



Titanium Resources Group Limited

Preliminary Results

March 6, 2009: Titanium Resources Group (“TRG” or “the Company”) announces preliminary results for the year ended 31 December, 2008.

Highlights

- Sales of US\$49.4 million in the year (2007: US\$67.8 million)
- Loss before interest, tax, depreciation, amortisation and exceptional items of US\$22.8 million (2007: loss of US\$0.3 million)
- Exceptional loss of US\$7.7 million, relating to D2 impairment charge of US\$34.3 million, offset profit on disposal of Sierra Minerals bauxite mine of US\$26.6million
- Rutile production of 78,908 tonnes (2007: 82,530 tonnes)
- Ilmenite production of 17,528 tonnes (2007: 15,750 tonnes)
- Appointment of John Sisay as Chief Executive Officer
- Continuing to progress insurance claims
- New low cost power plant commissioned improving efficiency by 25%
- Two year deferral of interest payments on EU loan negotiated with the Government of Sierra Leone
- Cash balance of US\$7 million as at 3 March 2009

Commenting on the results, TRG Chief Executive John Sisay said:

“2008 was a challenging year for the Company, with the capsizing of Dredge D2 in July having a significant impact on available production capacity. In spite of these difficulties, the Company has produced a robust performance and achieved 50% of its production targets for the year.

“During the year the Company has successfully implemented significant cost cutting measures and the new low cost heavy fuel oil power plant will increase efficiency by around 25%. Workforce reductions and the suspension of all exploration activities by the Company have also resulted in a considerable reduction in costs.

“The Company is considering a number of options to give us greater flexibility to respond to the uncertain outlook for commodity markets. These include increasing higher margin dry mining and the reduction of production levels for the year ahead in order to more closely align output with anticipated demand.”

For further information

Titanium Resources Group

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Chief Executive's Review

Overview

2008 was a challenging year for the Company, with the capsizing of Dredge D2 ("D2") in July having a significant impact on available production capacity. In spite of these difficulties, the Company has produced a robust performance and achieved 50% of its production targets for the year.

Dredge D1 ("D1") has operated consistently throughout 2008 while the rutile grade at the Lanti South deposit where D1 is operating has improved considerably over the year. The Company produced 78,908 tonnes of rutile in the year, slightly down on 2007 but ilmenite production rose 11% year on year to 17,528 tonnes. In light of the difficult circumstances in which the Company is operating and the capsizing of D2 in July 2008, this is a creditable operating performance. Since the end of the year, D1 has performed ahead of target production rates. This performance underlines the world class potential of the Sierra Rutile mine.

The Company is considering a number of options to give us greater flexibility to respond to the uncertain outlook for commodity markets. These include increasing higher margin dry mining and the reduction of production levels for the year ahead in order to more closely align output with anticipated demand. The Company intends to progress with the rehabilitation of D2 once it has reached an agreement with its insurers. The project to rehabilitate D2 is expected to take at least two years from commencement and we are confident that rutile markets will have recovered sufficiently in that period to support additional production from D2.

The Company continues to negotiate with its insurers over outstanding claims relating to D2. Whilst we remain hopeful of achieving an amicable resolution to our outstanding claims, the Company has now initiated legal action against its insurers in an effort to hasten a solution. As stated previously, the Company continues to assess a range of options for raising the necessary funds to rehabilitate D2 and strengthen its balance sheet.

During the year the Company has successfully implemented significant cost cutting measures and the new low cost heavy fuel oil power will increase efficiency by around 25%. Workforce reductions and the suspension of all exploration activities by the Company have also resulted in a considerable reduction in costs.

In addition, the Company has successfully negotiated a deferral of interest payments to the Government of Sierra Leone in relation to the EUR24m loan from the EU, significantly improving TRG's short term cash flows.

In July 2008, prior to the current weakness in aluminium markets, we successfully sold the non-core Sierra Mineral bauxite mine for US\$40.5 million, out of which US\$11.1 million was used to repay an intercompany loan and US\$500,000 remains receivable as deferred consideration.

In January 2009, Jean Raymond Boule acquired Ospraie Management LLC's entire 49% holding in the Company. The removal of the uncertainty surrounding Ospraie's holding is a significant positive development for the Company.

Additionally, in January 2009, Len Comerford resigned as Chief Executive of the Company. The Board would like to thank Len for his leadership through some challenging times. We also welcomed Jean Lindberg Charles to the Board as a Non-Executive Director in February 2009.

Production

Total rutile production fell by only 5% in 2008, despite the halving of production capacity following the capsizing of D2 in July. This performance was a result of consistent production by D1, which has been carried forward into 2009 with D1 producing 6,316 tonnes of rutile compared to a target of 5,455 tonnes in January 2009, and 5,717 tonnes compared to a target of 5,621 tonnes in February 2009. D1 has completed its transition from Lanti North to the higher grade Lanti South deposit, a process which we initiated immediately following the capsizing of D2. This transition, in addition to the increase in operational performance, allowed the Company to meet 50% of its annual production targets for 2008.

In 2008, the Company produced 17,528 tonnes of ilmenite, compared to 15,750 tonnes in the previous year.

Financials

The Company generated total sales of US\$49.4 million in the year, a decline of 27% from 2007 as a result of the loss of contribution from the Sierra Minerals bauxite mine following its disposal and reduced production from Sierra Rutile, resulting in a loss before taxation of US\$40.4 million (2007: US\$17 million). However, rutile and ilmenite sales from Sierra Rutile in 2008 of US\$39.4 million were robust compared with US\$40.8 million in 2007.

The exceptional loss of US\$7.7 million relates to an impairment charge in relation to D2 of US\$34.3 million, offset against the profit realised on disposal of the Sierra Minerals mine of US\$26.6 million.

Cost Reduction

We have successfully completed significant cost cutting measures in the year and the completion of the heavy fuel oil power plant increased efficiency by around 25%. Fuel costs have fallen in line with market prices and increased efficiency. These savings are set to increase during 2009 when the power plant is fully commissioned on heavy fuel oil, which is expected to be completed in the first quarter of 2009. Heavy Fuel Oil is approximately 60% of the cost of diesel. In January 2009, the cost mitigation measures resulted in a 20% reduction in mine site operating costs against budget and we are confident that this trend will continue through the remainder of 2009 provided input prices remain at current levels.

As stated previously, the Company has reduced its workforce by some 25% and all capital programmes have been either suspended or substantially reduced to minimise working capital requirements and improve cash flow. Contractors working on the dry plant at the mine site have also been stood down as the dry plant upgrade will not be required until tonnage has increased following the recommissioning of D2. No further capital expenditure on the planned Dredge D3 is required until D2 has been recommissioned.

Additionally, the Company has also suspended all exploration activities including those at the Sierra Rutile mine and Turners' Peninsular.

Dredge D2

Following further detailed work to assess the damage to Dredge D2, we have now revised our previous estimates for the cost of restoring D2 to full production upwards to US\$35 million. Also, whilst we still expect that the repair and recommissioning of D2 will take approximately 14 months, the sourcing and transportation of all the necessary replacement parts to the mine site is likely to require an additional 10 month period. When the Dredge has been recommissioned it will continue to mine the Gangama deposit as initially anticipated by the Company.

A resolution of the Company's insurance claims relating to property damage and business interruption insurance remains an absolute priority. The Company has taken appropriate legal steps to ensure that a resolution to the claim is reached as soon as possible.

Marketing

In response to the cessation of D2's mining operations, the Company declared force majeure on all its rutile and ilmenite contracts, with all customers being placed on an equitable allocation during the second half of 2008 and January 2009.

In February 2009, the Company lifted the force majeure on all sales. As well as providing certainty to customers, this will enable TRG to benefit from contract prices fixed at levels above those currently prevailing in titanium dioxide spot markets.

The Company has made two shipments of 10,500 and 10,000 tonnes of rutile respectively to major customers in 2009.

Outlook

Since the end of the year, the Company has seen some weakness in rutile markets as the ongoing financial crisis has created significant uncertainty. However, as production is sold under fixed price contracts, received prices have not fallen in line with the market. Beyond 2009, pricing will be influenced by prevailing market conditions. The Company has the option of cutting production and protecting margins over the short to medium term and have taken a number of proactive steps to reduce operating costs at Sierra Rutile in 2009.

The world class nature of the Sierra Rutile deposit is beyond doubt and we are confident that long-term industry trends towards the use of higher grade titanium dioxide feedstocks will reinforce our market position.

The continued support of the Government of Sierra Leone gives us further confidence in the prospects for the Company.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET - DECEMBER 31, 2008

	Notes	2008 USD'000	2007 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	125,503	142,348
Intangible assets		13,311	13,150
Non-current receivables		753	753
Deferred tax assets		-	86,879
		<u>139,567</u>	<u>243,130</u>
Current assets			
Inventories	4	14,482	14,890
Trade and other receivables		23,295	21,562
Current tax assets		70	211
Cash and cash equivalents		7,362	25,731
		<u>45,209</u>	<u>62,394</u>
Total assets		<u><u>184,776</u></u>	<u><u>305,524</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	5(a)	238,026	237,041
Revenue reserve		(123,128)	4,154
Equity holders' interest		<u>114,898</u>	<u>241,195</u>
LIABILITIES			
Non-current liabilities			
Borrowings	6	45,073	44,119
Provisions for liabilities and charges		3,261	2,833
		<u>48,334</u>	<u>46,952</u>
Current liabilities			
Trade and other payables		21,536	17,233
Borrowings		8	144
		<u>21,544</u>	<u>17,377</u>
Total liabilities		<u><u>69,878</u></u>	<u><u>64,329</u></u>
Total equity and liabilities		<u><u>184,776</u></u>	<u><u>305,524</u></u>

The notes form an integral part of these financial statements.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Notes</u>	<u>2008</u> USD'000	<u>2007</u> USD'000
Sales		49,417	67,849
Cost of sales		<u>(70,388)</u>	<u>(72,261)</u>
Gross loss		(20,971)	(4,412)
Other income		518	2,618
Administrative and marketing expenses		<u>(9,859)</u>	<u>(6,281)</u>
		(30,312)	(8,075)
Exceptional item	7	(7,707)	(2,445)
Finance costs		<u>(2,338)</u>	<u>(6,497)</u>
Loss before taxation		(40,357)	(17,017)
Taxation	8	<u>(86,925)</u>	<u>302</u>
Loss for the year attributable to equity holders of the group		<u>(127,282)</u>	<u>(16,715)</u>
Loss per share (USD)			
- basic		<u>(0.52)</u>	<u>(0.07)</u>
- diluted		<u>(0.52)</u>	<u>(0.07)</u>

The notes form an integral part of these financial statements.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Share capital</u> USD'000	<u>Revenue reserve/ (deficit)</u> USD'000	<u>Total</u> USD'000
Balance at January 1, 2008	237,041	4,154	241,195
Employee share options	985	-	985
Loss for the year	<u>-</u>	<u>(127,282)</u>	<u>(127,282)</u>
At December 31, 2008	<u>238,026</u>	<u>(123,128)</u>	<u>114,898</u>
Balance at January 1, 2007	198,160	20,869	219,029
Issue of share capital	34,658	-	34,658
Employee share options:			
- value of employee services	3,984	-	3,984
- shares issued on exercise of options	239	-	239
Loss for the year	<u>-</u>	<u>(16,715)</u>	<u>(16,715)</u>
At December 31, 2007	<u>237,041</u>	<u>4,154</u>	<u>241,195</u>

The notes form an integral part of these financial statements.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Notes</u>	<u>2008</u>	<u>2007</u>
	<u>USD'000</u>	<u>USD'000</u>
Cash flows from operating activities		
Cash absorbed in operations	(24,068)	(5,913)
Interest received	518	2,182
Interest paid	(1,241)	(81)
Tax paid	(351)	(500)
Net cash used in operating activities	<u>(25,142)</u>	<u>(4,312)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(32,803)	(57,399)
Purchase of intangible assets	(210)	(78)
Proceeds from disposal of plant	99	14
Proceeds from disposal of subsidiaries 9(a)	28,676	-
Net cash generated from/(used in) investing activities	<u>(4,238)</u>	<u>(57,463)</u>
Cash flows from financing activities		
Issue of ordinary shares	-	34,658
Proceeds from exercise of options	-	355
Proceeds from repayment of loan	11,147	-
Net cash from financing activities	<u>11,147</u>	<u>35,013</u>
Net decrease in cash and cash equivalents	<u>(18,233)</u>	<u>(26,762)</u>
Movement in cash and cash equivalents		
At January 1,	25,587	52,349
Decrease	<u>(18,233)</u>	<u>(26,762)</u>
At December 31,	<u>7,354</u>	<u>25,587</u>

The notes form an integral part of these financial statements.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

1. GENERAL INFORMATION

Titanium Resources Group Ltd is a public limited liability company incorporated and domiciled in the British Virgin Islands. The address of its registered office is at P.O.Box 4301, Trinity Chambers, Road Town, Tortola, British Virgin Islands.

These financial statements will be submitted for consideration and approval at the forthcoming Annual Meeting of shareholders of the group.

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of Titanium Resources Group Ltd have been prepared in accordance with International Financial Reporting Standards (IFRS). Where necessary, comparative figures have been amended to conform with change in presentation in the current year. The financial statements are prepared under the historical cost convention, except that available-for-sale investments are stated at their fair value.

Amendments to published standards, Standards and Interpretations issued but not yet effective.

Certain standards, amendments to published standards and interpretations have been issued that are mandatory for accounting periods beginning on or after 1 January 2009 or later periods, but which the Group has not adopted early.

At the date of authorisation of these financial statements, the following new standards and interpretations were in issue but not yet effective:

IFRS 8 Operating Segments

IFRIC 13 Customer Loyalty Programmes

IFRIC 15 Agreements for the construction of real estate

IFRIC 16 Hedges of a net investment in a foreign operation

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRS 3 Business Combinations (Revised May 2008)

IAS 1 Presentation of Financial Statements (Revised May 2008)

IAS 16 Property, Plant and Equipment (Revised May 2008)

IAS 19 Employee Benefits (Revised May 2008)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(a) **Basis of preparation (cont'd)**

IAS 20 Government Grants and Disclosure of Government Assistance (Revised May 2008)
IAS 23 Borrowing Costs (Revised May 2008)
IAS 27 Consolidated and Separate Financial Statements (Revised May 2008)
IAS 28 Investments in Associates (Revised May 2008)
IAS 29 Financial Reporting in Hyperinflationary Economies (Revised May 2008)
IAS 31 Interests in Joint Ventures (Revised May 2008)
IAS 32 Financial Instruments: Presentation (Revised May 2008)
IAS 36 Impairment of Assets (Revised May 2008)
IAS 38 Intangible Assets (Revised May 2008)
IAS 39 Financial Instruments: Recognition and Measurement (Revised May 2008)
IAS 40 Investment Property (Revised May 2008)
IAS 41 Agriculture (Revised May 2008)
IFRS 1 First-time Adoption of International Financial Reporting Standards (Revised May 2008)
IFRS 2 Share-Based Payment (Revised May 2008)
IFRS 5 Non-current Assets Held for Sale and Discontinued Operations (Revised May 2008)

The Group is still evaluating the effect that these new or revised standards and interpretations will have on the presentation of its financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, will be disclosed in the full accounts.

(b) **Investment in subsidiaries**

Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the company and enterprises controlled by the company (its subsidiaries) made up to December 31, each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of their acquisition or up to the date of their disposal.

The consolidated financial statements have been prepared in accordance with the purchase method. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement in the year of acquisition. The results of subsidiaries which are not consolidated are brought into the financial statements to the extent of dividends received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investment in subsidiaries (cont'd)

All significant intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those adopted by the Group.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. Cost also includes environmental decommissioning costs that are recognised as a liability.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Subsequent expenditure relating to an item of property, plant or equipment is capitalised when it is probable that the future economic benefits from the use of the asset will increase by more than the expenditure incurred. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Deposit, exploration, evaluation, mine development expenditure and deferred project expenditure

In respect of deposit, minerals, exploration, evaluation, and deferred project, expenditure is charged to the income statement as incurred except where:

- it is expected that the expenditure will be recouped by future exploitation or sale; or
- substantial exploration and evaluation activities have identified a mineral resource but these activities have not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves in which case the expenditure is capitalised.

Expenditure relating to both deposit and dam development and mine development are accumulated separately for each identifiable area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (cont'd)

Expenditure is carried forward when incurred in areas where economic mineralisation is indicated, but activities have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in relation to the area are continuing. Each such project is regularly reviewed. If the project is abandoned or it is considered unlikely that the project will proceed to development, accumulated costs to that point are written off immediately.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation. Projects are advanced to development status when it is expected that accumulated and future expenditure can be recouped through project development or sale.

Expenditure relating to other expenses consists primarily of costs which provides benefit to the development of the mine in general and is not specifically identifiable to a particular project.

Mining leases

The Group's mining leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all reserves on the leased properties to be mined in accordance with current production schedules.

(d) Amortisation and depreciation

Amortisation of deferred project expenditure is based on the estimated useful life of the asset to which the expenditure relates.

Depreciation is provided at rates calculated to write off the cost of fixed assets to their residual value over their estimated useful lives as follows:

Building	- 4%
Infrastructure	- 5%
Plant, machinery & equipment	- 5% to 20%
Vehicles	- 3 to 5 years
Mineral rights	- Based on the estimated life of reserves
Exploration, evaluation and mine development expenditure, and expenditure on mineral rights	- Based on the estimated life on proven and probable reserves

Changes in estimates are accounted for over the estimated remaining economic life of the remaining commercial reserves of each project as applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Intangible assets

(i) **Goodwill**

Goodwill represents the excess of cost of acquisition over the Group's interest in the fair value of the net identifiable assets of the acquired subsidiaries at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Any net excess of the Group's interest in the net fair value of acquiree's net identifiable assets over cost is recognised in the income statement.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gains and losses on disposal.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) **Computer software**

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software and are amortised over their estimated useful lives estimated to be five years.

(f) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(g) Foreign currencies

(i) **Functional and presentation currency**

Items included in the financial statements of each of the group's entities are measured using United States Dollars, the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States Dollars, which is the group's functional and presentation currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Foreign currencies (cont'd)

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in equity as qualifying cashflow hedges and qualifying net investment hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

(h) Financial instruments

(i) Financial assets

Categories of financial assets

The group classifies its financial assets as available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Available-for-sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months of the balance sheet date.

Initial measurement

Purchases and sales of financial assets are recognised on trade date, the date on which the company commits to purchase or sell the asset. Investments are initially measured at fair value plus transaction costs for all financial asset except those that are carried at fair value through profit or loss.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

(a) Available-for-sale financial assets (cont'd)

Subsequent measurement

Available-for-sale financial assets are subsequently carried at their fair values.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Unrealised gains and losses arising from changes in the fair value of financial assets classified as available-for-sale are recognised in equity. When financial assets classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses on financial assets.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions and reference to other instruments that are substantially the same.

Impairment of financial assets

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity - is removed from equity and recognised in the income statement.

If the fair value of a previously impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in the income statement. Impairment losses for an investment in an equity instrument are not reversed through the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

(ii) **Long term receivables**

Long term receivables with fixed maturity terms are measured at amortised cost using the effective interest rate method, less provision for impairment. The carrying amount of the asset is reduced by the difference between the asset's carrying amount and the present value of estimated cash flows discounted using the effective interest rate. The amount of loss is recognised in the income statement. Long term receivables without fixed maturity terms are measured at cost. If there is objective evidence that an impairment loss has been incurred, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value (PV) of estimated cash flows discounted at the current market rate of return of similar financial assets.

(iii) **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognised in the income statement.

(iv) **Trade payables**

Trade payables are stated at fair value and subsequently measured at amortised cost using the effective interest method.

(v) **Borrowings**

Borrowings are recognised initially at fair value being their issue proceeds net of transaction costs incurred.

Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after balance sheet date.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial instruments (cont'd)

(vi) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(vii) **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

(i) **Inventories**

Inventories are stated at the lower of cost or net realisable value where cost is defined as follows:

Titanium bearing minerals	- Production cost and attributable overheads
Concentrates	- Production cost
Stockpiles	- Production cost
Materials	- Average cost
Fuel and sundry expenses	- Purchase cost
Goods-in-transit	- Invoice cost excluding freight

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) **Deferred income taxes**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

Deferred income tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply in the period when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(k) **Agricultural Development Fund**

The Group commits the higher of 0.1% (one tenth of one percent) of gross sales revenue in US dollars for each year, based on gross sales free alongside ship at the Sierra Leone Port of Shipment, or USD 75,000 and this shall be used exclusively for the development of agriculture in the areas affected by operations under the mining lease or in areas adjacent thereto within the same chiefdom. The annual amounts are paid over to the separate fund set up and controlled by the GOSL, chiefdom representatives, and the Company's representatives.

(l) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised until such time as the assets are substantially ready for their intended use or sale. Other borrowing costs are expensed.

(m) **Retirement benefit obligations**

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employees render the related service.

Long-term employee benefits

The Group does not operate any retirement benefit plan for its employees. For Sierra Leone based companies, the companies make a contribution of 10% of the employees basic salary to the National Social Security and Insurance Trust for payment of pension to staff on retirement. The employees also contribute 5% of their basic salary to the Trust.

Share options scheme

The Group operates a share option scheme. The fair value of the employee services received in exchange for the grant of the options was recognised as an expense up to May 16, 2007, date on which the conditions pertaining to "consideration to be paid on exercise of the option" were changed. Henceforth, the consideration values of the options vesting are accounted as receivables. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

(n) **Provision for rehabilitation**

Costs of reclamation and rehabilitation are assessed on a regular basis and estimated costs are provided over the life of the Mine. The expenditure and provisions include costs of labour, materials, and equipment required to rehabilitate disturbed areas, cost of reclamation, plant and infrastructure closure and subsequent environmental monitoring. The estimates are not discounted and are based on current costs, legislature and community requirements and technology. Expenditure relating to ongoing rehabilitation and restoration programmes is charged against the provisions made.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax, rebates and discounts and after eliminating sales within the Group.

Sales of goods are recognised when goods are delivered and title has passed. Sales of services are recognised in the accounting year in which the services are rendered (by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of total services to be provided).

Other income earned by the Group is recognised on the following basis:

- Interest income - on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost recovery basis as conditions warrant; and
- Dividend income - when the shareholder's right to receive payment is established.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle the obligation.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring which has been notified to affected parties and comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2008

3. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure	Plant, machinery and equipment	Marine fleet	Mineral sand prospect and Mine development	Capital work in progress	Dredge 2	Dredge 3	Powerhouse 2	Exploration	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
(a) COST										
At January 1, 2008	20,341	143,130	1,303	48,061	28,469	25,871	5,158	19,265	1,075	292,673
Addition	740	9,670	-	3,059	559	2,475	4,301	10,508	1,491	32,803
Transfer	-	-	-	-	(16,475)	16,475	-	-	-	-
Impairment charge	-	-	-	-	-	(34,300)	-	-	-	(34,300)
Disposed of on disposal of subsidiaries	(3,409)	(5,404)	(1,303)	(103)	-	-	-	-	(512)	(10,731)
Disposal	-	(876)	-	-	-	-	-	-	-	(876)
At December 31, 2008	17,672	146,520	-	51,017	12,553	10,521	9,459	29,773	2,054	279,569
DEPRECIATION										
At January 1, 2008	14,785	108,088	260	27,024	168	-	-	-	-	150,325
Charge for the year	419	4,800	74	2,315	-	-	-	-	-	7,608
Eliminated on disposal of subsidiaries	(863)	(1,798)	(334)	(13)	-	-	-	-	-	(3,008)
Disposal adjustment	-	(859)	-	-	-	-	-	-	-	(859)
At December 31, 2008	14,341	110,231	-	29,326	168	-	-	-	-	154,066
NET BOOK VALUES										
At December 31, 2008	3,331	36,289	-	21,691	12,385	10,521	9,459	29,773	2,054	125,503

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

3. PROPERTY, PLANT AND EQUIPMENT

	Infrastructure	Plant, machinery and equipment	Marine fleet	Mineral sand prospect and Mine development	Capital work in progress	Dredge 2	Dredge 3	Powerhouse 2	Exploration	Total
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
(b) COST										
At January 1, 2007	19,827	131,242	1,303	41,314	26,920	8,731	3,095	2,833	30	235,295
Addition	442	11,981	-	6,747	1,549	17,140	2,063	16,432	1,045	57,399
Transfer	72	(72)	-	-	-	-	-	-	-	-
Disposal	-	(21)	-	-	-	-	-	-	-	(21)
At December 31, 2007	20,341	143,130	1,303	48,061	28,469	25,871	5,158	19,265	1,075	292,673
DEPRECIATION										
At January 1, 2007	14,202	102,729	130	25,401	168	-	-	-	-	142,630
Charge for the year	576	5,380	130	1,623	-	-	-	-	-	7,709
Transfer	7	(7)	-	-	-	-	-	-	-	-
Disposal adjustment	-	(14)	-	-	-	-	-	-	-	(14)
At December 31, 2007	14,785	108,088	260	27,024	168	-	-	-	-	150,325
NET BOOK VALUES										
At December 31, 2007	5,556	35,042	1,043	21,037	28,301	25,871	5,158	19,265	1,075	142,348

(c) Expenditure capitalised in respect of the construction in progress amounted to USD 0.5 m (2007: USD 1.5m). Depreciation has not been charged where the assets are presently not in the condition necessary to operate in the manner intended by management.

(d) Depreciation charge of USD 7,608,000 (2007: USD 7,709,000) has been charged in cost of sales.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

4. INVENTORIES	2008	2007
	USD'000	USD'000
(a) Washed Bauxite	-	2,655
Rutile	4,878	2,995
Ilmenite	250	824
Consumables	9,354	8,416
	14,482	14,890
(b) The cost of inventories recognised as expense and included in cost of sales amounted to USD 1,347,000 (2007: USD 499,000).		
5. SHARE CAPITAL	Number of shares	Ordinary shares
(a) Issued shares and options		USD'000
At January 1, 2007	214,517,530	198,160
Proceeds from new issues (See note (ii) below)	27,077,000	34,658
Employee share option scheme:		
- Option vested	3,748,318	3,984
- Difference between exercise price and market price on issue	-	239
At December 31, 2007	245,342,848	237,041
Employee share option scheme:		
- Option vested	733,333	985
At December 31, 2008	246,076,181	238,026
(i) The total authorised number of ordinary shares is 500,000,000 shares (2007: 500,000,000 shares) with no par value. All issued shares are fully paid and are admitted on the AIM market of the London Stock Exchange.		
(ii) At the beginning of May 2007, TRG made a new placement of 27,077,000 common shares. The placing with institutional investors at a price of 65p per share raised £17,600,050 (USD 34.658 million) before expenses.		
(iii) <i>Reconciliation of number of shares</i>	Number of shares	Ordinary shares
		USD'000
Issued shares	234,664,075	226,790
Options vested but not yet exercised	11,412,106	11,236
	246,076,181	238,026

On November 30, 2007, certain option holders exercised their options. Accordingly, 385,522 shares were allotted to them and were admitted on AIM market for trading.

(b) **Share options - Employees**

Share options are granted to directors and to selected employees. The exercise price of the granted option is determined by the Board before such grant. According to section 2.3 of the "Rules of TRG Unapproved Share Option Scheme", the price should not be less than the highest of the :

- o Nominal value of the shares;
- o Average of the middle market quotations of the shares as derived from the Official list for the 30 dealing days immediately preceding the Grant date; and
- o Middle market quotation of the shares as derived from the Official list on the Grant date.

The company has granted options at exercise prices ranging from 47p to 78p each varying on the date of grant.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

5. SHARE CAPITAL (CONT'D)

(b) Share options - Employees (cont'd)

One third of the option granted vests immediately, one third vests on the first anniversary of the date of grant, and the remaining third will vest on the second anniversary of the date of grant. The option will lapse and may not in any event be exercised later than the day before the fifth anniversary of the date of grant.

For the year ended December 31, 2008, 733,333 options (2007: 3,748,318 options) vested. In November 2007, certain directors and employees exercised their options. Accordingly, the company allotted 332,991 shares which were admitted on AIM market for trading.

Exercise of the option is not subject to performance-related conditions.

(c) Share options - Professional services

In 2005, in consideration of services given to the company by NabarroWells & Co Ltd, (NWCF LLP), the company granted to NWCF LLP an option to subscribe for 936,007 common shares of no par value at a subscription price of 47p each. In 2007, NWCF LLP exercised its option and subscribed for 52,531 shares at 47p per share. The company issued these shares which were admitted on AIM market for trading.

6. BORROWINGS

	<u>2008</u>	<u>2007</u>
	USD'000	USD'000
(a) Non-current :		
Government of Sierra Leone loan	<u>45,073</u>	<u>44,119</u>
Current:		
Bank overdraft	<u>8</u>	<u>144</u>
Total borrowings	<u><u>45,081</u></u>	<u><u>44,263</u></u>

(i) The rates of interest on the loans vary between 8% to 15%.

(ii) Government of Sierra Leone borrowing is subject to interest of 8% per annum and is repayable on June 15 and December 15 in each year commencing on the first payment date which is the earlier of 84 months after date of first disbursement or June 15, 2012. The interest is calculated on the basis of a 360 day year consisting of twelve months of thirty days.

The Group does not have any undertaking, nor is it contractually bound to create, any lien on or with respect to any of its rights or revenues.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

6. BORROWINGS (CONT'D)

The interest is classified as non current as according to section 3.03 of the Loan Agreement between Sierra Rutile Limited and the Government of Sierra Leone, the first interest payment shall not be made by the company until the earliest of the interest payment date occurring thirty – six months after the date of first disbursement, or June 15, 2008. All interest accruing on the principal balance outstanding from time to time on the loan until the first interest payment is due shall be added to the principal balance of the loan and shall accrue interest on the same terms. However, during the year ended December 31, 2008, the Government of Sierra Leone granted the company a moratorium of further two years. As a result, payments of interest have been deferred to June 2010.

(b) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	6 months or less	6 to 12 months	1 to 5 years	Over 5 years	Total
	USD'000	USD'000	USD'000	USD'000	USD'000
At December 31, 2008					
Total borrowings	8	-	14,367	30,706	45,081
At December 31, 2007					
Total borrowings	144	-	14,367	29,752	44,263

(c) The maturity of non-current borrowings is as follows:

	2008	2007
	USD'000	USD'000
After one year and before five years	14,367	14,367
After five years	30,706	29,752
	45,073	44,119

(d) Non-current borrowings can be analysed as follows:

	2008	2007
	USD'000	USD'000
- After one year and before five years Government of Sierra Leone loan	14,367	14,367
- After five years Government of Sierra Leone loan	30,706	29,752
	45,073	44,119

(e) The effective interest rates at the balance sheet date were as follows:

	2008		2007	
	Euro	USD	Euro	USD
	%	%	%	%
Government of Sierra Leone loan	8	-	8	-
Bank overdraft	6.5	8.5	6.5	8.5

(f) The carrying amounts of the group's borrowings are denominated in the following currencies:

	2008	2007
	USD'000	USD'000
Euro	45,076	44,185
US Dollar	5	78
	45,081	44,263

(g) The carrying amounts of non-current borrowings are not materially different from their fair value.

TITANIUM RESOURCES GROUP LTD AND ITS SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

7. EXCEPTIONAL ITEM	2008 USD'000	2007 USD'000
Claims	300	-
Gain on disposal of subsidiaries	(28,204)	-
Professional and other costs associated with disposal of subsidiaries	1,311	-
Impairment charges - Dredge D2	34,300	-
Placement cost	-	2,445
	7,707	2,445

8 DEFERRED TAX ASSETS

During the year, the Group wrote off the deferred tax assets recognised up to now, amounting USD 86 million, due to unpredictability of future profit streams.

9. BUSINESS COMBINATIONS

Disposal

(a)

On 25 July, 2008, the Group disposed of Global Aluminium Limited (GAL) for a total cash consideration of USD 40,500,000. GAL, a wholly owned subsidiary, owns 100% of Bauxite Marketing Ltd and Sierra Mineral Holdings 1 Limited (SML), the operating company for the Group's bauxite mine in Sierra Leone. The consideration of USD 40,500,000 includes repayment of an intra-group loan of approximately USD11,147,000 and is subject to adjustments for working capital and a contingency payment of USD 500,000.

GAL, BML and SML were involved in the extraction and marketing of bauxite. For the period from January 1, 2008 to July 25, 2008, they contributed USD 9,994,000 towards the of the Group operating income (USD 27,022,000 for the year ended December 31, 2007).

The net assets of GAL, BML and SML at the date of disposal were as follows:

	2008 USD'000
Property, plant and equipment	7,723
Net deferred tax assets	302
Inventories	8,121
Trade and other receivables	5,570
Current tax assets	144
Bank balances and cash	177
Provision for liabilities and charges	(549)
Non-current payables	(1,253)
Payable to TRG	(11,147)
Trade and other payables	(7,939)
Share of net assets	1,149
Gain on disposal	28,204
Total consideration	29,353
Satisfied by:	
- Cash	28,853
- Deferred consideration	500
	29,353

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

9. BUSINESS COMBINATIONS

(a) **Disposal (cont'd)**

	<u>2008</u> USD'000
Net inflow arising on disposal:	
- Cash consideration received	28,853
- Cash and cash equivalents in subsidiary disposed	<u>(177)</u>
	<u>28,676</u>

- (b) Pursuant to the First Amendment Agreement dated February 4, 2004, entered by and between the Government of the Republic of Sierra Leone (GOSL) and Sierra Rutile Limited (SRL) regarding PAYE taxes due from SRL (See note 31), on December 20, 2007, SRL Acquisition No.3 Limited transferred 2,063 shares (2006: 403 shares) it held in Sierra Rutile Holdings Limited (SRHL) to GOSL, representing 2.063% (2006: 0.403%) ownership interest in SRHL, a subsidiary incorporated in British Virgin Islands. SRHL acts as an intermediate holding company. During the year ended December 31, 2008, no such transfer was done.

The details of assets acquired and liabilities disposed and the disposal consideration are as follows:

	<u>2008</u> USD'000	2007 USD'000
Accounts receivables	-	4,731
Accounts payables	-	<u>(3,662)</u>
Net assets	-	1,069
Profit on disposal	-	429
Total consideration	-	<u>1,498</u>

10. RELATED PARTY TRANSACTIONS

(a) Transactions and balances	Professional/Project management		Bauxite agreement	Contractual works	Total
	fees	Grant paid			
	USD'000	USD'000	USD'000	USD'000	USD'000
(i) <u>2008</u>					
Director:					
Mr. Len Comerford*	-	-	-	-	-
Enterprise in which Mr. Len Comerford is also a director - PWMIL**	-	-	-	(5,480)	(5,480)
Enterprise in which Mr. Alex Kamara is also a director - Cemmat Group**	<u>(526)</u>	-	-	-	<u>(526)</u>

(ii) <u>2007</u>	Professional/Project management		Bauxite agreement	Contractual works	Total
	fees	Grant paid			
	USD'000	USD'000	USD'000	USD'000	USD'000
Director:					
Mr. Len Comerford*	-	-	-	-	-
Enterprise in which Mr. Len Comerford is also a director - PWMIL**	-	(2,200)	(11,762)	(9,111)	(23,073)
Enterprise in which Mr. Alex Kamara is also a director - Cemmat Group**	<u>(692)</u>	-	-	-	<u>(692)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008**

10. RELATED PARTY TRANSACTIONS (CONT'D)

- * During the year ended December 31, 2004, Sierra Mineral Holdings 1 Limited (SMH 1), an operating subsidiary based in Sierra Leone, entered into a fixed-price mine operating contract with PW Mining International Limited (PWMIL), an enterprise in which Mr Len Comerford is a director. Under the terms of the contract, a fixed rate per annum is payable to PWMIL if bauxite produced is according to specifications.

SRL has also entered into a material mine development contract with PWMIL during the period ended December 31, 2005. The contract covers a period of 5 years.

On May 1, 2006, Mr Len Comerford was appointed Chief Executive Officer of TRG. Mr Comerford is not a shareholder of PWMIL and receives no direct benefit from either of these contracts.

On December 21, 2007, directors of SMH 1 resolved to make a grant of USD 2,200,000 to PWMIL.

**

Mr. Alex B. Kamara has been appointed director of TRG on March 10, 2008. Mr. Kamara is also a non-executive director of Cemmats Group, a Sierra Leonean company which has a number of contracts for the supervision of the construction of Dredge 3 which is currently ongoing and the new power house at SRL.