



Titanium Resources Group Draws Down Balance of European Union €24.75 million Loan

10 January, 2006: Titanium Resources Group ("TRG" or "the Group") announces that it has satisfied all outstanding conditions pertaining to refurbishment of the Sierra Rutile mine and has thereby qualified for, and drawn down, the second and last tranche of the €24.75 million loan provided by the European Commission, on behalf of the European Union (EU). The loan will be used for the restart of the Sierra Rutile mine in Sierra Leone. This latest draw down of €4.75 million brings total disbursements under the EU Loan to approximately €23 million. The balance of €2 million will be disbursed upon physical completion of the Sierra Rutile restart project which is expected to occur in the first quarter of this year.

A total of €25 million is being provided to the Government of Sierra Leone, to be on-lent to Sierra Rutile Limited, a subsidiary of TRG. The total term of the EU Loan is twelve years, comprising a seven year grace period followed by five years of repayment of principal in equal semi-annual installments to the Government of Sierra Leone. The repaid principal and interest will be paid to a joint Government of Sierra Leone/ European Commission fund which will support various socio-economic development projects in Sierra Leone. The loan carries an interest rate fixed at 8% per annum. The first interest payment is not payable until 36 months after the date of the first disbursement.

Mr. Walter Kansteiner stated:

"Titanium Resources Group is grateful for the financial support of the EU and the Government of Sierra Leone for the restart of the Sierra Rutile mine. The mine is the single largest non-governmental employer in the country. As in the past, the mine is expected to account for a majority of the country's foreign exchange earnings and a significant part of its GDP. This final disbursement of the EU Loan will facilitate the anticipated restart of the mine in the first quarter of 2006."

Ends

For further information

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Notes to Editors

Titanium Resources Group

Titanium Resources is the holding company of a group of companies that are engaged in the mining, marketing and exploration of mineral resources. The Group owns two mining operations in the Republic of Sierra Leone – the Sierra Rutile Project and the SML Bauxite Project. Both mines operated for over 15 years until operations were suspended in 1995. The projects accounted for 75 per cent of the exports of Sierra Leone.

The Sierra Rutile Project will employ conventional dredging and processing methods to produce mineral sands in the southwest of Sierra Leone, where its production previously represented approximately 30 per cent of the world's annual supply of natural rutile. Natural rutile is a high titanium-bearing feedstock employed in the manufacture of titanium dioxide (TiO₂) pigments that are used in paint, plastics, paper and pharmaceuticals and the production of titanium metal and welding rods.

In close proximity to the Sierra Rutile mine is the SML Bauxite Project which successfully mined bauxite in the Mankanji area for over 30 years prior to the suspension of operations in 1995. Bauxite from the SML bauxite mine is premium grade metallurgical bauxite which is the primary feedstock used in the production of aluminium.

Both projects will employ proven mining and processing techniques and were profitable operations in the past. Rutile and bauxite from this region are both recognised for their high quality. The Group plans to restart operations at each mine in the first quarter of 2006.

The Loan Agreement with the Government of Sierra Leone

The following is an extract from the AIM Prospectus published by TRG in August 2005.

“A loan agreement (the “Loan Agreement”) between SRL and the Government, dated 2 August 2004, pursuant to which the Government will on-lend US\$24,750,000 of the US\$25,000,000 that was granted from the European Commission in connection with the Sierra Rutile Project (the “Loan”).

US\$250,000 of the Loan has been retained to cover the cost of auditing the Sierra Rutile Project and a further 10 per cent of the Loan will be held back by the European Commission by way of guarantee to cover SRL's obligations until completion of the Sierra Rutile Project.

SRL will pay to the Government 8 per cent interest per annum on the principal amount of the Loan disbursed and outstanding. The interest payments fall due semi-annually on 15 June and 15 December of each year. The first interest payment is not payable until 36 months after the date of the first disbursement. The principal and any deferred interest on the Loan shall be repaid in 10 equal instalments, the first to be made 84 months after the date of the first disbursement.”