

30 July 2010

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 30th JUNE 2010

SUMMARY

- A Scoping Study report from Downer EDI Mining– Mineral Technologies Pty Ltd (“Downer EDI”) on the Amazon Bay Titanomagnetite Ironsands project was received. The conclusions based on a design product delivery rate of 2.5 million tonnes per annum, are that:
 - the capital cost is likely to be in the range of A\$300 million to A\$600 million with a most likely cost of \$415 million;
 - the annual operating cost is likely to be in the range of A\$50 million to A\$115 million with the most likely operating cost to be in the region of A\$77 million per annum.
- MIL directors met with iron and steel groups in China and commenced discussions with potential development partners for Amazon Bay and the PNG hardrock projects.
- Mapping and sampling continued at Poi with 230 reconnaissance samples despatched to ALS, Townsville for assay. A 10-12m mineralized zone associated with strong limonite-hematite-sericite alteration and pyrite-chalcopyrite +/- chalcocite mineralization was mapped associated with the Aladdins zone which is coincident with previous rock chip assays of 6.25 g/t Au and 5.42% Cu and an interpreted major cross cutting structural intersection approximately 2km long. Skarn mineralization associated with strong hematitic-limonitic and gossanous alteration/oxidation was mapped in float.
- In New Britain, EL 1640 and EL 1642 were granted to Titan Metals Limited by the PNG Minister for Mining. The tenements are prospective for copper-molybdenum-gold systems hosted within quartz porphyry and monzodiorite intrusive volcanic systems.
- ELA 1818 was lodged over Mussau Island, located along the Simberi – Lihir – Tanga - Feni Island chain which hosts resources of over 49 million oz of gold. Historical work delineated a 10km x 5km zone containing epithermal quartz float with best rock chips returning 28 g/t Au.⁽¹⁾
- Arrangements were entered into to mine and supply magnesite from MIL’s South Australian magnesite operations.
- Cash balance at the end of Quarter: \$2.8 million.

AMAZON BAY, PNG

A Scoping Study report from Downer EDI Mining – Mineral Technologies Pty Ltd (“Downer EDI”) on the Amazon Bay PNG Titanomagnetite Ironsands project concluded that based on a design product delivery rate of 2.5 million tonnes per annum:

- the capital cost is likely to be in the range of A\$300 million to A\$600 million with a most likely cost of \$415 million;
- the annual operating cost is likely to be in the range of A\$50 million to A\$115 million with the most likely operating cost to be in the region of A\$77 million per annum.

At the design rate of 2.5 mtpa the most likely operating cost equates to just over \$30 per tonne. At a servicing cost of 15% pa the most likely capital cost equates to around \$25 per tonne. The annual operating and capex servicing costs are indicated to total around \$55 per tonne of product capacity.

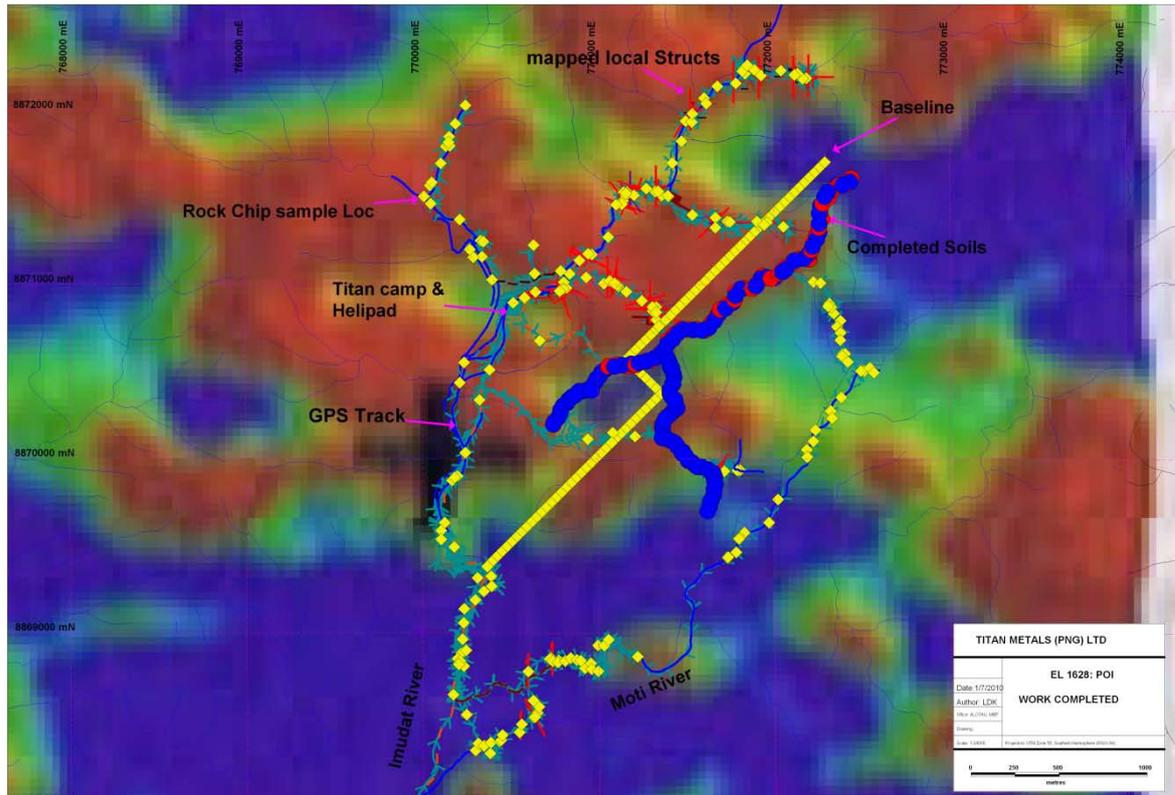
For the study the mining method was assumed to be a dredge mining operation. IMO developed process flow sheets for a wet concentrator plant, an ore beneficiation plant consisting of primary magnetic separation, secondary magnetic, non magnetic scavenger, electrostatic, fines spirals, milling, flotation and product handling circuits. Downer EDI undertook conceptual arrangement drawings of a floating wet concentrator plant and a land based magnetic separation and milling plant. They produced a factored capital cost estimate based on expected process equipment costs expected to be accurate to +/- 50% and an operating cost estimate based on a preliminary estimate of manning requirements and consumable costs expected to be accurate to +/- 50%.

POI GOLD PROJECT, PNG

Mapping and sampling continued at Poi with 230 reconnaissance samples despatched to ALS, Townsville for assay. A 10-12m mineralized east-west trending structural zone associated with strong limonite-hematite-sericite alteration and pyrite-chalcopyrite +/- chalcocite mineralization was mapped associated with the Aladdins zone.

Skarn mineralization associated with strong hematitic-limonitic and gossanous alteration/oxidation was found mainly in boulders floats and seen in sub outcrop at the ridge top towards the centre of the break between the two proposed baselines and geophysical anomalies.

Other structural zones of mineralization were also mapped associated with sericite-pyrite-chlorite-calcite (propylitic) alteration and disseminated and fracture filled pyrite and chalcopyrite.



**FIGURE 1 – RECONNAISSANCE SAMPLE LOCATIONS AT POI
NEW BRITAIN, PNG**

NEW BRITAIN, PNG

EL 1640 North New Britain and EL 1642 South New Britain, covering a total area of 1360 km² were granted to Titan Metals Limited by the PNG Minister for Mining.

Details of the projects are;

North New Britain

- EL 1640 covering 999 square kilometres
- Copper-molybdenum-gold systems
- Located close to Barrick / CopperMoly \$20 million joint venture area and Ok Tedi / Frontier's \$36 million JV areas
- Esso Minerals (1982-3) & CRA (1985) identified high-grade gold including;
 - Dagi South – 18.4g/t Au
 - Ania South – 10.7g/t Au
 - Yonathan R – 50.1g/t Au

South New Britain

- EL 1642 covering 361 square kilometres
- Copper-molybdenum-gold systems
- Located close to Barrick / CopperMoly \$20 million joint venture area and Ok Tedi / Frontier's \$36 million JV areas
- Esso Minerals (1982-3) & CRA (1985) identified high-grade gold including:
 - Gasmata – 10.8g/t Au
 - Amgen River – 4.0 g/t Au

The tenements are prospective for copper-molybdenum-gold systems hosted within quartz porphyry and monzodiorite intrusive volcanic systems. The tenements are close to two major joint venture areas;

1. Coppermoly Limited's Joint Venture area with Barrick Gold Corporation where Barrick is spending A\$20M to earn a 72% in Coppermoly's three tenements and
2. Frontier Resources Joint Venture with Ok Tedi Mining Limited where Ok Tedi is earning 80.1% by spending US\$36 million on 3 project areas.

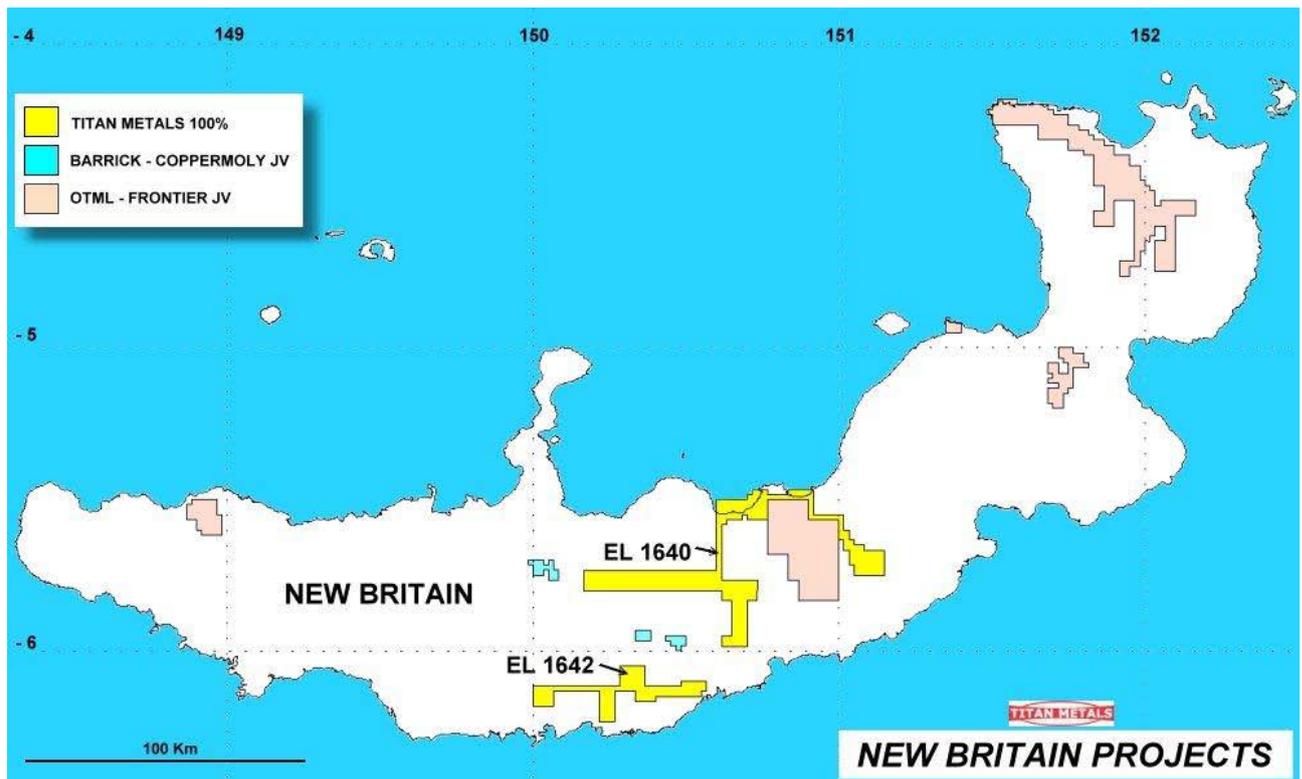


FIGURE 2 - Titan Metals New Britain EL's & Barrick and Ok Tedi Mining Ltd's Joint Venture areas.

Previous regional exploration programs conducted by Esso Minerals (1982-3) and CRA (1985) identified high grade gold mineralisation related to alkali intrusive systems within the Baining Volcanics and overlying tuffaceous sandstones of the Kapura Beds. High grade gold assays were returned from the following prospects:

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

Prospect locations and details of significant assays are shown below:

NEW BRITAIN PROJECT - SIGNIFICANT ASSAY RESULTS

PROSPECT	Au ppm	Cu ppm	Pb ppm	Zn ppm	Ag ppm	COMPANY	SAMPLE
Dagi South	7.33	57	3380	8500	9	ESSO	8095
Dagi South	18.40	15	<5	<5	9	ESSO	8106
Ania South	0.01	14100	940	29600	30	ESSO	8577
Ania South	10.70	12300	35	57	95	ESSO	8668
Amgen River	4.02	480	1565	8885	9	CRA	2866
Gasmata	10.80	13700	41	20	101	ESSO	7823
Gasmata	0.51	9200	146	90	65	ESSO	7835
Yonathan River	13.90	5400	57	10	42	ESSO	39612
Yonathan River	21.50	2800	12	30	51	ESSO	39616
Yonathan River	1.68	1500	19	25	6	ESSO	39619
Yonathan River	50.10	7220	<5	12	64	ESSO	39623

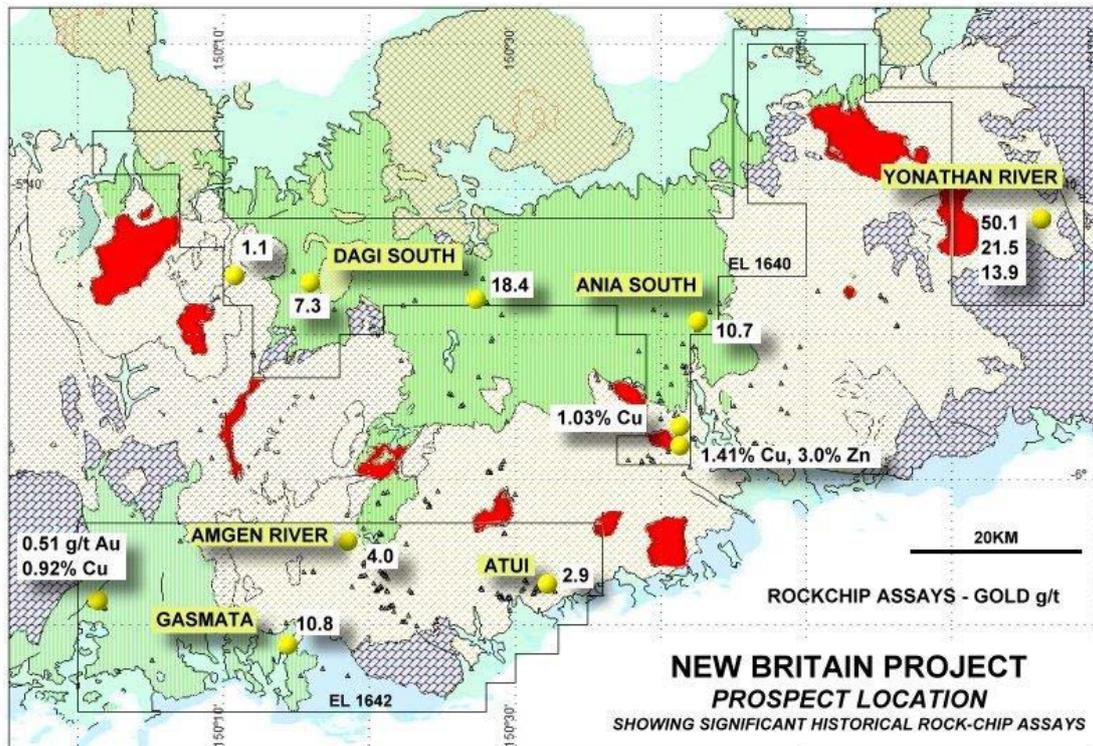


Figure 3 - New Britain EL's 1640 and 1642 showing significant historical rock chip assays

MUSSAU ISLAND, PNG

Titan Metals Limited lodged ELA 1818 over Mussau Island, located in New Island Province along the Simberi - Lihir – Tanga - Feni Island chain which hosts Lihir (43M oz Au), Simberi (6M oz Au) and Feni deposits.

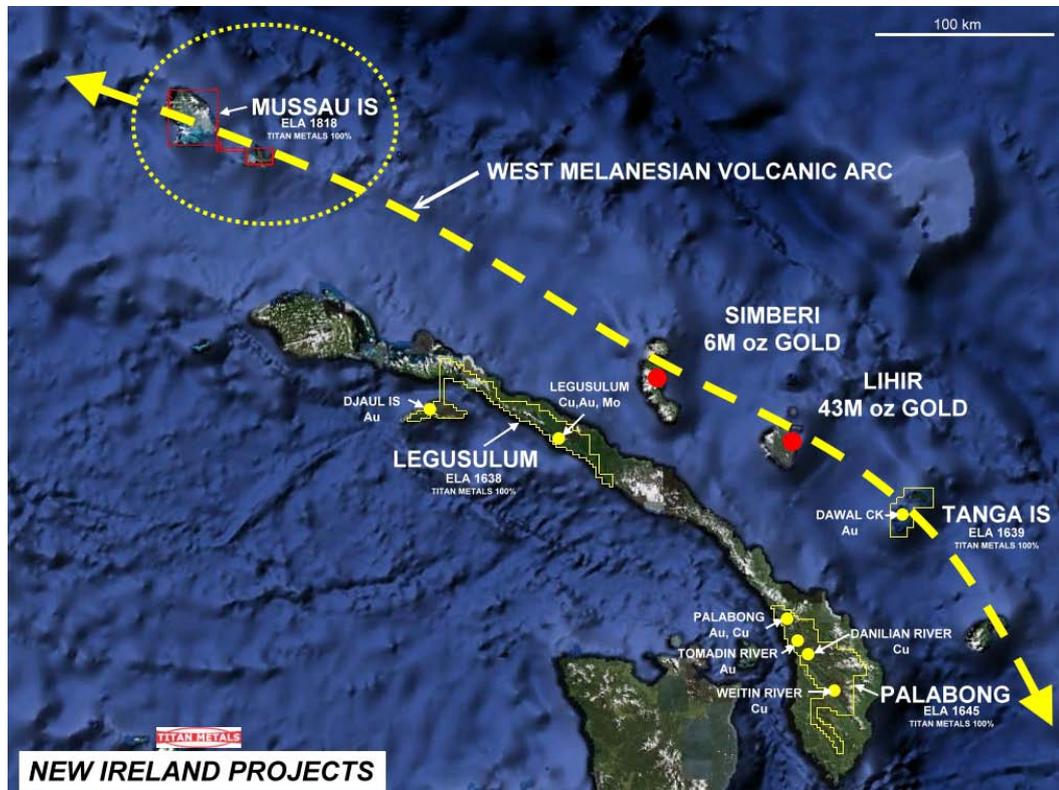


Figure 4 - Mussau Island located along the Lihir island chain.

Mussau Island sits on the northern end of the island chain which comprises highly prospective alkali volcanic rocks associated with the West Melanesian Trench.

Previous work has been conducted on Mussau Island by CRA (1969-70) Kennecott – Niugini Mining (1984-85) and BHP-Auralia (1986-87).

BHP - Auralia delineated a 10km x 5km zone on the northern coast of Mussau Island comprising widespread scattered float of mineralized epithermal quartz veining and silicified, pyritic volcanics with stockwork of chalcedonic quartz veining including epithermal pyritic quartz breccias. Assay results from this float returned results ranging from below detection to 28 g/t Au⁽¹⁾.

MIL believes that Mussau Island has the potential to host a Lihir / Simberi type gold deposit beneath recent limestone cover⁽¹⁾.

No drilling or geophysics has been conducted on Mussau Island to date. It is MIL's intention to complete a low level airborne magnetic survey followed by surface work and drilling.

MIL currently owns a 50% interest in Titan Metals Limited which controls five granted Exploration Licences and five Exploration Licence Applications in Papua New Guinea which host potential for significant discoveries of gold, copper, nickel and molybdenum deposits⁽¹⁾.

OTHER

- MIL directors met with iron and steel groups in China and commenced discussions with potential development partners for Amazon Bay and the PNG hardrock projects.
- Arrangements were entered into to mine and supply magnesite from MIL's South Australian magnesite operations.

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

- Amazon Bay, PNG - a major ironsands exploration target of 3 – 4 billion tonnes of magnetite ironsands⁽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 11km 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, 01/06/2010

MIL Resources Limited

ABN 23 003 669 163

Quarter ended ("current quarter")

30-Jun-10

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	-	39
1.2 Payments for		
(a) exploration and evaluation	-	(15)
(b) development	-	-
(c) production	(8)	(58)
(d) administration	(206)	(756)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	50	133
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (mainly BAS Refunds)	27	82
Net Operating Cash Flows	(137)	(575)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments (in Titan Mines Ltd & Titan Metals Ltd)	(373)	(1,120)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	11
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (mainly BAS Refunds)	-	-
Net investing cash flows	(373)	(1,109)
1.13 Total operating and investing cash flows (carried forward)	(510)	(1,684)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	0	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)	-	(186)
Net financing cash flows	0	2,085
Net increase (decrease) in cash held	(510)	401
1.20 Cash at beginning of quarter/year to date	3,310	2,399
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	2,800	2,800
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	99	383
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 Project) & Titan Metals Ltd	350	
4.1	350	
4.2 Development	Nil	
4.3 Production (Magnesite mined & stockpiled which will be sold over coming 12 months)	150	
4.4 Administration (includes annual ASX listing fee, insurance premiums & audit fee)	210	
Total	710	

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		550	810
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills & term deposits		2,250	2,500
Total: cash at end of quarter (item 1.22)		2,800	3,310

Changes in interests in mining tenements

- 6.1 Interests in mining tenements relinquished, lapsed or reduced
6.2 Interests in mining tenements acquired or increased

Tenement reference	Nature of interest	Interest at start of quarter	Interest at end of quarter
	No changes		

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	273,213,153	273,213,153	
7.4 Changes during quarter			
(a) Increases through issues			
(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		61,328,928	61,328,928	\$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		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
Directors Options (App 3B - 3/11/09)	1 share for 1 option	10,000,000	-	\$0.06	30/06/2014
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
31 May 2015 Options	1 share for 1 option	183	-	\$0.15	31/05/2015
		11,900,183	-		
7.8B Issued during quarter					
7.9B Expired during quarter					
31 May 2010 Options lapsed	1 share for 1 option	190,200			
7.1B Exercised during quarter		None			
Unlisted Options at end of quarter		11,900,183	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

Date:

30/07/2010

Print name:

James Beecher