AUSTRALIAN ILMENITE RESOURCES SILL80 PROJECT CHANGES

A PER for the proposed Australian Ilmenite Resources SILL80 Project was submitted to the Northern Territory Government (NTG) on 28th January 2012. In February 2012, the NTG requested that further information be provided to enable a full and proper assessment of the project and its environmental impacts and risks. On the 1st March 2012 the proponent asked the NTG to stop assessing the project to allow this information to be provided. A revised second edition of the PER was completed, incorporating the requested additional information and submitted to the NTG 29/08/2012. Annual production specified in the original NOI and PER was 200,000 tonnes per annum. AIR has purchased a processing plant with a capacity of producing 300,000 tonne of refined ilmenite per year. Therefore the revised PER incorporates estimates up to 300,000 tonne per year production. Should AIR increase production an amendment will be sought prior to production increase.

The table below summaries the changes between the original submitted PER (January 2012) and the later (August 2012) amended PER.

Component	Detailed in initial PER (January 2012)	Revised in second PER (August 2012)	Explanatory notes	Section in revised PER
ANNUAL PRODUCTION	100,000 tonne/year initially, scaling up to 200,000 tonne/year	Up to 300,000 tonne/year	Figures for the water extraction modelling were performed based on the plants maximum production capacity.	5.2 Project Schedule
WATER PIPELINE SIZE	12km of 125mm Polypipe	12km of 225mm Polypipe	Australian Ilmenite Resources believe this option is now preferable due to economic and logistical reasons. Threats to river function are mitigated through the extraction rate, which AIR has committed to cease pumping extraction when extraction rate meets or exceeds 20% of instantaneous flow.	5.1.4 Project Infrastructure
FUEL STORAGE	30,000 litre at mine 3,000 litre at pump	61,000 litre at mine 10,000 litre at pump	Australian Ilmenite Resources believe this option is now preferable due to economic and logistical reasons.	5.1.4 Project Infrastructure
MINE CAMP LOCATION	Utilise existing Sherwin Camp at Flying Fox Station	Construct 12 person camp at mine	Australian Ilmenite Resources believe this option is now preferable due to economic and logistical reasons.	5.1.4 Project Infrastructure
WASTE MANAGEMENT	Utilise existing management facilities at Sherwin Camp	Managed by AIR at mine site	Associated with changed camp locations.	6.7.3 Waste and Hazardous Substance Management
ANNUAL WATER USE ESTIMATE	600ML/year	1649ML/year	Original estimate based on 3:1 ratio (3 tonnes of water required to produce 1 tonne refined ilmenite) for 200,000 tonne/yr production. Revised estimate is a worst case scenario from the water balance assessment which includes plant production capacity (300,000 t/yr), no rainfall scenario and losses calculation	Appendix G Water Management Plan

Component	Detailed in initial PER (January 2012)	Revised in second PER (August 2012)	Explanatory notes	Section in revised PER
			associated with storage facilities.	
MINIMUM RIVER FLOW RATE FOR EXTRACTION	Extraction can occur when flows are greater than 0.1m^3/s at extraction point	Extraction can occur when flows are greater than 0.9 m^3/s at extraction point	Determined from Roper River flow modelling performed by Antony Knapton (NRETAS).	Appendix G Water Management Plan
ANNUAL CLEARING ESTIMATE	13-33 Ha/year	15-25 Ha/year	Revised due to development of detailed mining sequence.	Appendix K Rehabilitation Management Plan
ANNUAL OPERATION PERIOD	200 days per year	Up to 300 days per year (pending site access and water availability)	Australian Ilmenite Resources believe this option is now preferable due to economic and logistical reasons.	5.5.2 Ilmenite Concentrate to Darwin
TRUCK MOVEMENTS	20 x 100 tonne road trains per day (10 return trips)	Up to 20 x 100 tonne road trains per day (10 return trips)	Truck movements remain the same when calculated for up to 300,000 tonne/yr production given the increased annual operation period.	5.5.2 Ilmenite Concentrate to Darwin
TRANSPORT METHOD FROM MINE TO PORT	2 tonne "Bulka Bags" transported via truck	Road trains with covered side tipper trailers	Australian Ilmenite Resources believe this option is now preferable due to economic and logistical reasons.	5.3 Mining Process
MAXIMUM PUMP EXTRACTION RATE	0.02m^3/s	0.1m^3/s (100L/s)	Original figure was Australian Ilmenite Resources predicted pump size. Revised figure is based on information determined from Roper River flow modelling. AIR has committed to cease pumping when extraction is or exceeds 20% of river flow.	5.4.1 Pump and Appendix G Water Management Plan

Additional project changes since submission of original PER (January 2012)	Explanatory Notes	Section in PER
Changed Water Pipeline Route	Modified route shown in revised PER (August 2012)	5.4.2 Pipeline
Changes to Mining Sequence	Modified mining sequence shown in revised PER (August 2012)	5.3 Mining Process
Processing Operations to Occur for 11 hours / Day	Additional detail	5.3 Mining Process
Greenhouse Gas Emissions and Fuel Usage Estimate	Revised due to plant capacity estimates resulting in increased operation times and output	6.7.4.2 Greenhouse Gas Emissions