

Titanium Resources Group Limited
Interim Results and Operational Update Announcement

10 September 2008: Titanium Resources Group (“TRG” or “the Company”) announces its interim results for the six months ended 30 June 2008 (“the Period”) and an operational update.

Highlights

- Following the incident at the Group’s Sierra Rutile mine on 25 July 2008 the Company has been advised that dredge D2 is capable of being brought back into production
- Sales of US\$ 32.5 million during the Period (US\$ 34.7 million H1 2007)
- Loss after tax of US\$ 20.2 million
- Disposal of bauxite operations of Global Aluminium Limited to Vimetco N.V. for a total cash consideration of USD 40 million
- Cash at bank and in hand US\$ 25 million as at 5 September 2008

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

“This first half of 2008 was a very productive time for the Company. We negotiated the sale of the Bauxite mine, ramped up D2 production, and pushed on with our capital expenditure programmes.

“Following the incident on 25 July 2008 when the recently commissioned floating dredge D2 capsized in the Gangama freshwater lagoon it was mining, TRG retained LOC Marine and Engineering Consultants to investigate the incident. We have also had recovery specialists confirm that the dredge can be put back into operation. Our aim in the months ahead is to mitigate the setback of losing production from D2 by lowering costs per tonne, whilst at the same time capturing the value of our high grade deposits through dry mining.

“Whilst it will be some months before the financial impact of the incident is fully established, the long term future of our markets is sound and the quality and scale of our mineral reserves underline our future prospects.”

Enquiries:

Len Comerford, Chief Executive
Walter Kansteiner, Chairman
Titanium Resources Group
Telephone: +44 20 7321 0000
www.titaniumresources.com

Michael Oke /Andy Mills
Aura Financial
Telephone: +44 20 7321 0000

David Nabarro, Nomad
Nabarro Wells & Co Limited
Telephone: +44 207 634 4859

John Prior
Arbuthnot Securities Limited
+44 207 012 2000

Chief Executive's Review

This first half of 2008 was a very productive time for the Company. We negotiated the sale of the Bauxite mine, ramped up dredge D2 production, and pushed on with our capital expenditure programmes.

Dredge D1 continued mining in the Lanti West deposit during the first half of 2008. D2 mined in the Gangama deposit and the production ramp up had been completed with steady state running levels of 900 tonnes per hour achieved during the month of July prior to the dredge capsizing.

During the first six months, our development projects progressed well. The construction of the Power House and the upgrading work on the Dry Mill, both projects which will cut costs and increase recovery, progressed well. As a result of the D2 incident the Board has decided not to proceed with the building and commissioning of dredge D3 but instead to divert the D3 capital allocation to the rehabilitation of D2. However, the D3 pontoon will be floated in October and this project is ready to move forward at any time if the decision is taken to re-activate the project.

Demand remained strong for our products. The Government continues to support the Sierra Rutile mine with two Government appointees to the board of SRL, Mr. Arthur Harvey and Mr. Mohamed O. Mansaray, taking up their positions in May.

Turnover of US\$ 32.5 million during the Period was lower than the first half of 2007 (US\$ 34.7 million H1 2007), primarily reflecting the dredging of a comparatively lower grade of rutile by D1, particularly in the first few months of the Period. As a result of this reduction in turnover, the increased operational costs of running D2, and an increase in finance costs relating in part to foreign exchange losses in relation to the EU organised Government loan, the Company reported a loss after tax of US\$ 20.2 million.

Following the incident on 25 July 2008 when the recently commissioned floating dredge D2 capsized in the freshwater lagoon it was mining, TRG retained LOC Marine and Engineering Consultants to investigate the incident. We have also had recovery specialists confirm that the dredge can be put back into operation following a procedure to rotate it into an upright position. Investigations are continuing into the cause of the incident.

The Company had a standard Property Damage and Business Interruption policy in place at the time of the incident but it is too early to speculate on the extent of the likely financial restitution. The Company has filed a claim and the insurers are investigating the claim.

The Company is reviewing a detailed rehabilitation project to restart D2 and, whilst it is difficult to provide a clear indication of timing with 50% of the dredge still underwater, we believe that D2 could return to production in approximately 14 months. A clearer picture will emerge in the coming months, dependent upon the extent of damage and how rapidly it could be rectified, and we will update shareholders at that time.

Our workforce and community at Sierra Rutile have been significantly affected by the D2 incident following the fatalities of two colleagues in the accident and a halt in production. I would like to acknowledge the support of many at the mine site whose determination during the recovery process has been outstanding.

Regrettably, as a direct result of the loss of production at D2, the Company has had to make significant headcount reductions until the dredge is working again and these retrenchments are being made in order to reduce costs so that our financial resources can be focussed on the rapid rehabilitation of D2.

Our supply contracts are under force majeure and discussions with our clients are continuing. We have not been subjected to any penalties having declared force majeure. The international market for rutile is currently constricted as a result both of Sierra Rutile's production issues and problems amongst other producers. However, demand from industrial consumers in the pigment industry remains robust.

Dredge D1 is performing well and, following the capsizing of D2, we immediately revisited the mine plans to access the highest grade ore as soon as possible without compromising the mine life plan. This action will aim to partially mitigate the impact of the D2 incident and focus on cash generation. However, the nature of this type of dredge mining means that changes are slow and before the end of the year we also have a scheduled move from one deposit into the next.

The Board has decided to defer construction of the D3 Dredge pending the outcome of deliberations on D2. The D2 dredge was a prime producer (with a nameplate capacity of 1,150 tonnes per hour) and the economics of commissioning D3 (with a 600 tonnes per hour capacity) are only favourable when D2 is in production.

The other projects, namely the Power House and the Dry Mill upgrades are progressing as originally planned and we expect to be able to significantly reduce cost per tonne once these projects are complete.

We note the support of the Government of Sierra Leone, particularly over recent weeks, and are pleased to confirm that we have negotiated with them to defer interest payments on the EU organised Government loan to the project. As a result, we believe the Company is assured of the support of the Government of Sierra Leone to find the best solution going forward.

On 25 July 2008, after the end of the Period under review, the Group announced the disposal of Global Aluminium Limited to Vimetco N.V. for a total cash consideration of US\$ 40 million. Global Aluminium Limited owns 100% of Sierra Mineral Holdings 1, Ltd ("SML"), the operating company for the Company's bauxite mine in Sierra Leone.

The disposal followed a decision by the Board of TRG to review its options with regard to non-core operations. As part of the review, the Board had considered a number of methods for improving the competitiveness of SML in global markets, including expansion, sale and partial sale. Following the review, the Board had decided that a complete sale of the Company's bauxite operations was in the best interests of its shareholders.

Re-admission to AIM

Following the incident at the Company's Sierra Rutile mine, trading in the Company's shares was suspended on AIM. The investigations into the D2 incident continue. Once we have established the extent of the financial impact of the D2 incident on the Company in the coming months and obtained comfort on the Company's ability to meet its financial commitments for the foreseeable future, we expect to be able to arrange for the suspension of trading in TRG's shares to be lifted.

Outlook

Our aim in the months ahead is to mitigate the setback of losing production from D2 by lowering costs per tonne whilst at the same time capturing the value of our high grade deposits through dry mining. We continue to evaluate this option with Feed Preparation Plant tailings already being processed and suitable areas and processing plants for dry mining being evaluated. Whilst it will be some months before the financial impact of the D2 incident is fully established, the long term future of our markets is sound and the quality and scale of our mineral reserves underpin our future prospects.

CONSOLIDATED BALANCE SHEET - JUNE 30, 2008

	June 30, 2008	December 31, 2007	June 30, 2007
	USD'000	USD'000	USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	155,953	142,348	125,029
Intangible assets	13,139	13,150	13,099
Non-current receivables	753	753	753
Deferred tax assets	86,879	86,879	86,373
	<u>256,724</u>	<u>243,130</u>	<u>225,254</u>
Current assets			
Inventories	19,065	14,890	14,642
Trade and other receivables	22,384	21,562	20,862
Current tax assets	135	211	-
Cash and cash equivalents	4,360	25,731	47,341
	<u>45,944</u>	<u>62,394</u>	<u>82,845</u>
Total assets	<u><u>302,668</u></u>	<u><u>305,524</u></u>	<u><u>308,099</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	237,041	237,041	232,818
Revenue (deficit)/reserve	(16,065)	4,154	15,263
Equity holders' interest	<u>220,976</u>	<u>241,195</u>	<u>248,081</u>
LIABILITIES			
Non-current liabilities			
Borrowings	48,504	44,119	39,382
Provision for liabilities and charges	2,940	2,833	2,150
	<u>51,444</u>	<u>46,952</u>	<u>41,532</u>
Current liabilities			
Trade and other payables	29,078	17,233	18,264
Current tax liabilities	-	-	215
Borrowings	1,170	144	7
	<u>30,248</u>	<u>17,377</u>	<u>18,486</u>
Total liabilities	<u>81,692</u>	<u>64,329</u>	<u>60,018</u>
Total equity and liabilities	<u><u>302,668</u></u>	<u><u>305,524</u></u>	<u><u>308,099</u></u>

**CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2008**

	6 months to June 30, 2008	Year ended December 31, 2007	6 months to June 30, 2007
	USD'000	USD'000	USD'000
Sales	32,488	67,849	34,740
Cost of sales	<u>(43,588)</u>	<u>(72,261)</u>	<u>(35,274)</u>
Gross loss	(11,100)	(4,412)	(534)
Other income	279	2,618	1,208
Administrative and marketing expenses	(3,205)	(6,281)	(3,714)
	<u>(14,027)</u>	<u>(8,075)</u>	<u>(3,040)</u>
Exceptional item	-	(2,445)	-
Finance costs	(5,866)	(6,497)	(2,227)
Loss before taxation	<u>(19,892)</u>	<u>(17,017)</u>	<u>(5,267)</u>
Taxation	(327)	302	(339)
Loss for the period/year attributable to equity holders of the group	<u><u>(20,219)</u></u>	<u><u>(16,715)</u></u>	<u><u>(5,606)</u></u>
Loss per share (USD)			
- basic	<u><u>(0.08)</u></u>	<u><u>(0.07)</u></u>	<u><u>(0.03)</u></u>
- diluted	<u><u>(0.08)</u></u>	<u><u>(0.07)</u></u>	<u><u>(0.03)</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 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
Loss for the period	-	(20,219)	(20,219)
Balance at June 30, 2008	<u>237,041</u>	<u>(16,065)</u>	<u>220,976</u>
Balance at July 1, 2007	232,818	15,263	248,081
Employee share options:			
- value of employee services	3,984	-	3,984
- shares issued on exercise of options	239	-	239
Loss for the year	-	(11,109)	(11,109)
At December 31, 2007	<u>237,041</u>	<u>4,154</u>	<u>241,195</u>
Balance at January 1, 2007	198,160	20,869	219,029
Issue of share capital	34,658	-	34,658
Loss for the period	-	(5,606)	(5,606)
Balance at June 30, 2007	<u>232,818</u>	<u>15,263</u>	<u>248,081</u>

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2008**

	6 months to June 30, 2008	Year ended December 31, 2007	6 months to June 30, 2007
	USD'000	USD'000	USD'000
Operating activities			
Cash absorbed in operations	(2,912)	(5,913)	(4,881)
Interest received	279	2,182	1,192
Interest paid	(22)	(81)	(35)
Tax paid	(251)	(500)	(209)
Net cash used in operating activities	<u>(2,906)</u>	<u>(4,312)</u>	<u>(3,933)</u>
Investing activities			
Purchase of property, plant and equipment	(18,351)	(57,399)	(35,736)
Purchase of intangible assets	(12)	(78)	(4)
Proceeds from disposal of plants	-	14	-
Net cash used in investing activities	<u>(18,363)</u>	<u>(57,463)</u>	<u>(35,740)</u>
Financing activities			
Issue of ordinary shares	-	34,658	34,658
Proceeds from exercise of options	-	355	-
Net cash from financing activities	<u>-</u>	<u>35,013</u>	<u>34,658</u>
Net decrease in cash and cash equivalents	<u>(21,269)</u>	<u>(26,762)</u>	<u>(5,015)</u>
Movement in cash and cash equivalents			
At January 1,	25,587	52,349	52,349
Decrease	(21,269)	(26,762)	(5,015)
At June 30/ December 31,	<u>4,318</u>	<u>25,587</u>	<u>47,334</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2008**

1. GENERAL INFORMATION

Titanium Resources Group Ltd (TRG) is a 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.

2. BASIS OF PREPARATION

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, 2008 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, 2007. The interim financial statements comply with IAS 34.

3. LOSS PER SHARE

	6 months to June 30, 2008	Year ended December 31, 2007	6 months to June 30, 2007
	USD	USD	USD
(a) <u>Basic loss per share</u>			
Loss attributable to equity holders of the group (thousand)	<u>(20,219)</u>	<u>(16,715)</u>	<u>(5,606)</u>
Weighted average number of ordinary shares in issue	<u>245,342,848</u>	<u>234,119,944</u>	<u>220,480,961</u>
Basic loss per share	<u>(0.08)</u>	<u>(0.07)</u>	<u>(0.03)</u>
(b) <u>Diluted loss per share</u>			
Loss attributable to equity holders of the group used to determine diluted loss per share (thousand)	<u>(20,219)</u>	<u>(16,715)</u>	<u>(5,606)</u>
<u>Number of shares</u>			
Weighted average number of ordinary shares in issue	<u>245,342,848</u>	<u>234,119,944</u>	<u>220,480,961</u>
Adjustments for share options	<u>1,216,667</u>	<u>1,216,667</u>	<u>3,264,985</u>
Weighted average number of ordinary shares for diluted loss per share	<u>246,559,515</u>	<u>235,336,611</u>	<u>223,745,946</u>
Diluted loss per share	<u>(0.08)</u>	<u>(0.07)</u>	<u>(0.03)</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2008**

4. CAPITAL COMMITMENTS

	6 months to June 30, 2008	Year ended December 31, 2007	6 months to June 30, 2007
	USD'000	USD'000	USD'000
Property, plant and equipment acquisition contracted for at the balance sheet date but not yet incurred:	8,400	18,011	15,800

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

5. EVENTS AFTER BALANCE SHEET DATE

Events after balance sheet date are disclosed only to the extent that they relate directly to the interim financial statements and are material in effect. As at the date of issuing this set of interim financial statements, there were the following post balance sheet events:

On 25 July 2008, Dredge 2, with a book value of US\$ 40 million, capsized in the Gangama fresh water lagoon being mined. In accordance with IFRS, because this incident occurred after the period end, the carrying value of the Dredge 2 has not been written down to reflect any impairment in this period. Dredge 2, which started operation in January 2008 with an expected contribution of 15% towards the group's production, was covered by the group's insurance policy against material damage and business interruption. As at the date of issuing these financial statements, the cause of the accident had not yet been established and the loss suffered had not yet been quantified.

As a result of the above, the directors requested that trading in the Company's shares on the AIM market of the London Stock Exchange be suspended until a further announcement can be made to clarify the extent of the impact that the incident will have on the group.

On 25 July 2008, the group disposed of Global Aluminium Limited (GAL) for a total cash consideration of US\$ 40 million. 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 SML bauxite mine in Sierra Leone. The consideration of US\$ 40 million includes repayment of an intra-group loan of approximately US\$ 11 million and is subject to adjustments for working capital and a contingency payment of US\$ 500,000.