



Recoilless Technologies International Corp. Limited

XXI Century Pioneer of Recoilless Technologies

Dear Shareholders,

Since incorporation seven years ago RTI has gone from strength to strength and the significant results achieved to date reflect the commitment and effort from its Staff.

However, as in all new ventures of its kind RTI has and will experience trying periods.

Recently the Board became aware of challenges with RTI's complex commercialisation efforts of securing additional Research and Development (R&D) support to further advance the Recoilless Technology (RT) from within the Defence Industry.

It has become imperative that RTI focus its resources on the further R&D of the major aspects of the RT, and to continue with further patent protection of the Intellectual Property (IP). Consequently a radical restructuring was required which has resulted in the departure of most of RTI's Non Executive Directors and Senior Executives as well as a portion of the non critical Staff, whilst others have been reassigned to R&D related tasks. The focus will return to the rapid development of the technology to enable pressing commercialisation issues to be taken care of. Whilst this decisive move may be of some concern to you, I would like to assure you that after a very long period of deliberation the Board concluded that this difficult decision is the most suitable action to address the Company's challenges.

RTI will reduce expenditure on any activity that is not essential or directly related to R&D. Promotional activities will either be scaled down or will cease and the possible collocation/relocation of RTI offices will be considered. In conjunction with the restructure and in order to maintain the Company's financial needs, RTI will continue to raise funding as an unlisted public company under the various provisions of the Corporations Act 2001. Also consistent with the cost control, communication with Shareholders will, for the time being, be primarily through the RTI website, but I will remain contactable at all times as I have been in the past.

For those who are unaware, RTI has been performing demonstrations, for the purpose of providing visual effects, as an indicator of the possible capabilities of the RT to potential investors and based on a simulation of a specific variation of the technology. These demonstrations were assisted by substitute, inexpensive, disposable and self destructive classified components of the RT in an attempt to minimise costs and safeguard the currently unpatented and classified parts of the IP, primarily for the protection of Shareholder interests. Such demonstrations, upon Board approval, may be performed in the future either with the use of the abovementioned simulations or alternatively with certain advanced components of specific variants of the RT, and at all times under strict Confidentiality Agreements and further enhanced security, when finances permit.

Those who have remained loyal supporters of RTI over the years will appreciate my unquestionable commitment to RTI's success and will realise that by undertaking such decisive measures I am acting in the best interest of the company and its Shareholders. I must ensure that the RT is further developed to permit safe, effective and cost efficient commercialisation in order to guarantee RTI's success.

In closing I would like to express my gratitude for the continued support of RTI's loyal and dedicated Staff and Shareholders. This ongoing support is what has enabled RTI to continue on its path to success. I thank you for your understanding and look forward to delivering positive updates as we further progress.

Yours Sincerely

Richard Giza
Chairman & Managing Director
27 March 2007