

Attachment



australian ilmenite resources pty ltd
8/4 Shepherd Street, Darwin, N.T. 0800,
Australia
GPO Box 947, Darwin, Northern Territory,
0801
ABN 55 093 419 311

T : +61 8 8941 3213
F : +61 8 8941 3498
www.ilmenite.com.au

17 July 2012

Mr Jerry Whitfield
Director of Titles
Department of Resources
GPO Box 3000
Darwin NT 0801

Dear Jerry

Re: Reduction of AIR's Roper Heavy Minerals Project EL's and proposed presentation to The Titles Advisory Board

In reference to EL 28342, EL 28343, EL 28346, and EL 28347 and more importantly EL 26522, EL 26523, EL 26524 and EL 26525 we wish to seek permission to present in person to the Titles Advisory Board prior to the annual reports being lodged.

Our overall plan and current project status is the primary reason for the request for a presentation to the Advisory Board.

Although we are very pleased with the advanced stage we are at with the development of ML 27422, we are expecting the final PER clearance within the next 6 weeks and at that stage would be ready to erect the processing plant and be in a position to commence mining this dry season. We understand that we have not performed in accordance with our undertakings given to the Department, which we take very seriously, hence we request an opportunity to present our current situation to the Titles Advisory Board.

You will note that we have relinquished:

1. EL 26522 – Currently 499 blocks and we are applying for a Partial Reduction – surrendering 145 Blocks (29%) and retaining 354 blocks
2. EL 26523 – Currently 220 blocks and we are applying for a Partial Reduction – surrendering 106 blocks (48%) and retaining 114 blocks
3. EL 26524 – Currently 477 blocks and we are surrendering 168 blocks (56%) and retaining 209 blocks (44%)
4. EL 26524 – Currently 500 blocks and we are surrendering 268 blocks (54%) and retaining 232 blocks (46%)

Rent and administration fees of \$73,768 total are due for payment prior to 23 July and will be paid.

Australian Ilmenite Resources Pty Ltd

July 17, 2012

Under our current review process, as you can see we are not seeking to maintain our lease holdings in its current form, however we will be seeking the opportunity to complete our committed expenditure that was supposed to be met this year in the subsequent year (2013).

We feel that it is important to address the Board in person so you can properly understand the dynamics that are currently in play with Australian Ilmenite Resources Pty Ltd (AIR) and our Chinese partner (Meichongda Yunnan Import & Export Trading Company) and the mitigating circumstance for us not completing our proposed programme. However we believe that we have now put in place the necessary arrangements to provide the funding to undertake this work for the coming year.

Overall AIR, as a privately funded mining company, has performed, we believe, well over the years and wishes to maintain its good relationship and hopes to continue to receive the invaluable support from the Department.

We look forward to having the opportunity to present to The Board.

Yours Faithfully



Geoff Fanning
Director

Geoff Fanning

From: Jerry Whitfield <Jerry.Whitfield@nt.gov.au>
Sent: Friday, 20 July 2012 11:13 AM
To: 'geofffanning@ilmenite.com.au'
Subject: Meeting

Hello Geoff

I would like to thank you and Rodney for the presentation it was very informative. After so many years it is good to see you so close to commencing production. Your variations have been approved and you will receive formal confirmation in due course.

Regards Jerry

*J. Whitfield
Director of Titles
Minerals and Energy Titles Division
Department of Resources
Northern Territory Government
Ph: 08 89995293*