

MIL CHAIRMAN'S ADDRESS 2009

DURING THE PAST YEAR WE HAVE CONTINUED TO MAKE EXCELLENT PROGRESS ON OUR AMAZON BAY VANADIUM RICH IRONSANDS PROJECT AS WELL AS ON THE TITAN METALS EXPLORATION PORTFOLIO.

NOTWITHSTANDING THE TUMULTUOUS FINANCIAL MARKET CONDITIONS THAT WE HAVE ALL ENCOUNTERED, MIL RESOURCES HAS CONTINUED TO WORK TOWARDS OUR OBJECTIVE OF CREATING REAL VALUE FROM OUR PROJECT INTERESTS.

LAST YEAR WE COMMENTED THAT WE WERE TAKING A LONGER TERM VIEW AND THAT WE BELIEVED THE CHINESE ECONOMY WOULD RESUME ITS 8+% REAL GROWTH IN GDP, LARGELY BASED ON THE EFFECTIVENESS OF THE CHINESE GOVERNMENT REFLATION PACKAGE FOCUSED ON INFRASTRUCTURE SPEND. THIS HAS NOW LARGELY OCCURRED AND THE FINANCIAL MARKET'S RECOGNITION OF THE IMPROVEMENT HAS BEEN SUBSTANTIAL SINCE MARCH 2009. THERE MAY WELL BE AN ELEMENT OF OVER ANTICIPATION OF THE REAL ECONOMIC AND EARNINGS RECOVERY BUT WE ARE OPTIMISTIC THAT THE CHINESE LONG TERM DEMAND FOR INDUSTRIAL RAW MATERIALS WILL CONTINUE.

IN ADDITION, THERE IS STRONG CHINESE INTEREST IN ACQUISITION OF RESOURCE ASSETS AND ALREADY NUMEROUS TRANSACTIONS HAVE BEEN CONCLUDED. WE ARE LOOKING TO TAKE ADVANTAGE OF THIS TREND IN SEEKING JOINT VENTURE PARTNERS TO ASSIST US IN TAKING THE AMAZON BAY PROJECT THROUGH ITS NEXT STAGES OF EVALUATION AND DEVELOPMENT.

MIL RESOURCES, TO DATE, HAS SPENT \$1.4 MILLION AND EARNED A 30% INTEREST IN AMAZON BAY. WE ANTICIPATE A TOTAL EXPENDITURE OF \$2.5 MILLION TO INCREASE OUR INTEREST TO 51% BEFORE WE BRING A JOINT VENTURE PARTNER INTO THE PROJECT. WE REMAIN CONFIDENT THAT THIS INVESTMENT WILL PROVE REWARDING.

WE HAVE ALREADY RECEIVED A NUMBER OF APPROACHES FROM PARTIES EXPRESSING AN INTEREST IN BECOMING A JOINT VENTURE PARTICIPANT. WE ARE NOW ACTIVELY ENGAGED IN PURSUING THESE POSSIBILITIES.

PROGRESS AT AMAZON BAY TOWARDS DEFINING THE SCOPE OF THE MINERALISATION HAS BEEN EXCELLENT. WE HAVE DEFINED THE SCOPE OF THE EXPLORATION TARGET FOR THE ONSHORE AREA ONLY OF 3 – 4 BILLION TONNES OF IRONSANDS POTENTIALLY CONTAINING AROUND 200+ MILLION TONNES OF MAGNETITE CONCENTRATE. OFFSHORE, WITHIN THE EXPLORATION LICENCES GRANTED, THERE IS ADDITIONAL POTENTIAL BASED ON LIMITED AEROMAGNETIC WORK. THERE IS NO REASON TO BELIEVE THAT THE CURRENT COASTLINE DEFINES THE DEPOSIT BOUNDARY.

WE HAVE UNDERTAKEN A NUMBER OF METALLURGICAL TESTWORK PROGRAMS AND AN IRONSANDS CONCENTRATE AVERAGING ABOUT 1% VANADIUM PENTOXIDE AND SLIGHTLY OVER 50% IRON IS ACHIEVABLE. FURTHER TESTWORK IS BEING UNDERTAKEN TO ENHANCE THE PRODUCT QUALITY WHICH WILL INCREASE THE PROJECT APPEAL TO A BROADER RANGE OF POTENTIAL PARTNERS.

TURNING TO THE TITAN METALS GOLD AND BASE METALS EXPLORATION PORTFOLIO IN WHICH MIL RESOURCES OWNS 50%, WE HAVE MADE EXCELLENT PROGRESS ON THE POI AREA IMMEDIATELY TO THE

NORTH OF AMAZON BAY. POI IS A GOLD COPPER PROSPECT WHICH OCCURS AS A WELL DEFINED MINERALIZED SYENITE RIDGE WITH ALLUVIAL GOLD DRAINING FROM THE INTRUSIVE SYSTEM. GEOPHYSICAL MODELING HAS DEFINED AN EXTENSIVE RADIOMETRIC ANOMALY STRIKING OVER 10KM LONG AND 1.5KM WIDE COINCIDENT WITH CROSS-CUTTING RADIOMETRIC STRUCTURES AND MAGNETIC ANOMALIES. THIS SETTING IS CONSIDERED TO BE A FAVOURABLE HOST TO GOLD COPPER MINERALIZED SYSTEMS.

WE HAVE BEEN UNDERTAKING AN EXTENSIVE SURFACE SAMPLING PROGRAM COMPRISING STREAM SEDIMENT PAN CONCENTRATE AND ROCK CHIP SAMPLING. WE HAVE ANNOUNCED VERY STRONG GOLD VALUES THAT SUPPORT THE EXPLORATION CONCEPT AND ARE WORKING TOWARDS HAVING WELL DEFINED DRILL TARGETS BY EARLY 2010.

AS THAT APPROACHES, WE ARE EVALUATING THE FUNDING OPTIONS FOR THIS DRILLING. OUR PRESENT THINKING IS THAT TITAN METALS COULD RAISE FUNDING FOR DRILLING AT POI AND ITS OTHER PROGRAMS THROUGH THE INTRODUCTION OF EXTERNAL INVESTORS, VIA A FARM-IN ARRANGEMENT OR AN INITIAL PUBLIC OFFERING.

OTHER AREAS HELD BY TITAN METALS INCLUDE TENEMENTS ON NEW BRITAIN ISLAND WHICH ARE IN CLOSE PROXIMITY TO COPPERMOLY LIMITED. COPPERMOLY RECENTLY ANNOUNCED A FARM OUT TO BARRICK GOLD UNDER WHICH BARRICK GOLD MAY EARN A 72% INTEREST BY SPENDING A\$20 MILLION WITH A MINIMUM SPEND OF A\$3 MILLION. THE TITAN METALS AREAS CONTAIN SIMILAR GEOLOGICAL TARGETS AND THE BARRICK GOLD FARM IN HIGHLIGHTS THE POTENTIAL VALUE OF THIS ASSET TO TITAN METALS.

MIL RESOURCES HAS INVESTED \$430,000 IN TITAN METALS AS PART OF A COMMITMENT TO SPEND \$700,000.

WE ARE PLEASED WITH THE PROGRESS WE HAVE MADE THROUGH THE YEAR AND ARE CONFIDENT THAT BOTH AMAZON BAY AND THE TITAN METALS EXPLORATION PORTFOLIO ARE WELL POSITIONED TO DELIVER A SIGNIFICANT UPLIFT ON MIL RESOURCES' INVESTMENT.

WE ARE CONTINUALLY EVALUATING OTHER RESOURCE INVESTMENT OPPORTUNITIES WHERE WE BELIEVE WE CAN ACHIEVE AN ATTRACTIVE VALUE ADD.

I WILL NOW ASK JOHN HAGGMAN TO PROVIDE SHAREHOLDERS WITH AN UPDATE AND REVIEW OF AMAZON BAY AND TITAN METALS.