

INFORMATION MEMORANDUM

White Mountain Titanium Corporation



Cerro Blanco, Region III, Chile – Mid Winter, 2004 (the white is tonalite host rock)

OCTOBER 2004

**IN THIS REPORT, CURRENCY IS US FUNDS, UNITS ARE SHORT TONS, AND
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Exchange	Pinksheet	Shares out. (6.30.03)	(millions)	16.700
Symbol	WMTM	Float	(%)	5%
Price (10.13.04)	(\$)	Options & warrants	(millions)	3.000
52 week: high (01.15.04)	(\$)	Average exercise price	(\$)	1.500
low (12.18.03)	(\$)	Cash (6.30.04)	(\$ mm)	0.830
		Cash on option/warrant exercise	(\$ mm)	4.500

WHITE MOUNTAIN TITANIUM CORPORATION – OVERVIEW

White Mountain Titanium Corporation is an emerging specialty industrial minerals company. The Company owns 100% of a high grade rutile deposit located in the coastal mountain range in Region III of northern Chile. Rutile is the preferred feedstock for producing titanium dioxide, which, in turn, is a key ingredient in the paint, plastics and paper industries worldwide owing to its high refractive index, opacity, and the purity of its white color. The global titanium dioxide pigment market approximates \$8 billion a year.

Work-to-date at Cerro Blanco has identified approximately 145 million tons of mineralized material grading 1.9% titanium dioxide, worth about \$1 billion in the ground, with additional identified exploration targets that could double that number.

We believe that White Mountain Titanium has the potential to become a major supplier of premium quality titanium dioxide feedstock. As yet, the Company is virtually unknown in the investment community.

- White Mountain is a U.S. company focused exclusively on development of the Cerro Blanco rutile deposit in Chile.
- Rutile is the preferred raw material for the production of titanium dioxide, which is used extensively as pigment in the paint, plastics and paper industries.
- Titanium is one of the most common metals. However, it is generally found in low concentrations as ilmenite, a compound with iron that is difficult to process. Rutile, which is a chemically simpler compound, is easier to process in an environmentally friendly fashion and typically produces a higher-grade material.
- Hard rock deposits of ilmenite are common, but many have little commercial value. Most of the world's rutile is extracted from beach sands where the oceans have naturally concentrated the mineral. Cerro Blanco is unique because of the high grade of its hard rock rutile deposit.
- Cerro Blanco could be in production as early as 2007 with revenues ramping up rapidly to approximately \$100 million a year. The project is supported by excellent mining infrastructure and, located in the low coastal mountain range at an altitude of approximately 3,000 feet, the access and operating climate is excellent, especially when compared with mining projects in the high Andes. Water, often a problem in the Atacama Desert of northern Chile, is available from the Huasco river basin nearby.

Valuation considerations

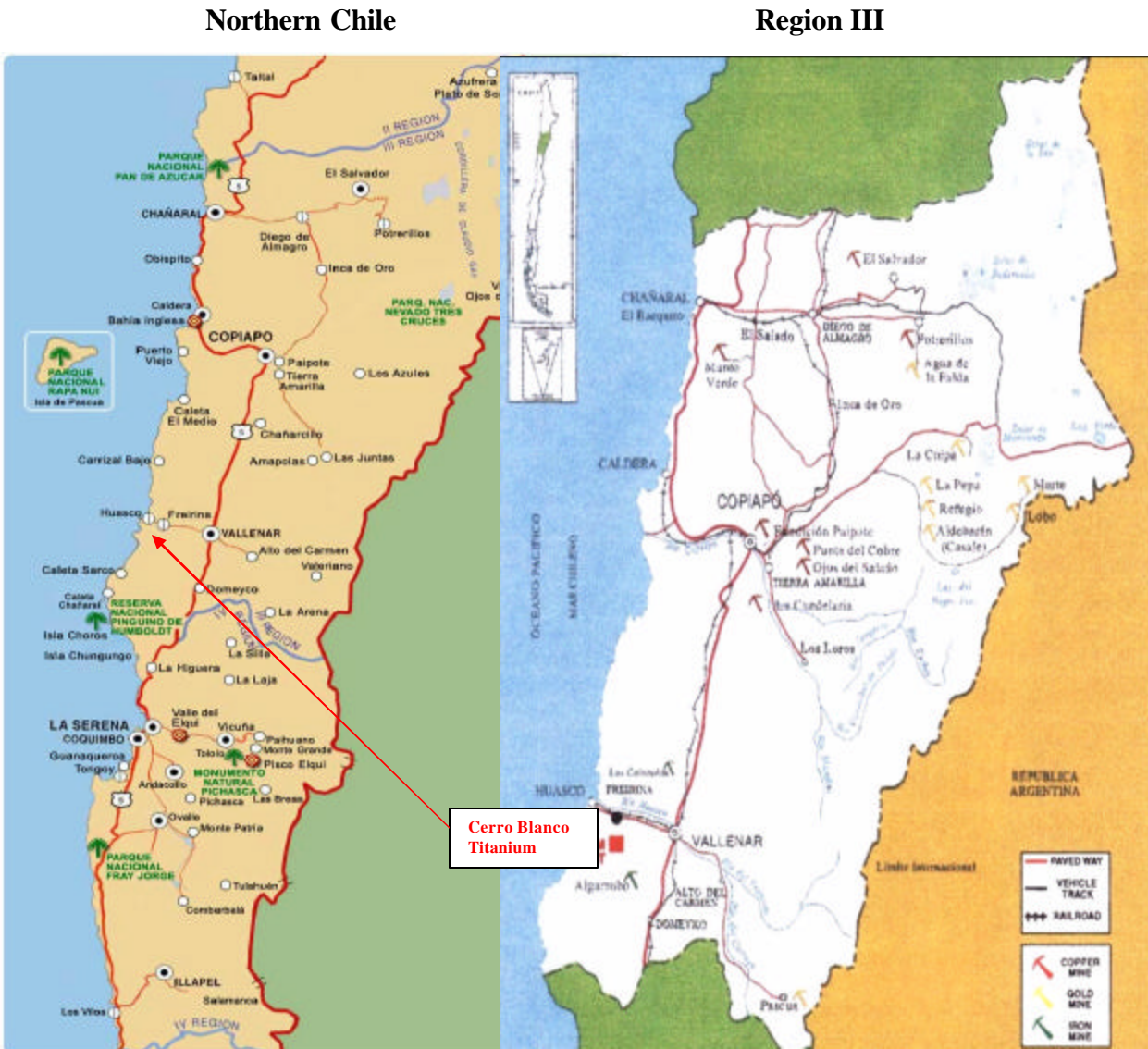
- If Cerro Blanco is developed, we believe the equity value of the project once it is in production could be in the range of \$80 million to \$240 million, depending upon assumptions of commodity price and other factors. In our opinion, even the assumptions for the high end of the range are not particularly aggressive. This compares with the current market capitalization of approximately \$21 million.
- We anticipate three key developments in the next several months: an updated resource calculation including recent drilling, a metallurgical report by Lakefield Research, and finally a pre-feasibility study in early 2005. A full, bankable feasibility study is scheduled for late 2005. We believe all these reports will be value drivers for the stock.

SUMMARY

White Mountain Titanium Corporation is focused on development of a project planned to supply high grade titanium dioxide pigment to the worldwide paint, plastics and paper markets. The Company has acquired the Cerro Blanco rutile property in Region III of northern Chile. The project is well located in the low coastal mountain range as opposed to the high Andes. It is well supported by local mine infrastructure and a deep-water port is accessible within twenty miles.

As can be seen from the photograph on the front of this report, identifying that there was a geologic anomaly at Cerro Blanco was not hard – it is literally a *White Mountain*. In fact, the white comes from the host tonalite rock – despite the ultimate use of titanium dioxide, the rutile is red to reddish brown with some black crystalline material.

The Cerro Blanco rutile deposit was first reported in Chilean government reports in the early 1950s. There has been intermittent, small-scale mining of high grade copper-gold veins in the area. Although the project is close to the local city of Vallenar (which is located on the Pan American Highway) and the port of Huasco, the surface outcrop of the deposit is hidden from view at the end of a valley.



VALUATION

At this stage of development, any valuation is necessarily speculative. Our approach is to project a range of potential valuations based upon what we consider to be realistic objectives, and then compare those valuations with the risks of the objective being achieved and the current market valuation.

Base Case Project Model

Year:	0	1	2	3	4	5	6	7	Total
Reserves and mining									
Reserves start of period		96,600,000	92,100,000	83,100,000	65,100,000	47,100,000	29,100,000	11,100,000	
Rock mined		8,370,000	16,740,000	33,480,000	33,480,000	33,480,000	33,480,000	20,646,000	179,676,000
Ore		4,500,000	9,000,000	18,000,000	18,000,000	18,000,000	18,000,000	11,100,000	96,600,000
Waste		3,870,000	7,740,000	15,480,000	15,480,000	15,480,000	15,480,000	9,546,000	83,076,000
Grade		1.86%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%	1.86%
Recovery		80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Contained TiO2		66,960	133,920	267,840	267,840	267,840	267,840	165,168	1,437,408
Price		360	360	360	360	360	360	360	360
Summary Income									
Revenue		24,105,600	48,211,200	96,422,400	96,422,400	96,422,400	96,422,400	59,460,480	517,466,880
Mining		6,277,500	12,555,000	25,110,000	25,110,000	25,110,000	25,110,000	15,484,500	134,757,000
Processing		9,000,000	18,000,000	36,000,000	36,000,000	36,000,000	36,000,000	22,200,000	193,200,000
Operating cash flow		8,828,100	17,656,200	35,312,400	35,312,400	35,312,400	35,312,400	21,775,980	189,509,880
Capex	143,000,000								143,000,000
Working capital requirement	4,017,600	4,017,600	8,035,200	-	-	-	(6,160,320)	(9,910,080)	-
Free cash flow	(147,017,600)	4,810,500	9,621,000	35,312,400	35,312,400	35,312,400	41,472,720	31,686,060	46,509,880
Finance									
Initial debt	-	100,100,000	103,603,500	103,603,500	82,882,800	62,162,100	41,441,400	20,720,700	
Draw	100,100,000	3,503,500	-	-	-	-	-	-	103,603,500
Repay		-	-	20,720,700	20,720,700	20,720,700	20,720,700	20,720,700	
Final debt	100,100,000	103,603,500	103,603,500	82,882,800	62,162,100	41,441,400	20,720,700	-	
Interest	3,503,500	7,129,623	7,252,245	6,527,021	5,076,572	3,626,123	2,175,674	725,225	
Cash flow to debt	(100,100,000)	3,626,123	7,252,245	27,247,721	25,797,272	24,346,823	22,896,374		11,066,556
Cash flow to equity	(46,917,600)	1,184,378	2,368,755	8,064,680	9,515,129	10,965,578	18,576,347	31,686,060	35,443,325

Source: Company Reports and Proteus Capital Corp. estimates

In our base case we have assumed mining 96.6 million tons at an average strip ratio of 0.86:1 and a grade of 1.86% titanium dioxide. We have assumed mining costs of \$0.75 per ton of rock, processing costs of \$2.00 per ton of ore and capital costs of \$143 million. We have further assumed recovery of 80% and a titanium dioxide price of \$360 per ton (\$400 per metric tonne). Finally, we have assumed that 70% of the capital is debt financed and the first year's interest is rolled up into the debt. We consider these to be extremely conservative assumptions.

This would leave an equity requirement of approximately \$50 million to cover working capital and capital costs not covered by debt.

The first column of the table on the following page shows this base case – the project return is estimated at 6% before tax, with a return to equity of approximately 23%. We have assumed that in 2008 the company will be valued at the PV₁₀ of then future cash flow to equity. We estimate this value at nearly \$56 million on our base case. That compares with a market capitalization of approximately \$21 million today.

The following columns in the table on the next page set out a range of assumptions for commodity price, recovery, grade, and reserves.

As with most mining projects, the valuation is especially sensitive to grade, recovery and commodity price. Note the final column – a high but, in our opinion, not unreasonable target. Here the projected equity value increases to \$241 million and the rate of return to equity is 63% before tax.

Sensitivity Analysis

Variable	Case:	I	II	III	IV	V	VI	VII	VIII	IX	X	
		Base					High					
Titanium dioxide price		Base	High	Base		High	Base	High	Base		High	
Reserves		Base		High	Base	High	Base		High	Base	High	
Grade		Base			High	Base			High	Base	High	
Recovery		Base				High		Base			High	
Price												
Titanium dioxide price	\$/t	360	360	360	360	360	450	450	450	450	450	
Operations												
Reserves	million tons	96.6	150.0	96.6	96.6	150.0	96.6	150.0	96.6	96.6	150.0	
Grade	%	1.86%	1.86%	2.00%	1.86%	2.00%	1.86%	1.86%	2.00%	1.86%	2.00%	
Recovery	%	80%	80%	80%	90%	90%	80%	80%	80%	90%	90%	
Costs												
Mine operating costs	\$/t	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	
Processing costs	\$/t	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	
Capex	\$ millions	143.00	143.00	143.00	143.00	143.00	143.00	143.00	143.00	143.00	143.00	
Financing terms												
Debt	% of capex	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	
Term	years	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	
Interest	%	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%	
Valuation												
Project IRR	%	6.1%	14.4%	10.5%	13.2%	24.0%	19.4%	25.6%	23.6%	26.2%	35.3%	
Equity IRR	%	11.0%	10.3%	21.2%	27.1%	36.2%	40.3%	40.2%	48.9%	54.2%	62.6%	
Equity value -- 2008	\$ millions	55.8	53.8	82.4	99.9	130.5	144.0	145.2	177.2	199.2	241.0	

Source: Company Reports and Proteus Capital Corp. estimates

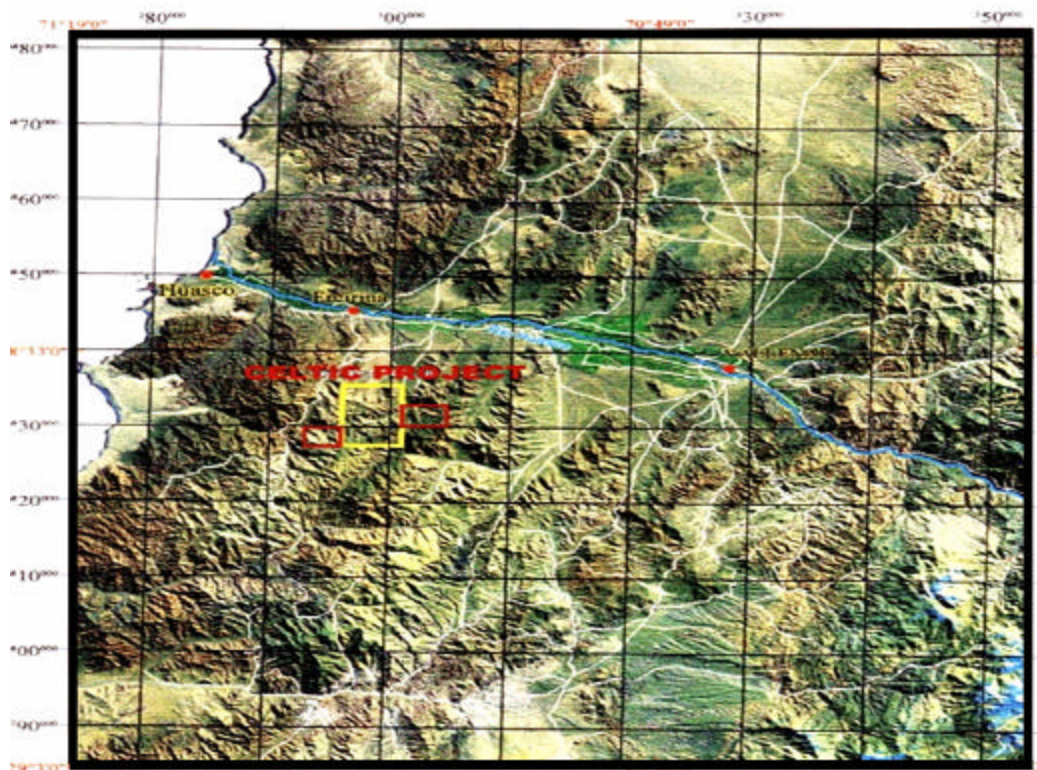
HISTORY

In 1990 a Canadian exploration company acquired an option on the Cerro Blanco property and conducted some scoping work. In 1992, Ojos del Salado, the Chilean exploration arm of Phelps Dodge Corporation (NYSE: PD) optioned the property and called it Freirina after the local town.

Phelps Dodge completed extensive surface mapping and sampling in 1992 and then drilled over 26,000 feet of diamond and reverse circulation holes in the main Cerro Blanco zone. In 1993 that company took bulk samples to test metallurgical processing and assess the commerciality of the project. As a result, in 1996 Phelps Dodge completed the property acquisition.

In 1998, Phelps Dodge acquired Cyprus Amax and the copper price declined sharply. As a result, the company started to sell many non-core assets – including Cerro Blanco. It was acquired by a promotional Australian company, Dorado Minerals Resources, which did little to advance the project and defaulted on payments to Phelps Dodge. In 2003, César Lopez and Stephanie Ashton, partners in the Santiago law firm of Lopez and Ashton, who had represented Phelps Dodge for many years acquired the property by assuming the payment obligations to Phelps Dodge and subsequently formed White Mountain Titanium Corporation.

Topographical Map – Project Location



GEOLOGY

The southern part of Region III, Chile is underlain by intrusive plutonic rocks varying from granites to gabbros, in three north-northeast trending belts that get old moving to the east. Cerro Blanco is located in a series of mid-late Cretaceous granodioritic to dioritic intrusives that are in turn intruded by fine-grained titaniferous tonalities. To the east, the intrusives are overlain by porphyritic andesites and andesite breccias.

Complex regional and local normal faults trending from north-northwest to east-northeast cut the belts and produce a series of approximately north-trending horsts and grabens. Parallel to subparallel copper-gold quartz sulfide veins and mafic to felsic dykes are common. There is extensive artisanal mining of both copper-gold and high grade rutile in the area.

The main mineralization is a pale grey, medium grained tonalite intrusive that occurs as a series of northeast striking outcrops, dipping to the southeast. At Cerro Blanco these thick sheets outcrop, range up to more than 300 feet thick, invade or are interlayered with a coarse grained diorite-gabbro-pyroxenite complex.

Titanium mineralization is in a red to reddish brown rutile disseminated throughout the tonalite. Concentrations of 5% or more occur within the finer grained tonalite and aplitic dykes, typically associated with very fine grained aggregates of white mica, feldspar and quartz. Test work shows the rutile to be “clean”, free of ferrous oxides.

Black Crystalline Rutile

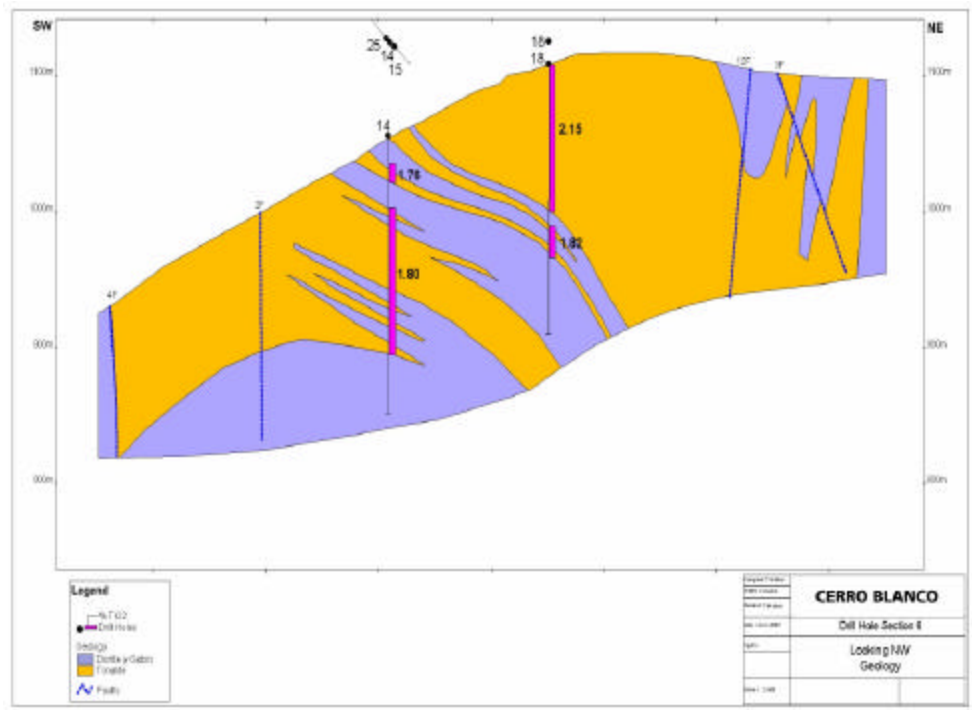


Typical Outcrop/Trench Sample



Drilling

In the southern hemisphere summer of 1992/3, Phelps Dodge drilled seven diamond core holes totaling more than 4,000 feet and the followed up with 36 reverse circulation holes totaling more than 22,000 feet. Since the deposit outcrops on the side of a hill, there is a lot of information available from surface sampling. A typical cross section is shown below.



Mineral Inventory

Detailed work has focused on the Cerro Blanco deposit. There is a strong correlation between visible rutile mineralization and assayed grades. There also appears to be two distinct grade populations – high grade averaging more than 1.6% titanium dioxide and low grade at less than 0.5%. The division between these populations is clear and the rock can be distinguished visually as well as by assaying.

In view of the sheet like zones of mineralization and the clear distinction amongst waste, low grade and high grade material, Phelps Dodge used a simple polygonal model using the grade of the drill intercept with volume controlled by known boundaries such as faults or the broad boundaries of the sheets.

White Mountain estimates the mineral inventory to comprise 93.1 million tons grading 1.94% TiO_2 drill indicated with additional inferred material of 50.3 million tons grading 1.97% TiO_2 . To the northeast of Cerro Blanco, there are seven outcrops of rutile-rich tonalite that have been sampled at surface and had limited drilling. Based on the grades and physical dimensions indicated by the limited work, these seven targets could contain in excess of 300 million tons of ore.

Mine Development

Tecniterrae Ltda, a Santiago-based engineering firm estimated approximately 96.6 million tons mineable at an average grade of 1.86% TiO₂ with a strip ratio of 0.86:1. We have assumed a mining rate of approximately 9,300 metric tonnes of rock per day to produce about 5,000 metric tonnes of ore per day, or about 18 million short tons of ore a year, which would result in approximately 267,000 short tons of contained titanium dioxide (assuming 80% recovery).

Since the mineralization outcrops along the side of the hill, mining should be simple and inexpensive. We have assumed mining costs of \$0.60 per ton of rock, or approximately \$1.12 per ton mined.

Metallurgy and Processing

Initial metallurgical test work was conducted by Phelps Dodge. More recently, in 2002 SGS Lakefield Research in Ontario, Canada conducted tests on surface samples – Lakefield achieved commercial grade titanium dioxide but observed that the weathered material was likely to be less amenable to processing than the heart of the ore body. White Mountain has retained Lakefield to conduct further tests on other samples.

The recovery and grade of titanium dioxide will be determined in the prefeasibility phase scheduled to be completed in early 2005. However, based on our review of the work done to date, we anticipate that commercial grade material will be produced with a recovery rate of better than 75%.

WORK PROGRAM

During the next several months, White Mountain will be focused on completing a prefeasibility study. Included in this will be additional geological work, including a drill program currently underway, detailed metallurgical work and preliminary mine planning. As the geological and metallurgical work is completed, we expect the Company to release the results, culminating in the prefeasibility scheduled for early 2005.

In addition to summarizing the development potential, the prefeasibility study will typically highlight areas for additional work that can enhance the project. Any such work, together with continued refinement of the geological understanding and the mining and metallurgical processes to be used will be incorporated in a “bankable” feasibility study in late 2005. We anticipate financing in early 2006 with construction through mid-2007 when production could start.

As with any industrial mineral project, one of the key feasibility issues will be confirmation from prospective customers that the titanium dioxide concentrate produced by the flow sheet is of commercial grade. Hence samples will be taken and processed on a pilot scale for testing by customers.

TITANIUM DIOXIDE

Titanium dioxide is a critical ingredient in the paint, plastics and paper industries where its brilliant white color and opacity are important.

Titanium dioxide is safe, thermally stable and non-toxic – characteristics that have enabled it to replace lead. Indeed, titanium dioxide has been approved as a food additive in the European Union

The total market is about \$8 billion a year. During the past twenty years, the market has grown rapidly in the United States and Europe as titanium dioxide has replaced lead for safety reasons. In addition, the growth in demand for high-end printing and more sophisticated paints and plastics has supported secular growth. However, in the “first world” the market has matured – per capita consumption has stabilized at about 9 pounds a year in the U.S. As is the case with many commodities, other countries use much less on a per capita basis but demand is increasing rapidly to narrow the gap.

Quite simply, as the economies of Asia, eastern Europe and parts of South America advance and the use of good-quality printing, papers and plastics increase, worldwide demand for titanium dioxide is likely to increase significantly.

Titanium dioxide pigment production is dominated by eight companies that represent more than 80% of the market. Indeed, Du Pont produces more than one-fifth of the world’s titanium dioxide pigment. Other include Millenium (16%), Huntsman (13%), Kerr McGee (12%), and Kronos (10%). Similarly, over 75% of the feedstock is produced by seven major suppliers.

Titanium dioxide is produced from two minerals – rutile and ilmenite. Ilmenite contains iron and is typically processed using the so-called sulfate process in which the ilmenite is digested in sulfuric acid and, in a multi-stage process precipitated to yield titanium dioxide. The process is highly energy intensive, uses vast quantities of sulfuric acid, and produces an environmentally hazardous waste of “red mud” and spent acid.

Ilmenite can also be turned into synthetic rutile by removing the iron. Rutile and synthetic rutile can be processed using the so-called chloride process, which is now used exclusively in North America and much of Western Europe. While this process requires more sophisticated plant controls, it is far more environmentally friendly, uses less energy, requires less manpower and produces a high quality product. The chloride process is used exclusively with natural and synthetic rutile.

Rutile prices have varied between \$400 per ton and \$600 per ton during the past decade. Most observers expect prices to average in the middle of this range in the long term.

MANAGEMENT

Michael P. Kurtanjek President, CEO and Director, holds a PhD in metallurgical engineering and has spent much of his career in investment research working both for buy and sell side firms in London. Since the mid-1990s he has been owner and manager of Grosvenor Capital Ltd, a boutique investment banking firm specializing in the mining sector. He started his career in the financial sector as a money manager for Prudential Assurance, before joining James Capel & Co. (now HSBC) and Credit Lyonnais.

Stephanie Ashton Director, is an expert in international legal and tax strategy. She has worked in international management consulting and auditing for European and North American multinational companies. Since 1995 she has advised local Chilean and international clients and has managed the law firm of Lopez & Ashton. She graduated in international business and obtained a Masters from Hautes Etudes Commerciales in Paris, France in international legal and tax strategy.

Howard M. Crosby Secretary, Treasure and Director is an entrepreneur actively involved in the natural resource industries. He was a founder of Western Goldfields, a company that recently acquired the Mesquite Gold Mine from Newmont Mining, and is currently President of Cadence Resources, a publicly traded oil and gas exploration and development company. Prior to forming Crosby Enterprises, Inc. in 1989, he worked as an investment banker.

Cesar Lopez Director, was called to the Chilean Bar in 1989. He completed graduate studies in marketing at the University of California, Berkeley, and obtained a Master of International Law. He is a member of the Rocky Mountain Mineral Law Foundation and of the American Society of Mining Lawyers of Latin America. He also serves as arbitrator and mediator for the Santiago Chamber of Commerce.

John P. Ryan Director, is a mining engineer and lawyer who has been actively involved in the formation and development of several natural resource companies including Western Goldfields, Inc., Cadence Resources Corporation, Trend Mining and others. He is currently Chief Financial Officer and Secretary of Cadence and was formerly CFO of Western Goldfields during its acquisition of the Mesquite Gold Mine.