



Titanium Resources Group Limited Interim Results

3 September: Titanium Resources Group ("TRG" or "the Group") announces interim results for the six months ended 30 June 2006 ("the Period").

Highlights

- Sales of US\$14.9 million during the Period
- Cash on hand at the end of the Period of more than US\$62 million
- Net assets of US\$176 million at the end of the Period
- Option to purchase a third dredge for Sierra Rutile mine exercised
- To date 35,000 tonnes of rutile and over 600,000 tonnes of bauxite shipped
- Acquisition of an Exclusive Prospecting Licence covering 1,742km² and containing an extensive series of former beach strands

Commenting on the results, TRG Chief Executive Len Comerford said:

"We are now focusing on expanding operations and reducing costs through production efficiencies. The outlook is extremely good, with solutions to our current problems in hand and expansion of our operations underway."

"A key goal for the period ahead is completing Dredge D2. This will double our rutile production, bringing it to more than 200,000 tonnes per annum. We have made exceptional progress in the last few months toward that goal. We have assembled a world-class team to deliver the project with completion scheduled for the latter half of 2007."

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Chief Executive's Review

Titanium Resources Group has had a very busy, challenging and rewarding first half of 2006. We are now focusing on expanding operations and reducing costs through production efficiencies. The outlook is extremely good, with solutions to our current problems in hand and expansion of our operations underway. As we announced in May some management positions have been changed in response to the challenges we faced. We continue to enjoy the support of the Sierra Leone Government and this harmonious relationship has contributed to the significant strides made by the mines.

One of our main challenges was the industry-wide high cost of fuel which adversely affected the Company's cash flow as was highlighted in the recent trading and operational update. The changeover to more fuel efficient HFO power generators has begun and the new generators will be fully in place by mid 2007. The first delivery of HFO units is expected in the first Quarter of 2007 and the entire changeover should be completed by mid- 2007. The new power-house is projected to cut fuel costs in half and provide enough capacity not only to meet our current requirements but also the additional power requirements for our second Dredge (D2) and our third Dredge (D3).

The restart difficulties have now been overcome, and critical spares for some of the older technology items have been procured. This is minimising any downtime and gives us the confidence that we will meet our targets for the second half of 2006.

A key goal for the period ahead is completing Dredge D2. This will double our rutile production, bringing it to more than 200,000 tonnes per annum. We have made exceptional progress in the last few months toward that goal and have assembled a world-class team to deliver the project with completion scheduled for the latter half of 2007. We are fast-tracking the project and have already completed all the enabling works for the deposits D2 will mine.

At this time we are delighted to announce that we have exercised our option to purchase a third dredge (D3) from OCI Engineering of Malaysia. The Existing Bucket line Dredge will be reconfigured to increase its nominal operating capacity to 685 tonnes per hour. We intend to use the dredge initially to mine our Mobgwemo tailings area. The production of this dredge will add approximately 30,000 tonnes of Rutile per annum and bring our annual production to approximately 240,000 tonnes. We are finalising our contracts with OCI and current indications are for a 17-month construction period. Once the tailings have been mined, D3 will either be moved to other known deposits or to areas currently being explored within the area of our mining lease.

To date the company has exported 35,000 tonnes of Rutile. We are on schedule to ship 50,000 tonnes of Rutile in the second half of this year as previously announced.

Our exploration programme is expanding on our current licenses and we are delighted to announce that we have acquired a further 1,742km² area under a two year, renewable Exclusive Prospecting Licence.

We have signed a contract with Wallis Drilling of Australia to carry out exploration drilling. To supplement this we have purchased a mechanical Banka rig to carry out exploration drilling in previously un-investigated areas covered by extensive swamps. We have an extensive infill drilling programme on our current lease following the identification of a number of potential target areas.

Our new prospecting licence along the southern coast of Sierra Leone is extremely exciting to us. We have identified an extensive series of former beach strands. The heavy mineral potential of these beach strands is indicated from data collected by the Geological Survey of Sierra Leone ("GSSL") in the late 1980's. This data was obtained from a preliminary bore and test pit programme undertaken on part of the licence area. The GSSL has previously reported mineral assemblages containing up to 15% heavy minerals (HM), comprising ilmenite, zircon, rutile and monazite with above 80% potential recorded in a number of samples. Encouraging levels of zircon were also observed with some sample reporting a ratio of nearly 1:1 ilmenite to zircon. Given the nature of the area, slime content (-53 microns fraction) is expected to be low, an important consideration in any future exploitation of the area. We have not yet performed any of our own exploration work on this prospect, and the information available to us does not include the depths of zones tested, drilling intervals or an average grade of mineralisation. Chris Mortimer BSc Hons, MSc DUC, SRL's Chief Geologist and a mineral sands expert, has reviewed the GSSL's technical mineralization, drilling and exploration data which is included within this announcement.

We have also exercised the option described in the company's Admission Document dated 19 August 2005 to use part of the US\$74 million raised on Admission to purchase all of Nord Resources Corporation's interest to certain cash flow from TRG's Sierra Rutile project. TRG's has also paid \$0.6 million to resolve commercial disputes and settle litigation between the parties that was delaying the purchase. The additional cash flow and consolidation of TRG's control over the entire corporate structure represent a significant benefit to TRG and its shareholders.

Sierra Minerals Limited

The Bauxite mine continues to perform well with our operator, P W Mining International Limited, managing to increase production.

To date the company has exported just over 600,000 tonnes of bauxite. We are on schedule to ship the balance of the target production of 1.2m tonnes of bauxite which is forward sold. At current levels we expect to export in the region of 1.5m tonnes in 2007, a 25% increase over original projections.

Marketing

We have had no difficulty selling our production. Our current rutile production capacity is sold through 2008. On the bauxite side, we have forward sales contracts with Alcoa World Alumina LLC and Glencore AG for approximately 1.2m tonnes per annum and demand for the additional tonnage we expect to produce. The market continues to show strong demand for the Group's rutile and bauxite products. The Company is

positioning itself for solid performance by diversifying its customer base and delivering a high-quality product. Currently we have contracts or are in negotiations with customers from around the world.

Outlook

The world markets for all TRG's products (rutile, ilmenite and bauxite) remain strong and the Group has had no difficulty securing long-term off take agreements for its production. At present, the Company has long-term rutile contracts in place with Tronox, Huntsman and Kronos. The bauxite mine has long-term sales agreements in place with Alcoa World Alumina LLC and Glencore AG to sell the mine's total estimated annual production.

Having addressed the issues that have affected the performance of the Group so far this year, I and the rest of the Board are confident that the Group is now well positioned to create significant value in the years ahead.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET - JUNE 30, 2006

	June 30, 2006	December 31, 2005
	USD'000	USD'000
ASSETS		
Non-current assets		
Property, plant and equipment	74,494	61,279
Intangible assets	12,962	12,985
Non-current receivables	1,393	1,367
Deferred tax assets	<u>50,304</u>	<u>50,304</u>
	<u>139,153</u>	<u>125,935</u>
Current assets		
Inventories	12,232	7,155
Trade and other receivables	13,523	8,777
Cash and cash equivalents	<u>62,425</u>	<u>79,682</u>
	<u>88,180</u>	<u>95,614</u>
Total assets	<u><u>227,333</u></u>	<u><u>221,549</u></u>
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	194,951	194,951
Revenue deficit	<u>(18,757)</u>	<u>(13,577)</u>
Equity holders' interest	<u>176,194</u>	<u>181,374</u>
LIABILITIES		
Non-current liabilities		
Borrowings	32,040	28,390
Provision for liabilities and charges	<u>2,150</u>	<u>2,150</u>
	<u>34,190</u>	<u>30,540</u>
Current liabilities		
Trade and other payables	16,938	9,625
Current tax liabilities	10	10
Borrowings	1	-
	<u>16,949</u>	<u>9,635</u>
Total liabilities	<u>51,139</u>	<u>40,175</u>
Total equity and liabilities	<u><u>227,333</u></u>	<u><u>221,549</u></u>

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2006

	6 months to June 30, 2006	May 16, 2005 to December 31, 2005
Continuing operations	USD'000	USD'000
Sales	14,888	337
Cost of sales	<u>(5,918)</u>	<u>(98)</u>
Gross profit	8,970	239
Other income	1,340	1,721
Operating expense	(448)	(80)
Administrative and marketing expenses	(11,101)	(14,828)
Other expenses	<u>(2,737)</u>	<u>(4,124)</u>
Operating loss	(3,976)	(17,072)
Finance costs	(1,204)	(489)
Loss before taxation	<u>(5,180)</u>	<u>(17,561)</u>
Income tax expense	-	3,984
Loss for the period from continuing operations	<u>(5,180)</u>	<u>(13,577)</u>
Loss attributable to equity holders of the Group	<u>(5,180)</u>	<u>(13,577)</u>
Loss per share (USD)- basic	<u>(0.06)</u>	<u>(0.16)</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED JUNE 30, 2006

	<u>Share capital</u>	<u>Revenue deficit</u>	<u>Total</u>
	<u>USD'000</u>	<u>USD'000</u>	<u>USD'000</u>
Balance at January 1, 2006	194,951	(13,577)	181,374
Loss for the period	-	(5,180)	(5,180)
Balance at June 30, 2006	<u>194,951</u>	<u>(18,757)</u>	<u>176,194</u>
Balance at May 16, 2005	-	-	-
Issue of share capital	194,951	-	194,951
Loss for the period	-	(13,577)	(13,577)
Balance at December 31, 2005	<u>194,951</u>	<u>(13,577)</u>	<u>181,374</u>

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD ENDED JUNE 30, 2006

	6 months to June 30, 2006	May 16, 2005 to December 31, 2005
	USD'000	USD'000
Operating activities		
Cash absorbed in operations	(2,315)	(26,974)
Interest received	1,295	1,277
Net cash used in operating activities	<u>(1,020)</u>	<u>(25,697)</u>
Investing activities		
Acquisition of subsidiaries net of cash		
acquired	-	32,553
Purchase of property, plant and equipment	(16,212)	(23,604)
Loans and advance granted	(26)	(640)
Net cash (used in)/generated from investing activities	<u>(16,238)</u>	<u>8,309</u>
Financing activities		
Issue of ordinary shares	-	91,493
Proceeds from long term borrowings	-	5,577
Net cash from financing activities	<u>-</u>	<u>97,070</u>
Net increase in cash and cash equivalents	<u>(17,258)</u>	<u>79,682</u>
Movement in cash and cash equivalents		
At January 1, 2006	79,682	-
Increase	<u>(17,258)</u>	<u>79,682</u>
At June 30, 2006	<u>62,424</u>	<u>79,682</u>

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED JUNE 30, 2006

1. GENERAL INFORMATION

Titanium Resources Group Ltd is a limited liability company incorporated and domiciled in the British Virgin Islands. The address of its registered office is at P.O.Box 173, Kingston Chambers, Road Town, British Virgin Islands.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention.

The interim financial statements for the half year ended June 30, 2006 are unaudited. The accounting policies used in the preparation of the interim unaudited financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2005. The interim financial statements comply with IAS 34.

3. LOSS PER SHARE

	<u>June, 30 2006</u>	<u>December 31, 2005</u>
	USD'000	USD'000
<u>Basic loss per share</u>		
Loss attributable to equity holders of the group from continuing operations (thousand)	<u>(5,180)</u>	<u>(13,577)</u>
Weighted average number of ordinary shares in issue	<u>82,397,742</u>	<u>82,397,742</u>
Basic loss per share from continuing operations	<u>(0.06)</u>	<u>(0.16)</u>

4. CAPITAL COMMITMENTS

	<u>June, 30 2006</u>	<u>December 31,</u> <u>2005</u>
	USD'000	USD'000
Property, plant and equipment acquisition contracted for at the Balance sheet date but not yet incurred:	3,900	12,739

Sierra Rutile Limited, a subsidiary of Titanium Resources Group Ltd, entered into the above capital commitments.

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