

29 January 2010

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 31 DECEMBER 2009

SUMMARY

- Field work at Poi identifies zones of strong alteration consistent with porphyry gold-copper mineralization. Work continues to advance drill targets.
- EL 1625 Golden Peak, covering a total area of 123 km² was granted to Titan Metals Limited by the PNG Minister for Mining. Previous exploration by CRA / Elders Resources Ltd defined high grade gold mineralization with veining and alteration occurring over a zone of approximately 2km by 800m.

Trench samples taken by Elders returned gold assays of :

- 15m of 5.5g/t Au that included 2m of 43g/t
- 6m of 2.8 g/t Au
- Successful Mining Warden hearings were held at Amazon Bay EL 1396.
- Sampling and metallurgical studies continue on Amazon Bay ironsands.
- Cash balance at end of quarter \$3.6 million.

POI GOLD PROJECT, PNG (MIL earning 50%)

During the quarter geochemical sampling and mapping at Poi (Figure 1) identified prominent zones of altered and mineralized diorite intrusive. Previous geochemical sampling identified zones of gold anomalism from drainages along the radiometric anomaly defined by the Poi syenite ridge and the Bona Fault. This work confirmed the apparent continuity 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⁾.

Sampling and mapping work is continuing along with the design of a large IP geophysical survey. Assay results are awaited.

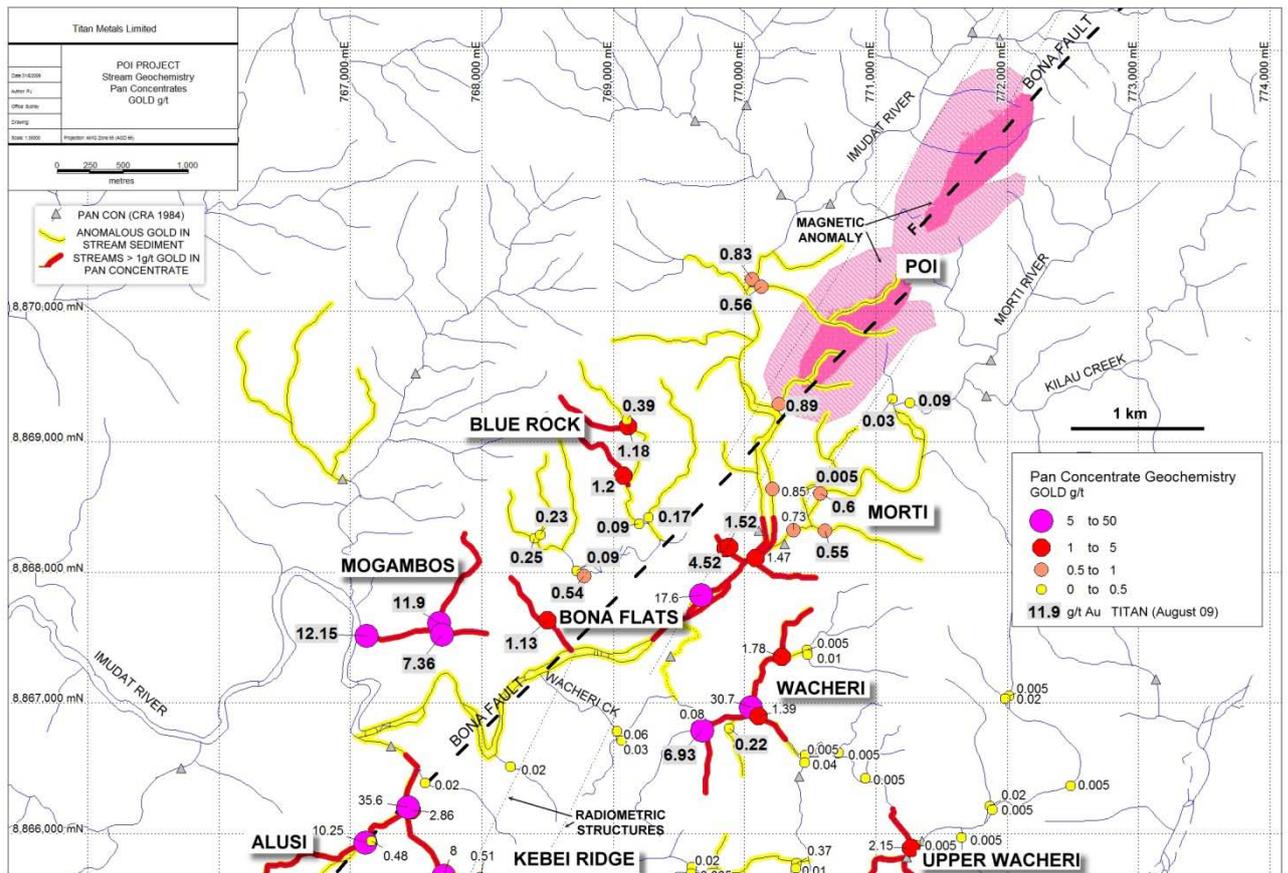


Figure 1 – GOLD ASSAYS IN STREAM SAMPLING AT POI

GOLDEN PEAK PROJECT, PNG (MIL earning 50%)

EL 1625 Golden Peak, covering a total area of 123 km² was granted to Titan Metals Limited by the PNG Minister for Mining.

Golden Peak is located 40km east of Port Moresby and is prospective for epithermal style gold deposits. Previous exploration by CRA (1984-85) and Elders Resources (1989) identified high grade gold mineralization within the laware alteration zone associated with brecciated andesites, diorite monzonite stocks and low angle thrust faults⁽²⁾ (Figure 2). Significant results are shown in Table 1 and Figure 3.

Veining and alteration occurs over a zone of approximately 2km by 800m with trench samples taken by Elders within the Avo Creek alteration target area returning gold assays ranging from < 0.01 g/t Au to 43 g/t Au. This included the following significant results;

- 15m of 5.5g/t Au that included 2m of 43g/t Au
- 6m of 2.8 g/t Au

Additionally, limited ridge and spur sampling by CRA produced gold grades ranging from <0.01 g/t Au to 27.3 g/t Au (in gossanous float) see Table 1- Significant Assays.

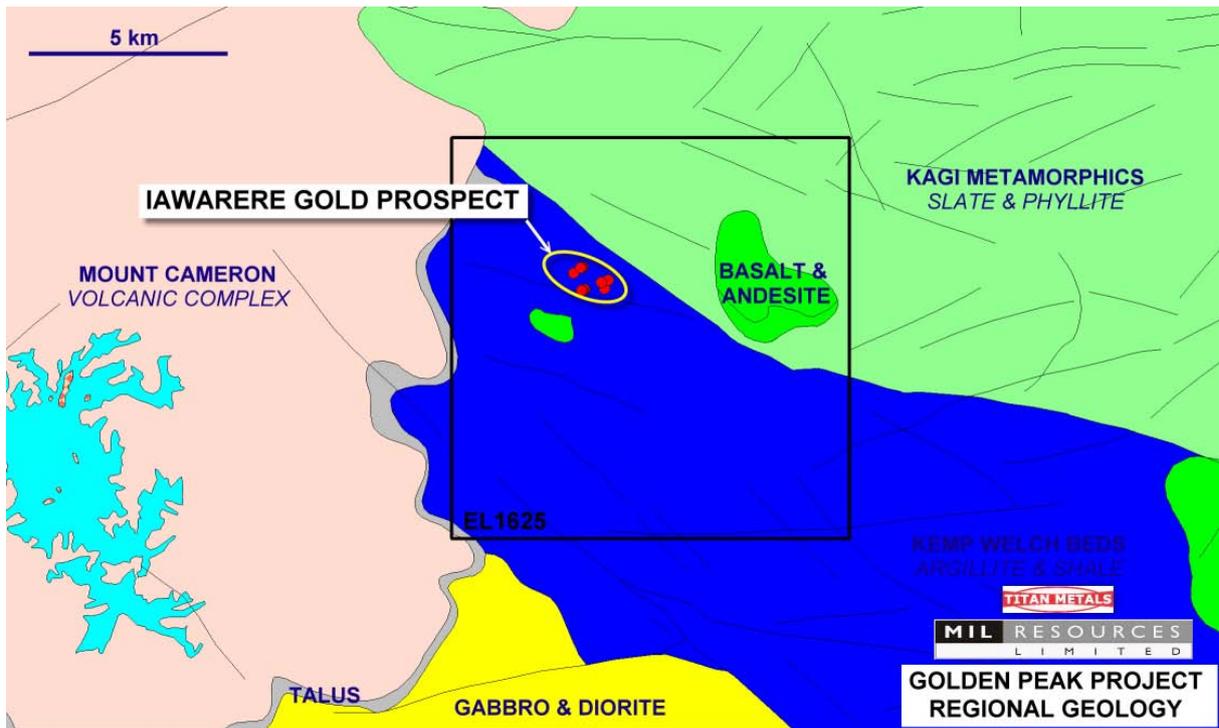


Figure 2 – EL 1625 Golden Peak Project

No drilling has been conducted on the property to date.

Elders considered the “concept of mineralization association with a large structure is tenable permitting consideration of a large orebody or series of small high grade orebodies”⁽²⁾. Elders recommended continued trenching, detailed mapping and sampling of the alteration and diamond and percussion drilling with focus on the Avo Creek and Azo Creek areas.

Au g/t	COMPANY	SAMPLE	DETAILS
1.40	CRA	16530	Silicified altered porphyry
5.50	CRA	16597	Strongly fractured shale
3.30	CRA	16656	Porphyry contact rock
27.30	CRA	16662	Gossan float
1.55	CRA	16689	Sample predominantly of pyrite.
12.00	Elders	78127	Trench channel sample
3.60	Elders	78128	Trench channel sample
2.50	Elders	78129	Trench channel sample
1.45	Elders	78130	Trench channel sample
1.60	Elders	78131	Trench channel sample
1.20	Elders	78146	Trench channel sample
9.50	Elders	78147	Trench channel sample
5.00	Elders	78148	Trench channel sample
1.45	Elders	78149	Trench channel sample
1.03	Elders	78151	Trench channel sample
43.00	Elders	78124	Trench channel sample

Table 1 – Significant Gold Assays CRA / Elders

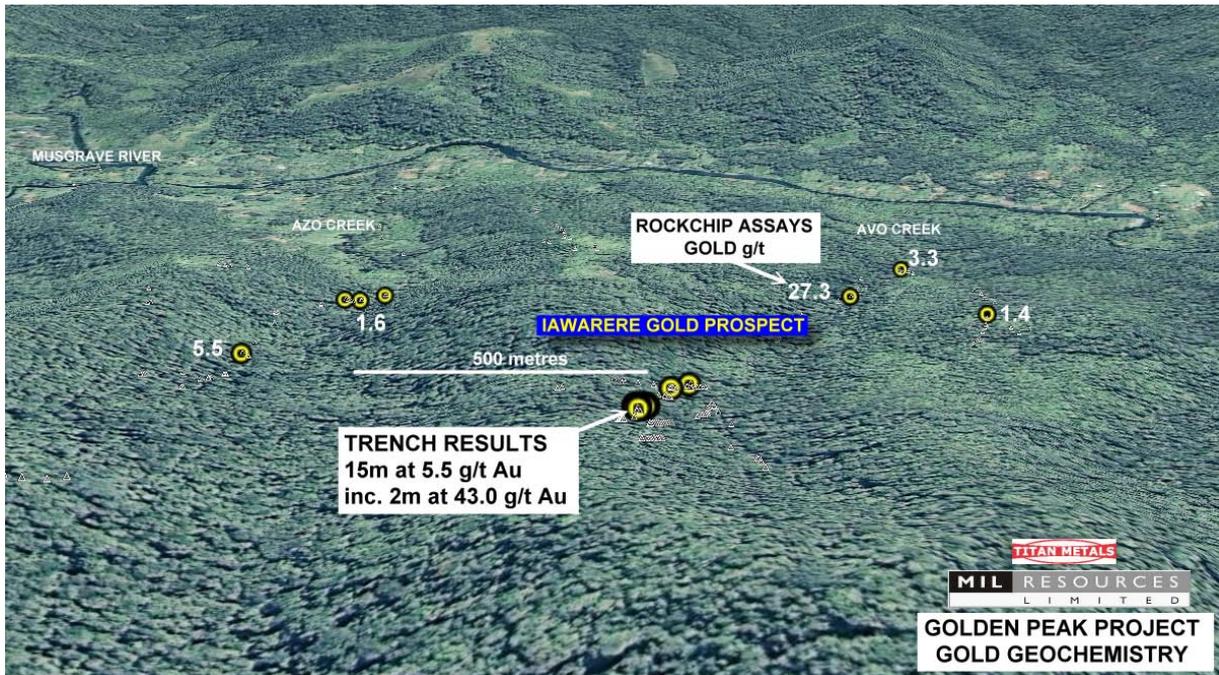


Figure 3 – Golden Peak Gold Geochemistry

BMR⁽³⁾ records confirmed that alluvial gold recovered from the lawarere gold prospect, is shed from quartz veins, associated with an area of pyrite mineralization that is several kilometres long, up to 800m wide, and lies within a major fault zone along the contact between the Kagi Metamorphics and Kemp Welch Beds. Pyrite mineralization is common in diorite-monzonite dykes and stocks, and in the surrounding country rock. Chalcopyrite and galena occur rarely in narrow contact aureoles, and chalcopyrite and molybdenite films have been noted on joint linings in several boulders of fresh intrusive rock. An estimated 365 grams of gold was won in the 1930's from Avo and Azo Creeks and tributaries of the Musgrave River.

Titan Metals intends to undertake a work program of detailed mapping and sampling leading to the identification and verification of drill targets that could later be followed by either diamond or percussion drilling.

AMAZON BAY, PNG (MIL earning 51% with option to increase to 90%)

A successful Wardens Hearing was conducted on site where the local community voted unequivocally in favour for the renewal of a further 2 year term for EL 1396.

Metallurgical consultants, Independent Metallurgical Operations (IMO) in Perth continued specific metallurgical trials on samples of Amazon Bay ironsands and have been reviewing electrostatic re-cleaning of rougher concentrates and reverse silica flotation trials. Results are expected In February.

Further samples were collected by auger drilling at Barracouta prospect and approximately 120 kg of ironsands were sent to Metcon Laboratories, Sydney.

A large drilling program has been designed to progress Amazon Bay to a JORC compliant resource. The program covers 70 km of coastline within EL 1396 and includes exploration holes in EL 1623 Sandbank Bay, and EL 1681 Amazon South.

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 (Figure 4). Assays from recent sampling returned values up to 1.02% V₂O₅, 50.7% Fe and 20% TiO₂.

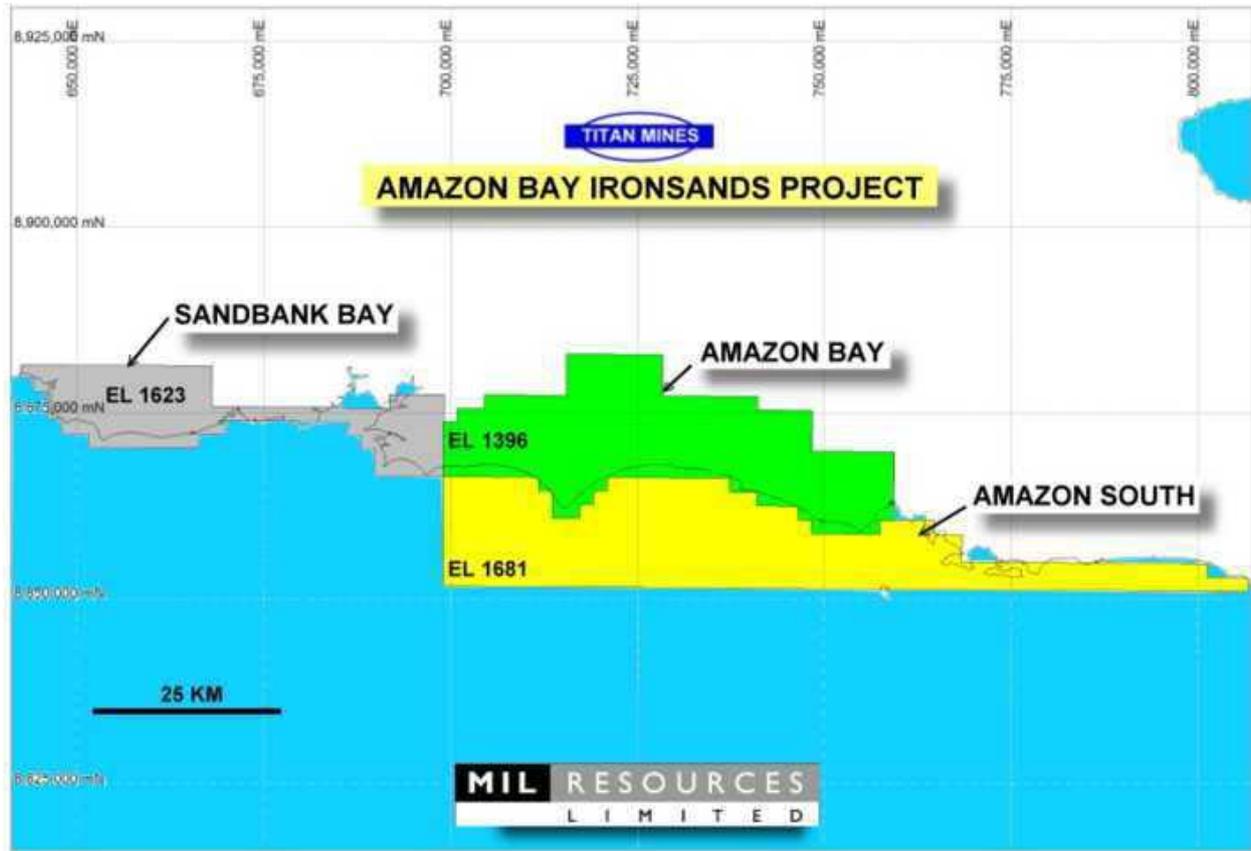


Figure 4. Amazon Bay Tenements - The Amazon Bay Project comprises 3 granted Exploration Licenses with a total area of 2,125 km²

OTHER

- Interest continues to be shown in MIL's PNG assets by several international mining groups.
- New exploration and mining opportunities offered to MIL are currently under evaluation.

BACKGROUND ON MIL RESOURCES

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.*
- (2) *Iawarere Prospecting Authority 704, Annual Report to 18 June 1989 – Elders Mining PNG*
- (3) *Department of National Development Bureau of Mineral Resources, Geology & Geophysics Department of Minerals and Energy, Papua New Guinea Geological Survey of PNG 1:250000 geological series-explanatory notes, Port Moresby-Kalo-Aroa, Papua New Guinea Sheets sc/55-6, 7, 11 International Index, compiled by P.Ee. Pieters Australian Government Publishing Service Canberra 1978*

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:

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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")

31-Dec-09

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 6 Months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	11	11
1.2 Payments for		
(a) exploration and evaluation	(11)	(14)
(b) development	-	-
(c) production	(8)	(34)
(d) administration	(163)	(410)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	35	50
Net Operating Cash Flows	(116)	(355)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments (in Titan Mines Ltd & Titan Metals Ltd)	(245)	(499)
(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	(245)	(499)
1.13 Total operating and investing cash flows (carried forward)	(361)	(854)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	353	2,270
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)	(165)	(185)
Net financing cash flows	188	2,085
Net increase (decrease) in cash held	(173)	1,231
1.20 Cash at beginning of quarter/year to date	3,803	2,399
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	3,630	3,630
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	124	218
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 funded by MIL Resources & classified as further investment or acquisition of interest in Titan Mines Ltd (Amazon Bay Iron Sands		
4.1 Project) & Titan Metals Ltd	310	
4.2 Development	Nil	
Total	310	

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		1,130	2,103
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills		2,500	1,700
Total: cash at end of quarter (item 1.22)		3,630	3,803

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	256,677,240	256,677,240	
7.4 Changes during quarter			
(a) Increases through issues	16,535,730	16,535,730	2 cents
(b) Decreases through returns of capital, buy-backs	183	183	10 cents
(b) Decreases through returns of capital, buy-backs	-	-	
Ordinary shares at end of quarter	273,213,153	273,213,153	
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		1,000,000	1,000,000	\$0.10	31/05/2012
7.9A Exercised during quarter		183	183		
7.10A Expired during quarter		-	-		
Listed Options at end of quarter		61,328,928	61,328,928	\$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	-		
Directors Options	1 share for 1 option	10,000,000	-	\$0.06	30/06/2014
Secondary Options	1 share for 1 option	183	-	\$0.15	31/05/2015
7.9B Expired during quarter		None			
7.1B Exercised during quarter		None			
Unlisted Options at end of quarter		12,090,383	Nil		
7.11 Debentures		None	None		
7.12 Unsecured notes		None	None		

Compliance statement

1 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.

2 This statement does give a true and fair view of the matters disclosed.

Signature:

Company Secretary

Print name:

James Beecher

Date:

29/01/2010