

30 October 2009

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 30 SEPTEMBER 2009

SUMMARY

- Assays results from pan concentrates at Poi, 15 km north east of Amazon Bay, defined two additional gold zones. These new zones, the Mogambos and Blue Rock anomalies, have also extended the system to the north-west.
- Exploration Licence 1681 – Amazon South was granted by the Minister for Mining. This EL covers 956 sq km of prospective offshore ironsands south of Amazon Bay where recent sampling returned encouraging values up to 1.02% V₂O₅, 50.7% Fe and 20% TiO₂.
- Successful Mining Warden hearings were held on New Britain ELA's prospective for gold- copper and molybdenum and in near proximity to the Barrick / Coppermoly \$20M JV area.
- Sampling and metallurgical studies continue on Amazon Bay ironsands.
- Field work is ongoing at Poi to identify drill targets.
- Completion of a successful 3 for 4 non-renounceable entitlement offer at \$0.02 per share with shareholders taking up 71% of their entitlements. The Entitlement Offer was underwritten by Venture Group Equities Pty Limited and the Company received \$1.94 million before costs.

Cash balance at end of quarter \$3.8 million. The cash balance as at the date of this report is \$3.6 million.

POI GOLD PROJECT, PNG

During the quarter continued geochemical sampling at Poi in PNG has returned further high grade gold assays defining additional zones of gold anomalism (Figure 1 and Table 1). This sampling was designed to infill and step out from the known boundaries of the geochemical system developing within the Poi intrusive complex.

Assay results from pan concentrates defined two additional gold zones within the Poi intrusive complex. These new zones, the Mogambos and Blue Rock anomalies, also extended the system to the north-west. Peak pan concentrate assays from the sampling include:

MOGAMBOS :	12.15g/t Au; 11.90 g/t Au ; 7.36 g/t Au
WACHERI:	6.93 g/t Au
MORTI :	4.52 g/t Au
BLUE ROCK:	1.18 g/t Au
BONA FLATS:	1.13 g/t Au
POI:	0.89 g/t Au

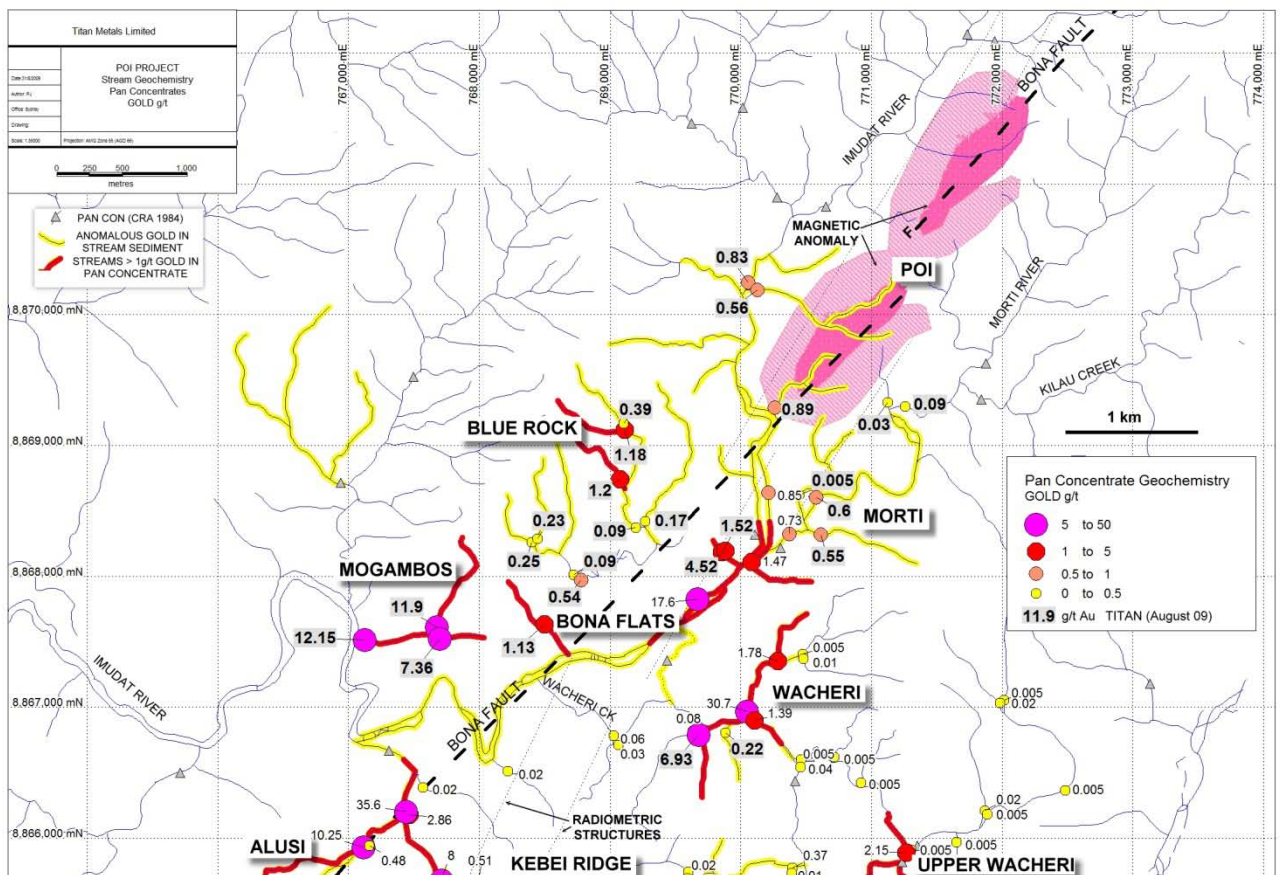


FIGURE 1 – GOLD ASSAYS IN STREAM SAMPLING AT POI

During the quarter a stream geochemistry sampling program was carried out where 24 pan concentrate samples were collected from drainages along the radiometric anomaly defined by the Poi syenite ridge and the Bona Fault. This work in-filled an area where there had been limited sampling to date and the assay results confirm the apparent continuous nature of the gold anomalous system. This system is coincident with an extensive radiometric anomaly striking over 10km long and 1.5km wide. Work to date indicates that Poi has characteristics typical of porphyry gold copper systems found in island arc settings such as PNG ⁽¹⁾.

Further work is ongoing and includes stream geochemistry, geological mapping and sampling.

The gold assays from the recent pan concentrate sampling program are shown in Table 1:

PROSPECT	SAMPLE No	Au g/t
Mogambos	406061	12.15
	406062	11.90
	406063	7.36
Wacheri	406068	6.93
	406067	0.22
Morti	406060	4.52
	406059	1.52
	406083	0.55
	406082	0.6
	406081	0.005
	406079	0.03
	406080	0.09
Blue Rock	406074	1.18
	406073	1.20
	406075	0.39
	406077	0.23
	406076	0.25
	406071	0.17
	406065	0.09
	406072	0.09
Poi	406078	0.89
	406069	0.83
	406070	0.56
Bona Flats	406064	1.13

TABLE 1: GOLD FIRE ASSAY RESULTS FROM PAN CONCENTRATES AT POI.

AMAZON BAY, PNG

EL 1681 – Amazon South covering an area of 956 sq km was granted by the PNG, Minister for Mining effective 17th August 2009 for a period of two years. EL 1681 covers 956 sq km of prospective offshore ironsands south of Amazon Bay.

Amazon Bay is a mineral exploration target estimated to be between 3 – 4 billion tonnes⁽¹⁾ of onshore vanadium rich magnetite ironsands spanning over 150 kilometres of coastline. It is covered by Exploration Licences EL 1396, EL 1623 and EL 1681 totalling 2,125 square kilometres (Fig 2). Assays from recent sampling returned values up to 1.02% V₂O₅, 50.7% Fe and 20% TiO₂.

Potential exploration target ⁽¹⁾ estimates to date have been based on onshore aeromagnetic anomalies and ironsands occurrences estimated to 9m depth and excludes potential exploration targets ⁽¹⁾ offshore in the Amazon South EL. Reconnaissance in EL 1681 has commenced and interpretation of offshore airborne geophysical data is underway.

Metallurgical consultants, Independent Metallurgical Operations (IMO) in Perth were engaged to conduct specific metallurgical work on samples of Amazon Bay ironsands and are initially reviewing electrostatic re-cleaning of rougher concentrates and reverse silica flotation trials.

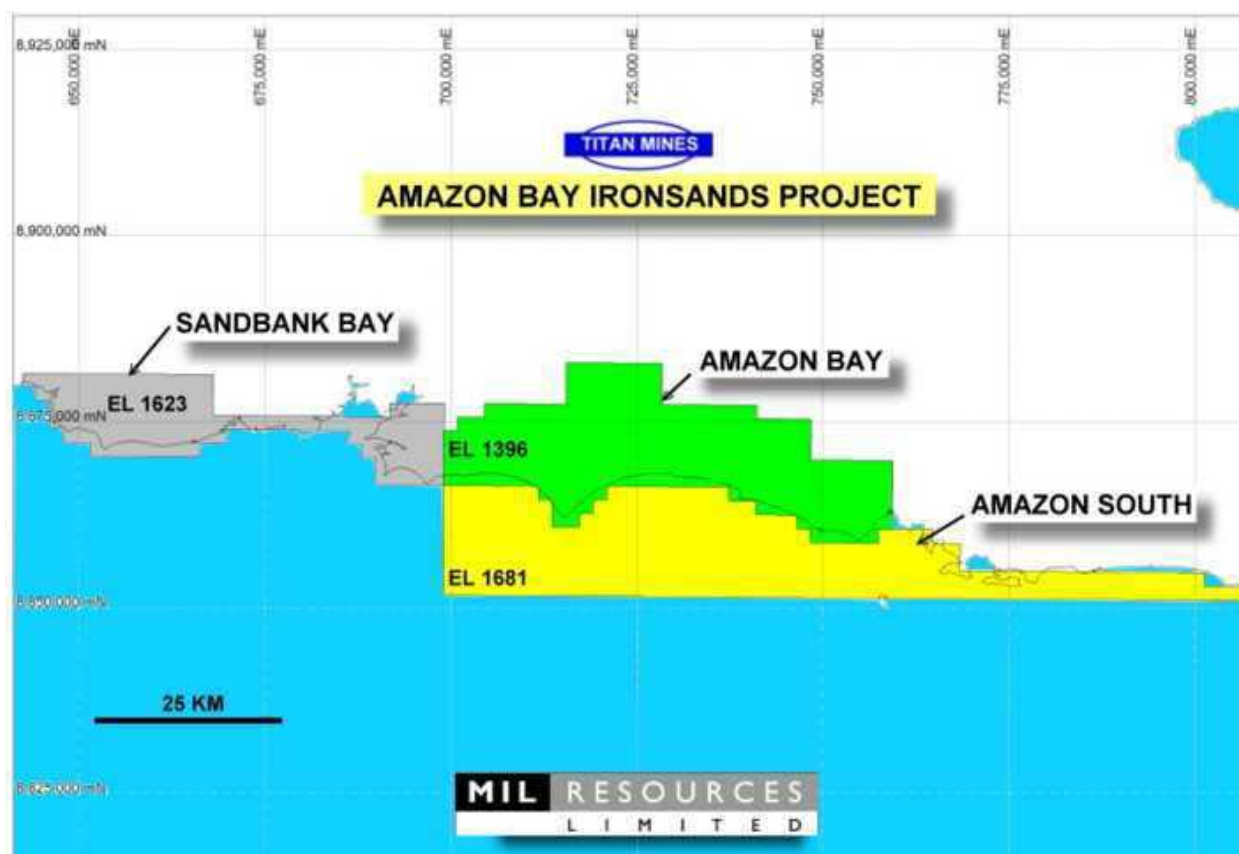


Fig 2. Amazon Bay Tenements - The Amazon Bay Project comprises 3 granted Exploration Licenses with a total area of 2,125 km²

NEW BRITAIN

Mining Warden hearings were carried out on Titan Metals' New Britain ELA's 1640 and 1642 (Fig. 3) prospective for gold, copper and molybdenum deposits. These ELA's are in near proximity to the Barrick / Coppermoly (COY) \$20M JV area announced by COY to the ASX on 12th October 2009.

The central New Britain ELA's were the subject of previous work by ESSO (1982-82) and CRA (1985) who identified high grade gold mineralization across the ELA's with assays ranging from 0.01 – 50.1 g/t Au⁽¹⁾ including the Yonathon River alteration zone which is a target with dimensions 800m x 2km.

Other prospects identified during this work include;

- Dagi South – 18.4g/t Au
- Ania South – 10.7g/t Au
- Gasmata – 10.8g/t Au
- Yonathan River –50.1g/t Au

The ELA's now await grant by the Mining Minister.



Fig 3. New Britain ELA's

ENTITLEMENT OFFER

During the quarter the MIL successfully completed a 3 for 4 non-renounceable entitlement offer at \$0.02 per share with shareholders taking up 71% of their entitlements. The Entitlement Offer was underwritten by Venture Group Equities Pty Limited and the Company received \$1.94 million (before costs) from the allotment of 96,978,599 new shares.

The company intends to use the funds raised from the Entitlement Offer to advance the vanadium rich titanomagnetite Amazon Bay iron sands project as well as progress the exploration programs on the priority hardrock projects in PNG. The underwriting fee & some other costs of the offer were not paid until early October 2009. The cash balance as at the date of this report is \$3.6 million.

OTHER

Interest has been shown in MIL's PNG assets by several international mining groups.

New exploration and mining opportunities offered to MIL are currently under evaluation.

MIL Resources Limited is an ASX listed resource company whose interests include:

- Amazon Bay, PNG - a major iron sands exploration target of 3 – 4 billion tonnes of magnetite iron sands⁽¹⁾ based on previous exploration and an airborne magnetic survey flown by MIL in 2008. Work to date has been focused on expanding the known deposit, metallurgy and processing studies. MIL is in the process of earning up to a 90% interest by funding exploration and evaluation programmes.
- Titan Metals Limited – MIL has acquired a 50% interest in Titan Metals which has a portfolio of EL's and ELAs in PNG prospective for gold, copper, molybdenum and nickel. Current focus is on the Poi gold copper prospect which occurs as a well defined gold copper mineralized syenite ridge with alluvial gold draining 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 ⁽¹⁾.

(1) To the extent that there is information included in the projects set out above any potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource under the JORC Code and it is uncertain if further exploration will result in the determination of a mineral resource under the JORC Code.

The information contained in this report that relates to Exploration Results or Mineral Resources or Ore Reserves is based on information compiled by John Haggman who is a Member of the Australian Institute of Geoscientists. Mr Haggman is a Director of MIL Resources Limited and has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Haggman consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

FOR FURTHER INFORMATION CONTACT:

Pat Elliott	+61 (0)488 755 655
James Beecher	+61 (0)411 013 200
John Haggman	+61 (0)412 309 906

Web: www.mgil.com.au

Appendix 5B

Rule 5.3

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001

MIL Resources Limited

ABN 23 003 669 163

Quarter ended ("current quarter")

30-Sep-09

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 12 Months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(3)	(3)
(b) development	-	-
(c) production	(26)	(26)
(d) administration	(247)	(247)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	22
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	15	15
Net Operating Cash Flows	(239)	(239)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments (in Titan Mines Limited & Titan Metals Limited)	(254)	(254)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(254)	(254)
1.13 Total operating and investing cash flows (carried forward)	(492)	(492)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	1,917	1,917
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (Costs of issue of shares)	(21)	(21)
Net financing cash flows	1,897	1,897
Net increase (decrease) in cash held	1,404	1,404
1.20 Cash at beginning of quarter/year to date	2,399	2,399
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	3,803	3,803
Payments to directors of the entity and associates of the directors		
Payments to related entities of the entity and associates of the related entities		
1.23 Aggregate amount of payments to the parties included in item 1.2	94	94
1.24 Aggregate amount of loans to the parties included in item 1.10	-	-
1.25 Explanation necessary for an understanding of the transactions		
Non-cash financing and investing activities		
2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows	Nil	
2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest	Nil	
Financing facilities available	Available \$A'000	Used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil
Estimated cash outflows for next quarter		
Exploration and evaluation, plus work expenditure program which will be funded by MIL Resources & classified as further investment or acquisition of interest in Titan Mines Limited (Amazon Bay Iron		
4.1 Sands Project) & Titan Metals Limited	45	
4.2 Development	Nil	
Total	45	

Reconciliation of cash		Current quarter \$A'000	Previous quarter \$A'000
Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows			
5.1 Cash on hand and at bank		2,103	99
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills		1,700	2,300
Total: cash at end of quarter (item 1.22)		3,803	2,399

Changes in interests in mining tenements

	Tenement reference	Nature of interest	Interest at start of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, lapsed or reduced		No changes		
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security
7.1 Preference securities	None	None	
7.2 Changes during quarter	None	None	
7.3 Ordinary securities on issue at start of quarter	159,698,641	159,698,641	
7.4 Changes during quarter			
(a) Increases through issues	96,978,599	96,978,599	2 cents
(b) Decreases through returns of capital, buy-backs	-	-	
Ordinary shares at end of quarter	256,677,240	256,677,240	
7.5 Convertible debt securities			
7.6 Changes during quarter			
(a) Increases through issues			
(b) Decreases through securities matured, converted			
Convertible Debt Securities at end of quarter	None	None	

Description	Conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
7.7A Listed options		60,329,111	60,329,111	\$0.10	31/05/2012
7.8A Issued during Quarter		-	-		
7.9A Exercised during quarter		-	-		
7.10A Expired during quarter		-	-		
Listed Options at end of quarter		60,329,111	60,329,111	\$0.10	31/05/2012
7.7B Unlisted options					
Directors Options	1 share for 1 option	450,000	-	\$1.38	30/06/2011
31 May 2010 Options	1 share for 1 option	190,200	-	\$1.20	31/05/2010
30 June 2011 Options	1 share for 1 option	1,200,000	-	Various	30/06/2011
30 June 2011 Options	1 share for 1 option	100,000	-	\$1.16	30/06/2011
31 October 2012 Options	1 share for 1 option	150,000	-	\$2.00	31/10/2012
7.8B Issued during quarter		2,090,200	-		
		None			
7.9B Expired during quarter		None			
7.1B Exercised during quarter		None			
Unlisted Options at end of quarter		2,090,200	Nil		

7.11 Debentures		None	None
7.12 Unsecured notes		None	None

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX.
- This statement does give a true and fair view of the matters disclosed.

Signature:

Company Secretary

Date:

30/10/2009

Print name:

James Beecher