

**MIL Resources Limited and its Controlled Entities**  
**Half-year ended 31 December 2009**

**ABN 23 003 669 163**

**Appendix 4D**  
**Results for announcement to the market**

				\$
Revenue	Up	N/A	to	35,385
Loss before tax	Up	98%	to	(584,674)
Loss attributable to equity holders of the parent	Up	98%	to	(584,674)

These percentages above are calculated by reference to the results for the previous corresponding period being the half-year ended 31 December 2008.

No dividend has been paid or proposed for the six month period to 31 December 2009.

Control has not been gained or lost over any entities during the period under review.

	As at 31 December 2009	As at 31 December 2008
Net tangible assets per security (cents)	2.6	3.4

This information is provided according to ASX listing rule 4.2A

Appendix 4D, Directors' Report and the Financial Report for the half year ended 31 December 2009 should be read in conjunction with the 30 June 2009 annual financial report.

# MIL Resources Limited and its Controlled Entities

ABN 23 003 669 163

## HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2009

### Directors' Report

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2009 and the auditors' review report thereon.

#### DIRECTORS

The names of the Company's directors in office during or since the end of the half-year and until the date of this report are as below.

PJD Elliott (Managing Director and Chairman)	Director since 1991, Managing Director and Chairman since 2006
JD Beecher (Executive Director and Company Secretary)	Director since 2005, Company Secretary since 2004
JA Haggman (Executive Director)	since 2008
MR Richmond (Non-Executive Director)	since 2001

Directors were in office for the entire period unless otherwise stated.

#### REVIEW AND RESULTS OF OPERATIONS

The net loss for the half-year was \$584,675 (2008 loss: \$294,856).

The principal activities of the consolidated entity during the course of the half-year consisted of the pursuit of opportunities to invest in and develop a number of activities in the resource sector, these activities include:

- **Titan Mines Limited Projects (MIL owns 32% and earning 51% with option to increase to 90%)**
  - EL1681 Amazon Bay South was granted by the PNG Minister for Mining. This Exploration Licence ("EL") covers 956 sq km of prospective offshore ironsands south of Amazon Bay;
  - Successful Mining Warden hearings were held at Amazon Bay in relation to the renewal of EL1396;
  - Sampling and metallurgical studies continue on Amazon Bay ironsands.
- **Titan Metals Limited Projects (MIL earning 50%)**
  - 2 additional gold zones were identified at Poi during the period – the Mogambos and Blue Rock anomalies which have extended the Poi system to the north-west;
  - Work continues at Poi to advance drill targets;
  - EL1625 – Golden Peak covering a total area of 123 sq kms was granted by the PNG Minister for Mining during the period;
  - Successful Mining Wardens hearings were held in New Britain for ELAs 1640 & 1642.

### **Other Activities**

- Issued 113,514,512 shares to raise \$2,098,868;
- Revenue for the period of \$35,385 from the sale of 468 tonnes of magnesite;
- Pursuing possible joint venture or licence opportunities for the MIL-DOW Magnesium Process Technology;
- Options to gain some commercial benefit from the magnesite resources the Company owns in South Australia continue to be reviewed; and
- A number of possible other resources investments were reviewed during the first half of the year.

### **SUBSEQUENT EVENTS**

The directors are not aware of any significant changes in the state of affairs of the consolidated entity occurring since the end of the half year.

### **LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

The lead auditor's independence declaration in relation to the review for the half year is set out on page 4 and forms part of the director's report for the half year ended 31 December 2009.

Dated at Sydney this 1 March 2010

Signed in accordance with a resolution of the directors.



James Beecher  
Director



*Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001*

To: the directors of MIL Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Anthony Jones  
*Partner*

Sydney  
1 March 2010

## MIL Resources Limited and its Controlled Entities

### Consolidated interim statement of comprehensive income For the half-year ended 31 December 2009

	Note	2009 \$	2008 \$
Revenue		35,385	-
Cost of sales		(18,085)	-
<b>Gross Profit</b>		17,300	-
Consultants expenses		(241,125)	(260,000)
Corporate expenses		(54,612)	(22,890)
Employment expense		(22,822)	(22,169)
Occupancy expense		(39,876)	(36,124)
Research & evaluation expenses		(45,977)	(20,949)
Other operating expenses		(26,088)	(45,385)
Directors Share Option expense		(179,000)	-
<b>Results from operating activities</b>		(592,200)	(407,517)
Financial income		59,315	116,064
Financial expense		(699)	(242)
<b>Net financing income</b>		58,616	115,822
<b>Share of losses of equity accounted investments, net of income tax</b>	8	(51,091)	(3,161)
<b>Loss before tax</b>		(584,675)	(294,856)
Income tax expense		-	-
<b>Net loss for the period</b>		(584,675)	(294,856)
Other Comprehensive Income		-	-
<b>Total Comprehensive Income for the period</b>		(584,675)	(294,856)
Basic and diluted loss (cents) per share	5	(0.28)	(0.20)

The consolidated interim statement of comprehensive income is to be read in conjunction with the notes to the half-year financial statements set out on pages 9 to 12.

## MIL Resources Limited and its Controlled Entities

### Consolidated interim statement of changes in equity For the half-year ended 31 December 2009

	Share Capital	Value of Options Issued	Retained losses	Total
<b>Equity</b>				
Balance at 1 July 2008	96,990,077	554,390	(91,511,669)	6,032,798
Total comprehensive income for the period	-	-	(294,856)	(294,856)
Other comprehensive income	-	-	-	-
<b>Balance at 31 December 2008</b>	<b>96,990,077</b>	<b>554,390</b>	<b>(91,806,525)</b>	<b>5,737,942</b>
Balance at 1 July 2009	96,990,077	554,390	(92,184,293)	5,360,174
Total comprehensive income for the period	-	-	(584,675)	(584,675)
Contributions by and distributions to owners	2,098,868	-	-	2,098,868
Share compensation expense	-	179,000	-	179,000
<b>Balance at 31 December 2009</b>	<b>99,088,945</b>	<b>733,390</b>	<b>(92,768,968)</b>	<b>7,053,367</b>

The consolidated interim statement of changes in equity is to be read in conjunction with the notes to the half-year financial statements set out on pages 9 to 12.

# MIL Resources Limited and its Controlled Entities

## Consolidated Interim Statement of Financial Position As at 31 December 2009

	<b>31 Dec 2009</b>	<b>30 June 2009</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3,629,905	2,399,784
Trade and other receivables	4      133,450	165,347
Inventory	-	16,911
<b>TOTAL CURRENT ASSETS</b>	<b>3,763,355</b>	<b>2,582,042</b>
<b>NON-CURRENT ASSETS</b>		
Investment in associates	8      3,673,305	3,359,324
Property, plant and equipment	6,185	9,981
<b>TOTAL NON-CURRENT ASSETS</b>	<b>3,679,490</b>	<b>3,369,305</b>
<b>TOTAL ASSETS</b>	<b>7,442,845</b>	<b>5,951,347</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	389,478	591,173
<b>TOTAL CURRENT LIABILITIES</b>	<b>389,478</b>	<b>591,173</b>
<b>TOTAL LIABILITIES</b>	<b>389,478</b>	<b>591,173</b>
<b>NET ASSETS</b>	<b>7,053,367</b>	<b>5,360,174</b>
<b>EQUITY</b>		
Issued capital	99,088,945	96,990,077
Value of options issued	733,390	554,390
Accumulated losses	(92,768,968)	(92,184,293)
<b>TOTAL EQUITY</b>	<b>7,053,367</b>	<b>5,360,174</b>

The consolidated interim statement of financial position is to be read in conjunction with the notes to the half-year financial statements set out on pages 9 to 12.

## MIL Resources Limited and its Controlled Entities

### Consolidated Interim Statement of Cash Flows For the half-year ended 31 December 2009

	2009 \$'000	2008 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash paid to suppliers and employees	<u>(423,131)</u>	<u>(451,309)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(423,131)</u>	<u>(451,309)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	42,381	92,275
Payments for funding of equity investments	(498,997)	(495,326)
Disposal of property, plant and equipment	<u>11,000</u>	<u>11,000</u>
<b>NET CASH PROVIDED IN INVESTING ACTIVITIES</b>	<u>(445,616)</u>	<u>(392,051)</u>
<b>CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Proceeds from the issue of share capital	2,270,355	-
Share issue cost	(171,487)	-
Repayment of maturing deposits	<u>-</u>	<u>83,268</u>
<b>NET CASH PROVIDED BY FINANCIAL ACTIVITIES</b>	<u>2,098,868</u>	<u>83,268</u>
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	1,230,121	(760,092)
<b>CASH AND CASH EQUIVALENTS AT 1 JULY</b>	<u>2,399,784</u>	<u>3,649,389</u>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<u><u>3,629,905</u></u>	<u><u>2,889,297</u></u>

The consolidated interim statement of cash flows is to be read in conjunction with the notes to the half-year financial statements set out on page 9 to 12.

# **MIL Resources Limited and its Controlled Entities**

## **Notes to the Consolidated Interim Financial Statements For the half-year ended 31 December 2009**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

MIL Resources Limited is a listed public company, incorporated and domiciled in Australia. The consolidated interim financial report for the six months ended 31 December 2009 comprises the Company and its subsidiaries (the “consolidated entity”) and the consolidated entity’s interest in jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended 30 June 2009 are available upon request from the Company’s registered office, Suite 2, Level 3 9-13 Young Street, Sydney or from our website [www.mgil.com.au](http://www.mgil.com.au).

The consolidated interim financial report was authorised for issue by the directors on 1 March 2010.

#### **(a) Statement of compliance**

The consolidated interim financial report is a general purpose report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2009.

#### **(b) Significant accounting policies**

The Group applies revised AASB101 Presentation of Financial Statements, which became effective as of 1 July 2009. As a result, the Group presents in the consolidated statement of changes in equity all owners changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

The accounting policies applied by the consolidated entity in this consolidated interim financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 30 June 2009, except for the adoption of new standards noted above which have no impact on the measurement of the results or financial position of the Group.

### **2. SEGMENT REPORTING**

The Company operates in the exploration and development segment of the mining industry in Papua New Guinea.

**Notes to the Consolidated Interim Financial Statements (continued)  
For the half-year ended 31 December 2009**

**3. CAPITAL AND RESERVES**

	<b>Fully Paid Ordinary Shares</b>	
	<b>Number of Shares '000</b>	
	<b>2009</b>	<b>2008</b>
On issue at 1 July	<b>159,698,641</b>	159,698,641
Shares issued	<b>113,514,512</b>	-
<b>On issue at 31 December</b>	<b><u>273,213,153</u></b>	<u>159,698,641</u>

During the period

- 96,978,599 shares were issued under the rights issue at 2 cents;
- 16,535,730 shares were issued to overseas shareholders at 2 cents; and
- 183 primary 10 cents options were exercised.

During the period the following options were issued:-

- 1 million listed primary options exercisable at 10 cents with an expiry of 31 May 2012;
- 10 million unlisted director options at 6 cents with an expiry of 30 September 2014; and
- 183 secondary options at 15 cents with an expiry of 31 May 2015.

As at 31 December 2009 there were 61,328,928 (2008: 60,329,111) listed primary options issued that are due to expire on 31 May 2012. Each primary option is convertible into 1 ordinary share, and the holder will be automatically granted a secondary option for no cash consideration. The exercise price for these primary options is \$0.10.

As at 31 December 2009 there were outstanding 12,090,383 (2008: 2,090,200) Unlisted Options with various expiry dates and various exercise prices. This includes 183 secondary options issued upon exercise of primary options during the half year which are currently unlisted and have an exercise price of 15 cents.

**Dividends**

No dividends were paid or proposed in the period to 31 December 2009 (2008: \$ nil).

**Notes to the Consolidated Interim Financial Statements (continued)**  
**For the half-year ended 31 December 2009**

**4. TRADE AND OTHER RECEIVABLES**

	<b>Dec 2009</b>	<b>June 2009</b>
	\$	\$
Trade Receivables	-	11,000
Other receivables and prepayments	<u>133,450</u>	<u>154,347</u>
<b>Total Trade and Other Receivables</b>	<u>133,450</u>	<u>165,347</u>

**5. EARNINGS PER SHARE**

**Basic loss per share**

The calculation of the basic and diluted loss per share at 31 December 2009 was based on the net loss for the period of \$584,675 (2008: \$294,856) and a weighted average number of ordinary shares outstanding for the period ended 31 December 2009 of 212,591,484 (2008: 159,698,641).

**6. RELATED PARTIES**

**Transaction arrangements with key management personnel**

Compensation arrangements are substantially as set out in the consolidated entity's 30 June 2009 annual report.

**7. SUBSEQUENT EVENTS**

The directors are not aware of any significant changes in the state of affairs of the consolidated entity occurring between 31 December 2009 and the date of this report.

Notes to the Consolidated Interim Financial Statements (continued)  
For the half-year ended 31 December 2009

**8. EQUITY ACCOUNTING INVESTEEES**

The Group's share of the loss in its equity accounted investees for the half year was \$51,091 (2008: \$3,161 loss)

Details of investments in associates are as follows:

<b>31 December 2009</b>					<b>Ownership interest</b>	<b>Consolidated Share of net (loss) for the half year period</b>	<b>Equity accounted investment carrying amount</b>
<b>Associates</b>	<b>Principal activity</b>	<b>Place of Incorporation</b>	<b>Reporting date</b>	<b>%</b>			
Titan Mines Limited	Exploration	PNG	31 Dec	32%	(8,426)	3,120,795	
Titan Metals Limited	Exploration	PNG	31 Dec	50%	(42,665)	552,510	
<b>Total</b>					<b>(51,091)</b>	<b>3,673,305</b>	

<b>31 December 2008</b>					<b>Ownership interest</b>	<b>Consolidated Share of net (loss) for the half year period</b>	<b>Equity accounted investment carrying amount</b>
<b>Associates</b>	<b>Principal activity</b>	<b>Place of Incorporation</b>	<b>Reporting date</b>	<b>%</b>			
Titan Mines Limited	Exploration	PNG	31 Dec	25%	(3,164)	2,788,008	
Titan Metals Limited	Exploration	PNG	31 Dec	50%	3	698,281	
<b>Total</b>					<b>(3,161)</b>	<b>3,486,289</b>	

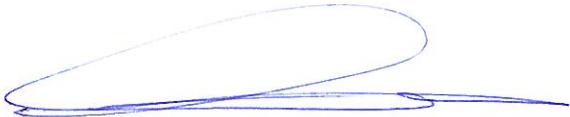
## DIRECTORS' DECLARATION

In the opinion of the directors of MIL Resources Limited:

- a) the financial statements and notes set out on pages 5 to 12, are in accordance with the Corporations Act, 2001, including:
  - i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2009 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney this 1 March 2010

Signed in accordance with a resolution of the directors:



James Beecher  
Director



## **Independent auditor's review report to the members of MIL Resources Limited**

We have reviewed the accompanying half-year financial report of MIL Resources Limited, which comprises the consolidated statement of financial position as at 31 December 2009, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a description of accounting policies and other explanatory notes 1 to 8 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of MIL Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of MIL Resources Limited is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Anthony Jones  
*Partner*

Sydney  
1 March 2010