



MIL RESOURCES LIMITED

19 December 2011

Dear fellow shareholders,

I am writing to you to provide an update regarding recent developments at MIL Resources.

As you are aware, the Company has made significant progress during the past six months, most notably:

- Focusing on its high quality copper-gold properties and commencing its first drill campaign at Golden Peak in September, with further drilling to follow at other key projects
- Appointing new Board members with extensive exploration and financial experience
- Hiring an outstanding candidate, Tony Williamson, as new CEO, who has wide-ranging PNG experience
- Appointing experienced expat geologists to manage our on-the-ground exploration activities in PNG
- Engaging in advanced discussions with potential partners on the Amazon Bay iron sands project

On 15th December, we announced to the ASX assay results from the recent drill program at Golden Peak. These were particularly encouraging with gold content present at grades as high as 154 g/t, indicating the possibility of significant gold mineralisation over a wide area. We currently await additional assays and once these are received, the Company will determine the next steps for Golden Peak.

Following the completion of the Golden Peak drill program, it was the Company's intention to mobilise the drill rig to the Poi project. However following detailed assessment of historical technical data from New Britain (previously unavailable), further site visits, reconnaissance and discussions with our field geologists and incoming CEO Tony Williamson, your Board has decided to reprioritise drilling activity. Therefore, it is the Company's intention to now concentrate drilling at the Atui porphyry copper prospect, located within EL 1642 in southern New Britain, thus changing the previously indicated drilling schedule.

There are two principal reasons behind this decision. Firstly, we have recently accessed additional historical exploration reports and data from CRA during the mid 1980s, which indicate that the Atui Prospect is a compelling porphyry Copper/Gold target, ranking it ahead of Poi as a priority drilling target. Secondly, we have received a number of farm-in approaches for the New Britain licences and your Board believes that further technical analysis of these licences is necessary, in order to determine whether any farm-in entered will be in the best interest of MIL shareholders. It is the Company's intention to obtain the best outcome for these projects, whether this is through our own work on site or through a joint venture arrangement.

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In order to commence the Atui Prospect drill program, an accelerated exploration campaign of mapping, geochemistry and geophysics will be initiated in January 2012. The Company intends to commence drilling during the first quarter of 2012 using the rig currently deployed at Golden Peak. Poi remains an attractive gold copper prospect where exploration of drill targets continues and drilling will be progressed in due course.

Tony Williamson commences as CEO on 4th January 2012 and will be on site in PNG mid January to review present MIL operations and projects and to ensure we have the right systems in place to maximise funding available for drilling.

From 1st January, John Haggman will become a non-executive director. Together with John Holliday, he will continue to provide consulting services to the Company at the discretion of the CEO. The board thanks John Haggman for his executive involvement, particularly during the past month.

We recently signed a three-year lease for new head office premises, located at level 7, 121 Walker Street, North Sydney. This new address will reduce costs and improve efficiency of our team in Sydney, new telephone contact details will be advised in due course.

Whilst the Company has sufficient funding in place to complete the proposed drilling program at Atui, we anticipate that other commercial arrangements currently under consideration or negotiation will potentially contribute to future cashflow, thereby stretching available resources further. However given the present unpredictable state of global markets, your Board is currently considering contingency arrangements to ensure that if necessary, the Company can sustain its exploration programs and operating costs independently.

This shareholder letter has been distributed to all shareholders who have provided MIL Resources with an email address for correspondence. If you wish to discuss any of the above in more detail or have any further questions, please feel free to contact me on +61 407 203 050 or dhalley@milresources.com

Regards



Doug Halley
Chairman
MIL Resources Ltd