it wishes to proceed with the Transaction, World Titanium will execute all documents and do all acts and things necessary to implement the Scheme and for the implementation and performance of the transactions contemplated by this Deed and in particular World Titanium must:

- (a) **Scheme Booklet:** as soon as practicable after the date of this Deed, prepare the Scheme Booklet in compliance with the Corporations Act, Regulatory Guide 60 and the Listing Rules (and including a summary of the process by which Scheme Participants may object to the Scheme at the Second Court Hearing) and make available to Bondi drafts of the Scheme Booklet;
- (b) **Approval of Regulators' Draft:** as soon as practicable after preparation of the Regulators' Draft procure that a meeting of the World Titanium Board is convened to approve the Regulators' Draft as being in a form appropriate for dispatch to the World Titanium Shareholders subject to completion of dates, numbers and minor corrections;
- (c) **Liaison with ASIC:** provide a copy of the Regulators' Draft to ASIC and liaise with ASIC throughout the Regulatory Review Period;
- (d) **Regulatory Review Period:** during the Regulatory Review Period, keep Bondi informed of any matters raised by ASIC in relation to the Scheme Booklet, and use commercially reasonable efforts in co-operation with Bondi to resolve any such matters;
- (e) **Approval of Scheme Booklet:** as soon as practicable at the conclusion of the Regulatory Review Period procure that a meeting of the World Titanium Board is convened to approve the Scheme Booklet for dispatch to the World Titanium Shareholders;
- (f) **Section 411(17)(b) statement:** apply to ASIC for the production of a statement pursuant to section 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (g) **Scheme Meeting:** promptly after the approval referred to in clause 7.1(e) has been received:
 - (i) apply to the Court for orders convening the Scheme Meeting; and
 - (ii) take commercially reasonable steps to comply with the orders of the Court including, as required, dispatching the Scheme Booklet to the World Titanium Shareholders and holding the Scheme Meeting;

- (h) **Approval of Scheme:** if the resolution submitted to the Scheme Meeting in relation to the Scheme is passed by the appropriate majority, promptly apply to the Court for orders approving the Scheme and if that approval is obtained:
- (i) promptly lodge with ASIC office copies of the orders approving the Scheme;
 - (ii) close the Register as at 10:00 pm on the Record Date and determine entitlements to the Scheme Consideration;
 - (iii) execute proper instruments of transfer of and effect and register the transfer of the Shares subject to the Scheme; and
 - (iv) do all other things contemplated by or necessary to give effect to the Scheme and the orders of the Court approving the same;
- (i) **Options terms:** issue the Options and the holder agrees to the issue of the Options Consideration in consideration for the acquisition or cancellation of their Options on implementation of the Scheme;
- (j) **Warrant Offer:** use its reasonable endeavours and undertake any actions which are within its power and are necessary or desirable to ensure that the Warrant Holder accepts the Warrant Offer;
- (k) **Change of name:** obtain shareholder approval to change its name to a name to be determined in its sole discretion to enable Bondi to change its name as contemplated by clause 3.1(j);
- (l) **World Titanium Prescribed Occurrence:** ensure that a World Titanium Prescribed Occurrence does not occur between the date of this Deed and the Implementation Date;
- (m) **Conduct of business:** during the period from the date of this Deed to the Implementation Date conduct the Business in the ordinary and usual course consistent with the way the Business has been conducted in the one year prior to the date of this Deed and in accordance with any business plans approved by the World Titanium Board;
- (n) **Consultation:** during the period from the date of this Deed to the Implementation Date consult with Bondi in relation to the conduct of the Business and consider in good faith Bondi's views in relation to the same;
- (o) **Publication of information on website:** as soon as they become available, publish on its website the dates fixed for any Court hearing in relation to the Scheme, including any adjournments or continuance of these hearings and the date of the Scheme Meeting; and
- (p) **Compliance with laws:** do everything reasonably within its power to ensure that the transactions contemplated by this Deed are effected in accordance with all applicable laws and regulations.

7.2 Bondi's obligations

Bondi must execute all documents and do all acts and things within its power necessary for the implementation and performance of the transactions contemplated by this Deed and in particular Bondi must:

- (a) **Bondi Information:** promptly prepare and provide to World Titanium the Bondi Information for inclusion in the Scheme Booklet;
- (b) **Review of Scheme Booklet:** review the drafts of the Scheme Booklet prepared by World Titanium and provide comments on those drafts in good faith;
- (c) **Approval of Scheme Booklet:** as soon as practicable at the conclusion of the Regulatory Review Period procure that a meeting of the Bondi Board is convened to approve those sections of the Scheme Booklet that relate to the Bondi Group, the Bondi Shares, the Bondi Options and the Bondi Warrants as being in a form appropriate for dispatch to the World Titanium Shareholders;
- (d) **Representation:** procure that Bondi is represented by Counsel at the Court hearings convened for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act, at which, through its Counsel, Bondi will undertake (if requested by the Court) to do all such things and take all such steps within its power as may be necessary in order to ensure the fulfilment of its obligations under this Deed and the Scheme;
- (e) **Deed Poll:** immediately following execution of this Deed, execute the Deed Poll in the form of annexure B (or in such other form as the parties agree in writing) under which Bondi covenants in favour of the Scheme Participants to perform its obligations under this Deed and the Scheme;
- (f) **Reasonable assistance:** provide any assistance or information reasonably requested by World Titanium in relation to the Scheme;
- (g) **Bondi Prescribed Occurrence:** ensure that a Bondi Prescribed Occurrence does not occur between the date of this Deed and the Implementation Date;
- (h) **Conduct of business:** during the period from the date of this Deed to the Implementation Date, conduct its business in the ordinary and usual course consistent with the way its business has been conducted in the one year prior to the date of this Deed and in accordance with any business plans approved by the Bondi Board and disclosed to World Titanium;
- (i) **Consultation:** during the period from the date of this Deed to the Implementation Date, consult with World Titanium in relation to the conduct of the Business and consider in good faith World Titanium's views in relation to the same; and

- (j) **Compliance with laws:** do everything reasonably within its power to ensure that the transactions contemplated by this Deed are effected in accordance with all applicable laws and regulations.

7.3 **Scheme Implementation**

At 10:00 am on the Implementation Date transactions which form part of the Scheme will be implemented in the following sequence:

- (a) World Titanium shall cause each Option and Warrant to be cancelled pursuant to its terms and the Warrant Offer respectively;
- (b) Bondi will acquire the whole of the issued capital of World Titanium pursuant to the Scheme;
- (c) Bondi will allot and issue to each Scheme Participant 3.5 Bondi Shares for each World Titanium Share held pursuant to the Share Scheme; and
- (d) Bondi will grant to each Option Holder the Options Consideration and the Warrant Holder the Warrant Offer Consideration.

7.4 **Appeal process**

If the Court refuses to make any orders convening the Scheme Meetings or approving the Scheme, World Titanium must appeal the Court's decision to the fullest extent possible, unless the parties agree otherwise or World Titanium's counsel indicates that, in his or her view, an appeal would more likely than not, be unsuccessful.

7.5 **World Titanium Board**

As soon as practicable after implementation of the Scheme, World Titanium will use its reasonable endeavours to cause the appointment to the World Titanium Board one director nominated by Bondi subject to that person being appointed having provided a consent to act as a director and to any necessary consents from Australian Governmental Authorities to their appointments having been obtained.

7.6 **Bondi Board**

- (a) Immediately upon implementation of the Scheme, Bondi will ensure the Bondi Board (and to the boards of each Bondi Subsidiary) is comprised as follows:
 - (i) up to eight (8) nominees of World Titanium, the number and identity to be fixed by written notice from World Titanium to Bondi before the Implementation Date;
 - (ii) one (1) nominee of Bondi;
 - (iii) the Chairman will be nominated by World Titanium;

(iv) the Bondi directors serving immediately prior to the Implementation Date shall resign immediately upon appointment of the World Titanium nominees.

(b) Immediately upon implementation of the Scheme, Bondi will cause the appointment to the Bondi Board and to the boards of each Bondi Subsidiary of such number of persons as nominated by World Titanium, subject to those persons being appointed having provided a consent to act as directors of the relevant companies and to any necessary consents from Australian Governmental Authorities to their appointments having been obtained.

8. NO SOLICITATION

8.1 On and from the date World Titanium completes its due diligence and confirms it agrees to proceed with the Transaction until the termination of this Deed in accordance with its terms, World Titanium will not solicit (whether itself or by way of any person on its behalf and whether directly or indirectly) with any third party to:

- (a) acquire, whether directly or indirectly all or a substantial part of the business of World Titanium or any of its Subsidiaries or otherwise acquiring a substantial shareholding in World Titanium or any of its Subsidiaries;
- (b) acquire control of World Titanium or any of its Subsidiaries;
- (c) otherwise merge with World Titanium.

8.2 World Titanium must immediately notify Bondi if it becomes aware of any expression of interest, proposal or offer of the kind referred to in clause 8.1, but shall not be required to provide the details of any such expression, proposal or offer, or negotiations unless a binding agreement is entered between WTR and such a third party at which point World Titanium shall provide Bondi the details of such agreement at the same time they are made public.

8.3 World Titanium represents and warrants to Bondi that as at the date of this Deed no agreement, arrangement or understanding exists in relation to any expression of interest, proposal or offer of the kind referred to in clause 8.1.

8.4 This clause 8 does not restrict World Titanium from responding to, or concluding a transaction as a result of an unsolicited offer or proposal.

9. TERMINATION

9.1 Termination by World Titanium

World Titanium may, by notice in writing to Bondi, terminate this Deed without further obligation to Bondi if:

- (a) Bondi is in material breach of its obligations under this Deed and Bondi has failed to remedy that breach within five Business Days after receipt by it of a notice in writing from World Titanium setting

out details of the relevant circumstance and requesting Bondi to remedy the breach;

- (b) without limiting clause 9.1(a), Bondi is in material breach of any of its obligations under clause 7.2;
- (c) any of the Conditions Precedent which are for the benefit of World Titanium becomes incapable of being satisfied (other than due to the failure of World Titanium to comply with clause 3.4) and is not otherwise waived;
- (d) any Court or regulatory authority has taken any action permanently restraining or otherwise prohibiting the Scheme or has refused to do anything necessary to permit the Scheme and such action or refusal has become final and unable to be appealed;
- (e) it decides not to proceed after completing due diligence;
- (f) the Transaction is not completed by the End Date; or
- (g) subject to the obligations in clause 9.3, without reason at its sole discretion.

9.2 Termination by Bondi

Bondi may, by notice in writing to World Titanium, terminate this Deed if:

- (a) World Titanium is in material breach of its obligations under this Deed and World Titanium has failed to remedy that breach within five Business Days after receipt by it of a notice in writing from Bondi setting out details of the relevant circumstance and requesting World Titanium to remedy the breach;
- (b) without limiting clause 9.2(a), World Titanium is in breach of any of its obligations under clause 7.1;
- (c) any of the Conditions Precedent in clause 3.1 becomes incapable of being satisfied and, in respect only of the Conditions Precedent which are for the benefit of Bondi are not otherwise waived, including because of the occurrence of a Prescribed Occurrence;
- (d) any Court or regulatory authority has taken any action permanently restraining or otherwise prohibiting the Scheme or has refused to do anything necessary to permit the Scheme and such action or refusal has become final and unable to be appealed;
- (e) it decides not to proceed after completing due diligence; or
- (f) the Transaction is not completed by the End Date.

9.3 Break Fee

Upon completion of their respective due diligence, Bondi and World Titanium shall notify the other in writing whether it wishes to complete the

Transaction. If each party confirms that it wishes to complete and thereafter World Titanium terminates the Transaction without Cause ("Cause" being for any reason permitted for termination under this Agreement), and then, within six (6) months after such termination without Cause, World Titanium:

- (i) enters into a merger or similar arrangement with a third party and completes same (whether or not completion is within said 6 months after termination without Cause);
- (ii) sells its Madagascar assets or any Subsidiary containing such assets at the time of sale to a third party; or
- (iii) is acquired by a third party;

then World Titanium shall reimburse Bondi for its reasonable out-of-pocket expenses incurred in connection with the Transaction up to five hundred thousand dollars (\$500,000) subject to reasonable supporting documentation.

9.4 Preservation of Rights

The termination of this Deed and the payment (if any) of the Break Fee under clause 9.3 is without prejudice to the accrued rights of the parties as at the date of termination.

9.5 Effect of termination

In the event of the termination of this Deed by either World Titanium or Bondi under clauses 3.6 or 9, this Deed will become void and have no effect, other than in respect of any liability for an antecedent breach of this Deed. The provisions of clauses 9, 11, 12, 17 and 19 survive termination.

10. WARRANTIES

10.1 Bondi's representations and warranties

Bondi represents and warrants to World Titanium that:

- (a) the execution and delivery of this Deed has been properly authorised by all necessary corporate action of Bondi;
- (b) Bondi has full corporate power and lawful authority to execute and deliver this Deed and to perform or cause to be performed its obligations under this Deed;
- (c) this Deed does not conflict with or result in the breach of or default under any provision of the constitution of Bondi or any material term or provision of any agreement or deed or writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it is bound;
- (d) Bondi's financial statements for the period ending 30 June 2011 give a true and fair view of the financial position of Bondi as at that date;

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- (e) the capital structure of Bondi as at the date of this Deed is as set out in annexure E and shall remain so until the Transaction is terminated or completed;
 - (f) Bondi has fully complied with its obligations in relation to Taxes including in relation to filing returns and providing all information required to be provided to any Governmental Authority in respect of Taxes; and
 - (g) Bondi has fully complied with its continuous disclosure obligations under section 674 of the Corporations Act and Rule 3.1 of the Listing Rules.

10.2 World Titanium representations and warranties

World Titanium represents and warrants to Bondi that:

- (a) the execution and delivery of this Deed has been properly authorised by all necessary corporate action of World Titanium;
- (b) World Titanium has full corporate power and lawful authority to execute and deliver this Deed and to perform or cause to be performed its obligations under this Deed;
- (c) this Deed does not conflict with or result in the breach of or default under any provision of the constitution of World Titanium or any material term or provision of any agreement or deed or writ, order or injunction, judgment, law, rule or regulation to which World Titanium is a party or subject or by which World Titanium is bound;
- (d) the capital structure of World Titanium as at the date of this Deed is as set out in annexure D and shall remain so until the Transaction is terminated or completed;
- (e) World Titanium's financial statements for the year ending 30 June 2011 give a true and fair view of the financial position of World Titanium as at that date; and
- (f) World Titanium has fully complied with its obligations in relation to Taxes including in relation to filing returns and providing all information required to be provided to any Governmental Authority in respect of Taxes.

11. PUBLIC ANNOUNCEMENTS AND CONFIDENTIALITY

- 11.1 Immediately after the execution of this Deed Bondi and World Titanium will issue public announcements in a form approved by the parties in writing.
- 11.2 Each of the parties will procure that neither it nor any of its Related Bodies Corporate will make any public announcement or other disclosure to any person in relation to this Deed, the transactions contemplated by this Deed and information of which it has become aware in connection with this Deed, unless

it first consults with and obtains the agreement in writing of the other party, provided that:

- (a) after that consultation, no party will be entitled to withhold agreement in the case of a public announcement or notification where and to the extent that the same is required by law or the Listing Rules; and
- (b) a party will be entitled to make disclosures to the directors, secretary, professional advisers and bankers of that party and its Related Body Corporate so long as the parties use all reasonable endeavours to ensure that the matters disclosed are kept confidential.

11.3 If this Deed is rescinded or terminated, the parties will cease using and return to each other all information and documents disclosed or provided to each other or to any Related Body Corporate of either party or to the directors, secretary or professional advisers of the other party or of any Related Body Corporate in connection with this Deed.

12. NOTICES

Any notice required to be given under this Deed by any party to another must be:

12.1 in writing addressed to the address of the intended recipient shown in this Deed below or to such other address as has been most recently notified by the intended recipient to the party giving the notice:

(a) in the case of Bondi:

Address: 96 Stephens Road
South Brisbane QLD 4101
Facsimile: (07) 3844 0154
Attention: Managing Director

(b) in the case of World Titanium:

Address: Suite 2
47 Ord Street
WEST PERTH WA 6005
Facsimile: (08) 9226 1040
Attention: The Directors Officer

With a copy to:

Boden Corporate Services Pty Ltd
Suite 3, 257 York Street
Subiaco, Western Australia 6008
T: +61 (0)8 9380 6261 (office)
F: +61 (0)8 9382 1766

12.2 signed by a person duly authorised by the sender; and

12.3 deemed to have been given and served:

- (a) where delivered by hand, at the time of delivery;
- (b) where dispatched by facsimile, 24 hours after the time recorded on the transmitting machine unless:
- (i) within those 24 hours the intended recipient has informed the sender that the transmission was received in an incomplete or unintelligible form; or
 - (ii) the transmission result report of the sender indicates a faulty or incomplete transmission; and
- (c) where dispatched by security post, on acknowledgment of receipt by or on behalf of the recipient,

but if such delivery or receipt is on a day on which commercial premises are not generally open for business in the place of receipt or is later than 4.00 pm (local time) on any day, the notice will be deemed to have been given and served on the next day on which commercial premises are generally open for business in the place of receipt.

13. ENTIRE AGREEMENT

This Deed records the entire agreement between the parties as to its subject matter. Any prior negotiations, agreements, arrangements, representations and understandings related to the subject matter of this Deed are superseded by this Deed.

14. FURTHER ASSURANCES

Each party must take all steps, execute all such documents and do all such acts and things as may be reasonably required by the other party to give effect to any of the transactions contemplated by this Deed.

15. GOVERNING LAW

This Deed will be governed by and interpreted in accordance with the laws for the time being in force in Western Australia and each party submits to the non-exclusive jurisdiction of the Courts of or exercising jurisdiction of that State and waives any right it might have to claim that those Courts are an inconvenient forum.

16. DAMAGES NOT AN ADEQUATE REMEDY

The parties acknowledge and agree that damages for breach of this Deed are not an adequate remedy, and that the provisions of this Deed may be enforced by an order for specific performance or by injunction.

17. WAIVER

A waiver by a party of a provision of this Deed is binding on the party granting the waiver only if it is given in writing and is signed by the party or an authorised officer of the party granting the waiver. Further, a waiver is effective only in the specific instance and for the specific purpose for which it is given. The failure of a party to enforce at any time any of the provisions of this Deed or the granting of any time or

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other indulgence will not be construed as a waiver of that provision or of the right of that party to subsequently enforce that or any other provision.

18. ASSIGNMENT

The rights and obligations of each party under this Deed are personal. They cannot be assigned, encumbered or otherwise dealt with and neither party may attempt or purport to do so without the prior written consent of the other party.

19. COSTS

19.1 Except as provided for a Break Fee, each party must bear its own legal and other costs arising out of the negotiation, preparation and execution of this Deed.

19.2 Bondi will stamp this Deed and must pay all stamp duty (including penalties and interest) and any transfer and registration fees chargeable on this Deed and on the transactions contemplated by this Deed.

20. SEVERANCE

If any provision of this Agreement is ruled unenforceable by competent authority, the remaining provisions shall remain in effect.

21. SURVIVAL OF AGREEMENT

The rights and obligations of the parties will not merge on completion of any transaction under this Deed. They will survive the execution and delivery of any assignment or other document entered into for the purpose of implementing any transaction.

22. AMENDMENT

This Deed may not be amended except by a further deed duly executed by the parties.

23. APPROVALS AND CONSENT

If the doing of any act, matter or thing under this Deed is dependent on the approval or consent of a party, that party may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion, unless this Deed expressly provides otherwise.

24. EXECUTION IN PARTS

This Deed may be executed in any number of separate counterparts which, when executed and exchanged (including exchange by facsimile transmission), will together be deemed to constitute the one and the same instrument.

25. ARBITRATION

Any dispute of any kind between Bondi and World Titanium or any of their officers, directors or employees relating to the Transaction shall be resolved by binding arbitration before a single arbitrator and conducted under the arbitration rules of Commercial Arbitration Act 1985 (WA). The parties shall agree on an arbitrator and if they cannot, one shall be appointed by the the President (or their nominee) of the

Western Australian Chapter of the Institute of Arbitrators & Mediators Australia. Arbitration shall be in English and held in Perth. Neither party may recover anything other than actual damages from the other party. The arbitrator's decision shall be final and not appealable. The arbitrator's decision shall be enforceable by any court of competent jurisdiction.

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EXECUTED as a deed

EXECUTED by **BONDI MINING LIMITED**)
*without affixing a common seal / *by affixing)
its common seal pursuant to section 127 of the)
Corporations Act 2001 (Cth))

.....
Signature of Director

.....
Signature of *Director / *Secretary

.....
Name of Director

.....
Name of *Director / *Secretary

(*Please delete the inapplicable and affix the common seal if the company has a seal)

EXECUTED by **WORLD TITANIUM**)
RESOURCES LTD without affixing a)
common seal pursuant to section 127 of the)
Corporations Act 2001 (Cth))


.....
Signature of Director


.....
Signature of *Director / *Secretary

PETER JAMES WOODS
.....
Name of Director

GRAEME RAYMOND BODEN
.....
Name of *Director / *Secretary

(*Please delete the inapplicable and affix the common seal if the company has a seal)

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EXECUTED as a deed

EXECUTED by BONDI MINING LIMITED)
*without affixing a common seal / *by affixing)
its common seal pursuant to section 127 of the)
Corporations Act 2001 (Cth))



.....
Signature of Director

.....
RICHARD VALENTE

...
Name of Director



.....
Signature of *Director / *Secretary

.....
KERRY ANGEL

Name of *Director / *Secretary

(*Please delete the inapplicable and affix the common seal if the company has a seal)

EXECUTED by WORLD TITANIUM)
RESOURCES LTD without affixing a)
common seal pursuant to section 127 of the)
Corporations Act 2001 (Cth))

.....
Signature of Director

.....
...
Name of Director

.....
Signature of *Director / *Secretary

.....
Name of *Director / *Secretary

(*Please delete the inapplicable and affix the common seal if the company has a seal)

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Annexure A

(Scheme)

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World Titanium Resources Ltd
ACN 061 662 011

**The holders of ordinary shares in the capital of
World Titanium Resources Ltd**

Scheme of Arrangement

DATE

DATE 2011

PARTIES

1. **WORLD TITANIUM RESOURCES LTD ACN 061 662 011** of Suite 2, 47 Ord Street, West Perth, Western Australia (**World Titanium**)
2. The holders of ordinary shares in the capital of World Titanium (**World Titanium Shareholders**)

BACKGROUND

- A. World Titanium is a public company incorporated in the State of Western Australia.
- B. World Titanium and Bondi Mining Ltd ACN 120 723 426 (**Bondi**) have entered into the Implementation Deed pursuant to which (among other things) World Titanium has agreed to propose this Scheme to World Titanium Shareholders and each of World Titanium and Bondi have agreed to execute all documents and do all things necessary or desirable to be executed or done by each of them to give effect to this Scheme.
- C. If this Scheme becomes Effective then all of the Scheme Shares will be transferred to Bondi and Bondi will issue the Scheme Consideration to the Scheme Participants.
- D. Bondi has entered into the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under this Scheme and the Implementation Deed.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Scheme unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691;

Bondi Share means a fully paid ordinary share in the capital of Bondi;

Business Day has the meaning given in the Listing Rules;

Conditions Precedent means the conditions precedent set out in clause 2.1;

Corporations Act means the *Corporations Act 2001* (Cth);

Court means the Federal Court of Australia or Supreme Court of Western Australia as selected by World Titanium;

Deed Poll means the Deed Poll dated on or about 26 August 2011 executed by Bondi in which, among other things, Bondi has covenanted in favour of the Scheme

Participants to perform its obligations under the Scheme including the obligation to issue the Scheme Consideration;

Eligible Scheme Participant means a Scheme Participant other than a Prohibited Foreign Scheme Participant;

Effective when used in relation to a Scheme means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act (and if applicable, section 411(6) of the Corporations Act) in relation to that Scheme;

Effective Date means the date on which an office copy of the Scheme Orders are lodged with ASIC pursuant to section 411(10) of the Corporations Act or, if an earlier date is specified in the Scheme Orders for the coming into effect of the Scheme, that earlier date;

Foreign Scheme Participant means a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia and New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Implementation Deed means the Implementation Deed dated on or about 24 August 2011 between World Titanium and Bondi;

Implementation Date means the date which is three Business Days after the Record Date;

Listing Rules means the official listing rules of ASX;

New Bondi Shares means the Bondi Shares to be issued to Scheme Participants under clause 5 as the Scheme Consideration;

Prohibited Foreign Scheme Participant means a Foreign Scheme Participant unless Bondi and World Titanium determine:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Foreign Scheme Participant with New Bondi Shares when this Scheme becomes Effective; or
- (b) it is lawful for that Foreign Scheme Participant to participate in this Scheme by the law of the relevant place outside Australia or New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Record Date means the date which is five Business Days after the Effective Date;

Register means the register of members of World Titanium maintained in accordance with the Corporations Act;

Scheme means this Scheme of Arrangement subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act;

Scheme Consideration means the consideration to be given to Scheme Participants for the transfer to Bondi of each Scheme Share, ascertained in accordance with clause 5;

Scheme Meeting means the meeting of World Titanium Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme;

Scheme Orders means the orders of the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act;

Scheme Participant means each person who is registered in the Register as the holder of Scheme Shares at 10.00 pm on the Record Date;

Scheme Shares means the Shares on issue as at the Effective Date;

Second Court Hearing Time means the commencement of the hearing by the Court of the application for approval of the Scheme pursuant to section 411(4)(b) of the Corporations Act or, if the application is adjourned for any reason, means the commencement of the hearing of the adjourned application;

Shares means fully paid ordinary shares in the capital of World Titanium; and

World Titanium Shareholder means each person who is registered in the Register as the holder of a Share.

1.2 Interpretation

In this Scheme unless the context otherwise requires:

- (a) words and phrases not otherwise defined in this Scheme have the same meaning (if any) given to them in the Implementation Deed;
- (b) words denoting the singular number include the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) words denoting natural persons include bodies corporate and vice versa;
- (f) references to clauses are to clauses of this Scheme;
- (g) headings are for convenience only and do not affect interpretation;
- (h) a reference to any party to this Scheme or to any other document includes that party's executors, administrators, successors and permitted assigns (as the case may be);
- (i) references to any document include references to such document as amended, novated, supplemented, varied or replaced from time to time;
- (j) references to any legislation or to any provision of any legislation include any modification or re-enactment of that legislation or legislative provision or any legislation or legislative provision substituted for, and all regulations and instruments issued under, such legislation or provision;

- (k) reference to dollars and \$ are to amounts in Australian currency;
- (l) a reference to time means Western Australian time;
- (m) a reference to a thing (including an amount) is a reference to the whole or any part of it;
- (n) specifying anything in this Scheme after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (o) where the day or the last day for doing an act is not a Business Day, the day or last day for doing that act will be the next following Business Day; and
- (p) the Background is correct and forms part of this Scheme.

1.3 Construction

- (a) A provision of this Scheme must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Scheme or the inclusion of the provision in this Scheme.
- (b) If any provision of this Scheme is found to be invalid or unenforceable in accordance with its terms, all other provisions which are self sustaining and capable of separate enforcement without regard to the invalid or unenforceable provisions will be and will continue to be valid and enforceable in accordance with their terms.

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent

The Scheme is conditional on each of the following conditions precedent:

- (a) as at 8:00 am on the Business Day prior to the Second Court Hearing Time all of the conditions precedent set out in clauses 3.1 and 3.2 of the Implementation Deed have been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) as at the Second Court Hearing Time, the Implementation Deed has not been terminated; and
- (c) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to World Titanium and Bondi have been satisfied,

and the provisions of clauses 3, 4, 5 and 6 will be of no effect unless and until the Conditions Precedent are satisfied.

2.2 Certificate

At the hearing by the Court of the application for the Scheme Orders, World Titanium and Bondi will each provide to the Court a certificate confirming whether or not all of the conditions precedent in the Implementation Deed have been satisfied or waived or have ceased to have effect in accordance with the Implementation Deed.

2.3 Termination of Implementation Deed

If the Implementation Deed is terminated, each of World Titanium and Bondi is released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

3. LODGMENT

World Titanium must lodge with ASIC the Scheme Orders by 5.00 pm on the Business Day following the date on which the Court approves the Scheme.

4. IMPLEMENTATION

4.1 Transfer of Scheme Shares

On the Implementation Date, all of the Scheme Shares (together with all rights and entitlements attaching to such Shares) will be transferred to Bondi without the need for any further act by any Scheme Participant by:

- (a) World Titanium delivering to Bondi a duly completed and executed share transfer form or forms to transfer all of the Scheme Shares to Bondi;
- (b) Bondi executing and delivering the share transfer form or forms to World Titanium; and
- (c) World Titanium entering the name of Bondi in the Register as the holder of all of the Scheme Shares.

4.2 Scheme Consideration

In consideration for the transfer to Bondi of each Scheme Share on the Implementation Date, Bondi will:

- (a) issue in accordance with clauses 5.1 and 6 such number of New Bondi Shares as are due to the Eligible Scheme Participants under clause 5 as Scheme Consideration; and
- (b) issue in accordance with clauses 5.2 and 6 such number of New Bondi Shares as are due to the Prohibited Foreign Scheme Participants under clause 5 as Scheme Consideration.

5. SCHEME CONSIDERATION

5.1 Calculation of Scheme Consideration

- (a) The Scheme Consideration in respect of each Scheme Share is 3.5 New Bondi Shares.
- (b) Each Scheme Participant is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Participant.

5.2 Prohibited Foreign Scheme Participants

- (a) The New Bondi Shares which would otherwise be required to be issued to a Prohibited Foreign Scheme Participant will not be issued to the Prohibited Foreign Scheme Participant and will instead be issued to a nominee appointed by Bondi.
- (b) Bondi will cause the nominee to offer for sale on the open market within five Business Days after the Implementation Date all of the New Bondi Shares issued to the nominee under this clause 5.2 in such manner, at such price and on such other terms as the nominee shall determine and to remit to Bondi the proceeds of sale (after deducting brokerage, taxes and other costs of sale) (**Proceeds**).
- (c) Bondi will pay to each Prohibited Foreign Scheme Participant such fraction of the Proceeds as is equal to the number of New Bondi Shares which would have been issued to the Prohibited Foreign Scheme Participant but for the application of this clause 5.2 divided by the total number of New Bondi Shares issued to the nominee under this clause 5.2.
- (d) Payment will be by cheque drawn in Australian dollars and dispatched to the relevant Prohibited Foreign Scheme Participant by ordinary mail to the address of the Prohibited Foreign Scheme Participant recorded in the Register on the Record Date.

5.3 Fractional Entitlements

If a fractional entitlement to a New Bondi Share arises from the calculation of the Scheme Consideration in respect of a Scheme Participant, then any such fractional entitlement shall be rounded down to the nearest whole number of New Bondi Shares.

5.4 Joint Holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants shall be payable to the joint holders and be forwarded to the holder whose name appears first in the Register on the Record Date; and
- (b) any uncertificated holding statements for New Bondi Shares to be issued to Scheme Participants shall be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register as at the Record Date.

6. ISSUE AND TRADING

6.1 Issue

- (a) The New Bondi Shares to be issued pursuant to the Scheme will be validly issued and fully paid and will rank *pari passu* in all respects with all other Bondi Shares then on issue.
- (b) The obligations of Bondi to issue New Bondi Shares to an Eligible Scheme Participant entitled to be issued New Bondi Shares under the Scheme will be satisfied by Bondi:

- (i) on the Implementation Date, causing the name and address of that Eligible Scheme Participant to be entered in the register of members of Bondi as the holder of the New Bondi Shares issued to that Eligible Scheme Participant; and
 - (ii) within two Business Days after the Implementation Date, procuring the dispatch to that Eligible Scheme Participant (if their New Bondi Shares are held on the issuer sponsored subregister of Bondi), by pre-paid post to their registered address, of an uncertificated holding statement in the name of that Eligible Scheme Participant relating to the number of New Bondi Shares issued to that Eligible Scheme Participant.
- (c) Each Scheme Participant to whom New Bondi Shares are to be issued pursuant to the Scheme agrees:
 - (i) to become a member of Bondi for the purposes of section 231 of the Corporations Act;
 - (ii) to have their name and address entered in the register of members of Bondi; and
 - (iii) to be bound by the constitution of Bondi as in force from time to time in respect of the New Bondi Shares.
- (d) Except for a Scheme Participant's tax file number, any binding instruction or notification between a Scheme Participant and World Titanium relating to Scheme Shares at the Record Date (including any instructions relating to payment of dividends or to communications from World Titanium) will from the Record Date be deemed (except to the extent determined otherwise by Bondi in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Bondi in respect of the New Bondi Shares issued to the Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Bondi at Bondi's share registry. Any such instructions or notifications accepted by Bondi will apply to and in respect of the issue of New Bondi Shares only to the extent that they are not inconsistent with the other provisions of the Scheme.
- (e) Each Scheme Participant, without the need for any further act, irrevocably appoints Bondi and each of its directors and officers, jointly and severally, as that Scheme Participant's attorney and agent for the purpose of executing any form of application required for New Bondi Shares to be issued to that Scheme Participant pursuant to the Scheme.

6.2 Trading

Bondi will use its best endeavours to procure that the New Bondi Shares to be issued pursuant to the Scheme will be quoted on the stock market conducted by ASX with effect as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

7. DEALINGS IN SHARES

7.1 Dealings on or prior to Record Date

- (a) For the purpose of establishing who are Scheme Participants, dealings in Shares will be recognised provided that registrable transfers or transmission applications in respect of those dealings are received at or before 10.00 pm on the Record Date at the place where the Register is kept.
- (b) World Titanium must register transfers or transmission applications of the type referred to in clause 7.1(a) by 10.00 pm on the Record Date. World Titanium will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after 10.00 pm on the Record Date (other than the transfer referred to in clause 4.1).

7.2 Dealings after Record Date

- (a) For the purpose of determining entitlements to the Scheme Consideration, World Titanium will, until the Scheme Consideration has been issued in accordance with this Scheme, maintain the Register in accordance with the provisions of this clause 7 and the Register in this form will solely determine entitlements to the Scheme Consideration. As from 10.00 pm on the Record Date, each entry current on the Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (b) All certificates and statements of holding for Scheme Shares shall from 10.00 pm on the Record Date cease to have any effect as documents of title in respect of such Scheme Shares other than for the purpose of registering dealings in the Shares in accordance with clause 7.1.

7.3 Provision of Information

World Titanium must give to Bondi, no less than one Business Day prior to the Implementation Date, details of the names, registered addresses and holdings of Scheme Shares of every Scheme Participant as shown in the Register at 10.00 pm on the Record Date, such details to be provided in such form as Bondi may reasonably require.

8. GENERAL SCHEME PROVISIONS

- 8.1 If the Court proposes to approve the Scheme subject to any alterations or conditions, World Titanium may by its Counsel consent on behalf of all persons concerned to those alterations or conditions to which Bondi has previously consented in writing.
- 8.2 World Titanium must use its best endeavours to enforce the Implementation Deed.
- 8.3 Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to World Titanium, it shall not be deemed to be received in the ordinary course of post on a date other than the date (if any) on which it is actually received at World Titanium's registered office.
- 8.4 Each Scheme Participant is deemed to have warranted to Bondi that all such Scheme Participant's Scheme Shares (together with all rights and entitlements attaching to such Shares) transferred to Bondi under the Scheme will as at the date of the transfer be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or

otherwise that will bind Bondi and that such Scheme Participant has full power and capacity to sell and to transfer such Scheme Participant's Scheme Shares (together with all rights and entitlements attaching to such Shares) to Bondi under the Scheme.

- 8.5 The Scheme Shares (together with all rights and entitlements attaching to such Shares) transferred to Bondi under the Scheme will be transferred to Bondi free from all mortgages, charges, liens, encumbrances pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, that will bind Bondi.
- 8.6 Pending registration of the transfer by World Titanium of Bondi in the Register as the holder of the Scheme Shares:
- (a) Bondi will be beneficially entitled to the Scheme Shares to be transferred to it under clause 4.1; and
 - (b) each Scheme Participant is deemed to have appointed Bondi as its sole proxy and, where appropriate, its corporate representative, to attend shareholders' meetings, exercise the votes attached to the Scheme Shares registered in such Scheme Participant's name and sign any shareholders' resolution and no Scheme Participant may itself attend or vote at any such meetings or sign any resolutions, whether in person or by proxy or corporate representative.
- 8.7 The Scheme Participants consent to World Titanium doing all things necessary or incidental to the implementation of the Scheme and the Scheme binds World Titanium and all of the Scheme Participants (including those who do not attend the Scheme Meeting or vote at the Scheme Meeting).
- 8.8 World Titanium will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under the Scheme.
- 8.9 Each Scheme Participant, without the need for any further act, irrevocably appoints World Titanium and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to the Scheme (including a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act (which may be a master transfer of all the Scheme Shares, executed for and on behalf of each Scheme Participant in relation to its Scheme Shares)).
- 8.10 Bondi will pay:
- (a) all stamp duties in relation to the transfer of the Scheme Shares and the issuance of New Bondi Shares; and
 - (b) all filing, application or similar fees due in relation to the Scheme.
- 8.11 The governing law of the Scheme is the law of the State of Western Australia.

Annexure B

(Deed Poll)

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Bondi Mining Ltd
ACN 120 723 426

The Scheme Participants

Deed Poll

DATE

DATE: 2011

BY: **BONDI MINING LTD ACN 120 723 426** of 96 Stephens Road, South Brisbane, Queensland (**Bondi**)

IN FAVOUR OF: The Scheme Participants as defined in the Implementation Deed

RECITALS

- A. Bondi and World Titanium Resources Ltd ACN 061 662 011 (**World Titanium**) have entered into an Implementation Deed dated on or about 26 August 2011 (**Implementation Deed**).
- B. In the Implementation Deed, Bondi agreed to execute all documents and do all things necessary or desirable to be executed or done by Bondi to give effect to the Scheme and the Scheme Orders and in particular agreed, subject to the satisfaction of certain conditions, to provide the Scheme Consideration to the Scheme Participants.
- C. Bondi is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under the Implementation Deed.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

- (a) In this Deed Poll unless the context otherwise requires, **Deed Poll** means this Deed Poll.
- (b) Terms (other than that defined in clause 1.1(a)) defined in the Implementation Deed or the Scheme have the same meaning when used in this Deed Poll.

1.2 Interpretation

In this Deed Poll unless the context otherwise requires:

- (a) words denoting the singular number include the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (d) words denoting natural persons include bodies corporate and vice versa;
- (e) references to clauses are to clauses of this Deed Poll;
- (f) headings are for convenience only and do not affect interpretation;

- (g) a reference to any party to this Deed Poll or to any other document includes that party's executors, administrators, successors and permitted assigns (as the case may be);
- (h) references to any document include references to such document as amended, novated, supplemented, varied or replaced from time to time;
- (i) references to any legislation or to any provision of any legislation include any modification or re-enactment of that legislation or legislative provision or any legislation or legislative provision substituted for, and all regulations and instruments issued under, such legislation or provision;
- (j) reference to dollars and \$ are to amounts in Australian currency;
- (k) a reference to time means Western Australian time;
- (l) a reference to a thing (including an amount) is a reference to the whole or any part of it;
- (m) specifying anything in this Deed Poll after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (n) where the day or the last day for doing an act is not a Business Day, the day or last day for doing that act will be the next following Business Day; and
- (o) the Recitals are correct and form part of this Deed Poll.

2. NATURE OF DEED POLL

Bondi acknowledges that this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

Bondi's obligations under clause 4 are subject to the Scheme becoming Effective.

3.2 Termination

The obligations of Bondi under this Deed Poll to Scheme Participants will automatically terminate and the terms of this Deed Poll will be of no further force or effect if the Implementation Deed is terminated in accordance with its terms prior to the occurrence of the Effective Date.

3.3 Consequences of Termination

If this Deed Poll is terminated under this clause 3.2 then in addition and without prejudice to any other rights, powers or remedies available to them, Bondi is released from its obligations to further perform this Deed Poll except the obligations contained in clause 7 and any other obligations which by their nature survive termination.

4. PROVISION OF SCHEME CONSIDERATION

4.1 Obligations

Subject to clause 3, in consideration of the transfer of the Scheme Shares to Bondi:

- (a) Bondi will issue to each Eligible Scheme Participant such number of New Bondi Shares as are due to that Eligible Scheme Participant under the terms of the Scheme as Scheme Consideration;
- (b) Bondi will issue to its nominee such number of New Bondi Shares as are due in respect of each Prohibited Foreign Scheme Participant under the terms of the Scheme and Bondi will cause its nominee to offer for sale on the open market within five Business Days after the Implementation Date all of the New Bondi Shares issued to the nominee in such manner, at such price and on such terms as the nominee shall determine, and to remit the net proceeds of sale to Bondi; and
- (c) Bondi will pay to each Prohibited Foreign Scheme Participant such fraction of the net proceeds as is equal to the number of New Bondi Shares due in respect of that Prohibited Foreign Scheme Participant divided by the total number of New Bondi Shares issued to the nominee.

4.2 Satisfaction of Scheme Consideration

The obligations of Bondi to provide the Scheme Consideration to each Eligible Scheme Participant will be satisfied by Bondi:

- (a) on the Implementation Date, causing the name and address of each Eligible Scheme Participant to be entered in the register of members of Bondi as the holder of the New Bondi Shares issued to that Eligible Scheme Participant; and
- (b) within two Business Days after the Implementation Date, procuring the dispatch to each Eligible Scheme Participant (if their New Bondi Shares are held on the issuer sponsored subregister of Bondi) by pre-paid post to their registered address, of an uncertificated holding statement in the name of that Eligible Scheme Participant relating to the number of New Bondi Shares issued to that Eligible Scheme Participant.

4.3 Joint Holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants shall be payable to the joint holders and be forwarded to the holder whose name appears first in the Register on the Record Date; and
- (b) any uncertificated holding statements for New Bondi Shares to be issued to Scheme Participants shall be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register as at the Record Date.

5. WARRANTIES

Bondi represents and warrants that:

- 5.1 it is a corporation validly existing under the laws of Australia;
- 5.2 it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll to be carried out by it;
- 5.3 it has taken or will take all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll by it and to carry out the transactions contemplated by this Deed Poll to be carried out by it; and
- 5.4 this Deed Poll has been duly and validly executed and delivered by it and is a valid and binding obligation of it.

6. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and subject to clause 3 remains in full force and effect until the earlier of Bondi having completely performed its obligations under this Deed Poll or the termination of this Deed Poll under clause 3.

7. STAMP DUTY

Bondi must pay all stamp duty imposed on this Deed Poll.

8. NOTICES

Any notice required to be given under this Deed Poll by any party to another must be:

- 8.1 in writing addressed to the address of the intended recipient shown in this Deed Poll below or to such other address as has been most recently notified by the intended recipient to the party giving the notice:

- (a) in the case of Bondi:

Address: 96 Stephens Road
SOUTH BRISBANE QLD 4101

Facsimile: (07) 3844 0154

Attention: Managing Director

- (b) in the case of World Titanium:

Address: Suite 3
257 York Street
SUBIACO WA 6008

Facsimile: (08) 9382 1766

Attention: Company Secretary

- 8.2 signed by a person duly authorised by the sender; and

- 8.3 deemed to have been given and served:

- (a) where delivered by hand, at the time of delivery;

- (b) where dispatched by facsimile, 24 hours after the time recorded on the transmitting machine unless:
- (i) within those 24 hours the intended recipient has informed the sender that the transmission was received in an incomplete or unintelligible form; or
 - (ii) the transmission result report of the sender indicates a faulty or incomplete transmission; and
- (c) where dispatched by security post, on acknowledgment of receipt by or on behalf of the recipient,

but if such delivery or receipt is on a day on which commercial premises are not generally open for business in the place of receipt or is later than 4.00 pm (local time) on any day, the notice will be deemed to have been given and served on the next day on which commercial premises are generally open for business in the place of receipt.

9. CUMULATIVE RIGHTS

The rights, powers and remedies of Bondi and the Scheme Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

10. WAIVER

A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.

11. VARIATION

A provision of this Deed Poll may not be amended or varied unless the amendment or variation occurs prior to the Second Court Date and is agreed to by Bondi and World Titanium in which event Bondi will enter into a further deed poll in favour of the Scheme Participants giving effect to such amendment or variation.

12. ASSIGNMENT

The rights and obligations of a person under this Deed Poll are personal. They may not be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

13. GOVERNING LAW

This Deed Poll will be governed by and interpreted in accordance with the laws for the time being in force in Western Australia and each party submits to the non-exclusive jurisdiction of the Courts of or exercising jurisdiction of that State and waives any right it might have to claim that those courts are an inconvenient forum.

EXECUTED as a deed poll

EXECUTED by **BONDI MINING LTD**)
*without affixing a common seal / *by affixing its)
common seal pursuant to section 127 of the)
Corporations Act 2001 (Cth))

.....
Signature of Director

.....
Signature of *Director / *Secretary

.....
Name of Director

.....
Name of *Director / *Secretary

(*Please delete the inapplicable and affix the common seal if the company has a seal)

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Annexure C

(Terms and Conditions of Bondi Options)

1. Subject to paragraph 8 each option gives the optionholder the right to subscribe for one fully paid ordinary share in the capital of the Company (**Share**).
2. The options held by the option holder are exercisable in whole or in part at any time during the period from the date of issue until 31 March 2015 (**Exercise Period**). Options not exercised before the expiry of the Exercise Period will lapse.
3. Subject to paragraphs 9 and 10 the amount payable upon exercise of each Option will be \$0.285 (**Exercise Price**).
4. Options are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds, following which the Company will, within 10 Business Days, allot the number of Shares in respect of the number of options specified in the notice.
5. The Company will not apply for official quotation on ASX of the options. The Company will make application for official quotation on ASX of new shares allotted on exercise of the options. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the options will qualify for dividends declared after the date of their allotment.
6. Options can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the option holder dies, the legal personal representative of the deceased option holder may:
 - (a) elect to be registered as the new holder of the options;
 - (b) whether or not he becomes so registered, exercise those options in accordance with the terms and conditions on which they were granted; and
 - (c) if the deceased has already exercised options, pay the Exercise Price in respect of those options.
7. An option holder may only participate in new issues of securities to holders of ordinary shares in the Company if the option has been exercised and shares allotted in respect of the option before the record date for determining entitlements to the issue. The Company must give prior notice to the optionholder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the option is exercisable will be increased by the number of ordinary shares which the holder of the option would have received if the option had been exercised before the record date for the bonus issue.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Options, the Exercise Price of the Options may be reduced in accordance with the formula set out in Listing Rule 6.22.2..
10. If, during the currency of the options the issued capital of the Company is

reorganised, those options will be reorganised to the extent necessary to comply with ASX Listing Rules.

(Terms and Conditions of Bondi Warrants)

1. Subject to paragraph 8 each warrant gives the warrant holder the right to subscribe for one fully paid ordinary share in the capital of the Company (**Share**).
2. The warrants held by the warrant holder are exercisable in whole or in part at any time during the period from the date of issue until 21 June 2013 (**Exercise Period**). Warrants not exercised before the expiry of the Exercise Period will lapse.
3. Subject to paragraphs 9 and 10 the amount payable upon exercise of each Warrant will be US\$0.285 (**Exercise Price**).
4. Warrants are exercisable by notice in writing to the Board delivered to the registered office of the Company and payment of the Exercise Price in cleared funds, following which the Company will, within 10 Business Days, allot the number of Shares in respect of the number of warrants specified in the notice.
5. The Company will not apply for official quotation on ASX of the warrants. The Company will make application for official quotation on ASX of new shares allotted on exercise of the warrants. Those shares will participate equally in all respects with existing issued ordinary shares, and in particular new shares allotted on exercise of the warrants will qualify for dividends declared after the date of their allotment.
6. Warrants can only be transferred with Board approval, except that if at any time before expiry of the Exercise Period the warrant holder dies, the legal personal representative of the deceased warrant holder may:
 - (a) elect to be registered as the new holder of the warrants;
 - (b) whether or not he becomes so registered, exercise those warrants in accordance with the terms and conditions on which they were granted; and
 - (c) if the deceased has already exercised warrants, pay the Exercise Price in respect of those warrants.
7. An warrant holder may only participate in new issues of securities to holders of ordinary shares in the Company if the warrant has been exercised and shares allotted in respect of the warrant before the record date for determining entitlements to the issue. The Company must give prior notice to the warrant holder of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules.
8. If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the warrant is exercisable will be increased by the number of ordinary shares which the holder of the warrant would have received if the warrant had been exercised before the record date for the bonus issue.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the Warrants, the Exercise

Price of the Warrants may be reduced in accordance with the formula set out in Listing Rule 6.22.2..

10. If, during the currency of the warrants the issued capital of the Company is reorganised, those warrants will be reorganised to the extent necessary to comply with ASX Listing Rules.

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Annexure D
(World Titanium's Capital Structure)

Security Description	Number
Fully paid ordinary shares	73,219,870
Options expiring 30 November 2013 Exercise price \$0.10	250,000
Warrants expiring 21 June 2013 Exercise price \$US1.00	426,300
Options expiring 31 March 2015 Exercise price \$1.00	4,650,000

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Annexure E
(Bondi's Capital Structure)

Security Description	Number
Fully paid ordinary shares	120,412,807

Unlisted Options

Expiry Date	Exercise Price	Balance at 30 June 2011
11/11/2011	\$0.30	500,000
11/11/2011	\$0.35	500,000
11/11/2011	\$0.40	500,000
26/11/2012	\$0.30	120,000
08/05/2013	\$0.20	1,500,000
08/05/2015	\$0.20	1,900,000
28/02/2015	\$0.12	65,000
22/05/2015	\$0.15	50,000
22/05/2015	\$0.21	50,000
22/05/2015	\$0.28	50,000
Total Unlisted Options		5,235,000

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BONDI MINING LTD
ACN 120 723 426

and

WORLD TITANIUM RESOURCES LTD
ACN 061 662 011

DEED OF AMENDMENT



PARTIES

BONDI MINING LTD (ACN 120 723 426) of 96 Stephens Road, South Brisbane, Queensland (**Bondi**);

AND

WORLD TITANIUM RESOURCES LTD (ACN 061 662 011) of Suite 2, 47 Ord Street, West Perth, Western Australia (**World Titanium**).

BACKGROUND

- A. The Parties entered into an agreement dated 26 August 2011 under which Bondi agreed to acquire all the fully paid ordinary shares of World Titanium by a means of a scheme of arrangement under Part 5.1 of the Corporations Act and separately all other securities in World Titanium remaining on issue (**Agreement**).
- B. The Parties agree to amend the Agreement in the manner set out in this Deed.

OPERATIVE PROVISIONS

1. DEFINITIONS

In this Deed, unless the context otherwise requires, capitalised words and phrases not otherwise defined in this Deed have the same meaning (if any) given to them in the Agreement.

2. AMENDMENT

The Parties agree that with effect from the date of this Deed, the Agreement is amended as follows:

- (a) Clause 3.1(k) is deleted and replaced with:

Disposal of Non-African Assets: Bondi obtaining all necessary approvals for the disposal of its non-African uranium and copper assets by in specie distribution to holders of Bondi Shares at a record date to be set by Bondi but prior to the Second Court Date and completing all other steps required to effect such a disposal prior to the Second Court Date other than the transfer of shares held by Bondi in the subsidiary entities holding the non-African assets to the holders of Bondi Shares at the record date set for the in specie distribution which shall occur immediately following Court approval of the Scheme pursuant to section 411(4)(b) of the Corporations Act;

- (b) Clause 4.2 is deleted and replaced with:

On the assumptions that all options to acquire World Titanium Shares with an exercise price of \$0.10 are exercised but no other World Titanium Shares are issued whether by the exercise of Options or Warrants or otherwise and no Bondi Shares are issued whether by the exercise of options on issue in Bondi or otherwise other than pursuant to the Capital Raising and assuming this is completed at \$0.27 per Bondi Share, following implementation of the Transaction, the shareholders of World Titanium will own approximately 86.2% of the issued capital of Bondi, existing shareholders of Bondi will own approximately 10.1% and new

shareholders of Bondi participating in the Capital Raising will own approximately 3.7%.

- (c) Clause 7.2(d) is amended by adding the words 'if required' immediately after 'Representation:' at the commencement of that clause.

3. OTHER TERMS UNALTERED

Other than as amended by this Deed, the terms and conditions of the Agreement remain unaltered.

THIS DEED is made the 5th day of October 2011

EXECUTED by the Parties as a deed.

EXECUTED BY
BONDI MINING LTD
ACN 120 723 426

in accordance with the Corporations Act:

[Signature]
Director

Richard Valenta

Print Name

[Signature]
Company Secretary*

Kerry Angel

Print Name

EXECUTED BY
WORLD TITANIUM RESOURCES LTD
ACN 061 662 011

in accordance with the Corporations Act:

[Signature]
Director

PETER JAMES WOODS

Print Name

[Signature]
~~Director~~/Company Secretary*

GRAEME RAYMOND BODEN

Print Name

* Delete as applicable

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BONDI MINING LTD
ACN 120 723 426

and

WORLD TITANIUM RESOURCES LTD
ACN 061 662 011

DEED OF AMENDMENT

STEINPREIS PAGANIN
Lawyers & Consultants



PARTIES

BONDI MINING LTD (ACN 120 723 426) of 96 Stephens Road, South Brisbane, Queensland (Bondi);

AND

WORLD TITANIUM RESOURCES LTD (ACN 061 662 011) of Suite 2, 47 Ord Street, West Perth, Western Australia (World Titanium).

BACKGROUND

- A. The Parties entered into an agreement dated 26 August 2011 and subsequently a deed of amendment dated 6 October 2011 under which Bondi agreed to acquire all the fully paid ordinary shares of World Titanium by a means of a scheme of arrangement under Part 5.1 of the Corporations Act and separately all other securities in World Titanium remaining on issue and subsequently a deed of amendment dated 6 October 2011 (**Agreement**).
- B. The Parties agree to amend the Agreement in the manner set out in this Deed.

OPERATIVE PROVISIONS

1. DEFINITIONS

In this Deed, unless the context otherwise requires, capitalised words and phrases not otherwise defined in this Deed have the same meaning (if any) given to them in the Agreement.

2. AMENDMENT

The Parties agree that with effect from the date of this Deed, the Agreement is amended as follows:

- (a) Clause 1.1 **End Date** is deleted and replaced with:

End Date means 15 April 2012.

3. OTHER TERMS UNALTERED

Other than as amended by this Deed, the terms and conditions of the Agreement remain unaltered.

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THIS DEED is made the 27th day of October 2011

EXECUTED by the Parties as a deed.

EXECUTED BY
BONDI MINING LTD
ACN 120 723 426
in accordance with the Corporations Act:



Director

RICHARD VALENTE

Print Name



~~Director~~/Company Secretary*

KERRY ANGEL

Print Name

EXECUTED BY
WORLD TITANIUM RESOURCES LTD
ACN 061 662 011
in accordance with the Corporations Act:



Director

GUY LECLERCQ

Print Name



~~Director~~/Company Secretary*

GRAEME R BODEN

Print Name

* Delete as applicable

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World Titanium Resources Ltd
ACN 061 662 011

**The holders of ordinary shares in the capital of
World Titanium Resources Ltd**

Scheme of Arrangement

DATE

PARTIES

1. **WORLD TITANIUM RESOURCES LTD ACN 061 662 011** of Suite 2, 47 Ord Street, West Perth, Western Australia (**World Titanium**)
2. The holders of ordinary shares in the capital of World Titanium (**World Titanium Shareholders**)

BACKGROUND

- A. World Titanium is a public company incorporated in the State of Western Australia.
- B. World Titanium and Bondi Mining Ltd ACN 120 723 426 (**Bondi**) have entered into the Implementation Deed pursuant to which (among other things) World Titanium has agreed to propose this Scheme to World Titanium Shareholders and each of World Titanium and Bondi have agreed to execute all documents and do all things necessary or desirable to be executed or done by each of them to give effect to this Scheme.
- C. If this Scheme becomes Effective then all of the Scheme Shares will be transferred to Bondi and Bondi will issue the Scheme Consideration to the Scheme Participants.
- D. Bondi has entered into the Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under this Scheme and the Implementation Deed.

OPERATIVE PROVISIONS**1. DEFINITIONS AND INTERPRETATION****1.1 Definitions**

In this Scheme unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission;

ASX means ASX Limited ACN 008 624 691;

Bondi Share means a fully paid ordinary share in the capital of Bondi;

Business Day has the meaning given in the Listing Rules;

Conditions Precedent means the conditions precedent set out in clause 2.1;

Corporations Act means the *Corporations Act 2001* (Cth);

Court means the Federal Court of Australia or Supreme Court of Western Australia as selected by World Titanium;

Deed Poll means the Deed Poll dated on or about 23 August 2011 executed by Bondi in which, among other things, Bondi has covenanted in favour of the Scheme

Participants to perform its obligations under the Scheme including the obligation to issue the Scheme Consideration;

Eligible Scheme Participant means a Scheme Participant other than a Prohibited Foreign Scheme Participant;

Effective when used in relation to a Scheme means the coming into effect pursuant to section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act (and if applicable, section 411(6) of the Corporations Act) in relation to that Scheme;

Effective Date means the date on which an office copy of the Scheme Orders are lodged with ASIC pursuant to section 411(10) of the Corporations Act or, if an earlier date is specified in the Scheme Orders for the coming into effect of the Scheme, that earlier date;

Foreign Scheme Participant means a Scheme Participant whose address in the Register as at the Record Date is a place outside Australia and New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Implementation Deed means the Implementation Deed dated on or about 23 August 2011 between World Titanium and Bondi;

Implementation Date means the date which is three Business Days after the Record Date;

Listing Rules means the official listing rules of ASX;

New Bondi Shares means the Bondi Shares to be issued to Scheme Participants under clause 5 as the Scheme Consideration;

Prohibited Foreign Scheme Participant means a Foreign Scheme Participant unless Bondi and World Titanium determine:

- (a) it is lawful and not unduly onerous and not unduly impracticable to issue that Foreign Scheme Participant with New Bondi Shares when this Scheme becomes Effective; or
- (b) it is lawful for that Foreign Scheme Participant to participate in this Scheme by the law of the relevant place outside Australia or New Zealand, Mauritius, the United Kingdom, the United States of America, Canada, Switzerland, Ireland, Belgium, Jersey, Hong Kong, Luxembourg and Monaco unless otherwise agreed in writing by the parties;

Record Date means the date which is five Business Days after the Effective Date;

Register means the register of members of World Titanium maintained in accordance with the Corporations Act;

Scheme means this Scheme of Arrangement subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act;

Scheme Consideration means the consideration to be given to Scheme Participants for the transfer to Bondi of each Scheme Share, ascertained in accordance with clause 5;

Scheme Meeting means the meeting of World Titanium Shareholders ordered by the Court to be convened pursuant to section 411(1) of the Corporations Act in respect of the Scheme;

Scheme Orders means the orders of the Court approving the Scheme pursuant to section 411(4)(b) of the Corporations Act;

Scheme Participant means each person who is registered in the Register as the holder of Scheme Shares at 10.00 pm on the Record Date;

Scheme Shares means the Shares on issue as at the Effective Date;

Second Court Hearing Time means the commencement of the hearing by the Court of the application for approval of the Scheme pursuant to section 411(4)(b) of the Corporations Act or, if the application is adjourned for any reason, means the commencement of the hearing of the adjourned application;

Shares means fully paid ordinary shares in the capital of World Titanium; and

World Titanium Shareholder means each person who is registered in the Register as the holder of a Share.

1.2 Interpretation

In this Scheme unless the context otherwise requires:

- (a) words and phrases not otherwise defined in this Scheme have the same meaning (if any) given to them in the Implementation Deed;
- (b) words denoting the singular number include the plural and vice versa;
- (c) words denoting any gender include all genders;
- (d) where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (e) words denoting natural persons include bodies corporate and vice versa;
- (f) references to clauses are to clauses of this Scheme;
- (g) headings are for convenience only and do not affect interpretation;
- (h) a reference to any party to this Scheme or to any other document includes that party's executors, administrators, successors and permitted assigns (as the case may be);
- (i) references to any document include references to such document as amended, novated, supplemented, varied or replaced from time to time;
- (j) references to any legislation or to any provision of any legislation include any modification or re-enactment of that legislation or legislative provision or any legislation or legislative provision substituted for, and all regulations and instruments issued under, such legislation or provision;

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- (k) reference to dollars and \$ are to amounts in Australian currency;
 - (l) a reference to time means Western Australian time;
 - (m) a reference to a thing (including an amount) is a reference to the whole or any part of it;
 - (n) specifying anything in this Scheme after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included unless there is express wording to the contrary;
 - (o) where the day or the last day for doing an act is not a Business Day, the day or last day for doing that act will be the next following Business Day; and
 - (p) the Background is correct and forms part of this Scheme.

1.3 Construction

- (a) A provision of this Scheme must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of this Scheme or the inclusion of the provision in this Scheme.
- (b) If any provision of this Scheme is found to be invalid or unenforceable in accordance with its terms, all other provisions which are self sustaining and capable of separate enforcement without regard to the invalid or unenforceable provisions will be and will continue to be valid and enforceable in accordance with their terms.

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent

The Scheme is conditional on each of the following conditions precedent:

- (a) as at 8:00 am on the Business Day prior to the Second Court Hearing Time all of the conditions precedent set out in clauses 3.1 and 3.2 of the Implementation Deed have been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) as at the Second Court Hearing Time, the Implementation Deed has not been terminated; and
- (c) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to World Titanium and Bondi have been satisfied,

and the provisions of clauses 3, 4, 5 and 6 will be of no effect unless and until the Conditions Precedent are satisfied.

2.2 Certificate

At the hearing by the Court of the application for the Scheme Orders, World Titanium and Bondi will each provide to the Court a certificate confirming whether or not all of the conditions precedent in the Implementation Deed have been satisfied or waived or have ceased to have effect in accordance with the Implementation Deed.

2.3 Termination of Implementation Deed

If the Implementation Deed is terminated, each of World Titanium and Bondi is released from:

- (a) any further obligation to take steps to implement the Scheme; and
- (b) any liability with respect to the Scheme.

3. LODGMENT

World Titanium must lodge with ASIC the Scheme Orders by 5.00 pm on the Business Day following the date on which the Court approves the Scheme.

4. IMPLEMENTATION

4.1 Transfer of Scheme Shares

On the Implementation Date, all of the Scheme Shares (together with all rights and entitlements attaching to such Shares) will be transferred to Bondi without the need for any further act by any Scheme Participant by:

- (a) World Titanium delivering to Bondi a duly completed and executed share transfer form or forms to transfer all of the Scheme Shares to Bondi;
- (b) Bondi executing and delivering the share transfer form or forms to World Titanium; and
- (c) World Titanium entering the name of Bondi in the Register as the holder of all of the Scheme Shares.

4.2 Scheme Consideration

In consideration for the transfer to Bondi of each Scheme Share on the Implementation Date, Bondi will:

- (a) issue in accordance with clauses 5.1 and 6 such number of New Bondi Shares as are due to the Eligible Scheme Participants under clause 5 as Scheme Consideration; and
- (b) issue in accordance with clauses 5.2 and 6 such number of New Bondi Shares as are due to the Prohibited Foreign Scheme Participants under clause 5 as Scheme Consideration.

5. SCHEME CONSIDERATION

5.1 Calculation of Scheme Consideration

- (a) The Scheme Consideration in respect of each Scheme Share is 3.5 New Bondi Shares.
- (b) Each Scheme Participant is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Participant.

5.2 Prohibited Foreign Scheme Participants

- (a) The New Bondi Shares which would otherwise be required to be issued to a Prohibited Foreign Scheme Participant will not be issued to the Prohibited Foreign Scheme Participant and will instead be issued to a nominee appointed by Bondi.
- (b) Bondi will cause the nominee to offer for sale on the open market within five Business Days after the Implementation Date all of the New Bondi Shares issued to the nominee under this clause 5.2 in such manner, at such price and on such other terms as the nominee shall determine and to remit to Bondi the proceeds of sale (after deducting brokerage, taxes and other costs of sale) (**Proceeds**).
- (c) Bondi will pay to each Prohibited Foreign Scheme Participant such fraction of the Proceeds as is equal to the number of New Bondi Shares which would have been issued to the Prohibited Foreign Scheme Participant but for the application of this clause 5.2 divided by the total number of New Bondi Shares issued to the nominee under this clause 5.2.
- (d) Payment will be by cheque drawn in Australian dollars and dispatched to the relevant Prohibited Foreign Scheme Participant by ordinary mail to the address of the Prohibited Foreign Scheme Participant recorded in the Register on the Record Date.

5.3 Fractional Entitlements

If a fractional entitlement to a New Bondi Share arises from the calculation of the Scheme Consideration in respect of a Scheme Participant, then any such fractional entitlement shall be rounded down to the nearest whole number of New Bondi Shares.

5.4 Joint Holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants shall be payable to the joint holders and be forwarded to the holder whose name appears first in the Register on the Record Date; and
- (b) any uncertificated holding statements for New Bondi Shares to be issued to Scheme Participants shall be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register as at the Record Date.

6. ISSUE AND TRADING

6.1 Issue

- (a) The New Bondi Shares to be issued pursuant to the Scheme will be validly issued and fully paid and will rank *pari passu* in all respects with all other Bondi Shares then on issue.
- (b) The obligations of Bondi to issue New Bondi Shares to an Eligible Scheme Participant entitled to be issued New Bondi Shares under the Scheme will be satisfied by Bondi:

- (i) on the Implementation Date, causing the name and address of that Eligible Scheme Participant to be entered in the register of members of Bondi as the holder of the New Bondi Shares issued to that Eligible Scheme Participant; and
 - (ii) within two Business Days after the Implementation Date, procuring the dispatch to that Eligible Scheme Participant (if their New Bondi Shares are held on the issuer sponsored subregister of Bondi), by pre-paid post to their registered address, of an uncertificated holding statement in the name of that Eligible Scheme Participant relating to the number of New Bondi Shares issued to that Eligible Scheme Participant.
- (c) Each Scheme Participant to whom New Bondi Shares are to be issued pursuant to the Scheme agrees:
 - (i) to become a member of Bondi for the purposes of section 231 of the Corporations Act;
 - (ii) to have their name and address entered in the register of members of Bondi; and
 - (iii) to be bound by the constitution of Bondi as in force from time to time in respect of the New Bondi Shares.
- (d) Except for a Scheme Participant's tax file number, any binding instruction or notification between a Scheme Participant and World Titanium relating to Scheme Shares at the Record Date (including any instructions relating to payment of dividends or to communications from World Titanium) will from the Record Date be deemed (except to the extent determined otherwise by Bondi in its sole discretion) to be a similarly binding instruction or notification to, and accepted by, Bondi in respect of the New Bondi Shares issued to the Scheme Participant until that instruction or notification is revoked or amended in writing addressed to Bondi at Bondi's share registry. Any such instructions or notifications accepted by Bondi will apply to and in respect of the issue of New Bondi Shares only to the extent that they are not inconsistent with the other provisions of the Scheme.
- (e) Each Scheme Participant, without the need for any further act, irrevocably appoints Bondi and each of its directors and officers, jointly and severally, as that Scheme Participant's attorney and agent for the purpose of executing any form of application required for New Bondi Shares to be issued to that Scheme Participant pursuant to the Scheme.

6.2 Trading

Bondi will use its best endeavours to procure that the New Bondi Shares to be issued pursuant to the Scheme will be quoted on the stock market conducted by ASX with effect as soon as practicable after the Effective Date, initially on a deferred settlement basis and thereafter on an ordinary settlement basis.

7. DEALINGS IN SHARES

7.1 Dealings on or prior to Record Date

- (a) For the purpose of establishing who are Scheme Participants, dealings in Shares will be recognised provided that registrable transfers or transmission applications in respect of those dealings are received at or before 10.00 pm on the Record Date at the place where the Register is kept.
- (b) World Titanium must register transfers or transmission applications of the type referred to in clause 7.1(a) by 10.00 pm on the Record Date. World Titanium will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Shares received after 10.00 pm on the Record Date (other than the transfer referred to in clause 4.1).

7.2 Dealings after Record Date

- (a) For the purpose of determining entitlements to the Scheme Consideration, World Titanium will, until the Scheme Consideration has been issued in accordance with this Scheme, maintain the Register in accordance with the provisions of this clause 7 and the Register in this form will solely determine entitlements to the Scheme Consideration. As from 10.00 pm on the Record Date, each entry current on the Register relating to Scheme Shares will cease to be of any effect other than as evidence of entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.
- (b) All certificates and statements of holding for Scheme Shares shall from 10.00 pm on the Record Date cease to have any effect as documents of title in respect of such Scheme Shares other than for the purpose of registering dealings in the Shares in accordance with clause 7.1.

7.3 Provision of Information

World Titanium must give to Bondi, no less than one Business Day prior to the Implementation Date, details of the names, registered addresses and holdings of Scheme Shares of every Scheme Participant as shown in the Register at 10.00 pm on the Record Date, such details to be provided in such form as Bondi may reasonably require.

8. GENERAL SCHEME PROVISIONS

- 8.1 If the Court proposes to approve the Scheme subject to any alterations or conditions, World Titanium may by its Counsel consent on behalf of all persons concerned to those alterations or conditions to which Bondi has previously consented in writing.
- 8.2 World Titanium must use its best endeavours to enforce the Implementation Deed.
- 8.3 Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to World Titanium, it shall not be deemed to be received in the ordinary course of post on a date other than the date (if any) on which it is actually received at World Titanium's registered office.
- 8.4 Each Scheme Participant is deemed to have warranted to Bondi that all such Scheme Participant's Scheme Shares (together with all rights and entitlements attaching to such Shares) transferred to Bondi under the Scheme will as at the date of the transfer be fully paid and free from all mortgages, charges, liens, encumbrances, pledges, security interests and other interests of third parties of any kind, whether legal or

otherwise that will bind Bondi and that such Scheme Participant has full power and capacity to sell and to transfer such Scheme Participant's Scheme Shares (together with all rights and entitlements attaching to such Shares) to Bondi under the Scheme.

- 8.5 The Scheme Shares (together with all rights and entitlements attaching to such Shares) transferred to Bondi under the Scheme will be transferred to Bondi free from all mortgages, charges, liens, encumbrances pledges, security interests and other interests of third parties of any kind, whether legal or otherwise, that will bind Bondi.
- 8.6 Pending registration of the transfer by World Titanium of Bondi in the Register as the holder of the Scheme Shares:
- (a) Bondi will be beneficially entitled to the Scheme Shares to be transferred to it under clause 4.1; and
 - (b) each Scheme Participant is deemed to have appointed Bondi as its sole proxy and, where appropriate, its corporate representative, to attend shareholders' meetings, exercise the votes attached to the Scheme Shares registered in such Scheme Participant's name and sign any shareholders' resolution and no Scheme Participant may itself attend or vote at any such meetings or sign any resolutions, whether in person or by proxy or corporate representative.
- 8.7 The Scheme Participants consent to World Titanium doing all things necessary or incidental to the implementation of the Scheme and the Scheme binds World Titanium and all of the Scheme Participants (including those who do not attend the Scheme Meeting or vote at the Scheme Meeting).
- 8.8 World Titanium will execute all documents and do all acts and things necessary for the implementation and performance of its obligations under the Scheme.
- 8.9 Each Scheme Participant, without the need for any further act, irrevocably appoints World Titanium and all of its directors and officers (jointly and severally) as its attorney and agent for the purpose of executing any document necessary to give effect to the Scheme (including a proper instrument of transfer of its Scheme Shares for the purposes of section 1071B of the Corporations Act (which may be a master transfer of all the Scheme Shares, executed for and on behalf of each Scheme Participant in relation to its Scheme Shares)).
- 8.10 Bondi will pay:
- (a) all stamp duties in relation to the transfer of the Scheme Shares and the issuance of New Bondi Shares; and
 - (b) all filing, application or similar fees due in relation to the Scheme.
- 8.11 The governing law of the Scheme is the law of the State of Western Australia.

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Bondi Mining Ltd
ACN 120 723 426

The Scheme Participants

Deed Poll

DATE 27/10/11

DATE

2011

BY: BONDY MINING LTD ACN 120 723 426 of 96 Stephens Road, South Brisbane, Queensland (Bondi)

IN FAVOUR OF: The Scheme Participants as defined in the Implementation Deed

RECITALS

- A. Bondi and World Titanium Resources Ltd ACN 061 662 011 (World Titanium) have entered into an Implementation Deed dated on or about 23 August 2011 (Implementation Deed).
- B. In the Implementation Deed, Bondi agreed to execute all documents and do all things necessary or desirable to be executed or done by Bondi to give effect to the Scheme and the Scheme Orders and in particular agreed, subject to the satisfaction of certain conditions, to provide the Scheme Consideration to the Scheme Participants.
- C. Bondi is entering into this Deed Poll for the purpose of covenanting in favour of the Scheme Participants to perform its obligations under the Implementation Deed.

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

- (a) In this Deed Poll unless the context otherwise requires, Deed Poll means this Deed Poll.
- (b) Terms (other than that defined in clause 1.1(a)) defined in the Implementation Deed or the Scheme have the same meaning when used in this Deed Poll.

1.2 Interpretation

In this Deed Poll unless the context otherwise requires:

- (a) words denoting the singular number include the plural and vice versa;
- (b) words denoting any gender include all genders;
- (c) where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase have corresponding meanings;
- (d) words denoting natural persons include bodies corporate and vice versa;
- (e) references to clauses are to clauses of this Deed Poll;
- (f) headings are for convenience only and do not affect interpretation;

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- (g) a reference to any party to this Deed Poll or to any other document includes that party's executors, administrators, successors and permitted assigns (as the case may be);
- (h) references to any document include references to such document as amended, novated, supplemented, varied or replaced from time to time;
- (i) references to any legislation or to any provision of any legislation include any modification or re-enactment of that legislation or legislative provision or any legislation or legislative provision substituted for, and all regulations and instruments issued under, such legislation or provision;
- (j) reference to dollars and \$ are to amounts in Australian currency;
- (k) a reference to time means Western Australian time;
- (l) a reference to a thing (including an amount) is a reference to the whole or any part of it;
- (m) specifying anything in this Deed Poll after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included unless there is express wording to the contrary;
- (n) where the day or the last day for doing an act is not a Business Day, the day or last day for doing that act will be the next following Business Day; and
- (o) the Recitals are correct and form part of this Deed Poll.

2. NATURE OF DEED POLL

Bondi acknowledges that this Deed Poll may be relied on and enforced by any Scheme Participant in accordance with its terms even though the Scheme Participants are not party to it.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

Bondi's obligations under clause 4 are subject to the Scheme becoming Effective.

3.2 Termination

The obligations of Bondi under this Deed Poll to Scheme Participants will automatically terminate and the terms of this Deed Poll will be of no further force or effect if the Implementation Deed is terminated in accordance with its terms prior to the occurrence of the Effective Date.

3.3 Consequences of Termination

If this Deed Poll is terminated under this clause 3.2 then in addition and without prejudice to any other rights, powers or remedies available to them, Bondi is released from its obligations to further perform this Deed Poll except the obligations contained in clause 7 and any other obligations which by their nature survive termination.

4. PROVISION OF SCHEME CONSIDERATION

4.1 Obligations

Subject to clause 3, in consideration of the transfer of the Scheme Shares to Bondi:

- (a) Bondi will issue to each Eligible Scheme Participant such number of New Bondi Shares as are due to that Eligible Scheme Participant under the terms of the Scheme as Scheme Consideration;
- (b) Bondi will issue to its nominee such number of New Bondi Shares as are due in respect of each Prohibited Foreign Scheme Participant under the terms of the Scheme and Bondi will cause its nominee to offer for sale on the open market within five Business Days after the Implementation Date all of the New Bondi Shares issued to the nominee in such manner, at such price and on such terms as the nominee shall determine, and to remit the net proceeds of sale to Bondi; and
- (c) Bondi will pay to each Prohibited Foreign Scheme Participant such fraction of the net proceeds as is equal to the number of New Bondi Shares due in respect of that Prohibited Foreign Scheme Participant divided by the total number of New Bondi Shares issued to the nominee.

4.2 Satisfaction of Scheme Consideration

The obligations of Bondi to provide the Scheme Consideration to each Eligible Scheme Participant will be satisfied by Bondi:

- (a) on the Implementation Date, causing the name and address of each Eligible Scheme Participant to be entered in the register of members of Bondi as the holder of the New Bondi Shares issued to that Eligible Scheme Participant; and
- (b) within two Business Days after the Implementation Date, procuring the dispatch to each Eligible Scheme Participant (if their New Bondi Shares are held on the issuer sponsored subregister of Bondi) by pre-paid post to their registered address, of an uncertificated holding statement in the name of that Eligible Scheme Participant relating to the number of New Bondi Shares issued to that Eligible Scheme Participant.

4.3 Joint Holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Participants shall be payable to the joint holders and be forwarded to the holder whose name appears first in the Register on the Record Date; and
- (b) any uncertificated holding statements for New Bondi Shares to be issued to Scheme Participants shall be issued in the names of the joint holders and forwarded to the holder whose name appears first in the Register as at the Record Date.

5. WARRANTIES

Bondi represents and warrants that:

- 5.1 it is a corporation validly existing under the laws of Australia;
- 5.2 it has the corporate power to enter into and perform its obligations under this Deed Poll and to carry out the transactions contemplated by this Deed Poll to be carried out by it;
- 5.3 it has taken or will take all necessary corporate action to authorise its entry into this Deed Poll and has taken or will take all necessary corporate action to authorise the performance of this Deed Poll by it and to carry out the transactions contemplated by this Deed Poll to be carried out by it; and
- 5.4 this Deed Poll has been duly and validly executed and delivered by it and is a valid and binding obligation of it.

6. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and subject to clause 3 remains in full force and effect until the earlier of Bondi having completely performed its obligations under this Deed Poll or the termination of this Deed Poll under clause 3.

7. STAMP DUTY

Bondi must pay all stamp duty imposed on this Deed Poll.

8. NOTICES

Any notice required to be given under this Deed Poll by any party to another must be:

- 8.1 in writing addressed to the address of the intended recipient shown in this Deed Poll below or to such other address as has been most recently notified by the intended recipient to the party giving the notice:

- (a) in the case of Bondi:

Address: 96 Stephens Road
SOUTH BRISBANE QLD 4101

Facsimile: (07) 3844 0154

Attention: Managing Director

- (b) in the case of World Titanium:

Address: 15 Lovegrove Close
MOUNT CLAREMONT WA 6010

Facsimile: (08) 9284 3801

Attention: Company Secretary

- 8.2 signed by a person duly authorised by the sender; and

- 8.3 deemed to have been given and served:

- (a) where delivered by hand, at the time of delivery;

- (b) where dispatched by facsimile, 24 hours after the time recorded on the transmitting machine unless:
- (i) within those 24 hours the intended recipient has informed the sender that the transmission was received in an incomplete or unintelligible form; or
 - (ii) the transmission result report of the sender indicates a faulty or incomplete transmission; and
- (c) where dispatched by security post, on acknowledgment of receipt by or on behalf of the recipient,

but if such delivery or receipt is on a day on which commercial premises are not generally open for business in the place of receipt or is later than 4.00 pm (local time) on any day, the notice will be deemed to have been given and served on the next day on which commercial premises are generally open for business in the place of receipt.

9. CUMULATIVE RIGHTS

The rights, powers and remedies of Bondi and the Scheme Participants under this Deed Poll are cumulative with the rights, powers or remedies provided by law independently of this Deed Poll.

10. WAIVER

A provision or a right under this Deed Poll may not be waived except in writing signed by the person granting the waiver.

11. VARIATION

A provision of this Deed Poll may not be amended or varied unless the amendment or variation occurs prior to the Second Court Date and is agreed to by Bondi and World Titanium in which event Bondi will enter into a further deed poll in favour of the Scheme Participants giving effect to such amendment or variation.

12. ASSIGNMENT

The rights and obligations of a person under this Deed Poll are personal. They may not be assigned, charged or otherwise dealt with, and no person shall attempt or purport to do so.

13. GOVERNING LAW

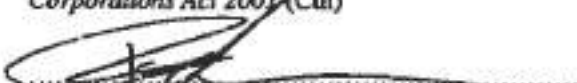
This Deed Poll will be governed by and interpreted in accordance with the laws for the time being in force in Western Australia and each party submits to the non-exclusive jurisdiction of the Courts of or exercising jurisdiction of that State and waives any right it might have to claim that those courts are an inconvenient forum.


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EXECUTED as a deed poll

EXECUTED by **BONDI MINING LTD**
*without affixing a common seal / *by affixing its
common seal pursuant to section 127 of the
Corporations Act 2001 (Cth)

)
)
)
)


.....
Signature of Director


.....
Signature of *Director / *Secretary

RICHARD VALENTA
.....
Name of Director

KERRY ANGEL
.....
Name of *Director / *Secretary

(*Please delete the inapplicable and affix the common seal if the company has a seal)

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APPENDIX 4 – NOTICE OF SCHEME MEETING

WORLD TITANIUM RESOURCES LTD
ACN 061 662 011

NOTICE OF COURT ORDERED SCHEME MEETING FOR HOLDERS OF WORLD TITANIUM SHARES

Notice is hereby given that by an order of the Federal Court of Australia (**Court**) made on 7 November 2011, pursuant to Section 411(1) of the Corporations Act, a meeting of holders of fully paid ordinary shares in the capital of World Titanium Resources Ltd (**Company**) will be held at 10.00am (WST) on 5 December 2011 at The Celtic Club, 48 Ord Street, West Perth, Western Australia.

AGENDA

BUSINESS

The purpose of this Scheme Meeting is to consider and, if thought fit, to agree to a scheme of arrangement (with or without modification) to be made between the Company and the holders of World Titanium Shares (**Scheme**).

A copy of the Scheme and a copy of the Explanatory Statement required by Section 412 of the Corporations Act in relation to the Scheme accompany and form part of this Scheme Booklet.

The Court has directed that Dr Peter Woods to act as Chairman of the Scheme Meeting.

Words and expressions defined in the Scheme have the same meanings where used in this Notice.

SPECIAL BUSINESS

Resolution 1 – Approval of Scheme of Arrangement

To consider and, if thought fit, to pass, with or without amendment, the following resolution:

“That, for the purpose of Section 411(4) of the Corporations Act and for all other purposes, Shareholder approval is given for the Scheme of Arrangement to be entered into between the Company and the Scheme Participants (as more particularly described in the Scheme of Arrangement which is contained as Appendix 2 of the Scheme Booklet of which this Notice forms part), with or without modification as approved by the Federal Court of Australia.”

Short Explanation: For the proposed Scheme to be binding in accordance with Section 411 of the Corporations Act, the resolution must be approved by:

- (a) a majority in number of the holders of World Titanium Shares present and voting (either in person or by proxy or by representative); and
- (b) at least 75% of the total number of votes cast on the resolution.

Court Approval: The proposed Scheme (with or without modification) is subject to subsequent approval by the Court. If the resolution put to this meeting is approved by

the requisite majorities, the Company intends to apply to the Court for orders to give effect to the Scheme.

Advertisement: Where this Notice is advertised unaccompanied by the Scheme Booklet containing inter alia the Explanatory Statement and the Scheme, a copy of the Scheme Booklet may be obtained by anyone entitled to attend the Scheme Meeting by contacting the company secretary.

**DATED THIS 7th DAY OF NOVEMBER 2011
BY ORDER OF THE BOARD OF
WORLD TITANIUM RESOURCES LTD**

Graeme Boden
Corporate Secretary

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TIME AND PLACE OF SCHEME MEETING AND HOW TO VOTE

WORLD TITANIUM RESOURCES LTD
ACN 061 662 011

Venue

A meeting of holders of fully paid ordinary shares will be held at:

The Celtic Club
48 Ord Street
West Perth, Western Australia

5 December 2011
Commencing
at 10.00am (WST)

How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10.00am (WST).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of Scheme Meeting as soon as possible and either:

- send the proxy by facsimile to the Company's share registry on facsimile number (08) 9284 3801 (International: +61 8 9284 3801); or
- deliver to the Company's share registry, 15 Lovegrove Close, Mount Claremont, Western Australia, 6010, Australia,

so that it is received not later than **10.00am (WST) on 3 December 2011**.

If after reading this Scheme Booklet you have any questions regarding the proxy forms or the Scheme Meeting, please contact Graeme Boden or Natasha Forde on +61 8 9384 3284 during business hours.

Your proxy form is enclosed.

NOTES:

1. Pursuant to the orders of the Federal Court of Australia dated 7 November 2011, the date and time for determining the identity of those entitled to attend and vote and the meeting is 10.00am (WST) on 3 December 2011.

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PROXY FORM

APPOINTMENT OF PROXY
WORLD TITANIUM RESOURCES LTD
ACN 061 662 011

SCHEME MEETING

I/We

of

being a World Titanium Shareholder entitled to attend and vote at the Scheme Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the Scheme Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Scheme Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Court Ordered Scheme Meeting to be held at 10.00am (WST), on 5 December 2011 at The Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If you have **not** directed your proxy how to vote you acknowledge that if the Chair exercises your proxy votes, that he is authorised to do so despite any interest in the outcome of the resolution. The Chair intends to vote in favour of the resolution.

Voting on Business of the Scheme Meeting for holders of World Titanium Shares

Resolution 1 – Approval of Scheme of Arrangement

FOR AGAINST ABSTAIN

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signature of Member(s):

Date: _____

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

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**WORLD TITANIUM RESOURCES LTD
ACN 061 662 011**

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **(Appointing a Proxy):** A member entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
- **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Scheme Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Scheme Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Scheme Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and:
- (a) send the proxy by facsimile to the Company's share registry on facsimile number (08) 9284 3801 (International: +61 8 9284 3801); or
 - (b) deliver to the Company's share registry, 15 Lovegrove Close, Mount Claremont, Western Australia, 6010, Australia,

so that it is received not later than 10.00am (WST) on 3 December 2011.

Proxy forms received later than this time will be invalid.

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Independent Expert's Report and Financial Services Guide

World Titanium Resources Ltd

in relation to a Scheme of Arrangement with Bondi Mining Ltd.



Mann Judd Corporate (WA) Pty Ltd

Licensed Investment Adviser

FINANCIAL SERVICES GUIDE

Dated 1 January 2011

1. HLB Mann Judd Corporate (WA) Pty Ltd

HLB Mann Judd Corporate (WA) Pty Ltd ABN 69 008 878 555 ("HLB Mann Judd Corporate" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No. 250903**;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- securities;
- interests in managed investment schemes excluding investor directed portfolio services;
- superannuation; and
- debentures, stocks or bonds issued or proposed to be issued by a government

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General financial product advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product and there is no statutory exemption relating to the matter, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

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Except for the fees referred to above, neither HLB Mann Judd Corporate, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by us

HLB Mann Judd Corporate has no employees. All personnel who complete reports for HLB Mann Judd Corporate are partners of HLB Mann Judd (WA Partnership). None of those partners are eligible for bonuses directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

HLB Mann Judd Corporate is wholly owned by HLB Mann Judd (WA Partnership). Also, our directors are partners in HLB Mann Judd (WA Partnership). Ultimately the partners of HLB Mann Judd (WA Partnership) own and control HLB Mann Judd Corporate.

From time to time HLB Mann Judd Corporate or HLB Mann Judd (WA Partnership) may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1. Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints must be in writing, addressed to The Complaints Officer, HLB Mann Judd Corporate (WA) Pty Ltd, Level 4, 130 Stirling Street, Perth WA 6000.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within **7 days** and investigate the issues raised. As soon as practical, and not more than **one month** after receiving the written complaint, we will advise the complainant in writing of the determination.

9.2 Referral to external disputes resolution scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service Ltd ("FOS"). FOS independently and impartially resolves disputes between consumers, including some small business, and participating financial services providers.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service Ltd
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399

10. Contact details

You may contact us using the details at the foot of page 1 of this FSG.

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**WORLD TITANIUM RESOURCES LTD
INDEPENDENT EXPERTS REPORT
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Mann Judd Corporate (WA) Pty Ltd

ACCOUNTANTS

Licensed Investment Adviser

1009 MAD012 IER

4 October 2011

The Directors
World Titanium Resources Ltd
Suite 2
47 Ord Street
WEST PERTH WA 6005

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. INTRODUCTION

On 29 August 2011 Bondi Mining Ltd ("BOM") announced to the Australian Securities Exchange ("ASX") that it had reached agreement with the unlisted Madagascar based Australian Public company World Titanium Resources Ltd ("WTR" or the "Company"), to merge the two companies to create a diversified Madagascar focused resource group.

The Companies have executed an Implementation Deed ("ID") to effect the merger by way of a Scheme of Arrangement ("Scheme") under which BOM will make offers to acquire all of the issued shares in WTR.

Prior to the acquisition of the shares of WTR, Bondi will consolidate its shares on the basis of one (1) share for every four (4) existing shares (1:4).

Under the Scheme, WTR shareholders will receive three and a half (3.5) BOM shares for every one (1) WTR share held.

2. PURPOSE AND SCOPE OF THE REPORT

2.1 OVERVIEW

HLB Mann Judd Corporate (WA) Pty Ltd ("HLB") has been engaged to prepare an independent expert's report ("our Report") by the directors of WTR to conclude as to whether the terms of the Scheme are in the best interests of the non-associated shareholders ("Shareholders") of WTR.

Our Report has been prepared pursuant to Section 411 of the Corporations Act 2001 ("The Act"), solely for the purpose of assisting the Shareholders of WTR in considering whether or not to approve the Scheme and will be included in the Scheme Document to be sent to WTR Shareholders.

The Scheme is further described in Section 4 of our Report.

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2.2 PURPOSE

The Scheme is to be implemented pursuant to Section 411 of the Act. Part 3 of schedule 8 to the Corporations Act Regulations prescribes the information to be sent to shareholders in relation to schemes of arrangement pursuant to Section 411 of the Act. Before a scheme can proceed, it must be considered and approved by a Company’s shareholders. Approval is required by a majority of the number of shareholders attending the general meeting called for the purpose of considering the Scheme representing at least 75% of the shares held by those shareholders.

Schedule 8 of the Act requires of an Independent Expert’s Report if:

- The corporation that is the other party to the Scheme has a common director or directors with the company which is the subject of the Scheme; or
- The corporation that is the other party is entitled to more than 30% of the voting shares in the subject company.

BOM will be acquiring 100% of the share capital of WTR, and as a result the independent directors of WTR have engaged HLB to provide an Independent Expert’s Report in order to comply with the Corporation Act regulations.

2.3 REGULATORY GUIDANCE

Our Report has been prepared having regard to Australian Securities and Investments Commission (“ASIC”) Regulatory Guide 111 (“RG 111”), Content of Expert’s Reports and Regulatory Guide 112 (“RG 112”) Independence of Experts

In determining whether or not the Scheme is in the best interest of Shareholders, we have had regard to the view expressed by the ASIC in RG 111. The regulatory guide provides guidance as to what matters an Independent Expert should have regard to in order to assist security holders to make informed decisions about transactions.

In accordance with the reporting requirements pursuant to the Act, HLB has provided opinions to the Scheme participants as to whether the Proposed Scheme is “in their best interests”.

The basis for our evaluation as to whether the Proposed Scheme is in the best interests of the Scheme Participants is an assessment as to whether or not Scheme Participants are likely to be better off if the Proposed Scheme proceeds than if it does not. We have therefore assessed the Scheme to consider whether in our opinion it is fair and reasonable and in the best interest of Shareholders.

This Report has been prepared solely for the purpose of providing general advice for the Scheme Participants in considering the resolution set out in the attached notice of extraordinary general meeting. This Report has not been prepared to provide information to other parties considering the purchase or sale of any equity or other securities in WTR or BOM. Accordingly, we do not assume any responsibility or liability for any losses suffered as a result of the use of this Report other than for the purpose for which it was prepared.

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It is not the role of the Independent Expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. HLB provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of the Report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

2.4 ADOPTED BASIS OF OUR EVALUATION

RG 111 states that an offer is reasonable if it is fair. It may also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

HLB has therefore completed its comparison in two parts:

- A comparison of the value of WTR before implementation of the scheme and the value of WTR following implementation of the scheme (see Section 12 of our Report, “Assessment as to Fairness”); and
- An analysis of the reasonableness of the Scheme by reference to the advantages and disadvantages of the proposal (see Section 14 of our Report, “Reasonableness of the Scheme”).

3. SUMMARY OF OPINION

In the opinion of HLB, the Scheme is in the best interests of Shareholders as we have concluded that the Scheme is **not fair, but reasonable** to the Shareholders.

A summary of our analysis in forming this opinion is provided below.

3.1 FAIRNESS

Due to the factors outlined in Section 10 of this Report, the transaction is considered to be **not fair** to the non-associated shareholders. As outlined below:

	Reference	Low \$	Preferred \$	High \$
Value of WTR per share prior to the Scheme	10.2	1.00	1.77	2.24
Comparison value of 3.5 shares WTR following implementation of the share	12.3	0.94	1.61	2.01

3.2 REASONABLENESS

We have considered the analysis in section 14 of this Report, in terms of the advantages and disadvantages of approving the Scheme and the position of Shareholders if the Scheme does not proceed.

The respective advantages and disadvantages considered are summarised below:

Advantages and Disadvantages of Approving the Transaction:

<i>Advantages</i>	<i>Disadvantages</i>
<ul style="list-style-type: none"> ▪ Better liquidity of WTR shareholding and an expanded shareholder base ▪ Better access to Capital Markets ▪ Maintenance of control ▪ Ability to more readily progress the development of the Company’s projects ▪ Lack of superior proposal 	<ul style="list-style-type: none"> ▪ Determined to be not fair ▪ Dilution of current shareholders interests

In our opinion, the position of Shareholders if the Scheme proceeds is more advantageous than the position if the Scheme does not proceed. Accordingly, we believe that the Scheme is **reasonable** to the Shareholders of the Company.

4. OUTLINE OF THE SCHEME

BOM announced on 29 August 2011 the proposal to merger with WTR via Scheme of Arrangement.

Under the Scheme, Bondi will consolidate its shares on the basis of one (1) share for every four (4) existing shares (1:4). WTR shareholders will receive three and a half (3.5) BOM shares for every one (1) WTR share held.

The Scheme is conditional on the satisfaction or waiver of a number of other conditions precedent as set out in Section 4.2 of the Explanatory Statement within the Scheme Document and clause 3.1 and 3.2 of the ID.

The shares and options to be issued are represented below:

Current WTR shares on issue	73,219,870
Current options expected to be exercised	250,000
	73,469,870
Total BOM shares expected to be issued (3.5 for 1 basis)	257,144,545

After the implementation of the Scheme, the equity structure of BOM will be as follows:

Shares	BOM Shares after implementation	Percentage
Current WTR shareholders	257,144,545	86.19%
Current BOM shareholders	30,103,202	10.09%
New shareholders pursuant to prospectus	11,111,111	3.72%
Total BOM shares on issue	298,358,858	100%

Options	BOM Options / Warrants after implementation	Percentage
Current WTR option / warrant holders	17,767,050	93.14%
Current BOM option holders	1,308,750	6.86%
Total BOM options on issue¹	19,075,800	100%

¹ - All options and warrants have varying exercise prices and expiry dates.

5. PROFILE OF WORLD TITANIUM RESOURCES LTD

5.1. HISTORY

WTR was registered on 8 March 1994 as Madagascar Resources NL. On 27 April 2011, the Company changed its status to a Company limited by Shares and changed its name to World Titanium Resources Ltd.

WTR currently holds permits for the Toliara Sands Project (“TSP”). The project is based on 2 (two) exploration areas known as Ranobe and Manombe-Morombe located north of the port of Toliara in south-west Madagascar where large mineral sands resources containing the valuable heavy minerals ilmenite, rutile, zircon and leucosene have been identified.

The company also holds approximately 6.4% of the ASX listed Malagasy Minerals Ltd.

The current directors of WTR are Mr Peter Woods, Mr Guy Le Clezio, Mr Tristan Davenport, Mr Wayne Malouf, Mr Gooroodeo Sookun and Mr Ian Ransome.

5.2. KEY PROJECTS

We have outlined a brief summary of WTR’s key projects below. Full details of these projects can be found in the Independent Geologists Report in Appendix 4.

The Toliara Sands Project comprises:

- The Ranobe mineral sands project, which has been the subject of approximately \$US 20 million of exploration and evaluation expenditure.
- Mineralisation defined by drilling at Ankililoaka and Basibasy; and
- A large dune system in the Manombo Morombe region which has been the subject of an aeromagnetic survey.

5.3. OTHER SIGNIFICANT INTERESTS

WTR also has a significant interest in the ASX listed Malagasy Minerals Ltd. WTR’s interest is approximately 9% as well as an amount receivable from Malagasy as deferred payment of the purchase consideration for Mada-Aust SARL, previously a wholly owned subsidiary of WTR. This receivable is to be repaid from 70% of the quarterly cash receipts in Mada-Aust SARL from royalty agreements for the quarrying of labradorite from its tenements.

5.4. HISTORICAL STATEMENT OF FINANCIAL POSITION

<i>Consolidated Statement of Financial Position</i>		<i>Unaudited as at 30 June 2011</i>	<i>Audited as at 30 June 2010</i>	<i>Audited as at 30 June 2009</i>
		\$	\$	\$
Assets				
Cash and cash equivalents	5.6.1	6,951,389	353,938	1,294,755
Trade and other receivables	5.6.2	307,504	356,866	173,172
Total current assets		7,258,893	710,804	1,467,927
Other investments		390,000	440,000	360,000
Other receivables	5.6.2	523,687	621,881	744,484
Property, plant and equipment		41,732	28,358	25,938
Total non-current assets		955,419	1,090,239	1,130,422
Total assets		8,214,312	1,801,043	2,598,349
Liabilities				
Trade and other payables		265,251	136,069	144,757
Total current liabilities		265,251	136,069	144,757
Total non-current liabilities		16,092	-	-
Total liabilities		281,343	136,069	144,757
Net assets		7,932,969	1,664,974	2,453,592
Equity				
Issued capital	5.6.1	12,141,670	3,916,580	3,916,580
Reserves		357,938	550,585	309,423
Accumulated profit/(losses)		(4,566,639)	(2,802,191)	(1,772,411)
Total equity		7,932,969	1,664,974	2,453,592

Source: World Titanium Resources Ltd unaudited management accounts for the year 30 June 2011 and Financial Reports for the years ending 30 June 2010.

5.5. HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

<i>Consolidated Statement of Comprehensive Income</i>		<i>Unaudited for the year ended 30 June 2011</i>	<i>Audited for the year ended 30 June 2010</i>	<i>Audited for the year ended 30 June 2009</i>
		\$	\$	\$
Revenue		-	-	-
Other income		11,549	84,522	-
Accounting, taxation and secretarial services		(380,492)	(189,631)	(155,085)
Corporate and strategic consulting services		(512,176)	-	-
Depreciation and amortisation		(10,381)	(17,158)	(1,087)
Exploration expenditure		(112,624)	(139,312)	-
Geological and logistical consulting services		(557,074)	(336,350)	-
Office expenses		(486,146)	(335,764)	(53,633)
Other expenses		-	(204,354)	-
Personnel expenses		(53,155)	(46,074)	(72,050)
Profit/(loss) before financing costs and tax expense		(2,100,499)	(1,184,121)	(281,855)
Financial income		428,820	154,646	112,962
Financial expenses		(92,717)	-	(5,960)
Net financial income/(costs)		336,103	154,646	107,002
Profit/(loss) before income tax		(1,764,396)	(1,029,475)	(174,853)
Income tax expense		(52)	(305)	(2,341)
Net loss for the year		(1,764,448)	(1,029,475)	(177,194)

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<i>Consolidated Statement of Comprehensive Income</i>	<i>Unaudited for the year ended 30 June 2011</i>	<i>Audited for the year ended 30 June 2010</i>	<i>Audited for the year ended 30 June 2009</i>
	\$	\$	\$
Other comprehensive income			
Net change in fair value of available for sale financial assets	(50,000)	80,000	260,000
Exchange difference on translation of foreign operations	(142,647)	145,262	18,862
Total other comprehensive (loss)/income for the year	(192,647)	225,262	278,862
Total comprehensive (loss)/income attributable to members of World Titanium Resources Ltd	(1,957,095)	(804,518)	101,668

5.6. COMMENTARY ON HISTORICAL STATEMENT OF FINANCIAL POSITION AND HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

During April 2007, the Company contracted to sell all of its non TSP tenement holdings to an unlisted public Company, Malagasy Minerals Ltd (“MGY”). The consideration paid was 10,000,000 preference shares (which converted to ordinary shares on listing of MGY), \$750,000 cash upon listing of MGY and up to further \$1,450,000 payable from 70% of the labradorite royalty income receipts over time. MGY listed on 8 July 2008.

During the year ended 30 June 2011, WTR raised \$8,717,759 less costs via the issue of 21,855,000 shares via option exercises, a rights issue and placement as follows:

Issue	Price	Number of Shares	Cash Received (\$)
Option exercises	Various	8,750,000	625,000
Rights Issue	\$0.25	6,000,000	1,500,000
Placement	USD \$1	7,105,000	6,592,759
		21,855,000	8,717,759

5.7. CAPITAL STRUCTURE

The share structure of WTR as at 8 September 2011 is outlined below:

	<i>Number</i>
Total shares on issue	73,219,870
Top 20 Shareholders	58,461,669
Top 20 Shareholders - % of shares on issue	79.84%

Source: WTR Share Registry as at 8 September 2011

The range of shares held in WTR as at 8 September 2011 is outlined below:

<i>Range of Shares Held</i>	<i>Number of Ordinary Shareholders</i>	<i>Number of Ordinary Shares</i>	<i>% of Issued Capital</i>
1 – 1,000	1	1	0.0%
1,001 – 5,000	-	-	0.0%
5,000 – 10,000	-	-	0.0%
10,001 – 100,000	16	1,176,052	1.6%
100,001 and over	67	72,043,817	98.4%
	84	73,219,870	100%

Source: WTR Share Registry as at 8 September 2011

The ordinary shares held by the most significant shareholders as at 8 September 2011 are outlined below:

<i>Name</i>	<i>Number of Ordinary Shares held</i>	<i>% of Issued Capital</i>
Boulle Titanium Ltd	21,801,555	29.78%
Running Water Ltd/Canon Point Pty Ltd/Guy LeClezio	6,966,668	9.51%
Quantum Holdings Pty Ltd	4,177,779	5.71%
Larkhill Pty Ltd atf M C Turner Family Trust	3,375,000	4.61%
Jules LeClezio	2,400,000	3.28%
JP Morgan Nominees Australia Ltd	2,000,000	2.73%
Boden Corporate Services Pty Ltd	1,944,000	2.66%
Graham Robert Forward Pty Ltd	1,922,222	2.63%
Raymond Marie Marc Hein	1,633,334	2.23%
Peter John Nelson	1,488,889	2.03%
Top 10	47,709,447	65.17%
Others	25,510,423	34.83%
Total Ordinary shares on issue	73,219,870	100.0%

Source: WTR Share Registry as at 8 September 2011

The option and warrant holders as at 8 September 2011 and proposed option holders, subject to shareholder approval of the 31 March 2015 options at a general meeting on 12 October 2011, would be as outlined below:

<i>Name</i>	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
Mr W Malouf	1,600,000	\$1	31 March 2015
Mr Guy Le Clezio	400,000	\$1	31 March 2015
Mr P Woods	250,000	\$1	31 March 2015
Mr M Sookun	250,000	\$1	31 March 2015
Mr T Davenport	200,000	\$1	31 March 2015
Mr I Ransome	150,000	\$1	31 March 2015
Mr Jules Le Clezio	250,000	\$1	31 March 2015
Mr R Parvin	125,000	\$1	31 March 2015
Mr G Boden	125,000	\$1	31 March 2015
M B Griffin	1,300,000	\$1	31 March 2015
GMP Securities Europe Nominees Ltd	426,300	US\$1	21 June 2013
Madagascar-based employees	250,000	10 cents	30 November 2013

Source: WTR Share Registry as at 8 September 2011 and WTR board minutes

6. FUTURE DIRECTIONS OF WORLD TITANIUM RESOURCES LTD

As outlined in the Scheme Documents the Directors have conducted a review of WTR's strategic alternatives for access to capital to progress development of the Ranobe mineral sands project. There are no alternative proposals currently under consideration by the board and the board considers it unlikely that an alternative superior proposal will emerge.

7. PROFILE OF BONDI MINING LTD

7.1. HISTORY

BOM is an Australian-based exploration company, with a focus of high-grade cycle-proof uranium targets in the Northern Territory and Queensland, Australia and also high quality copper – gold targets with the potential for hosting a world-class deposit in Tasmania and Namibia.

BOM was incorporated on 13 July 2006 as an unlisted public company and entered into a number of joint venture projects

The Company successfully listed on the Australian Securities Exchange Ltd ("ASX") on 28 December 2006, following completion of an A\$6M initial public offering.

BOM holds large land positions in highly prospective mineralised belts with economically desirable targets. The company's Australian uranium portfolio comprises 21 granted tenements totaling 10,000 km² in major uranium provinces in the Northern Territory and Queensland.

The current directors of BOM are Mr Simon O'Loughlin, Dr Richard Valenta, Mr Creagh O'Connor and Mr Darren Morcombe.

7.2. KEY PROJECTS

We have outlined a brief summary of BOM's key projects below. Full details of these projects can be found in the Independent Geologists Report in Appendix 4.

- **Namibia** – comprises ten tenement applications, covering approximately 8,000 km² in the Grootfontein and Hereroland districts of central western Namibia, approximately 200km north-west of the capital Windhoek and are expected to be granted in third quarter of 2011. The tenure covers two main project areas; Otjinene and Otavi. Tambian Copper Belt style, copper deposits and breccia hosted lead-zinc-silver deposits.

BOM also has interests in the following projects, however these will be divested as part of the implementation of the scheme.

- **Murphy Project** – is located in the Northern Territory comprises of 12 tenements, which cover approximately 4,780km² in the southern extension of Alligator Rivers Uranium field and has identical geological ingredients to the district that hosts 750 million lbs of high-grade uranium mineralization further to the north.
- **North Maureen Project** – comprises a package of nine tenements, covering approximately 500km² in northeast Queensland. The project contains a number of untested targets, beneath shallow cover, which display similar geological characteristics to the Maureen and Ben Lomond uranium deposits. Mega Uranium Ltd's Maureen uranium deposit, which lies 2 km to the SE of the Bondi tenements, contains an NI43-101 compliant Indicated Resource of 3.1 million tonnes at 0.09% uranium and an Inferred Resource of 0.15 million tonnes at 0.11% uranium

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- *Mt Owen Project* – acquired this project in March 2011 and comprises a 19km² tenement located approximately 1.5km south east of Mt Lyell mineral field, which contains one of the largest copper-gold mineral fields in Australia. In the period since acquisition, IP and CSAMT geophysical surveys have been completed along with structural mapping that produced detailed geological selections.
- *Mt Sedgewick* – comprises 68 km² tenement application submitted in June 2011. The tenement is located in the highly prospective Cambro-Ordovician porphyry belt, 4 km to the north-east of the Mt. Lyell mineral field, which is hosted within the highly prospective Mt. Read Volcanics and 2 km south-east of the Henty gold mine.

7.3. HISTORICAL STATEMENT OF FINANCIAL POSITION

<i>Consolidated Statement of Financial Position</i>	<i>Audited as at 30 June 2011</i>	<i>Audited as at 30 June 2010</i>	<i>Audited as at 30 June 2009</i>
	\$	\$	\$
Assets			
Cash and cash equivalents	3,900,129	2,252,107	1,958,426
Trade and other receivables	181,949	91,203	85,067
Other current assets	29,578	182,521	75,822
Total current assets	4,111,656	2,525,831	2,119,315
Trade and other receivables	38,000	32,000	32,000
Property, plant and equipment	123,186	119,026	144,667
Deferred exploration and evaluation costs	11,954,578	11,267,576	12,935,829
Total non-current assets	12,115,764	11,418,602	13,112,496
Total assets	16,227,420	13,944,433	15,231,811
Liabilities			
Trade and other payables	73,598	178,881	510,989
Short term provisions	14,145	11,856	8,911
Total current liabilities	87,743	190,737	519,900
Contingent liability	110,650	-	-
Total non-current liabilities	110,650	-	-
Total liabilities	198,393	190,737	519,900
Net assets	16,029,027	13,753,696	14,711,911
Equity			
Issued capital	22,284,114	19,218,822	17,600,555
Reserves	1,098,948	988,393	966,800
Accumulated profit/(losses)	(7,354,035)	(6,453,519)	(3,855,444)
Total equity	16,029,027	13,753,696	14,711,911

Source: Bondi Mining Ltd Annual Financial Reports for the year ended 30 June 2011 and 30 June 2010.

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7.4. HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

<i>Consolidated Statement of Comprehensive Income</i>	<i>Audited for the year ended 30 June 2011</i>	<i>Audited for the year ended 30 June 2010</i>	<i>Audited for the year ended 30 June 2009</i>
	\$	\$	\$
Revenue	226,384	123,349	70,092
Impairment of non-current assets	(171,962)	(1,865,746)	(1,205,500)
Exploration expenses	(255,822)	(190,181)	-
Employee benefits expense	(333,949)	(265,419)	(452,664)
Depreciation expense	(27,798)	(30,817)	(70,088)
Other expenses	(336,091)	(334,210)	(265,935)
Financial costs	(1,278)	(22)	-
Loss before tax expense	(900,516)	(2,563,046)	(1,924,095)
Income tax expense	-	-	-
Other comprehensive income	-	-	-
Total comprehensive loss attributable to members of Bondi Mining Ltd	(900,516)	(2,563,046)	(1,924,095)

Source: Bondi Mining Ltd Annual Financial Reports for the year ended 30 June 2011 and 30 June 2010.

7.5. COMMENTARY ON HISTORICAL STATEMENT OF FINANCIAL POSITION AND HISTORICAL STATEMENT OF COMPREHENSIVE INCOME

Bondi Mining Ltd listed on the ASX on 28 December 2006 after successfully completing an oversubscribed IPO to raise \$6 million and successfully entering into joint venture agreements.

In the year ended 30 June 2011, BOM continued to actively explore its Murphy and Mount Owen Projects.

Additional applications for tenements were made as well as active review of a number of projects in an advanced stage.

On 8 March 2011, BOM announced that it had raised \$3 million, before costs, in a placement to institutional and sophisticated investors

7.6. CAPITAL STRUCTURE

The share structure of BOM as at 29 August 2011 is outlined below:

	<i>Number</i>
Total shares on issue	120,412,807
Top 20 Shareholders	61,115,029
Top 20 Shareholders - % of shares on issue	50.75%

Source: BOM Share Registry as at 29 August 2011.

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The range of shares held in BOM as at 29 August 2011 is outlined below:

<i>Range of Shares Held</i>	<i>Number of Ordinary Shareholders</i>	<i>Number of Ordinary Shares</i>	<i>% of Issued Capital</i>
1 – 1,000	23	8,615	0.01%
1,001 – 5,000	54	173,796	0.14%
5,000 – 10,000	71	632,631	0.53%
10,001 – 100,000	286	13,759,863	11.43%
100,001 – and over	163	105,837,902	87.89%
	597	120,412,807	100.0%

Source: BOM Share Registry as at 29 August 2011

The ordinary shares held by the most significant shareholders as at 29 August 2011 are outlined below:

<i>Name</i>	<i>Number of Ordinary Shares held</i>	<i>% of Issued Capital</i>
Laguna Bay Capital Pty Ltd	12,462,500	10.35%
Springtide Capital Pty Ltd	12,242,500	10.17%
National Nominees Ltd	9,052,435	7.52%
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	2,977,897	2.47%
Mr Jeremy Tobias	2,651,117	2.20%
AWJ Family Pty Ltd <A W Johnson Family A/C>	2,515,334	2.09%
Taycol Nominees Pty Ltd	2,250,000	1.87%
Mr Robert James Pullar + Mrs Rebecca Anne Pullar <Robert Pullar S/Fund A/C>	2,055,556	1.71%
Merrill Lynch (Australia) Nominees Pty Ltd	1,805,873	1.50%
Pangean Resources Pty Ltd	1,750,000	1.45%
Top 10	49,763,212	41.33%
Others	7,064,595	58.67%
Total Ordinary shares on issue	120,412,807	100.0%

Source: BOM Share Registry as at 29 August 2011

The most significant option holders as at 29 August 2011 are outlined below:

<i>Name</i>	<i>Number of Options</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
Simon O'Loughlin	300,000	\$0.20	8 May 2015
Creagh O'Connor	300,000	\$0.20	8 May 2015
Darren Morcombe	300,000	\$0.20	8 May 2015
Rick Valenta	500,000	\$0.30	11 November 2011
Rick Valenta	500,000	\$0.35	11 November 2011
Rick Valenta	500,000	\$0.40	11 November 2011
Rick Valenta	1,000,000	\$0.20	8 May 2015
Taylor Collison	500,000	\$0.20	8 May 2013
Blackswan Corporate	1,000,000	\$0.20	8 May 2013
	4,900,000		
Total options on issue	5,235,000		

Source: BOM Share Registry as at 29 August 2011

8. BASIS OF VALUATION

In determining whether the Scheme is fair and reasonable, we have referred to RG 111 and 112 issued by the ASIC. RG 111 requires that we should identify the advantages and disadvantages of the proposal to security holders not associated with the transaction, as well as providing an opinion on whether the advantages of the proposal outweigh the disadvantages.

We have satisfied the requirements of Regulatory Guide 111 by completing the following comparisons:

- A comparison of the value of WTR prior to the transaction and following the transaction (see Section 12 of our Report, "Assessment as to Fairness"); and
- An analysis of the reasonableness of the Scheme by reference to the advantages and disadvantages of the proposal (see Section 14 of our Report, "Reasonableness of the Scheme").

9.1 VALUATION OVERVIEW

Methodologies commonly used for valuing assets and businesses are as follows:

9.1.1 Capitalisation of future maintainable earnings ("FME")

This method places a value on a business by estimating the likely future maintainable earnings, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

9.1.2 Discounted future cash flows ("DCF")

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

9.1.3 Net asset value

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to equity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis is usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when entities are not profitable, a significant proportion of the entity’s assets are liquid or for asset holding companies.

9.1.4 Quoted market price basis

Another alternative valuation approach that can be used in conjunction with (or as a replacement for) any of the above methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

9.2. METHODOLOGY ADOPTED

A history of positive earnings is required for the FME methodology to be appropriate to be used in the valuation of a company. WTR do not have a recent history of positive earnings and the outlook for the Companies in their current circumstances is not sufficiently positive to justify a valuation based on positive earnings in the future. Therefore, we do not believe that the FME methodology is appropriate in the valuation of WTR.

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DCF valuations require reliable forecast cash flows to be prepared, generally for five or more years. We have not been provided with financial projections or forecasts that cover the operations of WTR in its entirety. In the absence of such information, we are unable to use the DCF methodology to determine the value of the entity as a whole. We note however that the Independent Geologist has been provided with financial forecasts in relation to the Ranobe Project. These forecasts have been used in determining the appropriate asset value for WTR's mineral interests. We are satisfied that the assumptions and DCF methodologies used by the independent Geologist appear to be reasonable and appropriate to determine a net present value for the Ranobe Project.. Full details of the assumptions and factors used in the determination are outlined in the Independent Geologists Report contained in Appendix 4.

HLB believes that the most appropriate method for valuing the issued shares in WTR is the asset based approach due to its lack of profitability. The most common form of asset based approach is the Net Realisable Value method. The resultant net realisable value of the assets of the Company can then be expressed in terms of a value per share.

10. VALUATION OF WORLD TITANIUM RESOURCES LTD PRIOR TO THE SCHEME

10.1 Net asset backing

We have assessed the value of WTR on the basis of the fair market value of the Company's underlying net assets on a going concern basis, market values for available for sale assets and book values of WTR's other net assets as at 30 June 2011. WTR's net assets are summarised below, together with our assessment of fair market values.

	Ref	Unaudited 30 June 2011	Valuation		
			Low 30 June 2011	Preferred 30 June 2011	High 30 June 2011
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	10.1.1	6,951,389	6,976,389	6,976,389	6,976,389
Trade and other receivables	10.1.2	307,504	307,504	307,504	307,504
Total current assets		7,258,893	7,283,893	7,283,893	7,283,893
Other investments		390,000	390,000	390,000	390,000
Other receivables	10.1.2	523,687	523,687	523,687	523,687
Property, plant and equipment		41,732	41,732	41,732	41,732
Exploration assets	10.1.3	-	65,507,000	122,280,000	156,343,000
Total non-current assets		955,419	66,462,419	123,235,419	157,298,419,419
Total assets		8,214,312	73,746,312	130,519,312	164,582,312
Liabilities					
Trade and other payables		265,251	265,251	265,251	265,251
Total current liabilities		265,251	265,251	265,251	265,251
Total non-current liabilities		16,092	16,092	16,092	16,092
Total liabilities		281,343	281,343	281,343	281,343
Net assets		7,932,969	73,464,969	130,237,969	164,300,969
		Number	Number	Number	Number
Ordinary shares on issue		73,219,870	73,469,870	73,469,870	73,469,870
Fair market value per share (\$)		\$0.108	\$1.000	\$1.773	\$2.236

10.1.1 Cash assets

The adjustments to the cash balances reflect the expected exercise of options prior to the Scheme taking effect and cash utilised post 30 June 2011. 250,000 options are expected to be exercised at 10 cents increasing the cash balance by \$25,000.

10.1.2 Other receivable – Malagasy Minerals Ltd

As noted in Section 5.6, MGY acquired all of WTR’s non TSP tenements. An amount of \$1,450,000 was repayable from 70% of the labradorite royalty income receipts over time. The adjustment to the receivable represents the non discounted receivable still owing at 30 June 2011.

10.1.3 Exploration expenditure

Arc Resources Pty Ltd (“ARC”) was engaged to provide an independent valuation of the TSP, which includes the Ranobe Mineral Sands Project. ARC’s report is attached as Appendix 4.

The range of values as calculated by ARC is set out below:

	<i>Low</i> \$	<i>Preferred</i> \$	<i>High</i> \$
Ranobe project	64,507,000	121,280,000	155,343,000
Other	1,000,000	1,000,000	1,000,000
Total assessed value	65,507,000	122,280,000	156,343,000

10.1.4 Share capital

It is expected that 250,000 existing WTR options will be exercised at 10 cents per share prior to the record date of the scheme.

10.2 RECENT CAPITAL RAISINGS

As outlined in Section 5.6, WTR has recently completion a capital raising at \$US1.00 per share. This raising is not inconsistent with the low value ascribed above.

10.3 CONCLUSION ON THE FAIR MARKET VALUE OF WTR SHARE

Based on the above, we consider therefore, that the value of a WTR share lies within the range of \$1.00 to \$2.24, with a preferred value of \$1.77.

11. VALUATION OF MERGED GROUP FOLLOWING IMPLEMENTATION OF THE SCHEME

We have assessed the value of WTR following the transaction on the basis of the fair market value of the Company’s underlying net assets on a going concern basis, market values for available for sale assets and book values of WTR’s other net assets as at 30 June 2011. WTR’s net assets following the transaction are summarised below, together with our assessment of fair market values.

	Ref	Unaudited 30 June 2011	Valuation		
			Low 30 June 2011	Preferred 30 June 2011	High 30 June 2011
		\$	\$	\$	\$
Assets					
Cash and cash equivalents	11.1.1	6,951,389	13,680,158	13,680,158	13,680,158
Trade and other receivables		307,504	421,077	421,077	421,077
Other current assets		-	29,578	29,578	29,578
Total current assets		7,258,893	14,130,813	14,130,813	14,130,813
Other investments		390,000	390,000	390,000	390,000
Other receivables		523,687	523,687	523,687	523,687
Property, plant and equipment	11.1.2	41,732	164,918	164,918	164,918
Deferred exploration costs	11.1.3	-	65,589,800	122,404,200	156,508,600
Total non-current assets		955,419	66,668,405	123,482,805	157,587,205
Total assets		8,214,312	80,799,218	137,613,618	171,718,018
Liabilities					
Trade and other payables		265,251	337,189	337,189	337,189
Provisions		-	14,145	14,145	14,145
Total current liabilities		265,251	351,334	351,334	351,334
Total non-current liabilities		16,092	126,742	126,742	126,742
Total liabilities		281,343	478,076	478,076	478,076
Net assets		7,932,969	80,321,142	137,135,542	171,239,942
		Number	Number	Number	Number
Ordinary shares on issue		73,219,870	298,358,858	298,358,858	298,358,858
Fair market value per share (\$)		\$0.108	\$0.269	\$0.459	\$0.574

11.1.1 Cash assets

The reconciliation of the cash balances is set out below:

	\$
Opening balance	6,951,389
Exercise of WTR options	25,000
Cash introduced by BOM	3,883,769
Prospectus Issue	3,000,000
Cost of Prospectus Issue	(180,000)
Closing balance	<u>13,680,158</u>

11.1.2 Plant and equipment

Plant and equipment represents assets being introduced from BOM and WTR. As we have been unable to obtain a reliable valuation, the assets book value has been determined to represent their current value. These assets comprise of plant and equipment, furniture and fittings, motor vehicles as well as website development costs.

11.1.3 Exploration expenditure

Arc Resources Pty Ltd (“ARC”) was engaged to provide an independent valuation of the TSP, which includes the Ranobe Mineral Sands Project. ARC’s report is attached as Appendix 4.

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The range of values as calculated by ARC is set out below:

	<i>Low</i> \$	<i>Preferred</i> \$	<i>High</i> \$
Ranobe project	64,507,000	121,280,000	155,343,000
Other	1,000,000	1,000,000	1,000,000
Total assessed value	65,507,000	122,280,000	156,343,000

Arc Resources Pty Ltd (“ARC”) was engaged to provide an independent valuation of the exploration assets of BOM. ARC’s report is attached as Appendix 4.

The range of values as calculated by ARC is set out below:

	<i>Low</i> \$	<i>Preferred</i> \$	<i>High</i> \$
Otavi and Odjanene	82,800	124,200	165,600

11.1.4 Shares on issue

The movement in shares is reconciled as follows:

WTR shares at 30 June 2011	73,219,870
Expected exercise of options	250,000
	<u>73,469,870</u>
	x 3.5
Shares issued on implementation of the scheme	<u>257,144,545</u>
Post-consolidated BOM shares	30,103,202
Shares issued pursuant to prospectus	11,111,111
	<u>298,358,858</u>

11.1.5 Proforma adjustments

The following adjustments have been made to determine the valuations:

- 250,000 WTR options are expected to be exercised, raising \$25,000.
- BOM will divest all its Australian exploration projects.
- BOM will raise \$3,000,000, before costs, via the issue of a prospectus.

Based on the above, we consider that the underlying net asset value of merged group following the implementation of the scheme to be range of \$0.27 to \$0.57 per share, with a preferred value of \$0.46.

12. ASSESSMENT OF FAIRNESS

The value of WTR prior to the implementation of the scheme is as follows:

	<i>Low</i> \$	<i>Preferred</i> \$	<i>High</i> \$
Value of WTR Share	1.000	1.773	2.236

As each WTR share will be converted into 3.5 BOM shares, the value of the BOM shares is calculated to be:

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	Low \$	Preferred \$	High \$
Value calculated in Section 11.1	0.269	0.459	0.574
Comparison Value (3.5 shares)	0.942	1.607	2.009

	Low \$	Preferred \$	High \$
Value of WTR per share prior to the Scheme	1.00	1.77	2.24
Comparison value of 3.5 shares WTR following implementation of the scheme	0.94	1.61	2.01

Based on the above, the Scheme is considered to be **not fair** to the non-associated shareholders of the Company as the preferred value is lower than the preferred value of the consideration.

13 PREMIUM FOR CONTROL

Premium for control for the purposes of this report, has been defined as the difference between the price per share which a buyer would be prepared to pay to obtain or improve a controlling interest in the Company and the price per share which the same person would be required to pay per share, which does not carry with it control or the ability to improve control of the Company.

Currently the Top 20 shareholders collectively control BOM. As a result of the Scheme, the WTR shareholders collectively control up to 86.19% of the voting power, gaining control of the Company.

ASIC Regulatory Guide 111 requires that the expert give an opinion as to whether the proposed issue of shares, will result in the Company receiving a premium for control. We have concluded that the amount for any premium for control paid by WTR is the amount by which the assets being acquired, does not exceed the value of consideration being offered by BOM.

On this basis, we conclude that the WTR shareholders will be paying a premium of approximately 16 cents (on a preferred basis) for control.

14 REASONABLENESS OF THE SCHEME

We have considered the effect on shareholders if the Scheme is rejected or approved and have accordingly taken in to account the following advantages and disadvantages. We concluded that, in all cases, the advantages and disadvantages of rejecting the Scheme are the inverse of approving the Scheme. We have therefore only set out below the significant factors in the context of approving the Scheme.

14.1 Advantages of approving the Scheme

- WTR shareholders will receive New BOM Shares which can be traded on ASX. This will offer shareholders greater liquidity in their holding compared with the very limited liquidity in the present unlisted status. It is noted that the Company has explored numerous alternatives to expand the liquidity of the shareholdings in recent years, however the success of these activities has been limited;

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- WTR needs substantial capital if it is to progress development of the Ranobe mineral sands project and retain significant equity in the project. The access to additional capital is potentially greater following listing on ASX than presently available to WTR in its current unlisted form. As noted in the Scheme Documents, the Company has undertaken two capital raisings on 2011, neither of which was fully subscribed. This suggests a limited appetite for investment in the Company in its current form;
- WTR shareholders will acquire 86.19% of the merged entity, collectively maintaining control over the assets of WTR, with the top 20 shareholders of WTR holding approximately 68.58% of the merged entity;
- Access to the BOM management team and blending with WTR consultants, together with the additional funds available to the merged entity (\$6.8m) will provide the merged entity with a platform and the momentum to support the development of the Ranobe mineral sands project; and
- There are no alternative proposals currently being considered by the WTR board.

14.2 Disadvantages of approving the Scheme

- We have concluded in Section 10 of our Report that the Scheme is considered to be not fair;
- WTR Shareholders that hold BOM New Shares after implementation of the Merger will have a diluted interest (from 100% to 86.19%), in the current Madagascar portfolio and will share any future revaluation of development and exploration upside in this asset portfolio with the existing shareholders of BOM. Based on the preferred value of a WTR share, WTR shareholders are potentially giving up approximately 16 cents per share should the scheme be implemented. Whilst this dilution would be avoided if WTR was to separately seek to raise the necessary capital via listing on the ASX (in its own right under an IPO), there would be costs and delays in the process and there is no certainty that such a raising would be successful, particularly in light of currently market volatility

We have considered the above advantages and disadvantages as well as the likelihood of alternative sources of funding and capital being available to WTR.

In our opinion, the position of non-associated shareholders if the Scheme proceeds is more advantageous than the position if the Scheme does not proceed. Accordingly, we believe that the Scheme is **reasonable** to the Shareholders of WTR.

15. CONCLUSION

Based on the foregoing, we are of the opinion that the Scheme is **not fair, but reasonable** to the non-associated shareholders of WTR and therefore in the best interests of shareholders.

Yours faithfully

HLB MANN JUDD CORPORATE (WA) PTY LTD

Licensed Investment Advisor (AFSL Licence number 250903)



N G NEILL

Authorised Representative

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APPENDIX 1 SOURCES OF INFORMATION

In preparing this report we have had access to the following principal sources of information:

- WTR's Annual Financial Report for the years ending 30 June 2009 and 30 June 2010;
- BOM's Annual Financial Report for the year ended 30 June 2009 and 30 June 2010;
- WTR's Management Accounts for the period ended 30 June 2011;
- BOM's Management Accounts for the period ended 30 June 2011;
- Implementation Deed between World Titanium Resources Ltd and Bondi Minerals Ltd;
- Draft Scheme documents which this Report will accompany;
- Discussions with and information provided by the Directors and management of WTR;
- Announcement to the ASX by BOM in relation to the Scheme;
- Publicly available information; and
- Independent valuations by Arc Resources Pty Ltd.

APPENDIX 2

QUALIFICATIONS, DECLARATIONS AND CONSENTS

HLB, which is a wholly owned entity of HLB Mann Judd (WA Partnership), is a Licensed Investment Adviser and holder of an Australian Financial Services Licence under the Act and its authorised representative is qualified to provide this Report. The authorised representative of HLB responsible for this Report has not provided financial advice to WTR.

Prior to accepting this engagement, HLB considered its independence with respect to WTR to with reference to ASIC Regulatory Guide 112. In HLB's opinion, it is independent of WTR and BOM.

This Report has been prepared specifically for the shareholders of WTR. It is not intended that this Report be used for any other purpose other than to accompany the Explanatory Memorandum to be sent to the WTR shareholders. In particular, it is not intended that this Report should be used for any purpose other than as an expression of the opinion as to whether or not the Scheme is fair and reasonable to the shareholders of WTR. HLB disclaims any assumption of responsibility for any reliance on this Report to any person other than those for whom it was intended, or for any purpose other than that for which it was prepared.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. In the preparation of this Report, HLB has relied on and considered information believed, after due inquiry, to be reliable and accurate. HLB has no reason to believe that any information supplied to it was false or that any material information has been withheld.

HLB has evaluated the information provided to it by WTR and other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially misstated or would not provide a reasonable basis for this Report. HLB has not, nor does it imply that it has, audited or in any way verified any of the information provided to it.

In accordance with the Act, HLB provides the following information and disclosures:

- HLB will be paid its usual professional fees (estimated to be approximately \$20,000) based on time involvement at normal professional rates, for the preparation of this Report.
- Apart from the aforementioned fee, neither HLB, nor any of its associates will receive any other benefits, either directly or indirectly, for or in connection with the preparation of this Report.
- HLB, nor any of its directors or associates, have any interest in WTR or BOM.
- Neither HLB nor HLB Mann Judd (WA Partnership) has had any relationship with WTR or any associate of WTR and that HLB Mann Judd (WA Partnership) is the currently appointed Auditor of WTR and has provided such services to WTR in the past.

TERM	DEFINITION
Act	Corporations Act 2001
ARC	ARC Resources Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange Ltd
BOM	Bondi Minerals Ltd
DCF	Discounted Future Cash Flow
Directors	Directors of WTR
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future maintainable earnings
GST	Goods and Services Tax
HLB	HLB Mann Judd Corporate (WA) Pty Ltd
ID	Implementation Deed
MGY	Malagasy Minerals Ltd
Our Report	Independent Expert Report
Scheme	Transaction as outlined in Section 4
Shares	Ordinary fully paid shares in the capital of the Company
Shareholders	Shareholders of WTR
Shareholders' Meeting	Meeting convened to consider the Scheme
TSP	Toliara Sands Project
WTR or the Company	World Titanium Resources Ltd

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20 September 2011

Mr N Neill
HLB Mann Judd Corporate (WA) Pty Ltd
Level 4, 130 Stirling Street
PERTH WA 6000

Dear Sirs

**INDEPENDENT GEOLOGIST'S VALUATION OF WORLD TITANIUM RESOURCES'
MINERAL SANDS PROPERTIES IN MADAGASCAR &
BONDI MINING'S MINERAL ASSETS IN NAMIBIA**

Arc Resources Pty Ltd ("Arc Resources") was engaged on 29 August, 2011 by HLB Mann Judd Corporate (WA) Pty Ltd ("HLBMJ") in connection with HLBMJ's role as Independent Expert for the proposed acquisition by Scheme of Arrangement of World Titanium Resources Limited ("WTR") by Bondi Mining Limited ("Bondi" or "BOM"). Arc Resources was requested to prepare an Independent Valuation of the mineral sands projects and other mineral assets owned by WTR and its subsidiary companies and located in Madagascar. It is Arc Resources' understanding that this report is for inclusion in HLBMJ's Independent Report and cannot be used for any other purpose without the prior written consent of Arc Resources. This valuation will consider only the mineral sands projects and other minerals assets within tenements held by WTR while its other assets will be considered in another report which will combine all valuations pertaining to the assets of both Bondi and WTR.

Relevant Codes and Guidelines

This valuation report has been prepared by Arc Resources strictly in the role of independent consulting geologist and in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (the "VALMIN Code") which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and ASX which pertain to Independent Expert Reports, most notably ASIC Regulatory Guides 111, 112 and 55).

Where mineral resources have been referred to in this report, the classifications are consistent with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2004.

Basis of Valuation

The assets that are the subject of this valuation report comprise tenement holdings in several project areas in south-west Madagascar. The project areas comprise a total of 3 granted Research (Exploration) Permits ("PR") at the advanced stage Ranobe project totalling 131.2 km² and 4 granted PR's totalling 375 km² in area to the north comprising the Manombo-Morombe projects. WTR through its wholly owned subsidiaries currently has a 100% equity interest in each of the permits.

Applications are currently being processed for two Exploitation Permits ("PE") over 18.75 km² which will be excised from one of the PRs at Ranobe for the purpose of mining the deposit and is considered

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within this valuation report. Five additional PR applications outside the Ranobe and Manombo Morombe areas, totalling 107.8 km² have not yet been granted and are not included in this valuation report.

The status of the tenements is the subject of a separate report however, several tenement renewals and applications await final signature of the Government Minister to complete the documentation process. This is not uncommon in Madagascar (refer the Lemur Ltd 2011 prospectus) and a review of legal opinion provided by WTR shows that all of their tenements are current in terms of rental payments and expenditure commitments and provide comfort that final receipt of tenement documentation will be forthcoming.

Bondi and WTR have executed an Implementation Deed to effect the acquisition by way of a Scheme of Arrangement under which Bondi will undertake a 1 for 4 share consolidation prior to making offers to acquire all of the issued shares in WTR on the basis of 3.5 Bondi shares for each WTR share. This transaction will be subject to the usual conditions including necessary regulatory approvals and the approval of the relevant shareholders.

The objective of this report is to present a valuation of WTR's mineral assets in Madagascar as detailed above. At the request of HLBMJ, no valuation of WTR's other assets including plant and equipment, mining royalties, infrastructure, rental agreements or other corporate assets was carried out.

Arc Resources has not independently verified ownership and current standing of the tenements and is not qualified to make legal representations in this regard. Rather we have relied upon information provided by WTR and available in the public domain.

Arc Resources has based its valuation on a review of the technical data held by WTR, their consultants and published documents and other data in the public domain.

Arc Resources has satisfied itself and WTR has advised that all relevant material information in the possession of WTR has been fully disclosed to Arc Resources. A draft version of this valuation report was provided to the Directors of WTR for comment in respect of omission and factual accuracy.

This valuation report has been prepared on the understanding that all WTR's granted tenements are currently in good standing and that there is no cause to doubt the eventual granting of any tenement applications or renewals.

Summary of Valuation

Arc Resources has based its valuation on the WTR and BOM projects as at 16 September, 2011 using the methodologies described in Section 3 of this report. Arc Resources' opinion of the current market value of WTR's interest in the Madagascar projects and BOM's interest in their Namibian projects, is summarised in the following tables.

For the purposes of this report all valuations are in Australian dollars (AUD) and rounded to the nearest \$1,000 or \$100.

World Titanium Resources Ltd mineral assets – Summary of Valuations (AUD)					
Project	Area (km ²)	Share	Lower	Upper	Preferred
Ranobe	131.2	100%	\$64,507,000	\$155,343,000	\$121,280,000
Manombo-Morombe	375	100%	\$1,000,000	\$1,000,000	\$1,000,000
TOTAL:	506.2		\$65,507,000	\$156,343,000	\$122,280,000

In Arc Resources' opinion, the combined technical and market value of WTR's 100% equity interest in its Madagascar mineral assets lies in the range \$65.5 million and \$156.6 million with a preferred value of \$122.3 million.

Bondi Mining Ltd mineral assets – Summary of Valuations (AUD)					
Project	Area (km ²)	Share	Lower	Upper	Preferred
Otavi and Otjinene	7,850.6	100%	\$82,800	\$165,600	\$124,200
TOTAL:			\$82,800	\$165,600	\$124,200

In Arc Resources' opinion, the combined technical and market value of Bondi Mining's 100% equity interest in its Namibian mineral assets lies in the range \$82,800 and \$165,600 with a preferred value of \$124,200.

Qualifications

This report has been prepared by Andrew Richards who is the Principal of Arc Resources and a qualified geologist with 30 years experience in the minerals industry, a member of the AIG and a member of the AusIMM. Mr Richards has sufficient experience which is relevant to the style of mineralisation and the type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves".

The information in this report that relates to exploration results has been obtained from WTR and Bondi or otherwise in the public domain and is based on data compiled or reviewed by, or collated under the supervision of Mr Richards.

Sources of Information

The Valuation Report has been prepared on information available up to and including 16 September, 2011. Information used in the preparation of this report has been compiled by Arc Resources from WTR's internal reports, publically available information (including Open File and Government reports) and the authors previous experience of and knowledge of the regions in which the projects are located and the styles of mineralisation. It relies on resource reports by Geocraft Pty Ltd and scoping studies and resulting cash flow modelling provided by WTR in relation to the Ranobe minerals sands project.

WTR have advised Arc Resources that full disclosure has been made of all material information in its possession or knowledge and that such information is complete, accurate and true. None of the information provided has been specified as being confidential and not to be disclosed in our reports.

In providing this report:

- a) we cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the information we have used, and
- b) we note that the holding of the concessions is subject to continued compliance with the terms and conditions and the provisions of the relevant state or national legislation under which they were granted.

Declaration

Neither the writer nor Arc Resources have any material interest either direct or indirect in WTR nor in any of the mineral assets included in this report nor in any other WTR or Bondi asset nor has any such interest existed previously. No commercial relationship has existed between Arc Resources and WTR prior to their appointment to prepare this report.

Fees were charged at industry standard rates for the preparation of this report and their payment is in no way contingent upon the outcome of the proposed acquisition of WTR by Bondi.

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Consent

Arc Resources was involved in the preparation of this Valuation Report for use and inclusion in the Independent Experts Report in respect of the exploration concessions of WTR, and to the inclusion of references to it as the Independent Valuer in the Report in the form and context in which it appears.

Arc Resources has given consent in writing to the issue of this Independent Valuation included in the form and context it was provided and has not withdrawn that consent before the lodgement of the Scheme Documents with ASIC.

Background on Arc Resources Pty Ltd

Arc Resources provides independent specialist mining industry consultancy services in the fields of geology, exploration, resource estimation, risk assessment and corporate services.

Mr Richards has prepared independent expert's reports and mineral asset valuations on a variety of mineral commodities in several countries and has the appropriate relevant qualifications, experience and competence to be considered a "Competent Person" as defined in the JORC and VALMIN Codes. More information as to qualifications and experience is provided in Section 4 of the report.

Yours faithfully



Andrew Richards
BSc(Hons), DipEd, MAusIMM, MAIG

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1.0 EXECUTIVE SUMMARY

World Titanium Resources Limited ("WTR") and Bondi Mining Limited ("Bondi" or "BOM") have executed an Implementation Deed to effect the acquisition of WTR by BOM by way of a Scheme of Arrangement under which BOM will make offers to acquire all of the issued shares in WTR on the basis of 3.5 shares for each WTR share subsequent to a 1 for 4 consolidation by BOM.

HLB Mann Judd Corporate (WA) Pty Ltd ("HLBMJ"), in their role as Independent Expert for the proposed acquisition, has appointed Arc Resources to prepare a report assessing the value of World Titanium Resources mineral assets in Madagascar and the BOM mineral assets in Namibia as at 16 September, 2011, for inclusion in their report. The valuations herein will consider only the advanced stage Ranobe minerals sands project, the Manombo-Morombe exploration concessions and BOM's Otavi and Otjinene exploration permit applications while any other mineral or non-mineral assets will be reviewed if applicable in a separate report.

World Titanium Resources mineral assets

The WTR mineral assets being valued in this report comprise tenement holdings in several project areas in south-west Madagascar. The project areas comprise a total of 3 granted Research (Exploration) Permits ("PR") at the advanced stage Ranobe project totalling 131.2 km² and 4 granted PR's totalling 375 km² in area to the north comprising the Manombo-Morombe projects. WTR through its wholly owned subsidiaries currently has a 100% equity interest in each of the permits.

Applications are currently being processed for two Exploitation Permits ("PE") over 18.75 km² which will be excised from one of the PRs at Ranobe for the purpose of mining the deposit and is considered within this valuation report. Five additional PR applications in other parts of Madagascar totalling 107.8 km² have not yet been granted and are not included in this valuation report.

The status of the tenements is the subject of a separate report however, several tenement renewals and applications await final signature of the Government Minister to complete the documentation process. This is not uncommon in Madagascar (refer the Lemur Ltd 2011 prospectus) and a review of legal opinion provided by WTR shows that all of their tenements are current in terms of rental payments and expenditure commitments and provide comfort that final receipt of tenement documentation will be forthcoming.

The Ranobe project is at an advanced stage and pre-feasibility studies have been completed. On the other hand, the Manombo - Morombe projects are at the early exploration stage and contain no defined resources although they have returned encouraging exploration results. Having considered the various methods used in the valuation of mineral assets, Arc Resources is of the opinion that the Discounted Cash Flow method provides the most appropriate approach to the technical valuation of the Ranobe project tenements in conjunction with Comparable Market methods where applicable, while the Manombo - Morombe exploration tenements are best valued using the Comparable Market methods. Unfortunately, there is a lack of recent project transactions that could be considered appropriate for comparison with the WTR concessions.

A comparison of valuations for each project by different methodologies is summarised in Table 1.1. These are inclusive of a market considerations applied to the technical valuation estimates.

- *Ranobe project*

The primary method of valuing the Ranobe project was the Discounted Cash Flow method which estimated a range of valuations that has been influenced by both current and forecast commodity prices. This method incorporated the results of pre-feasibility study work for the Life of Mine Plan which has an accuracy of $\pm 30\%$ and was adjusted by a modest factor to allow for potential future expansion.

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The discount rate used in the NVP calculation was increased to 15% to reflect the order of accuracy of the scoping studies, the status of the tenements and any country political risk and to reflect the risk profile of an arm's length purchaser with "imperfect knowledge".

The preferred valuation falls in the middle of the third quartile of this range to reflect the strong market conditions and inherent technical advantages of the project (high grade, low slimes, no prestrip) while noting the risks associated with start-ups, the order of accuracy of the pre-feasibility study and issues with forecasting future commodity prices. It was compared with other valuation methods, most notably the Enterprise Value method due to the absence of suitable comparable transactions, but these were found to be unsatisfactory in this instance.

- *Manombo - Morombe Projects*

In Arc Resources' opinion, the combined technical and market value of WTR's interest in the exploration potential of the Ankililoaka, Basibasy and Morombe exploration tenements have been estimated at \$1,000,000.

Table 1.1 World Titanium Resources mineral assets – Summary of Valuations (AUD)					
Project	Area (km ²)	Share	Lower	Upper	Preferred
Ranobe	131.2	100%	\$64,507,000	\$155,343,000	\$121,280,000
Manombo-Morombe	375	100%	\$1,000,000	\$1,000,000	\$1,000,000
TOTAL:	506.2		\$65,507,000	\$156,343,000	\$122,280,000

In Arc Resources' opinion, the combined technical and market value of World Titanium Resources' 100% equity interest in its Madagascar mineral assets lies in the range \$65.5 million and \$156.3 million with a preferred value of \$122.3 million.

Bondi Mining mineral assets

The BOM mineral assets being valued in this report comprise tenement applications in two project areas in south-east Namibia. The project areas comprise a total of 3 semi-contiguous applications for Exploration Permit Licenses ("EPL") at the early stage Otavi project totalling 1,576.2 km² and 7 EPL applications totalling 6,274.4 km² in area to the south comprising the Otjinenene project. BOM through its wholly owned subsidiaries currently has a 100% equity interest in each of the licence applications.

This valuation report has been prepared on the understanding that all BOM's tenement applications are in good standing and that there is no cause to doubt the eventual granting of the tenement applications.

The Otavi and Otjinenene projects are at an early stage of exploration and contain no defined resources. They were applied for by BOM following a study of their regional tectonic and metallogenic setting and the analysis of aeromagnetic imagery over the district. Although extensively covered by Kalahari sands, the projects are considered to be located within the Pan African Rift Belt which trends 750km north east where it contains the major copper deposits of the Zambian Copper Belt. Closer mineralisation on the southern margin include the advanced stage Besot and Ghanzi copper-silver deposits. The setting clearly exhibits major scale mineralisation and contains world class mineral deposits and BOM's exploration targets for copper and base metals deposits are analogous to those of the Zambian Copper belt and the Kipushi Pb-Zn-Cu-Ag deposit. Arc Resources considers the use of this analogy to be a reasonable target is reasonable and that model is supported by interpretation of the available geophysics despite the lack of direct geological and exploration evidence due to the extensive cover.

Having considered the various methods used in the valuation of mineral assets, Arc Resources is of the opinion that the Multiple of Exploration Expenditure method provides the most appropriate approach to the technical valuation of the Otavis and Otjinenene project

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tenements. Unfortunately, there is a lack of recent project transactions that could be considered appropriate for comparison with the BOM projects.

A comparison of valuations by different methodologies is discussed in the following sections. These are inclusive of a market considerations applied to the technical valuation estimates.

Table 1.1 Bondi Mining Ltd Namibian mineral assets – Summary of Valuations (AUD)					
Project	Area (km ²)	Share	Lower	Upper	Preferred
Otavi and Otjinene	7,850.6	100%	\$82,800	\$165,600	\$124,200
TOTAL:			\$82,800	\$165,600	\$124,200

In Arc Resources' opinion, the combined technical and market value of Bondi Mining's 100% equity interest in its Namibian mineral assets lies in the range \$82,800 and \$165,600 with a preferred value of \$124,200.

2.0 PREAMBLE

World Titanium Resources Limited ("WTR") and Bondi Mining Limited ("Bondi" or "BOM") have executed a Merger Implementation Deed to effect their merger by way of a Scheme of Arrangement under which Bondi will make offers to acquire all of the issued shares in WTR on the basis of 3.5 Bondi shares for each. This merger will be subject to the usual conditions for a transaction of this nature including the necessary regulatory approvals and the approval of relevant shareholders.

HLB Mann Judd Corporate (WA) Pty Ltd ("HLBMJ"), in their role as Independent Expert for the proposed merger, has appointed Arc Resources to prepare this report whose objective is to present a valuation of WTR's mineral sands project and tenement holding in Madagascar (the "Madagascar Projects" or "Projects"). At the request of HLBMJ, no valuation of WTR's other non-mineral assets including plant and equipment, mining royalties, infrastructure, rental agreements or other corporate assets was carried out.

The WTR assets comprise the Toliara Minerals Sands Project which includes the Ranobe advanced stage mineral sands project and the early exploration stage Manombo-Morombe mineral sands project north of the port town of Toliara in south west Madagascar (Figure 1).



Figure 1. Republic of Madagascar showing WTR project locations.

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The BOM mineral assets include the early exploration stage Otavi and Otjinene copper and base metals projects which comprise applications for ten Exploration Permit Licences in south east Namibia and 250km north east of the capital of Windhoek (Figure 2).

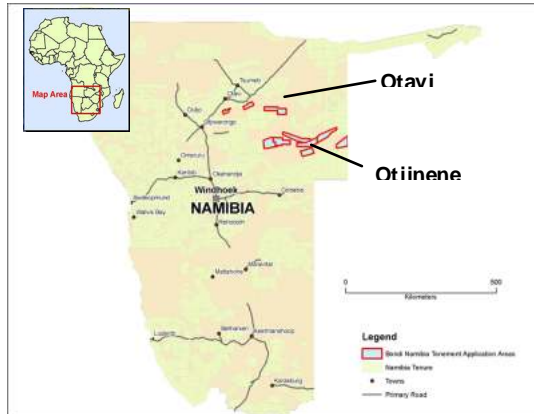


Figure 2. Location of BOM mineral assets in Namibia.

3.0 VALUATION CONSIDERATIONS

3.1 INTRODUCTION

The author of this report is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and, therefore, is obliged to prepare mineral asset valuations in accordance with the Australian reporting requirements as set out in the VALMIN Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports as adopted by the AusIMM in 2005. The opinions expressed and conclusions drawn with respect to this valuation are appropriate at the valuation date of 16 September, 2011. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to ongoing exploration results. The objective of a mineral asset valuation is to establish a "fair market" value for an asset in the context of all the foregoing factors.

3.2 FAIR MARKET VALUE OF MINERAL ASSETS

Mineral assets are defined in the VALMIN Code as all property including, but not limited to real property, mining and exploration tenements held or acquired in connection with the exploration, the development of and the production from those tenements together with all plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals in connection with those tenements.

The VALMIN Code defines the value, that is fair market value, of a mineral asset as the estimated amount of money or the cash equivalent of some other consideration for which, in the opinion of the Expert or Specialist reached in accordance with the provisions of the VALMIN Code, the mineral asset should change hands on the valuation date between a willing buyer and a willing seller in an arms length transaction, wherein each party has acted knowledgeably, prudently and without compulsion.

However, the process of valuation remains subjective to both the Valuers' opinion and judgement and the varying circumstances in which each transaction may occur. This includes the external economic and market conditions in which any sale may occur as well as the differing commitment, knowledge, or financial position of each of the parties involved. It may be considered that the parties involved in a merger rather than an outright sale have at least a similar level of commitment and enthusiasm.

The VALMIN Code notes that the Market Value of a mineral asset usually consists of two components, the underlying or Technical Value and the Market component which is a

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premium, either positive, negative or zero, relating to market, operating environment, strategic or other considerations.

3.3 METHODS OF VALUING MINERAL ASSETS

The valuation of an exploration or mining tenement attempts to arrive at a value that reflects the potential of the tenement to yield a minable ore reserve and which is in line with what the tenement will be judged to be worth when assessed by the market. Arriving at the value estimate is difficult because there are no hard and fast rules and no single industry-accepted approach. Reflecting their differences in geological experience and market understanding no two valuers are likely to have identical opinions on a particular property and therefore, their assessments of value are likely to differ.

This is particularly so when the assets are somewhat intangible, such as preliminary exploration results rather than clearly defined mineral resources and reserves or advanced projects for which feasibility studies and Life of Mine Plans have been put forward. In these instances the range of valuations that can be offered for an asset reflects the wide variety of interpretations that different geologists might apply to early stage exploration results.

Where a project is at an advanced stage of exploration or development, resources and reserves may have been defined and/or feasibility studies completed that have led to consideration of mining and processing options. These properties provide tangible assets for valuation and more objective methods of valuation may be applicable, such as applying a unit value to the resources and reserves in line with comparable project transactions. Where a detailed Life of Mine Plan model has been prepared from feasibility studies or an existing operation exists then discounted cashflows, of forecast models or historical performance, can be used in the valuation. As in all valuations, there will be a technical as well as market component and comparisons of different valuation methodologies should be applied as way to check the assumptions.

3.3.1 Valuation of exploration tenements

The most commonly employed methods of exploration tenement valuation are:

- Multiple of Exploration Expenditure method (MEE) which is similar to the Appraised Value Method;
- Joint Venture Terms Method (expenditure based);
- Geoscience Rating Methods, such as the Kilburn method (potential based);
- Comparable Market Value Method (real estate based), and
- Rules of Thumb (e.g. \$/Resource unit, \$/area of tenement)

Each of these methods has both merits and flaws and often not all are available to be applied. It is often a case of making the best attempt with limited or incomplete data and there can be significant subjectivity brought to the assessment. Therefore, it is worthwhile to use and compare at least another method where possible to check that the initial estimate is realistic. A comparable market transaction provides a good combination of both technical and market assessment but finding a truly timely and comparable transaction can be difficult, particularly where the project (or part of it) is at an early stage of exploration.

In Arc Resources' opinion a tenement valuation must give consideration to a range of technical issues as well as make a judgement about the prevailing market conditions. Key technical issues that need to be taken into account include:

- geological setting of the property;
- results of exploration activities on the tenement;
- evidence of mineralisation on adjacent properties; and
- proximity to existing production facilities of the property.

Key market conditions that need to be taken into account may include:

- The current demand for the type of property and commodity being valued.
- The trend in commodity prices
- The speed with which a project could be brought into production

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- The corporate objectives of the company(s) involved in the transaction including a premium for control;
- Possible legal, environmental or political threats to the status of the tenements

In general the perceived market conditions result in applying a premium to the technical valuation that could be either positive, negative or zero. This premium aims to reflect the inherent unique attractiveness (or otherwise) of the property and/or some measure of the perceived risk to the asset (eg. a plaint laid against tenement ownership, civil unrest).

The most widely used methods for the technical valuation of exploration properties are summarised below.

3.3.2 Geoscience Rating Method

The Geoscience Rating Method, or Kilburn Method, attempts to reduce the subjective and haphazard nature of the valuation process by requiring the Valuer to specify, justify and rank the key inherent aspects of a property namely;

- location and proximity of mineral occurrences or favourable geological, geochemical or geophysical anomalies outside of the lease;
- location and nature of any geochemical, geological or geophysical anomalies or mineral occurrences within the lease area;
- number, tenor and relative position of anomalies on the property being valued, and
- geological factors or occurrences within the lease area that lend support to the general prospectivity and exploration models appropriate to the property being valued.

While a somewhat mechanistic approach the Kilburn Method encourages a disciplined assessment of the key geotechnical aspects of a project and exploration results. By reference to a matrix of features, a weighting can be applied to a starting base value that enhances or downgrades the intrinsic overall value of the tenement (Kilburn (1977), Lawrence (1994))

The starting base value is the Base Acquisition Cost (BAC) which is the average cost incurred to acquire a base unit area of tenement and to meet all statutory expenditure commitments for a period of 12 months. A value equivalent to the sum of application fees, annual tenement rental, statutory expenditure requirement is frequently used which will vary according to the age and type of tenement (e.g. Exploration, Prospecting or Mining/Exploitation Licence).

The Kilburn method systematically addresses the above four key technical attributes of a tenement, to arrive at a series of multiplier factors which are then applied in sequence to the BAC of each tenement to establish the overall technical value of each mineral property. A market factor or premium may then be applied to the technical value to reflect such things as prevailing market sentiment, status of lease application, risk or unique attributes of the lease and setting.

The multipliers or ratings and the criteria for rating selection are summarised in Table 3.1.

The successful application of the Kilburn method depends on the selection of appropriate multipliers that reflect the tenement prospectivity. There is, furthermore, the expectation that the outcome reflects the market's perception of value. In Arc Resources opinion the Kilburn method makes an attempt to implement a system that is systematic and defensible. It endeavours to take account of the key factors that can be reasonably considered to impact on the exploration potential. The acquisition and holding costs of a tenement for 1 year provides a reasonable and consistent starting value to use as the BAC and provides a standard base from which to commence a valuation.

While some subjectivity still exists it is assumed that when a tenement is pegged for the first time by an explorer the tenement has been judged to be worth at least the acquisition and holding cost. Where the tenement has been retained, particularly after a period of relinquishments or consolidation, it can be assumed that the company believes the tenement and previous exploration results are encouraging enough to justify ongoing expenditure.

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Regardless of the flaws of the Kilburn method, Arc Resources considers that it provides a systematic and transparent framework from which to value an exploration asset in the first instance. It allows the public to assess the processes behind the valuation and preferably should be further reinforced with a comparison to other valuation methods where available.

Table 3.1 Kilburn Rating Criteria (adapted from Kilburn (1990))

Rating	Off property factor	On property Factor	Anomaly Factor	Geological Factor
0.1				Generally unfavourable lithology
0.2				Generally unfavourable lithology with structures
0.4				Generally favourable lithology (10%-20%)
0.5			Extensive previous exploration with poor results – no encouragement.	Generally favourable lithology on 25% of the lease area
0.6				Generally favourable lithology >25% lease obscured by cover (e.g. alluvium)
0.7				
0.9			Extensive previous exploration with encouraging results – regional targets.	Generally favourable lithology on 50% of the lease area.
1	No known mineralisation in the district	No known mineralisation	No targets outlined	Generally favourable lithology on 70% of lease area
1.5	Minor workings in district; Sub-ore grades encountered; mineralised target areas defined,	Minor workings		
2	Potentially ore grades encountered, Several old workings in district.	Several old workings	Several well defined targets or coincident anomaly	Generally favourable lithology with structures throughout lease area
2.5	Abundant workings, good grades and volumes, Deposits outlined.	Abundant workings		
3			Several significant sub-economic intersections	Generally favourable lithology with structures along strike of a major mine
3.5	Abundant workings/mines historical production. Significant deposit defined (eg. >200,000 oz AuEq)	Abundant workings/mines Historical production (e.g. >100,000 oz AuEq)	Sub-economic intercepts with coincident anomalies.	Favourable geology with patterns or trends defined that maybe mineralised.
4				Favourable geology with several patterns or trends containing mineralisation..
4.5				
5	Along strike significant mine(s) with Medium production/reserves (e.g. Equivalent to >1M oz AuEq)	Historical production (e.g. >500,000 oz AuEq)	Several significant ore grade correlatable intersections	
10	Along strike significant mine(s) with large production/reserves (e.g. Equivalent to >5M oz AuEq)			

* AuEq (Gold Equivalent) figures used only as a guide and illustration of the size of deposit envisaged.

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3.3.3 Multiple of Exploration Expenditure

The Multiple of Exploration Expenditure Method (MEE) is a cost approach valuation method often referred to as the Appraised Value Method (Lawrence 1994, Only 1994). It assumes that an exploration tenement is worth the meaningful past exploration expenditures plus warranted future costs adjusted by a market factor known as the Prospectivity Enhancement Multiplier (PEM) (Roscoe 1999). The magnitude of this premium or discount is based on the subjective judgement by the Valuer of the success (or failure) of the exploration completed to date and an assessment of the future prospects of the tenement(s). The factors described by Lawrence (2007) and summarised in Table 2.2 have been used to guide the application of this method here.

Practitioners emphasise that the MEE method is acceptable provided that only expenditure relevant to significant exploration is included and that the quality of the exploration work is considered to be of a minimum standard (Baxter and Chisholm (1990)).

PEM Range	Criteria
0.2 – 0.5	Exploration (past and present) has downgraded the tenement prospectivity, no mineralisation identified.
0.5 – 1.0	Exploration potential has been maintained, rather than enhanced, by past and present activity. Mineralised targets identified from regional mapping.
1.0 – 1.3	Exploration has maintained or slightly enhanced, but not downgraded, the prospectivity of the tenement.
1.3 – 1.5	Exploration has considerably enhanced the prospectivity of the tenement by identifying mineralisation anomalies through geological mapping, geochemical or geophysical methods.
1.5 – 2.0	Initial (scout) drilling has identified interesting intersections of mineralisation.
1.0 – 2.5	Detailed drilling has defined targets with potential economic interest with the potential to contain significant economic deposits.
2.5 – 3.0	A significant resource has been defined at Inferred Resource Status, no Feasibility Study has been completed.
3.0 – 4.0	Indicated category resources have been identified that are likely to form the basis of a prefeasibility study.
4.0 – 4.5	Indicated and Measured category resources have been identified and economic parameters are available for assessment.

The MEE method is applicable for areas which are at too early a stage of exploration to justify the use of alternative valuation methods such as DCF. The assumption is that well directed past exploration expenditure adds value to a property. This is not always the case and exploration can also downgrade a property. Consequently, the PEM which is applied to the effective expenditure of retained properties commonly ranges from 0.5 to 3.0 in line with the PEMs for retained leases that generally fall within the following ranges:

- 0.5 to 1.0 where work to date or historic data justifies the next stage of exploration;
- >1.0 to 2.0 where strong indications of potential for economic mineralisation have been identified; and
- >2.0 to 3.0 where ore grade intersections or exposures indicative of economic resources are present.

An important element of this method, is that only those past expenditures which are considered reasonable and productive are retained as value. Productive means that the results of the work give sufficient encouragement to warrant further work by identifying the potential for the existence and discovery of an economic mineral deposit. Warranted future costs comprise a reasonable exploration budget to test the identified potential, which can be geophysical or geochemical anomalies or promising mineralisation already identified. If exploration work downgrades potential, it is not productive and should not be retained as value. Obviously if the property is considered to have negligible exploration potential, it has little or no value.

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As with the Kilburn Method, the Multiple of Exploration Method requires a thorough understanding of the exploration process, industry standards and unit costs for drilling and other exploration techniques. It requires that the Valuer becomes familiar with the geological setting, the exploration target, the exploration history and appropriate exploration techniques. These requirements are best fulfilled by seasoned exploration geologists with a variety of experience and sound technical judgement.

The principal short-comings of this method are that there is no constant base from which to commence the valuation, as there is with the BAC used in the Kilburn Method, not all exploration expenditure may be allocated to productive programs and there is no systematic approach taken in arriving at the exploration multiplier. In fact some sources have suggested that PEM factors ranging from 0.5 to 3.0 have been commonly applied within the industry but here is little transparency as to how those factors were arrived at. A subjective judgement is required therefore, throughout the valuation.

3.3.4 Joint Venture Term Method

The Joint Venture Terms Method takes into account existing JV agreements or the JV terms for nearby and/or similar properties. There are some shortcomings to this method which can be highly subjective and may be distorted by the different corporate objectives of the entities involved. They are best applied where the joint venture is undertaken on an arm's length basis and where firm expenditure commitments are placed.

Joint venture agreements are often complex and involve walk-away option clauses. They combine technical, commercial and corporate aspects in a manner where the intrinsic or fundamental value (as required by the Code) of the tenement is blurred. In a perfect world the tenements would be valued before the joint venture is entered into, but as stated previously this is not a perfect world and valuations can by nature be subjective.

An acceptable situation exists when an "arms length" JV agreement has been established and the JV partner has demonstrated a strong willingness to meet the terms of the JV and there are reasonable grounds to believe that the terms of the agreement will continue to be met and the earn-in will be concluded in a relatively short time.

3.3.5 Comparable Market Value Method (or Real Estate Method)

The Comparable Market method uses transactions prices from recent sales of interests in similar or nearby tenements as a guide to current value. Sometimes that might utilise a value per resource or reserve ounce as in the Rules of Thumb method. This method is good where the transaction is at an arm's length in that it reflects what the market is willing to pay for similar tenements however, its weaknesses are apparent due to the lack of transparency in the other transaction, inherent technical dissimilarities between the properties and the relevance of location or timing of the transactions. This can be mitigated where a number of transactions can be considered that are apparently similar in nature to provide a range or broad "market" consensus of value.

The Comparable Market method can be used to ensure that valuations by the Kilburn or Multiple of Exploration methods are sensible and realistic. However, the Comparable Market Value method is subjective and use of recent sales in a bull or bear market can lead to distortions in estimating the intrinsic value of the tenement(s).

3.3.6 Rules of Thumb Method

Some valuation Rules of Thumb are earnings based techniques (e.g. multiples of turnover, industry based Price-Earnings Ratios) or asset based using book values or replacement costs. Often they are 'back of the envelope', industry-based assumption loosely based on what are thought to be recent transactions but are often loosely based and the basis on which are arrived at is not clear or supported by examples. They are not suitable for a formal valuation of exploration properties.

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3.3.7 Comment on valuation methods applicable to exploration tenements

In Arc Resources' opinion exploration tenements without defined mineral resources can only be realistically valued by the Kilburn (or some other systematic rating method), Comparable Market (with a number of appropriate examples) or Multiple of Exploration methods. Ideally two or more can be used as a check on the assumptions and relevance of the estimates of Market Value. At least when any of these are used, the basis for the professional judgement should be laid out for public scrutiny and the method should be as transparent as possible.

3.4 VALUATION OF PROPERTIES WITH RESOURCES AND ORE RESERVES

Where resources and/or ore reserves have been defined our approach is to excise them from the tenement and value them separately on a value per unit basis (e.g. *per ounce* or *per tonne*) or on the basis of a discounted cash flow. The value of the exploration potential of the remainder of the tenement can then be assessed by the using the methods described above. A similar approach is adopted for the valuation of gold in tailings or rock stockpiles. Where appropriate, discounts are applied to the estimated contained metal to represent uncertainty in the information

Once a resource has been assessed for mining by considering revenues and operating and administrative costs the economically viable component of the resource becomes the ore reserve. When this is scheduled for mining and all capital costs are considered the net present value (NPV) of the project is established by discounting future annual cash flows using an appropriate discount rate. The resulting "classical" NPV has numerous deficiencies which are linked to the fact that the method assumes a static approach to investment decision making which is obviously not the case. Nevertheless the NPV represents the only practical approach to valuing a proposed or on-going mining operation.

When only a resource has been outlined and its economic viability has still to be established (ie. there is no ore reserve) then typically a "rule of thumb" style of approach is usually applied using a number of similar projects as the basis for allocating a dollar value to resource tonnes or units of metal in the ground.

The quality of the resource ounces and therefore their value is a factor of:

- the grade of the resource;
- the proximity to infrastructure such as an existing mill, roads, power, water, skilled work force, equipment, etc;
- likely operating and capital costs;
- the amount of pre strip (for open pits) or development (for underground mines) necessary;
- the likely ore to waste ratio; and
- the overall confidence in the resource (including its classification under the JORC Code guidelines).

3.5 WTR VALUATION METHODOLOGY

3.5.1 Mineral Assets to be Valued

The WTR assets comprise a tenement holding totalling 506.2 km² in several project areas in south-west Madagascar (Figure 1). The projects comprise a total of 7 granted Research (Exploration) Permits (PR) of which WTR currently has a 100% equity interest in each of the permits. Two Exploitation Permits (PE) have been applied for which will be excised from existing PRs for the purposes of mining. An additional 5 applications have been submitted for PRs totalling 107.8 km² but are not yet granted (not included in this valuation).

Individual tenements have undergone varying degrees of assessment but work on the 3 tenements comprising the Ranobe project has outlined a significant JORC-compliant heavy mineral sands resource of 707Mt grading 6.54% HM (Heavy Mineral) within the Upper Sand

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Unit (USU) (Refer to Table 3.3 for the breakdown of the resource categories). The other tenements in the Manombo-Morombe project area north of Ranobe are all at an early stage of exploration and have yet to define a mineral resource.

The tenements are grouped into the following main projects:

Ranobe

- 3 granted PR tenements totalling 131.2 km²
(including 2 PE applications totalling 18.75km² to be excised)
- Drilling in 2003 and 2005 outlined Heavy Mineral Sand (HMS) mineralisation over 16km of strike length. An area containing higher grades in the northern section has been nominated as the initial or Stage 1 mining area and a JORC compliant resource and mining inventory has been estimated within that area.

Manombo-Morombe

- 4 granted PR tenements totalling 375 km²
- The tenements occur in three project areas, to the immediate north of the Ranobe project. Exploration is at an early stage with no resources defined but exploration results to date have been encouraging.

Miscellaneous

- 5 PR applications yet to be granted totalling 107.8km²

3.5.2 Mineral Resources

WTR's Ranobe Project contains significant resources that are compliant with the reporting guidelines of the JORC Code. From these a mining inventory has been estimated for the purpose of developing a provisional mining plan for the Project (refer Table 3.3). The mining inventory is outlined within a high grade subset of the Measured and Indicated resource categories but may not be considered to be a reserve in accordance with the guidelines of the JORC Code. However, there have been sufficient technical, economic and other factors applied to its estimation for Arc Resources to consider it suitable for use in a Discounted Cash Flow (DCF) Valuation.

Table 3.3. Ranobe Project: Resource and Mining Inventory estimate		
USU Resource Category	Tonnage (M tonnes)	Grade (% HM)
Measured	222	7.66%
Indicated	393	6.07%
Inferred	92	5.91%
Total	707	6.54%
Stage 1 Mining within high grade portion of total resource		
Stage 1 Mining Inventory ¹	145	8.1

¹Provisional estimate derived from Measured and Indicated resource category for purpose of Life of Mine Planning

Arc Resources is of the opinion that the DCF method provides the most appropriate approach to the technical valuation of the Ranobe project tenements in conjunction with the Comparable Market methods where applicable. Unfortunately, there have been very few tenement acquisitions in recent times that could be considered comparable to the WTR concessions, particularly in Madagascar or East Africa although there are several companies with projects at a similar stage to Ranobe that can be compared in terms of an Enterprise Value for the contained resource.

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3.5.3 Exploration Potential

WTR's Manombo-Morombe projects are at the early exploration stage and contain no defined resources although drilling to date at Ankiloaka and Basibasy has been encouraging in that it has confirmed the presence of HMS mineralisation of potentially economic significance over a wide area.

Given the incomplete understanding of the geological controls on the mineralisation and having considered the various methods used in the valuation of exploration tenements, Arc Resources is of the opinion that the Kilburn method is not the most appropriate approach to the technical valuation of these tenements at this stage. Given the exploration success achieved by work to date however, Arc Resources believes the Multiple of Exploration Expenditure in conjunction with Comparable Market methods are more applicable. Unfortunately, there have been very few tenement acquisitions in recent times that could be considered comparable to the WTR concessions, particularly in Madagascar or East Africa.

3.6 RANOBE PROJECT VALUATION

3.6.1 Discounted Cash Flow Method

Arc Resources has used the Discounted Cash Flow method to arrive at a technical value for the exploration potential of WTR's Ranobe project tenements. A summary of the valuation is presented in Table 3.4.

For the purposes of this report all valuations have been made in Australian dollars (AUD), and rounded to the nearest \$1,000. A portion of the early capital forecasts in the cashflow model were amended in the sensitivity analysis to use the prevailing AUD/USD exchange rate of 1.0000 as of 16 September, 2011.

WTR provided scoping studies which included the construction of a spreadsheet model for the Ranobe project based on the project studies completed to date whose level of confidence is considered to be at a pre-feasibility level ($\pm 30\%$). Arc Resources has reviewed the latest model and assumptions to adjust the net present value estimate obtained for Ranobe and which is discussed below. An interactive spreadsheet model was not provided to the author but sensitivities were applied to the model under the direction of Arc Resources. The author also checked the model by reconstructing it from first principles and including the same assumptions to obtain a similar global result.

Arc Resources considers the scoping study to be sufficiently robust and comprehensive to provide confidence in deriving a technical valuation. There appear to be no fatal flaws in the studies although for reasons of conservatism some sensitivities have been applied to areas and reported by exception below to arrive at a range of technical values. These values are derived from the assumptions set out in this report all of which are considered to provide a reasonable basis for these values.

The discounted cash flow model used some forward looking price projections based on industry views of the market trends and forecasts. While Arc Resources agrees that these assumptions are soundly based we have also run the model with price adjustments to provide a more conservative valuation for comparison.

In particular, the NPV calculated for the DCF model assumed project construction to commence in 2012. This was considered unrealistic and pushed back to 2013/14 (Years 2 and 3) and additional capital expenditure was included in 2012 and 2013 for feasibility studies and engineering design.

In considering the Ranobe project, the following factors and assumptions derived from exploration and feasibility studies were taken into account:

- The geological controls on mineralization appear to be well understood with the Heavy Mineral Sands (HMS) found within a sand unit known as the Upper Sand Unit which sits

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above two further separate sand units and a limestone basement for at least 50% of its strike length.

- Exploration has outlined a 16 km line of HMS mineralization, predominantly within the Upper Sand Unit and early estimates of the global mineralisation in all sand units indicated the potential existence of a non-JORC compliant deposit containing more than 1.7 billion tonnes grading over 4% HMS. A portion of this was assessed in more detail and a JORC compliant resource of 707 million tonnes was subsequently estimated within the Upper Sand Unit (Refer to Table 3.3 for the breakdown of the resource categories). Within the Measured and Indicated categories of that resource a mining inventory of 145 million tonnes was calculated as part of a Stage 1 mining study option (Refer to Table 3.3). The mining inventory is not considered to be a reserve in accordance with the guidelines of the JORC Code but has been determined with sufficient rigor to allow a preliminary life of mine plan and cashflow to be constructed with some confidence.
- A polygonal resource was calculated in May 2010 for the mineralisation proposed as the first area for mining in a staged development. This estimate by Milne (2010) was considered to be of JORC standard and compares reasonably closely to a previous calculation using the same drill data and geostatistical methods of estimation.
- In accordance with the latest resource estimate, The Stage 1 measured and indicated resource of 145 million tonnes at 8.1% HM was used as a mining inventory. The composition of the heavy mineral assemblage is assumed to be 69.7% ilmenite, 1.9% rutile and 5.5% zircon.
- Mining recovery of 99%. Mineral recovery at the concentration stage of 94% ilmenite, 92% rutile and 94% zircon. Heavy minerals comprise 94% of the concentrate mass.
- Average annual throughput was assumed to be 7.95 million tonnes of ore over an 18.25 year mine life. In years 2 to 11, full mine production is to be 7.02Mtpa increasing in years 12 to 20 to 9.36Mtpa.
- An initial capital cost of \$130.9 million was estimated which includes on-site power generation and barge loading facilities. Expansion capex of \$24.2 million was scheduled for Year 11. Additional capital was added to account for feasibility studies and engineering design prior to start up. This estimate was derived from calculations using US currency and converted to Australian Dollars at a rate of 0.92. While the initial capital was recalculated at an exchange rate of 1.00, trying to predict the future exchange rate at any time is speculative and rate for capex in Year 11 was left as 0.92 to reflect possible strengthening of the US dollar over 10 years.
- Discussions with WTR suggest that the start-up capital provision may be conservative as potential additional costs have been raised since the report was commissioned. These have yet to be confirmed (or quantified if they eventuate) but are considered in the sensitivity applied in this valuation.
- Mining and concentration costs of \$44.59/tonne of product over the Life of Mine
- Administration and mineral separation costs of \$33.29 per tonne of product.
- Total operating cash costs of \$94.18 per tonne of product sold over the Life of Mine.
- Average annual production ramping up to 400,000tpa of ilmenite of which 80% sulphate grade and 20% chloride grade are to be obtained.
- Average annual production of 21,000 tonnes in Years 4-5 ramping up to 43,000 from Year 5 of mixed zircon and rutile concentrate grading 17% rutile, 73% zircon and 10% other minerals.

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- Construction was initially assumed to start in early 2012, first production in mid 2013. This may now be problematic given delays in the last 12 months and the need to firm up feasibility and engineering studies. This was pushed back to 2014.
- Various mining scenarios have been reviewed with the ultimate selection yet to be finalised. Significant changes in start dates, ramp up periods and throughput rates would influence the NPV.
- Company tax of 22% and a 1% net revenue royalty.
- A real, after tax discount rate of 15%.

The discount rate has been set according to the level of confidence in the underlying assumptions, the level of risk perceived by an arm's length investor with imperfect knowledge of the project and the general political and economic environment. A reasonable investor might seek a minimum of 15% from investing in Ranobe at this stage while the 10% rate in the cash flow model derived from the scoping study may be considered more appropriate in reaching an internal company decision.

- The forecast price assumptions reflect the situation where there will be a shortage of zircon and titanium feedstock from 2011, driven by a progressive decrease in supply from existing producers, a lack of new projects and ongoing growth in consumption. The author is comfortable with the price forecasts as at July 2011 for zircon and rutile in 2013 are US\$2690/tonne and US\$1020/tonne respectively reducing to a long term price forecast of US\$1715 and US\$870 from mid 2017 on. Ilmenite price forecasts are US\$186-162/tonne in 2013 reducing to US\$146-166/tonne by mid 2017.

Iluka Resources Ltd presentations (Iluka, 2010) have stated that:

- Iluka's high grade titanium dioxide contracts with long term cap and collar pricing arrangements mainly come to an end at the end of 2010.
- Significant price rises in zircon and titanium feedstock are required to induce investment in new supply capacity.

These comments are consistent with the effects of a lack of investment in the titanium feedstock industry that has occurred over the past decade and recent company announcements regarding plant restarts and expansions have reinforced that.

The future demand split between sulphate and chloride route pigment production is relevant to Ranobe. Ranobe is expected to produce 80% sulphate grade and 20% chloride grade ilmenite, which compares to the current world average production split of about 75:25.

A phase out of sulphate route pigment production in the industry has long been discussed. However, Chinese pigment production uses almost entirely the sulphate route. Concentration of pigment demand growth in China, together with technical barriers to chloride route development, have meant that the sulphate route has maintained (or increased) its share of world pigment production since 2005, at about 45% of pigment produced.

- The Ranobe project as outlined compares well when measured against other projects in the world mineral sands industry. It has competitive advantages which add to the overall robustness of the project should a downturn occur in the market.
- It is forecast to be low in the global industry in terms of operating costs, Operating costs are forecast to be US\$5.60 per tonne mined at full production dropping to US\$4.80 with expansion in Year 11.

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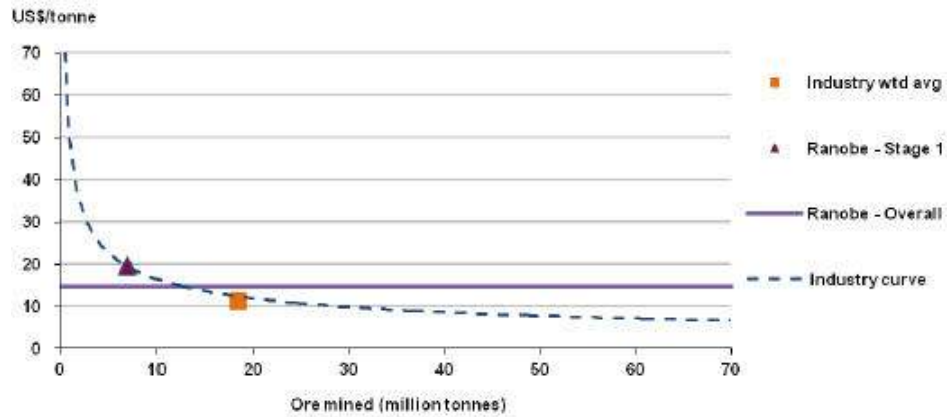


Figure 3. Ore contained value of Ranobe in 2015 compared with industry average (WTR 2011)

- The forecast revenue to cost ratio (RCR) of the Ranobe project by 2015 will be a favourable 2.59 compared with the industry average of 2.00 (Figure 4).

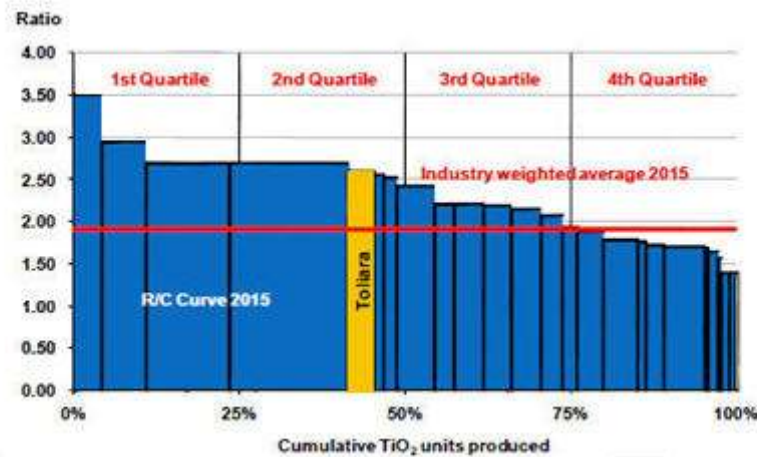


Figure 4. 2015 Revenue to Cash Cost ratio (R/C) curve based on long term forecast commodity prices and production forecast of existing and new operations. (WTR 2011)

In summary, the low case for the Ranobe project assumes a capital cost increase of 30%, a reduction in forecast prices of 10% and a recasting of the start of construction to 2014 with additional capital expenditure provisions prior to startup. The exchange rate used for initial capital was 1.00 instead of 0.92.

The high case increases forecast commodity prices by 10% and also delayed the start of construction to 2014 with additional provision of capital. The exchange rate used for initial capital was 1.00 instead of 0.92.

This produces a range of NPV estimates using a discount rate of 15% of \$90.2 million to \$217.3 million.

Valuation of resources outside of Stage 1

Possible expansion

The Ranobe project production rate is limited by the available infrastructure and port capacity. It is not a simple matter to significantly expand production without

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considerable capital and operating issues. Therefore the valuation does not include project expansion in its consideration.

Valuation of inventory outside Stage 1

The mining inventory of 145 Mt at Ranobe within the Stage 1 mining area comprises approximately 27% of the resources within that area. Considering also the total resources of 707 Mt at 6.54% HM in the USU including Stage 1 (Refer to Table 3.3 for the breakdown of the resource categories), Ranobe clearly has the resource potential to support greater annual output or longer minelife than modelled above. However, projecting an expansion of Ranobe's annual output requires assumptions about water resources, power provision, port capacity and product marketing that are not yet sufficiently well resolved to be included in the model. These aspects, among others, may be resolved in the future, in which case the value of the project is likely to be increased.

The following factors were noted:

- Ranobe has very strong potential to support a longer project life than the assumed 19 years.
- The extension of mine life is contingent on both a successful Stage 1, and resolution of cost and sales assumptions.
- Merely extending the Life of Mine cashflow model after year 19, with lower grade resources, would have a negligible effect on the net present value
- The valuation assigned to the remaining resource can be done by adding a premium to the Stage 1 Life of Mine plan or using a comparable methods style valuation.

The use of comparable values and Enterprise Value units would present an unreasonable distortion of the valuation relative to the DCF analysis given the lack of consideration to the time factors involved.

For this reason, a premium of 10% assigned to the technical valuation of the Ranobe deposit is preferred as a valuation of the additional resource as it levers off a rigorous study which includes a time factor consideration.

Method	Share	Lower	Upper	Preferred ¹
Discounted Cash Flow – Stage 1	100%	\$90,220,000	\$217,260,000	
10% Premium for resources outside Stage 1	100%	\$9,022,000	\$21,730,000	
PREFERRED VALUATION:		\$99,242,000	\$238,990,000	\$186,584,000

¹The choice of preferred valuation is discussed in Section 3.6.4

3.6.2 Comparative Valuation Method (Enterprise value)

A review of global mineral sands projects was undertaken and an estimate made of the Enterprise Value (EV) of their respective projects in order to provide a basis for comparison with Ranobe. The EV was estimated by taking the market capitalisation of the company and adjusting for cash, debt and other projects owned by the company. The reference equity prices used to determine values was as at 16 September, 2011.

The companies assessed included:

- Industrial Minerals Ltd (ASX:IDM) – Oregon in USA
- Diatreme Resources Limited (ASX:DRX) – Cydone in Australia
- Matilda Zircon Limited (ASX:MZI) – Tiwi, Keysbrook and Lethbridge in Australia
- Mineral Deposits Limited (ASX:MDL) – Grand Côte in Senegal
- Gunson Resources Limited (ASX:GUN) – Coburn in Australia
- Mineral Commodities Limited (ASX:MRC) – Tomin and Xolobeni in South Africa

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- Australian Zircon NL (ASX:AZC) – Mindarie in Australia
- Titanium Resources Group – (LSE:TXR) - Sierra Rutile in Sierra Leone
- Astron Limited (ASX:ATR) – Donald in Australia
- Base Resources Limited (ASX:BSE) – Kwale in Kenya

The Iluka Resources Ltd, Rio Tinto and BHP Billiton operations were not reviewed as their status was not comparable. Similarly many of the above projects are either in production or under construction. Those projects most comparable to Ranobe in terms of resource status, feasibility stage and mineral composition are considered by Arc Resources to be Cyclone, Coburn, Grand Cote and Kwale. Construction has not commenced at these projects or is at an early stage but capital has been proposed. Details of the projects and their EV calculations are summarised in Table 3.5.

Of particular note is that the grade of the Ranobe deposit (6.23% HM) is considerably higher than most other projects, contains a low amount of slimes and has no overburden requiring capital to prestrip. These factors make it more commercially attractive and relatively more capable of economic exploitation.

Company	Mkt Cap (A\$M) 16/9/2011	Project	EV (A\$M)	Resource (Eq Share) ¹		EV/tonne Resource (A\$)	EV/tonne HM (A\$)
				Mt	%HM		
Base Resources	188.7	Kwale (Kenya)	189.7	146	4.9%	1.30	26.51
Diatreme Resources	30.1	Cyclone (Australia)	24.2	238	1.96%	0.102	5.19
Guns on Resources	32.4	Coburn (Australia)	29.9	979	1.26%	0.031	2.42
Image Resources	35.4	Nth Perth Basin	30.5	42.4	6.4%	0.719	11.24
Mineral Deposits	430	Grand Cote (Senegal)	102	1030	1.73%	0.099	5.72

¹Refer to Appendix 2f or a breakdown of resources by categories

The EV per tonne resource across the projects in Table 3.5 ranges from \$0.031 to A\$1.30. Alternatively the EV per tonne HM measure, which ranges from \$2.42 to \$26.51 per tonne, might be a better discriminator between projects with varying grades.

Using EV per tonne resource would produce a valuation of the Ranobe resource of 707 Mt (containing 46.2 Mt HM) (Refer to Table 3.3 for the breakdown of the resource categories) of between \$21.92 million and \$919.1 million. Using EV per tonne HM would produce valuations between \$111.8 and \$1,224.8 million.

Arc Resources is of the opinion that this range is overly large and takes insufficient consideration of several projects that are in commission or production. (Table 3.6).

Of particular note in discounting the use of the Enterprise Value method is the disconnect between some company Enterprise Values and the NPV estimates for their specific projects (Table 3.6). While the range of values may reflect the different qualities and status of each project they are all less than the NPV indicated by the companies for their projects. This may better illustrate the market factors impacting on the technical valuation. Base Resources is noteworthy because it is near construction and has just raised significant funds to commence construction.

Consequently, the DCF valuation method is considered more appropriate when valuing mineral assets where they are sufficiently advanced and the use of the Enterprise Valuation methodology should be used only where there is little or no other data available.

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Table 3.6 Comparison of Enterprise Valuations with Project NPV estimates				
Company	Project	EV (A\$M)	Project NPV (at 8-10% disc) (A\$M)	Ratio EV/NPV (nominal)
Base Resources	Kwale (Kenya)	189.7	\$395	48%
Diatreme Resources	Cyclone (Australia)	24.2	\$266	9%
Guns on Resources	Coburn (Australia)	29.9	\$300	10%
Image Resources	Nth Perth Basin	30.5	\$59 - \$98	41% (ave)
Mineral Deposits	Grand Cote (Senegal)	102	n.a.	

3.6.3 Comparative Valuation Method (Recent transactions)

There are few recent transactions of minerals sands projects that are comparable to the Ranobe project and even those had accompanying issues that impacted on the valuation.

In March 2010, Astron Ltd acquired the Wim50 resource from Austpac Ltd for A\$5 million (US\$4.6M). Wim50 had a resource of 4.5 billion tonnes grading 4.0% HM (Refer to Appendix 2 for a breakdown of resources by categories) but was very fine grained and had undergone years of study to overcome metallurgical issues. This project may be considered problematic which explains the low acquisition price of US\$0.0011 per tonne resource.

In February 2010, Base Iron Ltd acquired the high grade Kwale option in Kenya from Tiomin Resources Inc for US\$3 million cash and a 2% revenue royalty. Kwale had a resource of 139Mt at 4.65% HM (Refer to Appendix 2 for a breakdown of resources by categories). This values the up-front cash component at US\$0.022 per resource tonne. An additional royalty component cannot be assigned here as the future revenue stream is open to too many uncertainties including, but not limited to, the company actually reaching a decision to mine.

These transactions occurred in a period in which the industry and mineral sands prices were depressed and the valuations may also have limited comparability to the Ranobe project due to its inherent nature but provide a range of valuations between A\$0.84 million (US\$0.8M) and A\$16.1 million (US\$15M) for comparison. Given the processing issues that downgrade Wim 50, the relatively high grades and metallurgical characteristics of the Ranobe resource and its similarities with Kwale, Arc Resources is of the opinion that the preferred valuation for Ranobe is close to the high side of this range.

Several apparent acquisitions occurred in 2011 which remain unconsummated, involved related party transactions, lacked detail or were highly conditional. These have not been included here.

3.6.4 Comparison of Ranobe Valuations

The different methods applied to a technical valuation of the Ranobe project is summarised in Table 3.7 highlights the wide range of values possible with each method. A discussion of these methods and a comparison of their pros and cons is provided below.

The comparative valuation using recent transactions is based on a very small sample of two dated projects. Only one (the Kwale acquisition) may be considered valid given that it involves a project with some technical and regional similarities to Ranobe. Valuers tend to gravitate towards the use of recent transactions as a basis for valuation because they reflect current market thinking on the technical merits of an individual project. However, it occurred a year ago at a time of depressed market sentiment and cannot realistically be used here.

The use of market capitalisation or EV methods of comparison has produced a range of values that is so wide as to be effectively useless in valuing Ranobe. There are so many other factors in play when considering the EV of a project in this mineral sector that many will be unknown to the valuer. The overall picture of the industry however, is that many projects are

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valued significantly lower than the capital that has been expended upon them and as discussed in section 3.6.2 are generally far lower than the NPV valuations obtained where projects are significantly advanced.

In this instance the best technical valuation of those considered should be the DCF method as it incorporates the best information, results from disciplined feasibility studies and follows a logical, industry proven development plan. The studies have been undertaken by some of the leading practitioners in the field and the resulting Life of Mine cashflow model is considered sufficiently robust and comprehensive to provide confidence deriving a technical valuation. There appear to be no fatal flaws in the study although it has highlighted some areas requiring further refinement. Consequently, for reasons of conservatism, the author has highlighted those areas, reported them by exception and where necessary considered them in sensitivity studies to arrive at a range of technical values.

As in all Life of Mine studies the WTR cashflow projections are based on a model that has yet to be finalised or enacted, largely based on technical factors at the expense of market considerations and makes price and cost assumptions that may ultimately be incorrect including that of start up capital. These uncertainties are standard in the industry and accommodated in the valuation range provided here.

This difference between the nominal NPV of projects and the company EV is consistently negative (Table 3.6) and considered to reflect the current state of the market. The discount appears to lie between 52% and 91% for NPVs estimated at 8%-10%, and would be expected to change to around 27% - 85% at higher NPV discount rates. Therefore, a market discount factor of 35% (the approximate average of the three largest projects) is applied to the Ranobe technical valuations in acknowledgement of the other adjustments that have already been made to the base model.

The preferred valuation is in the third quartile of the range to reflect the technical attractions of the project and its position on the cost curve as suggested by a comparison with other projects.

Method	Share	Lower	Upper	Preferred
Technical valuation				
Discounted Cash Flow – Stage 1	100%	\$90,220,000	\$217,260,000	
10% Premium for resources outside Stage 1	100%	\$9,022,000	\$21,730,000	
Sub Total		\$99,242,000	\$238,990,000	
Market discount (35%)		- \$34,735,000	- \$83,647,000	
PREFERRED VALUATION:		\$64,507,000	\$155,343,000	\$121,280,000

In Arc Resources' opinion, the combined technical and market value of WTR's 100% equity interest in its Ranobe mineral sands project lies in the range \$64,507,000 and \$155,343,000 with a preferred value of \$121,280,000.

3.7 OTHER WTR PROJECTS VALUATION

3.7.1 Valuation of Exploration Potential

WTR has three other exploration tenements, Ankililoaka, Basibasy and Morombe, which comprise the early stage exploration Manombo-Morombe project north of Ranobe project area.

The drilling to date at Ankililoaka and Basibasy has been encouraging in that it has confirmed the presence of HMS mineralisation of potentially economic significance over a wide area. However, the individual prospects will not necessarily benefit from any infrastructure established for Ranobe. Drilling and metallurgical tests have established the potential of each

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of the three projects to host commercial mineral sand concentrations. Further drilling, process work and infrastructure studies are required before cash flows can be forecast.

Relative to Ranobe, the Basibasy and Big Dune prospects (Morombe tenement) show potential for high zircon to ilmenite ratios and high TiO₂ content in the ilmenite however, overall grades may be lower. Access to additional infrastructure is also likely to be more expensive than at Ranobe.

Considering the same peer comparison exercise conducted for Ranobe and the impact on project NPV by its eventual development, the combined value of the Ankililoaka, Basibasy and Morombe projects is assessed at \$1.00 million.

3.8 SUMMARY OF WTR MINERAL ASSETS VALUATION

A summary of Arc Resources' opinion of the current market value of WTR's proposed equity interest in their Madagascar projects is presented in Table 3.8.

Project	Area (km ²)	Share	Lower	Upper	Preferred
Ranobe	131.2	100%	\$64,507,000	\$155,343,000	\$121,280,000
Manombo-Morombe	375	100%	\$1,000,000	\$1,000,000	\$1,000,000
TOTAL:	506.2		\$65,507,000	\$156,343,000	\$122,280,000

In Arc Resources' opinion, the combined technical and market value of World Titanium Resources' 100% equity interest in its Madagascar mineral assets lies in the range \$65.5 million and \$156.3 million with a preferred value of \$122.3 million.

3.9 BOM VALUATION METHODOLOGY

3.9.1 Mineral Assets to be Valued

The BOM assets comprise yet to be granted tenement applications totalling 7,850.6 km² in two project areas in central west Namibia (Figures 2 and 5). The project areas comprise a total of 3 semi-contiguous applications for Exploration Permit Licenses ("EPL") at the early stage Otavi project totalling 1,576.2 km² and 7 EPL applications totalling 6,274.4 km² in area to the south comprising the Otjinene project. BOM through its wholly owned subsidiaries currently has a 100% equity interest in each of the licence applications.

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Table 3.9. Bondi Mining tenement applications in Namibia				
	EPL No.	Tenement application No.	Area (km ²)	Year 1 Proposed exploration budget (USD)
Otavi Project	4645	NAM7	989.0	58,000
	4647	NAM8	382.4	26,200
	4648	NAM9	204.8	16,500
			1,576.2	100,700
Otjinene Project	4640	NAM4	990.6	58,000
	4641	NAM2	997.5	58,000
	4642	NAM1	993.0	58,000
	4643	NAM6	648.5	36,000
	4644	NAM5	990.7	58,000
	4646	NAM3	954.4	58,000
	4649	NAM10	699.7	40,000
			6,274.4	366,000
Total			7,850.6	466,700

Little or no meaningful historical exploration has been undertaken due to the extensive cover of the Kalahari sands obscuring outcrop in the areas. BOM has applied for these areas following their study of the regional tectonic and metallogenic setting including the acquisition and analysis of aeromagnetic imagery over the district. The projects are located within the Pan African Belt - also known as the Damaran Fold Belt – which trends 750km north east to the major copper deposits of the Zambian Copper Belt. Closer deposits include the copper-silver deposits of Boseto (111Mt at 1.4% Cu and 18 g/t Ag) and Ghanzi/Banana (461Mt at 0.62% Cu with Ag credits) in the Kalahari Copper Belt which occurs on the southern margin of the Pan African Belt (Refer to Appendix 2 for a breakdown of resources by categories). The Tsumeb lead-zinc-copper-silver deposit occurs on the northern margin of the Belt and is nearest the Otavi licence in an exposed area that contains numerous copper and base metal occurrences extending to the west.

The setting clearly exhibits major scale mineralisation and contains world class mineral deposits. BOM's exploration targets for sediment hosted stratiform copper and breccia related base metals deposits analogous to those such as Fungurume (Cu-Ag) and Kipushi (Zn-Pb-Cu-Ag) is reasonable and interpretation of the available geophysics supports that model despite the lack of direct geological and exploration evidence due to the extensive cover.

3.9.2 Exploration Potential

BOM's projects are at the early exploration stage and contain no defined resources although analysis of aeromagnetic data has been encouraging in that it has provided a technical basis for the conceptual exploration models applied by BOM to mineral exploration in the district.

3.10 OTAVI & OTJINENE PROJECT VALUATION

Arc Resources has considered a variety of methods to arrive at a technical value for the exploration potential of BOM's Namibian project tenements. A discussion of these methods and their applicability is provided below and a summary is presented in Table 3.10. The Discounted Cash Flow method is not applicable and has been excluded from comparison.

For the purposes of this report all valuations have been made in Australian dollars (AUD), and rounded to the nearest \$100.

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In considering BOM's mineral assets, the following factors and assumptions were taken into account:

- The projects contain no mineral resources.
- The licences applied for by BOM are extensive in size and may deserve a premium due to their strategic value and ability to secure sole control of a prospective area.
- The exploration area is extensively covered by sands of the Kalahari Formation which has prevented historical exploration and mapping of the area. While this presents an opportunity in terms of discovering a concealed deposit by applying modern exploration techniques it also presents technical and logistic difficulties which may increase the risk and costs of exploration.
- The tenements are located in a metallogenically rich setting containing several world class copper and base metal deposits, admittedly some distance away. This enhances the risk-reward scenario for BOM and provides a first mover advantage in testing what the author considers to be sound geological concepts.
- Copper prices strengthened dramatically from mid-2010 but have been moving sideways since the start of 2011.
- While the exploration model is considered sound it is speculative and in the authors opinion the projects are considered to be at a very early exploration stage and pose a moderate to high risk.
- The projects comprise tenement applications which have yet to be granted. While the author has no reason to believe the applications will not be granted in an orderly fashion by the Namibian Department of Mines they cannot currently have the same inherent value as granted licences over the same area.
- A discount of 15% to the valuation is considered appropriate to accommodate both the technical and logistical issues of exploring a 'blind' deposit and the risk profile presented by the tenement's as yet unapproved status and speculative nature of the project. This also accommodates the relative attractiveness of the large landholding in a prospective setting.

3.10.1 Multiple of Exploration Expenditure (MEE)

BOM expended approximately \$212,800 to date in acquiring the Namibian projects, of which \$167,400 were attributable to data acquisition and technical work including consultants. The remainder was attributable to administration costs which included a component for geological salaries. An adjustment of \$18,000 was made to the total.

This initial work did not downgrade the potential of the projects and in some areas has provided targets of interest for further exploration. Consequently, using the criteria summarised in Table 3.10, PEM factors between 0.5 and 1.0 have been applied to the exploration expenditure to obtain a valuation range between \$82,800 and \$165,600 with a preferred value of \$124,200.

Project	Area (km ²)	Share	Lower	Upper	Preferred
Otavi and Otjinene	Expenditure	100%	97,400	194,800	146,100
Discount			14,610	29,220	
Total:			\$82,800	\$165,600	\$124,200

3.10.2 Comparative Valuation Method (Enterprise value)

A valuation estimate applying the comparison of the Enterprise Value (EV) for the projects of similar exploration companies was not undertaken.

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Arc Resources is of the opinion that the range of EV's would be misleading and overly large given the various factors involved in calculating the unit value. In particular, the EV of a project with a similar status as Otavi and Otjinene may well be hard to distinguish from other projects in that companies portfolio.

3.10.3 Comparative Valuation Method (Recent transactions)

There are few recent transactions of copper – base metals projects that are directly comparable to BOM's projects in terms of location, commodity, scale and stage of exploration. However, Table 3.11 summarises several recent transactions which have features of comparison.

Arc Resources reviewed several acquisitions that were completed within the last 10 months. These included the non-copper project acquisitions in Africa by Canyon Resources (ASX:CAY) in Burkina Faso, Nyota Minerals Ltd (ASX:NYO) in Ethiopia, North River Resources plc in Mozambique and Equator Resources Ltd in Liberia.

While most are gold projects, which appears to provide a premium over copper, and ostensibly at an early stage of exploration they are of large size up to 3,000 km² and contain surface exposure and historical workings. With a range of values from \$57 to \$2540 per square kilometre it is noteworthy that the lowest value was the Devosa project which was acquired on the basis of a regional structure derived from an aeromagnetic interpretation.

Copper acquisitions announced by Alara Resources Ltd (Awtad project, Oman) and MOD Resources (ASX:MOD) of GMR Copper project, Botswana were also reviewed. The Awtad project is considered too advanced to be comparable to the BOM tenements while the early stage GMR Project, although it comprises 8,360km² in the Kalahari Copper Belt, is also adjacent to the advanced stage Ghanzi and Boseto projects of Hana Mining Ltd (TSX:HMG) and Discovery Metals Ltd (ASX:DML).

Table 3.11. Recent transactions of exploration projects in Africa

Company	Transaction	Comment	A\$/km ²
Nyota Minerals Ltd, Ethiopia (December 2010)	Acquired the 20% balance of gold project for 2.326 million shares valued at A\$0.977M.	Project comprises 2 gold tenements totalling 3000km ² . It is at an early stage of exploration exhibiting historical gold workings, and gold-base metal soil anomalies. No drilling.	\$1,628
Equator Resources Ltd, Liberia (March 2011)	100% of BJH and its assets through issue of shares and options deemed to be A\$4M.	1,575km ² project gold-iron project. Early stage with no drilling but historical workings, trenching and soil anomalies.	\$2,540
North River Resources plc, Mozambique (February 2011)	Earning 51% Jacana Resources Ltd's, Mavuzi licences by commitment to spend US\$400,000. Option to earn more through additional expenditure.	545.8 km ² project containing several U and REE targets including historical U mines.	\$1,437
Canyon Resources Ltd, Burkina Faso (April 2011)	100% Devosa project for US\$60,000 upon granting of tenement. Thereafter, staged optional payments of US\$640k over 3 years in cash and shares.	Gold project covering 1,004 km ² . Very early stage and acquired on the basis of aeromagnetic interpretation of a major regional structure within a mineralised district.	\$57
Canyon Resources Ltd, Burkina Faso (July 2011)	100% of tenements adjoining project for US\$100,000 upon granting of tenement. Thereafter, staged optional payments of US\$250k over 3 years in cash and shares.	Gold project covering 385 km ² . Early stage and position provides some strategic value adjoining main project within a mineralised district.	\$246
Canyon Resources Ltd, Burkina Faso (August 2011)	100% of Wileri project for US\$120,000 upon signing. Thereafter, staged optional payments of US\$280k over 3	Gold project covering 490 km ² . Early stage with only some artisanal workings. It is located in region with widespread gold	\$234

	years in cash and shares.	mineralisation and deposits containing between 0.5Moz and 2.7Moz (but not close)	
MOD Resources Ltd Botswana (March 2011)	100% of GMR Copper project for \$13.5M in cash and shares.	8359.9 km ² in the Kalahari Copper Belt adjacent to the Gahnzi (Hana) and Boseito (Discovery) projects which are in feasibility stage,	\$1,615

None of the recent transactions summarised above are directly comparable to the Otavi and Otjinene projects. The gold projects are priced at a premium and almost all are either more advanced and display surface anomalism or evidence of past mineral production. Of particular note is that the only transaction involving a conceptual target was Devosa whose value was substantially discounted to be 75% less than the other projects in the surrounding region.

3.10.4 Choice of Valuation Method

The project areas are largely covered by Kalahari sands and there is little or no geological detail obtained from surface mapping or subsurface exploration such as drilling. With the lack of exploration data, incomplete understanding of the geological controls on the mineralisation and speculation as to geological settings and structures, Arc Resources is of the opinion that the Kilburn method is not the most appropriate approach to the technical valuation of these tenements at this stage.

Arc Resources believes the Multiple of Exploration Expenditure (MEE) in conjunction with Comparable Market methods are more applicable. Valuers tend to gravitate towards the use of recent transactions as a basis for valuation because they reflect current market thinking on the technical merits of an individual project. However, the acquisitions reviewed above cannot realistically be used to value the BOM projects so more weight is given to the former method.

In applying the MEE method only expenditure actually completed and directed to acquiring and assessing the project can be included.

Consequently, while there has been sufficient encouragement for BOM to propose exploration programs totalling \$460,700 in the first year when submitting licence applications, this amount has yet to be formally accepted by the Namibian Department of Mines. Also they would not be firm company commitments insofar as the full application of these funds would be subject to ongoing exploration success. They are considered conditional and unconsummated and while a useful indicator are not included in the exploration expenditure for an MEE valuation.

A discount of 15% has been applied to the valuation to accommodate both the technical and logistical issues of exploring a 'blind' deposit and the risk profile presented by the tenement's as yet unapproved status.

The valuation of the Otavi and Otjinene projects is summarised in Table 3.12.

Method	Share	Lower	Upper	Preferred
Otavi and Otjinene	100%	97,400	194,800	146,100
Discount (15%)		14,610	29,220	
Comparative (recent transactions)		n.a.	n.a.	n.a.
PREFERRED VALUATION:		\$82,800	\$165,600	\$124,200

In Arc Resources' opinion, the combined technical and market value of BOM's 100% equity interest in its Namibian exploration project lies in the range \$82,800 and \$165,600 with a preferred value of \$124,200.

3.10.5 Summary of valuation

A summary of Arc Resources' opinion of the current market value of BOM's proposed equity interest in their Namibian projects is presented in Table 3.13.

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In Arc Resources' opinion, the combined technical and market value of Bondi Mining's 100% equity interest in its Namibian mineral assets lies in the range \$82,800 and \$165,600 with a preferred value of \$124,200.

Project	Area (km ²)	Share	Lower	Upper	Preferred
Otavi and Otjinene	7,850.6	100%	\$82,800	\$165,600	\$124,200
TOTAL:			\$82,800	\$165,600	\$124,200

4.0 DECLARATIONS BY ARC RESOURCES PTY LTD

4.1 INDEPENDENCE

Arc Resources Pty Ltd is an independent consultant providing a comprehensive range of specialist technical and financial services to the mining industry in Australia and overseas. Our services include technical audits, project reviews, valuations, independent expert reports, project management plans and corporate advice.

This report has been prepared independently and in accordance with the VALMIN Code of the AusIMM. The author does not hold any interest in WTR, its associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Arc Resources' standard rates, whilst expenses are being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

4.2 QUALIFICATIONS

The principal personnel responsible for the preparation of this report is Mr Andrew Richards.

Andrew Richards BSc(Hons), DipEd, MAusIMM, MAIG is a geologist with 30 years experience, 7 years of which involved a senior role in Project Finance within a banking environment.

Prior to 1996 he worked in a wide variety of areas and commodities for several companies in both production and exploration geology, becoming Manager Geology at New Celebration and Telfer Gold Mines. Subsequent work involved technical reviews and due diligence of projects in Australasia, Asia, North America and Europe for project and corporate financing; monitoring of project construction and performance; cash flow modelling for valuation, financing and hedging and liaison/advisory services to bankers, project sponsors, receivers and administrators. Mr Richards also undertook mineral asset valuations and Independent Expert Reports for Snowdens, an international consulting group.

Since 2004 Mr Richards has worked extensively in China, Asia and South America and provided consultancy and advisory services and managed several listed and unlisted international companies before he formed Dragon Mountain Gold in 2006 from the merger of two companies. DMG was listed in July 2007 to develop the multi-million ounce Lixian Gold Project in China.

Mr Richards is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"). Mr Richards has the appropriate relevant qualifications, experience and competence to be considered a "Competent Person" as defined in the JORC and VALMIN Codes.

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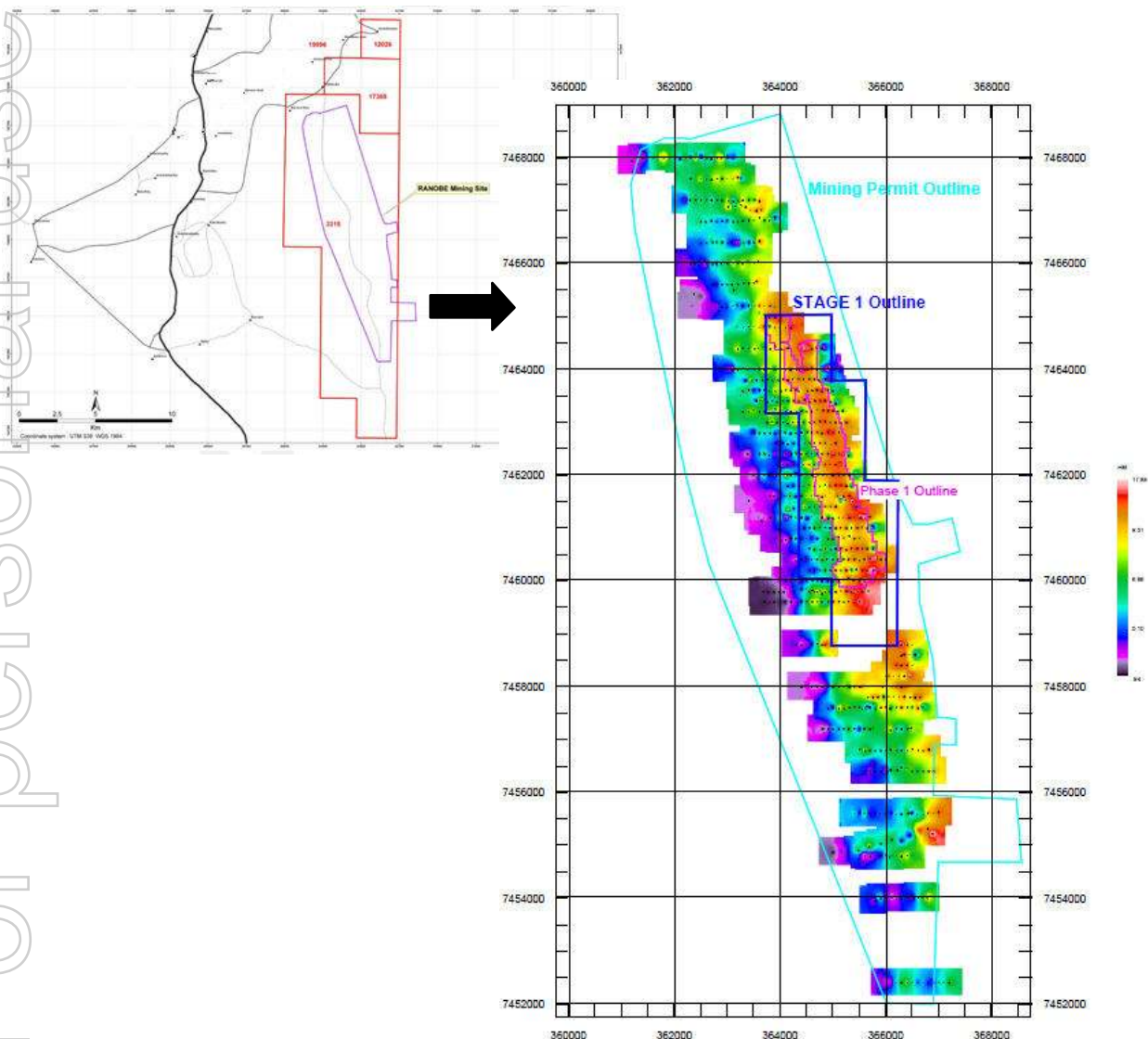
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6.0 APPENDIX 1. RANOBE TENEMENTS AND RESOURCE OUTLINES

Tenement map of the Ranobe project showing the outline of mineralisation. The inset from Milne (2010) illustrates the distribution of HMS by downhole length weighted %THM and shows the Stage 1 outline of the mineralisation to be mined over 19 year minelife, The Phase 1 outline contains the high grade portion of the resource to be mined in the first two years.

707Mt at 6.54% THM is contained within the Mining Permit Outline of which 145Mt at 8.1% THM is contained within the Stage 1 outlines (Refer to Table 3.3 for the breakdown of the resource categories).

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After Milne (2010).

7.0 APPENDIX 2. BREAKDOWN OF RESOURCES QUOTED IN REPORT

Company	Deposit	Resources							
		Measured		Indicated		Inferred		Total	
		Mt	%HM	Mt	%HM	Mt	%HM	Mt	%HM
Discovery Metals Ltd	Boseto	4.7	1.6% Cu, 23 g/t Ag	23.9	1.5% Cu, 20 g/t Ag	82.9	1.3% Cu, 117 g/t Ag	111Mt	1.4% Cu, 18 g/t Ag
Hana Mining Ltd	Ghanzi/Banana			37.4	0.93% Cu	423.9	0.59% Cu	461Mt	0.62% Cu
Astron Ltd	Wim50			500	5.3%	4000	3.89%	4.5Bt	4.0%
Base Resources	Kwale (Feb2010)	38.5	6.8%	101.5	3.8%			139	4.65%
Base Resources	Kwale (Feb 2011)	86.2	5.53%	59.8	3.96%			146	4.9%
Diatreme Resources	Cyclone & Zephyr	49.7	2.66%	72.2	2.20%	116.2	1.52%	238	1.96%
Guns on Resources	Coburn	119	1.3%	599	1.2%	261	1.4%	979	1.26%
Image Resources	Nth Perth Basin	11.2	7.94%	26.8	5.86%	4.4	6.76%	42.4	6.4%
Mineral Deposits	Grand Cote	980	1.7%	50	1.8%			1030	1.73%

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Antananarivo, 20th September 2011

The Board of Directors World Titanium Resources Ltd
Suite 2, 47 Ord Street
West Perth
Western Australia 6005

Dear Sirs,

Legal Opinion Regarding World Titanium Resources Ltd

We have been requested to provide you with a legal opinion on the Malagasy and Mauritian subsidiaries of World Titanium Resources Ltd ("WTR"), the mining tenements owned by these companies and any relevant legal matters.

We understand that this opinion will be included in a scheme booklet which is to be sent to WTR shareholders in relation to a scheme of arrangement between Bondi Mining Limited and WTR.

In order to deliver this opinion, we have examined the pertinent legal texts in force in Madagascar, particularly those governing commercial companies, regulation of mining permits, the texts relating to land as well as any other document, in general, that we felt was necessary to deliver this opinion.

The aim of examining the aforementioned documents was to enable us to verify and assess the following:

- The regularity of the documents related to incorporation and activities of the company, in order, as the case may be, to point out any irregularity, the potential risk as well as our recommendations in view of regularising the situation;
- The validity of its mining permits as well as the fulfilment of all obligations of the company in relation to both the mining administration (timely payment of all mining taxes and fees) and the protection of its rights vis-a-vis third parties;
- The absence of any registered security encumbering the companies' assets; and
- A description of existing litigation, including assessment of the existing legal risk, or in such is the case, a certification that no litigation or probable risk of litigation exists that could affect the company's situation.

We opine as follows:

LEXEL Juridique & Fiscal

Zone Tana Water Front - Ambodivona - Antananarivo 101 - Madagascar

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SA au capital de Ar 15.000.000 - RC Antananarivo 2005B526 - NIF 2000000488 - Statistique 74122 11 2005 0 00834

CIF N° 0005292DGI-A du 01/12/10

1. The Subsidiaries

Madagascar Mineral Fields Ltd

Madagascar Mineral Fields Ltd was incorporated in the Republic of Mauritius on 12th September 1997 and was granted on Category 2 Global Business Licence on that date. The conditions of the business licence are:

- The company shall conduct such business as is permissible under the Laws of Mauritius and under the Laws of those jurisdictions where the business or activity is being effectively carried out.
- The company shall not offer its shares or otherwise raise capital from the public.
- The company shall not carry on any banking, insurance or reinsurance business.
- The company shall not carry on the business of company formation, administration and management or provide professional nominee services or trusteeship services.
- The company shall not:
 - a) Offer or provide or purport to offer or provide professional financial services; or
 - b) Offer professional services as fiduciary or act as a functionary in any investment fund or any collective investment scheme by whatever name called.
- The company shall not:
 - a) Transact any business or activity with residents in Mauritius; and
 - b) Transact any business or activity in Mauritian currency.
- Save and except with the express approval of the Financial Services Commission, the company shall not change its legal regime to that of a Category 1 Global Business Licence Company.

The sole shareholder of Madagascar Mineral Fields Ltd is WTR, which manages the company through instructions to the director, which is a nominee company from Knights & Johns Management Ltd, the provider of the registered office and other management services.

Malagasy Sands No. 2 Ltd

Malagasy Sands No. 2 Ltd was incorporated in Mauritius on 22nd January 2010 and was granted a Category 2 Global Business Licence on 25th January 2010. The sole shareholder of Malagasy Sands No. 2 Ltd is WTR. The licence conditions and management arrangements are as for Madagascar Mineral Fields Ltd.

Summary

We have examined the documents concerning the setting up and incorporation of Madagascar Mineral Fields Ltd and Malagasy Sands No. 2 Ltd, two companies incorporated under Mauritian law, as well as resolutions taken by their directors and/or shareholders and we found all to be in order.

Toliara Sands SARL

Toliara Sands SARL was incorporated in Madagascar on 19th August 1994 with the name Exploitation Madagascar SARL. The change to its present name was effected on 19 November 2010. The Gerant of Toliara Sands SARL is Mr Jules Le Clezio and the registered office is 135 Bis Route Circulaire Ankorahotra in Antananarivo.

Its extract from the trade and company registrar shows that Toliara Sands SARL is a limited liability company (“societe à responsabilité limitée”) that has been duly set up and registered at the trade and company registrar of Antananarivo under No. 2004B00136. As such, Toliara Sands SARL has full legal personality in accordance with article 82 of the Malagasy Company Law. The sole shareholder of Toliara Sands SARL is Madagascar Mineral Fields Ltd.

Madagascar Resources SARL

Its extract from the trade and company registrar and an inspection of the company's corporate files show that Madagascar Resources SARL was incorporated in Madagascar on 19th August 1994 and is a limited liability company that has been duly set up and registered at the trade and company registrar of Antananarivo under No. 2004B00137. As such, Madagascar Resources SARL has full legal personality in accordance with article 82 of the Malagasy Company Law. The sole shareholder of Madagascar Resources SARL is Malagasy Sands No. 2 Ltd.

Registered Securities

Attestations have been received from the commercial court of Antananarivo, effective at 1st March 2011, showing that there are no security charges registered there which encumber any part of the assets of either Toliara Sands SARL or Madagascar Resources SARL.

2. Litigation

The only litigation of which we are aware is a case in which Toliara Sands SARL is the plaintiff and has been successful in the action.

3. Mining Permits – granting, renewal, extension and conversion

Procedure for the granting of mining permits

The application for the granting of a mining permit is submitted and processed in accordance with the provisions of articles 100 et seq of Decree n° 2006-910 of 19/12/2006 (hereinafter “the Application Decree”) which sets out the conditions of application of the Law n° 99-022 of 19/08/1999 related to the Mining Code (hereinafter “the Mining Code”). The procedure to be followed is as follows:

- Submission of the application file at the BCMM and payment of 25% of the mining administration fees payable for the first year¹

¹ Article 101 of the Application Decree provides that: “In order for an application for mining permit to be admissible, the applicant must pay the file processing fees, which represent the equivalent of twenty-five per cent (25%) of the mining administration fees payable with respect to the number of mining squares requested and according to the type of permit applied for. The amount paid with respect to the file processing fees is imputable on the amount of mining administration fees actually due.”

- If, after verifications, the file is seen to be complete, the BCMM issues a temporary receipt evidencing submission of the file
- Transcription of the application for a new permit in the register of mining permit applications at the BCMM
- Confirmation of the applicant's eligibility, verification of the number of squares applied for and whether the squares are adjacent or joined
- Preparation of the final receipt evidencing submission of the file
- Transcription of the relevant information on the mining permits map, as the case may be
- Drawing up of the payment order for three quarters (3/4) of the remaining 75% of the mining administration fees payable for the first year
- Drafting of the granting Arrêté to be submitted to the Minister of Mines
- Decision of the Minister of Mines to grant the research or exploitation permit
- Transfer of the signed Arrêté and file to the BCMM
- The applicant is informed of the granting decision by the BCMM and the latter sends to the applicant the payment notice for the remaining quarter (1/4) of the 75% of the mining administration fees
- Temporary recording of the granting decision in the mining permits register at the BCMM
- Amendment of the mining permit map
- Upon production of the receipt evidencing the payment of the remaining quarter of mining administration fees, the new permit is drawn up
- Final recording of the new permit in the mining permits register
- The new permit is indicated on the mining permit map

The list of documents which need to be submitted as part of the application file for the granting of a new permit is set out in article 103 of the Application Decree.

The legal deadline (as per article 107-a of the Application Decree) for the decision by the Minister of Mines is thirty (30) days as from the date on which the admissibility of the file has been confirmed by the BCMM.

Renewal of permits

According to article 51 of the Mining Code, "an application for the renewal of a mining permit is registered by the BCMM upon the payment of the relevant renewal fee, whose value and payment procedures are set out in a regulation".

Pursuant to article 116-a) of the Application Decree, the application for the renewal of a mining permit needs to be submitted to the BCMM at least forty-five (45) business days before the expiry date of the said permit.

The application file for the renewal of a mining permit should consist of the following documents:

- The duly completed and signed application form;
- Copies of all receipts evidencing the payment of the annual mining administration fees for the previous year;
- Copies of receipts or invoices evidencing the payment of mining royalties and duties for the

- previous year, as the case may be;
- Copies of the receipt evidencing the payment of the renewal fee;
 - The mining permit which is the object of the renewal application;
 - The signed and certified research and/or exploitation programme plan;
 - The true certified copy of the document evidencing the identity of the applicant;
 - The copy of the environmental authorisation related to the activities performed under the initial mining permit;
 - A description of the works carried out during the previous validity period of the permit;
 - The results of the environmental audit or evaluation of the works undertaken towards the rehabilitation and the protection of the environment, in conformity with the environmental obligations and undertakings under the initial mining permit;
 - As the case may be, a true and certified copy of any pledge or mortgage deed affecting the mining permit.

As regards the renewal of research and exploitation permits, the application file is sent from the BCMM to the Ministry of Mines; in principle, the latter should take a decision within 30 business days from the date of admissibility of the application for renewal at the BCMM.

In addition, a person who wishes to renew a mining permit must be in a position to prove that he is still eligible to be maintained as the permit holder and that there has been an effective commencement of research or exploitation activities.

The holder of an exploitation permit must pay the mining royalties and duties due with respect to the year preceding the expiry date of the permit which is being renewed.

It should be noted that the decision to renew a mining permit is published in the Government Gazette after the Ministry of Mines sends the decision to the BCMM.

Extensions to existing permits

When a permit is granted, it allows the permit holder to carry out mining research or exploitation works – depending on whether it is a research or exploitation permit – on a given area and with respect to specific mineral substances listed in a limitative way on the permit.

However, article 30 of the Mining Code provides that: “A mining permit covers the mining substance(s) present in the perimeter and for which the permit has been granted. In the event that indications of other mineral substances which are not covered by the mining permit are found, and which the permit holder proposes to research and/or exploit, the latter must, prior to any work relating to the new substances, submit a declaration before the Bureau du Cadastre Minier and obtain an extension of the permit and, as the case may be, an environmental authorisation from the competent authority”.

Moreover, in accordance with the provisions of article 105-B of the Application Decree, the BCMM first carries out a verification of the availability, as at the date of the initial submission of the application, of the requested mining squares, especially in order to ensure that the request does not impede on mining areas which are already the object of previous applications in process. If one or more of the requested mining squares are no longer available for a new permit, the application is rejected by the BCMM by way of a rejection letter.

A study of the above legal provisions leads us to conclude that no new mining right can be granted with respect to a mining area which is already covered by a permit granted to a person or company, even with respect to the exploration or exploitation of substances which are not included in that permit, but which are found within the mining area covered by the permit in question. The applicant for or holder of a mining permit therefore has the exclusive right on all substances present within the

mining area covered by the permit.

Hence, in the event that new substances are found within a mining perimeter, the permit holder can make an application before the BCMM for the extension of the substances covered by the permit.

On the basis of articles 112 and 113 of the Application Decree, the procedure for the extension of a mining permit is as follows:

- Submission of the application file at the BCMM and payment of the fixed fee provided at article 84 of the Application Decree
- The BCMM issues a receipt evidencing submission of the file
- Drafting of the Arrêté granting the extension
- Decision of the Minister of Mines to grant the extension, which is materialised by the signing of the Arrêté
- Transfer of the signed Arrêté and file to the BCMM
- The new mineral substances are added to the initial permit

The list of documents which need to be submitted as part of the application file for the extension of a mining permit is set out in article 111 of the Application Decree.

Status of mining permits held by Toliara Sands SARL and Madagascar Resources SARL

The mining permits held by the two companies Toliara Sands SARL and Madagascar Resources SARL are shown in the attached Schedule.

The exploration permits for which the initial term expired on 11th January 2011 have had applications lodged for the first three year extension on 17th September 2010, meeting the requirement that application be made at least forty-five (45) business days prior to the expiry date.

Exploration permits for which no expiry date is shown are applications for news areas which have not yet been granted.

Permits no. 3314, 30250, 35822 and 3315 (part)

With respect to each of the abovementioned four research permits, the Bureau du Cadastre Minier de Madagascar ("BCMM") has, on 17/09/2010, issued two acknowledgement receipts which, in each case, confirm that:

- 1) the application files have been submitted at the BCMM; and
- 2) the applications for renewal are admissible.

The abovementioned receipts also indirectly evidence that at the time of submission of the application to renew these permits, 25% of the mining administration fees due with respect to the permit have been duly paid in order for the application file to be receivable at the level of the BCMM. In accordance with article 101 of the Application Decree, the remaining quarter of the 75% balance is payable within 5 business days from the date on which the BCMM informs the company of the decision to grant the permit.

In addition, the acknowledgement of receipt of the application files for the renewal of permits no. 30250, 35822 and part of 3315 and the payment receipts with respect to all four applications indicate

that the file processing fees have been duly paid in a timely manner. Finally, a notice of payment from the BCMM, requesting the payment of the mining administration fees for the "eleventh year" of research permit no. 3315, is, in our opinion, a clear indication that the BCMM considers the renewal of the said permit to be under way.

Once the applications for renewal of the permits have been filed and received by the BCMM (as evidenced by an acknowledgement of confirmation of the admissibility of the application for renewal), and the relevant fees paid (as evidenced in the abovementioned acknowledgement and/or relevant receipts), there is no legal obstacle for the granting of the renewal. There is also no further step that needs to be carried out by the permit holder in order for the permit to be renewed. Therefore, at this stage and in our opinion, there is no element which would prevent the BCMM from issuing a grant attestation with respect to the said permits, indicating that the process of the applications for their renewal is in due course.

The end of the renewal application process is evidenced by a ministerial "Arrête", which, according to article 44 of the Mining Code, should not take more than 30 business days following the submission of the application. However, during the last year, the BCMM and the Ministry of Mines have significantly slowed down, and sometimes completely stopped, their activities relating to any application other than the partial abandonment of permits. Indeed, since November 2010, the BCMM has not been receiving any new application – whether for new permits, renewals or for conversion of PR into PE. It is therefore difficult to predict the dates on which the abovementioned renewed permits will be granted although all the conditions for such renewals have been met.

Based on the above provisions of the mining legislation and especially the fact that the thirty day period, as provided by article 46 of the Mining Code, has already elapsed without any opposition or refusal from the Ministry of Mines or other factions of the State, we consider that the holders of permits no. 3314, 30250, 35822 and 3315 have acquired an irrevocable right for the renewal of the said permits.

4. Conversion of a research permit into an exploitation permit

Articles 162 and 164 of the Application Decree provide for the possibility of converting:

- A permit reserved for small operators (PRE) into a research permit or exploitation permit,
- A research permit into an exploitation permit,

provided that:

- The applicant is eligible for holding a mining permit in accordance with the provisions of articles 9 et seq of the Mining Code; and
- In the case of a conversion into a exploitation permit, the applicant shows that research works have started on the relevant mining perimeter.

Pursuant to article 162 al. 3 of the Application Decree, the application for the conversion of a mining permit is submitted and processed in accordance with the provisions of articles 100 et seq of the said Application Decree. The procedure for the conversion of a mining permit is as follows:

- Submission of the application file at the BCMM
- If, after verifications, the file is seen to be complete, the BCMM issues a temporary receipt evidencing submission of the file
- The application for conversion is recorded in the register of applications of mining permits at the BCMM

- Verifications of the applicant's eligibility, of the number of squares applied for and confirming whether the squares are adjacent or joined
- Preparation of the final receipt evidencing submission of the file
- Transcription of the relevant information on the mining permits map
- Drawing up of the payment order for three quarters (3/4) of 75% of the mining administration fees payable with respect to the first year of the permit
- Drafting of the granting Arrêté to be submitted to the Minister of Mines
- Decision of the Minister of Mines to grant the research or exploitation permit
- Transfer of the signed Arrêté and file to the BCMM
- The applicant is informed of the granting decision by the BCMM and the latter sends to the applicant the payment notice for the remaining quarter (1/4) of the 75% of the mining administration fees
- Temporary recording of the granting decision in the mining permits register at the BCMM
- Amendment of the mining permit map
- Upon production of the receipt evidencing the payment of the remaining quarter of mining administration fees, the new permit is drawn up
- Final recording of the new permit in the mining permits register
- The new permit is indicated on the mining permit map

The list of documents which need to be submitted as part of the application file for the conversion of a permit is set out in article 103 of the Application Decree.

Pursuant to article 36 of the Law n° 99-022 of 19/08/1999 related to the Mining Code, the holder of a research permit has a priority right to apply for its conversion into an exploitation permit.

As regards the conversion of research permit no. 3315 into exploitation permits, it should be noted that applications have been lodged for the conversion of two portions of this permit, covering each 24 mining squares, into exploitation permits numbered 37242 and 39130. In respect of these applications, we have received:

- 1) Copies of the final receipts relating to the two applications for conversion, issued by the BCMM on 15/09/2010 and 30/09/2010;
- 2) With respect to permit 37242, a grant attestation ("*attestation d'octroi*") issued by the BCMM on 12/04/2011 indicating that the application for the conversion of that permit is in due course;
- 3) A registration certificate for permit no. 3315 mentioning the applications made for the partial conversion into exploitation permits received by the BCMM; and
- 4) Two registration certificates bearing permits no. 37242 and 39130 respectively, which mention the application for conversion of research permit no. 3315 into these.

The abovementioned receipts evidence that at the time of submission of the application to convert permit no. 3315 from research to exploitation permit, 25% of the mining administration fees due with respect to the permit have been paid in order for the application file to be receivable at the level of the BCMM. Thereafter, three quarters of the 75% balance have been paid following the submission of the application. Hence, with respect to the two exploitation permits applied for, a total payment of 2 448 000 MGA (approximately 1 163 USD) has been made and a balance of 792 000 MGA (approximately 376 USD) is left to be paid when the permit holder is notified by the BCMM that the

decision granting the permit has been taken. This is in accordance with article 101 of the Application Decree which sets out the conditions of application of the Mining Code, which provides that the remaining quarter of the 75% balance is payable within 5 business days from the date on which the BCMM informs the company of the decision to grant the permit.

In the case of permit no. 37242, the grant attestation issued by the BCMM is also proof that the mining administration fees have been paid with respect to that permit and that the process for the granting of the permit is underway. Indeed, the issuance of a grant attestation by the BCMM with respect to a mining permit which has been applied for means that the application file is in good order and is receivable by the BCMM, that the formalities for granting the permit are in process, and that therefore no other person will be able to obtain mining rights over the area covered by the mining permit.

At this stage and in our opinion, there is no element which would prevent the BCMM from issuing a grant attestation with respect to permit no. 39130, indicating the due process of the granting of this exploitation permit.

In the case of permit no. 37242, the grant attestation issued by the BCMM indicates that these payments have been made with respect to that permit. Indeed, the issuance of a grant attestation by the BCMM with respect to a mining permit which has been applied for means that the application file is in good order and is receivable by the BCMM, that the formalities for granting the permit are in process, and that therefore no other person will be able to obtain mining rights over the area covered by the mining permit.

Pursuant to article 37 of the Mining Code, the validity period of an exploitation permit is forty years and it is renewable for one or more subsequent periods of 20 years.

Once the applications for conversion into exploitation permits have been filed and received by the BCMM, the process of granting, which is evidenced by a ministerial "*Arrêté*", should, not take more than 30 business days. As noted above, however, it is difficult to predict the dates on which the exploitation permits will be granted to Toliara Sands although all the conditions for such granting are met.

Environmental Obligations

In addition to obtaining the exploitation permits, Toliara Sands also needs to be issued an environmental authorisation before being entitled to exercise its rights under the said permits, that is, before starting to exploit the authorised mineral resources on the corresponding mining areas.

Hence, in parallel with the application for the conversion of the research permits into exploitation permits, the company shall be required to prepare and submit an environmental impact study ("EIE"). Indeed, article 104 of the Application Decree specifies that the procedure for the granting of a mining permit is carried out independently from the processing of the EIE. This EIE is submitted to the National Environment Office ("ONE"), for assessment by an ad hoc Technical Assessment Committee ("CTE"). A favourable assessment of the EIE results in the granting, by the ONE, of an environmental authorisation, which, together with the exploitation permits, would allow Toliara Sands to start exploitation of mineral resources.

To date, we have been informed that:

- as regards mining works to be undertaken in areas located between the rural communes of Manombo and Morombe, the permit holder has submitted to the ONE amended

environmental Terms of Reference for phase 2 of the Ilmenite exploration project; and

- an application has been lodged before the ONE in relation to the project's drilling works to be carried out in Ranobe and the ONE's authorisation is being processed.

Timeline for Procedures

The proposed timeline for conversion of research permits no. 37242 and 3315 to exploitation permits, which is hereby given in light of the provisions of the Malagasy mining and environmental legislation, is as follows:

- 1) Submission of the application for conversion into exploitation permits;
- 2) Submission of the EIE at the ONE² and payment of the assessment costs³;
- 3) Processing of the EIR by the CTE;
- 4) Issue of a signed "Arrête" from the Ministry of Mines regarding the granting of exploitation permits no. 37242 and 3315 to Toliara Sands;
- 5) Information, by the BCMM, of the decision to grant the exploitation permits;
- 6) Payment of the remaining balance of mining administration fees within 5 working days of the said information;
- 7) Granting of the exploitation permits by the BCMM to Toliara Sands;
- 8) Application for eligibility to the LGIM - submission of the application file, including an investment plan⁴;
- 9) Approval of the EIE by the CTE;
- 10) Granting of an environmental authorization by the ONE;
- 11) Filing at the BCMM of a copy of the approved EIE and environmental authorization;
- 12) Beginning of exploitation activities under permits no. 37242 and 3315.

5. Securing land rights over the project areas

Under the provisions of article 13 of the Mining Code, the mines and fossil deposits are separated from land ownership. In other words, the holder of a mining permit does not automatically become the owner of the land representing the mining perimeters within which the mineral substances, whose exploration/exploitation is authorised by the permits, are found.

Articles 307, 311 and 316 of the Application Decree of the Mining Code provide, in addition to obtaining a mining permit, the need for the permit holder, before starting mining exploration or exploitation:

- to enter into a lease agreement with the owner or owners of the land, and
- to inform them of the permit holder's right to occupy the plots covered by its permit(s).

² Please note that the issuance of the exploitation permits could occur before or after the submission of the EIE.

³ As set out in schedule III of Decree n° 2004-167 amending certain provisions of decree n° 99-954 of 15/12/1999.

⁴ Please note that Toliara Sands may not begin exploitation activities until it receives the exploitation permits and the corresponding environmental authorisation; however, it can, in the meantime and pending these documents, file the application for eligibility to the LGIM.

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From the information that we have been given in relation to the land covered by the permits held by Toliara Sands SARL and Madagascar Resources SARL, most of it is State-owned. In such a case, as provided by article 307 of the abovementioned Application Decree, the permit holder needs to enter into an agreement with the authority in charge of the management of State land (currently the "Ministre de l'Aménagement du Territoire et de la Décentralisation"). Pursuant to Article 19 of Law No. 2008-014 dated 23/07/2008, the contract with the State may take the form of an ordinary lease for a maximum period of 18 years or a long term lease ("bail emphytéotique") agreement for a period which cannot exceed 99 years.

In order to enter into a lease agreement, the permit holder must identify the owner of the land. Under the article 316 al.2 of the abovementioned Application Decree, in case that the owners of the parcels covered by the mining permit exist, but their identity and/or address unknown, the permit holder, in collaboration with the Mayor of the "Commune" in which the land is found, conducts a diligent research in order to identify and find the land owners, according to a research and identification procedure set out in the same Decree.

The terms of the lease agreement are freely negotiable between the permit holder and the landowner, whether a private or public entity. However, there are procedures relating to the request for and granting of a lease over land that belongs to the State as follows:

- Public posting of the applicant's request and possibility for opposition by third parties;
- Request, to the ministry in charge of land, for the drawing up of land titles over the required plot of land in the name of the State;
- Drawing up of formal land titles in the name of the State with respect to the plot of land in question;
- Registration and transcription of the land title at the land registry having jurisdiction over the area in which the land is located;
- Application for the granting of a long term lease by the State;
- Signing of the lease agreement between the permit holder and the State, represented by the minister in charge of land; and
- In the case of a long term lease ("bail emphytéotique") - which is recommended for mining activities - registration and transcription of the rights of the leasee at the land registry, which results in the issuing of a land title in the name of the leasee which reflects its leasehold rights.

The procedure described above usually takes several months to complete and also involves, in parallel, discussions with various local players such as the members and head of the "Commune" and "Region". As regards the rent, there are schedules of prices; however these vary depending on the regions concerned and, to our knowledge, the common practice is that the State negotiates the rent with the applicant on a case by case basis.

In addition to the above, we are not aware of any other prescribed procedures required or preconditions to be satisfied prior to the permit holder and the landowner entering into a lease agreement.

Pursuant to article 318 of the Application Decree, in the event that the private landowner refuses to agree on the terms of the lease agreement, the mining holder shall submit the dispute to the Mayor of the "Commune" of the concerned area, and the latter, in case of a failure to achieve a conciliation between the parties, shall submit the case to the Provincial Mining Committee ("Comité Provincial des Mines") which will initiate an amicable settlement procedure. If the amicable settlement procedure fails, the terms of the standard lease agreement template set out by an Order ("Arrêté") of the Ministry of

Mines shall be taken as reference by the jurisdiction to which the dispute has been referred for its final settlement.

The abovementioned provisions of article 318, along with those of article 126 of the Mining Code – which are backed by article 316 of the Application Decree – which states that “the permit holder has the obligation to inform the landowner of its right to occupy the portion of the property covered by its mining permit...” tend to show that the permit holder has a right to occupy the land covered by its permit, although the said occupation needs to be formalised by the signing of a lease with the landowner, and that only the terms and conditions of the lease agreement can be subject to negotiation and approval by the landowner. Article 318 of the Application Decree, in particular, comforts us into thinking that there is no real possibility for the private landowner to refuse outright to grant the lease. Indeed, at the end of the dispute resolution procedure provided by that article, the outcome seems the imposition of certain terms and conditions of a template lease agreement, without the possibility of a scenario where no agreement is signed.

However, this is not provided for clearly in the law and, in the case of a private landowner that has a land title, the above reasoning – if such is the spirit of this section of the Mining Code – would be against the more fundamental principle that a person’s rights in his land are protected (the exception being expropriation by the State on the ground of public utility and following a specific process). Hence, we believe that in all cases the owners of the land covered by the permits of the WTR project be approached and an agreement reached with respect to the occupation of the land.

It should also be noted that the abovementioned provisions of article 318 would not apply in the case of an application for a lease agreement over State-owned land.

Article 125 a.2 of the Mining Code specifically provides that: "If there is no lease agreement, and if the permit holder has carried some works on a parcel of land with respect to which the landowner would subsequently require the enjoyment, the permit holder is only entitled to the reimbursement, by the landowner, of the expenses incurred and made useless by the eviction, as well as compensation, if any, of the benefits that it could have obtained therefrom." In case that there is no lease agreement, the permit holder would also have, under article 129 of the Mining Code, the obligation to repair any damage that these works might have caused to private or public property.

Most of the land covered by the mining squares which are the object of permits no. 3315, 37242 and 39130 belongs to the State. Representatives of the project in Madagascar have already established contact and started discussions with the heads of "Communes" and "Regions" as part of the steps required toward securing long term leases ("*baux emphytéotiques*") on the land covered by the mining areas. A Regional Coordination Committee, comprised of the Head of the Region as well as representatives of the various players of the Project (Toliara Sands, the Ministries in charge of Mines, Management of the Territory, the Environment and Water, the national police, the Chamber of Commerce and Industry, etc), has also been set up and, in the framework of the development of the south-west region, will be in charge of the coordination of large mining projects.

The abovementioned long term leases shall be registered at the land office in order to make them opposable to third parties, and can also be mortgaged to secure a loan; they therefore give to the lessee land rights which are of comparable significance to freehold rights in the land.

Moreover, an access road has already been built through the area covered by the permits for the purpose of improving communication between the different Communes involved; part of this road network will thereafter be developed and adapted to the needs of the project, namely for the transportation, by trucks, of the mineral sands to the storage area, which is about forty kilometres away from the mine site.

As regards the mineral separation plant, negotiations have begun with the private landowner regarding the leasing of a plot of land of about three hectares, by way of a "bail emphytéotique"⁵.

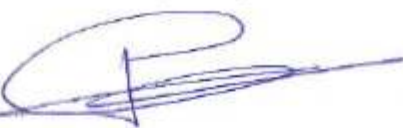
6. Validity of Permits

As noted above, a mining permit is granted by way of an Arrêté which is signed by the Minister of Mines. A question has been raised as to the validity of mining permits granted by the current Minister of Mines and the risks of such a permit being invalidated by a subsequent Minister.

Two principles need to be taken into consideration:

- First, in our opinion, the principle of continuity of government acts and decisions prevails. Indeed, irrespective of the circumstances of the formation of the current government and hence appointment of the Minister of Mines, administrative and governmental decisions are taken, enforceable and acted upon. This principle of the continuity of the public service is a fundamental rule of public law which has been constantly acknowledged by the "Conseil d'Etat" (administrative Supreme Court) in Madagascar.
- Further, inasmuch as the procedures, as set out by the Mining Code and Application Decree as well as any other relevant regulation, are scrupulously followed for the application for a new permit or conversion of an existing permit, and that the permit is granted by way of an Arrêté duly signed by the Minister of Mines, we are of opinion that the validity of the said permit cannot thereafter be challenged.

Yours truly,
for LEXEL Juridique & Fiscal



Olivier RIBOT
Legal and tax adviser
Partner



Hansina VALAYDON
Legal advisor
Associate Manager

⁵ A long term lease of a maximum duration of 99 years

SCHEDULE

PERMIT NUMBER	REGISTERED HOLDER(S)/APP LICANT	PERMIT TYPE	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	TERM	TOTAL AREA SIZE KM ²	SMALL CASES	TENEMENT FEES \$A	TENEMENT FEES (MGA) (2011)	SUBSTANCES UNDER TITLE	NOTES
3314	MRSARL(b)	R	12/01/2001	11/01/2011	10	75.00	192	16,209.64	32,697,600.00	Ilmenite Zircon- Leucoxene- Rutile- Basalte- Calcate Guano	(1)(2)(4)
30250	MRSARL(b)	R	12/01/2001	11/01/2011	10	206.25	528	44,576.51	89,918,400.00	Ilmenite Zircon- Leucoxene- Rutile- Basalte- Calcate Guano	(1)(2)(4)
35822	MRSARL(b)	R	12/01/2001	11/01/2011	10	81.25	208	17,560.44	35,422,100.00	Ilmenite Zircon- Leucoxene- Rutile- Basalte- Calcate Guano	(1)(2)(4)
36876	MRSARL(b)	R	22/11/2011	21/11/2014	10	12.50	32	2027.39	4,089,000.00	Ilmenite	(1)(4)
36182	MRSARL(b)	R	22/10/2009				160			Ilmenite- Rutile- Zircon- Magnetite	
36183	MRSARL(b)	R	22/10/2009				22			Ilmenite- Rutile- Zircon- Magnetite	
36648/36650	MRSARL(b)	R	30/10/2009				16			Calcate	(6)
38091	MRSARL(b)	R	23/09/2010				78			Ilmenite- Grenat- Zircon	
3315	TSSARL(a)	R	12/01/2001	11/01/2011	10	106.23	272	22,963.66	46,321,600.00	Ilmenite Zircon- Leucoxene- Rutile-	(1)(2)(3)

PERMIT NUMBER	REGISTERED HOLDER(S)/APP LICANT	PERMIT TYPE	GRANT DATE (APPLICATION DATE)	EXPIRY DATE	TERM	TOTAL AREA SIZE KM ²	SMALL CASES	TENEMENT FEES \$A	TENEMENT FEES (MGA) (2011)	SUBSTANCES UNDER TITLE	NOTES
12026	TSSARL(a)	R	15/09/2004	14/09/2014	10	6.25	16	1013.70	2,044,800.00	Ilmenite	(1)
17388	TSSARL(b)	R	28/07/2005	27/07/2015	10	18.75	48	3041.09	6,134,400.00	Ilmenite	(1)(3)
37242	TSSARL(b)	E	12/05/10				24			Ilmenite Zircon- Leucocxene- Rutile- Guano Basalte- Calcate	
39130	TSSARL(b)	E	17/09/10				24			Ilmenite Zircon- Leucocxene- Rutile- Guano Basalte- Calcate	

Key to Permit Schedule

R Research Permit

E Exploitation Permit

References to numbers in the "Notes" column refers to the notes following this table.

Notes:

1. Renewable twice for a three year period per renewal
2. Renewal application introduced on 17th September 2010 for a three year period
3. A PE application is pending processing at the BCMMM on part of the permit n°3315 since 17th September 2010
4. Permits presently registered in the name of Exploitation Madagascar (TSSARL) and for which a transfer towards MRSARL is pending processing at the BCMMM
5. Permit presently registered in the name of Mada Aust and for which a transfer towards TSSARL is pending processing at the BCMMM
6. We have been informed that Permit 36648 has been split into two permits (36648 and 36650) but that to date the company has not yet received any grant attestation evidencing same