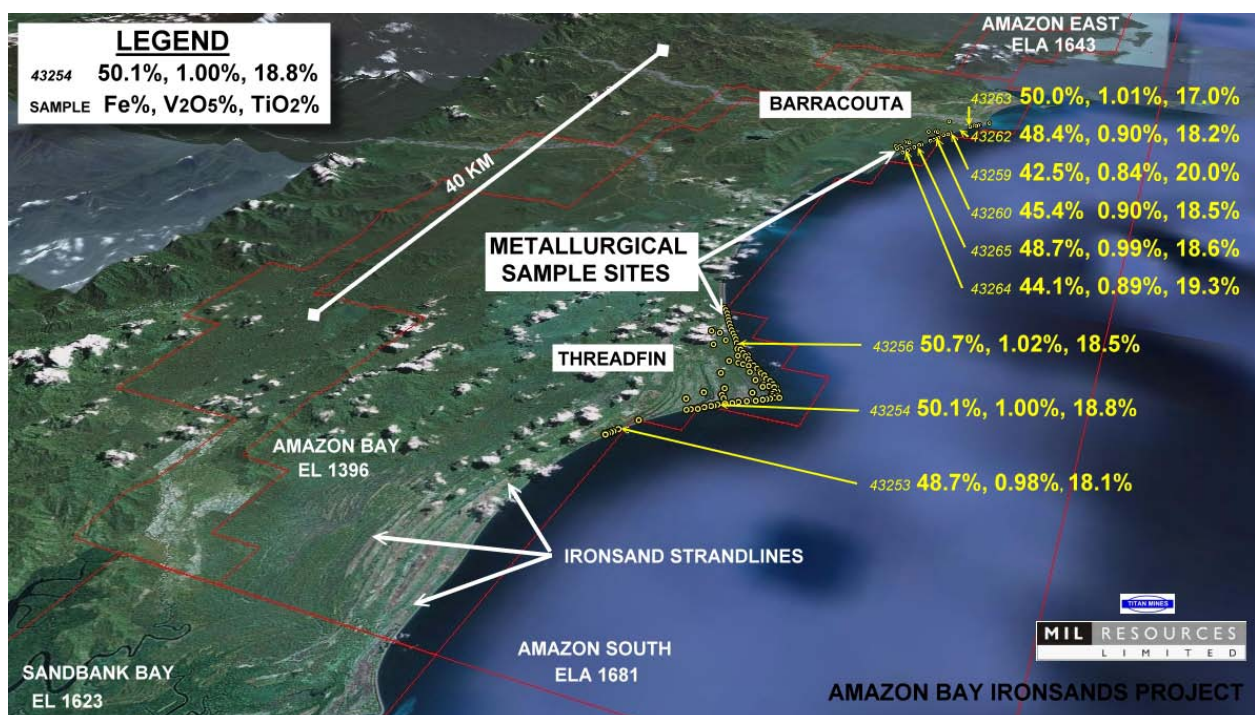


31 July 2009

**ASX ANNOUNCEMENT****QUARTERLY REPORT – PERIOD TO 30 JUNE 2009****SUMMARY**

- Assay results from ironsand samples from Amazon Bay return encouraging values up to 1.02%  $V_2O_5$ , 50.7% Fe and 20%  $TiO_2$ . Amazon Bay, located in south east PNG, is a major ironsands exploration target of 3 – 4 billion tonnes of magnetite ironsands<sup>(1)</sup> based on previous exploration and an airborne magnetics survey flown by MIL in 2008.
- Studies underway on Amazon Bay in preparation for reviews by potential strategic long term partners.
- Large gold anomaly identified at Poi, 15 km north east of Amazon Bay, PNG with assay results from stream sediment geochemistry defining five gold zones ranging up to 35.6 g/t Au.
- Geophysical interpretation of Poi identifies major airborne magnetic and radiometric anomaly striking over 10km long and 1.5km wide coincident with cross-cutting radiometric structures and magnetic anomalies.
- Field work ongoing at Poi to identify drill targets.
- Cash balance at end of quarter \$2.4 million.



**Fig 1: Amazon Bay – Iron (Fe%), Vanadium ( $V_2O_5$ %) and Titanium ( $TiO_2$ %) results at Barracouta and Threadfin prospects.**

## AMAZON BAY IRONSANDS, PNG

Over 200 testpit and auger samples were collected from the Barracouta and Threadfin ironsands prospects which occur as significant magnetic anomalies within the Amazon Bay ironsands system. This spans over 200km of coastal plain.

At Barracouta 37 samples were collected from surface to a maximum depth of 6 metres and at Threadfin 171 samples were collected from surface to a maximum depth of 10 metres.

The samples were prepared into 16 representative composites and sent to Metcon Laboratories, Sydney where they were screened, blended, riffle divided and separated on a dry rotating magnetic drum separator to produce a magnetic concentrate. The magnetic fraction (iron bearing magnetics) was then riffle sampled and pulverized and sent to Spectrolabs, Geraldton for assay. Results are shown in Table 2.

Nine of the composites were selected for magnetic upgrading from samples which contained plus 15% magnetics by weight. These underwent grinding to -53 micron in a wet rod mill and separated in a slurry using a permanent magnet and sent to Spectrolabs for assay. The results are shown in Table 1 below and Figure 1 above.

Sample No	Fe %	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
437253	48.7	0.98	18.1	2.3	6.2
437254	50.1	1.00	18.8	2.0	4.8
437256	50.7	1.02	18.5	2.0	4.5
437259	42.5	0.84	20.0	2.7	9.6
437260	45.4	0.90	18.5	2.6	8.5
437262	48.4	0.98	18.2	2.3	6.5
437263	50.0	1.01	17.0	2.3	5.9
437264	44.1	0.89	19.3	2.8	8.9
437265	48.7	0.99	18.6	2.2	6.2

**Table 1: Amazon Bay ironsands assays after magnetic upgrading**

Sample No	Fe %	V <sub>2</sub> O <sub>5</sub> %	TiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	SiO <sub>2</sub> %
437251	15.2	0.12	4.9	8.3	38.5
437252	19.5	0.25	7.3	8.5	34.3
437253	43.4	0.85	17.1	3.6	11.9
437254	47.5	0.91	18.8	2.4	6.4
437255	20.6	0.28	7.9	7.8	32.5
437256	48.3	0.94	18.7	2.3	6.0
437257	18.5	0.23	6.8	8.2	35.1
437258	19.0	0.25	7.1	8.5	34.7
437259	34.1	0.64	16.8	5.1	18.7
437260	35.5	0.67	15.2	5.1	18.8
437261	24.5	0.39	10.6	8.5	31.1
437262	42.0	0.83	16.9	3.6	12.4
437263	44.9	0.88	16.9	3.1	9.8
437264	34.3	0.65	15.9	5.4	18.8
437265	42.9	0.85	17.3	3.5	11.2
437266	28.9	0.53	13.9	6.6	25.4

**Table 2: Amazon Bay ironsands assays pre-magnetic upgrading**

Metallurgical work is underway to determine the optimal route for the treatment of the Amazon Bay vanadium rich titanomagnetite and engineering scoping studies are underway in preparation for reviews by potential strategic long term funding / offtake partners.

## POI GOLD COPPER PROJECT, PNG

During the quarter a large gold anomaly was identified within the Poi intrusive complex with assay results from stream pan concentrates defining five significant gold zones. Peak pan concentrate assays from the five prospects are as follows;

- ALUSI : **35.6 g/t Au ; 28.4 g/t Au; 10.25 g/t Au**
- WACHERI : **30.7 g/t Au**
- BONA FLATS: **17.6 g/t Au**
- UPPER WACHERI: **2.15 g/t Au**
- KEBEI RIDGE: **0.51 g/t Au;**

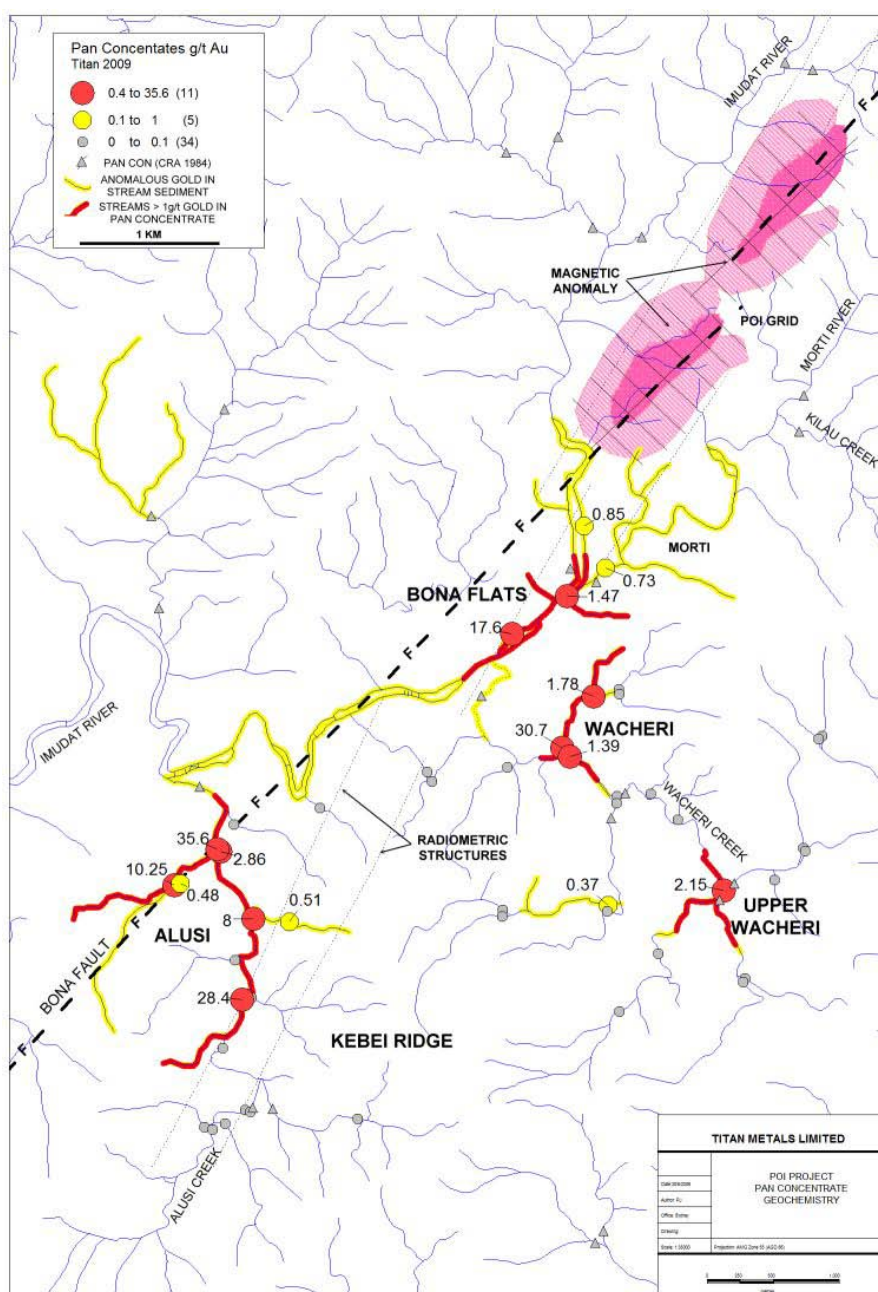


Figure 2: Gold stream sediment geochemistry at Poi

Stream geochemistry and pan concentrate sampling program was carried out covering a 27km<sup>2</sup> area around the Kebei Ridge area with the aim of confirming results from CRA's work in 1984 where significant gold assays were obtained in streams draining this area.

The results from MIL's recent work together with geophysical modeling, which defined an extensive radiometric anomaly striking over 10km long and 1.5km wide has intensified the focus on the identification of drill targets. This work will initially involve further stream geochemistry, geological mapping and sampling, gridding and trenching.

Work to date indicates that Poi has characteristics typical of porphyry gold copper systems found in island arc settings such as PNG <sup>(1)</sup>.

The gold assays from the recent pan concentrate sampling program are shown in Figure 2 and Table 3:

PROSPECT	SAMPLE	Au g/t	PROSPECT	SAMPLE	Au g/t
Alusi	406002	0.02	Upper Wacheri	406020	0.01
	406003	0.01		406021	<b>2.15*</b>
	406007	0.01		406022	0.01
	406009	<b>28.40</b>		406024	0.02
	406041	<b>2.86</b>		406025	0.01
	406042	<b>35.60*</b>		406026	0.01
	406044	<b>10.25*</b>		406027	0.01
	406045	<b>0.48</b>		406028	0.01
Wacheri	406046	0.02	Kebei Ridge	406033	0.04
	406034	0.01		406001	0.05
	406035	0.01		406004	0.01
	406036	<b>1.78</b>		406005	0.01
	406037	<b>30.70</b>		406006	0.01
	406038	<b>1.39</b>		406008	0.02
	406039	<b>8.00</b>		406010	0.01
	406051	<b>17.60*</b>		406011	0.08
Bona Flats	406052	<b>0.73*</b>		406012	0.06
	406053	<b>1.47*</b>		406013	0.03
	406055	<b>0.85*</b>		406023	0.01
	406014	0.02		406029	0.02
Upper Wacheri	406015	0.01		406030	0.01
	406016	0.01		406031	<b>0.37</b>
	406017	0.01		406032	0.01
	406018	0.02		406040	<b>0.51</b>
	406019	0.01		406043	0.02

\* screen fire assay

**Table 3: Gold fire assay results from pan concentrates at Poi**



## CASH POSITION

The cash position at 30 June 2009 was \$2.4 million.

## OTHER

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

Several new exploration and mining opportunities were offered to MIL and these currently remain under evaluation.

## ABOUT MIL RESOURCES LIMITED

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<sup>(1)</sup> 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<sup>(1)</sup>.

<sup>(1)</sup> *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:

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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")

**30-Jun-09**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 12 Months \$A'000</b>
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for	(33)	(212)
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(83)	(513)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24	127
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(92)</b>	<b>(598)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:	-	-
(a) prospects	(96)	(763)
(b) equity investments	-	(3)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:	-	-
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	31
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(96)</b>	<b>(735)</b>
<b>1.13 Total operating and investing cash flows (carried forward)</b>	<b>(188)</b>	<b>(1,333)</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	-
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 (provide details if material)	-	83
<b>Net financing cash flows</b>	<b>-</b>	<b>83</b>
<b>Net increase (decrease) in cash held</b>	<b>(188)</b>	<b>(1,250)</b>
1.20 Cash at beginning of quarter/year to date	2,587	3,649
1.21 Exchange rate adjustments to item 1.20	-	-
<b>1.22 Cash at end of quarter</b>	<b>2,399</b>	<b>2,399</b>
<b>Payments to directors of the entity and associates of the directors</b>		
<b>Payments to related entities of the entity and associates of the related entities</b>		
1.23 Aggregate amount of payments to the parties included in item 1.2	27	208
1.24 Aggregate amount of loans to the parties included in item 1.10	-	-
1.25 Explanation necessary for an understanding of the transactions		
<b>Non-cash financing and investing activities</b>		
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	
<b>Financing facilities available</b>	<b>Available \$A'000</b>	<b>Used \$A'000</b>
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil
<b>Estimated cash outflows for next quarter</b>		
4.1 Exploration and evaluation, plus work expenditure program	45	
4.2 Development	Nil	
<b>Total</b>	<b>45</b>	

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				99	187
Deposits at call				-	-
Bank overdraft				-	-
Other - bank bills				2,300	2,400
Total: cash at end of quarter (item 1.22)				2,399	2,587
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		159,698,641	159,698,641		
7.4 Changes during quarter					
(a) Increases through issues		-	-		
(b) Decreases through returns of capital, buy-backs		-	-		
Ordinary shares at end of quarter		159,698,641	159,698,641		
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
7.8A Issued during Quarter			-	-	31/05/2012
7.9A Exercised during quarter			-	-	
7.10A Expired during quarter			-	-	
Listed Options at end of quarter			60,329,111	60,329,111	\$0.10
7.7B Unlisted options					31/05/2012
Directors Options		1 share for 1 option	450,000	-	\$1.38
31 May 2010 Options		1 share for 1 option	190,200	-	\$1.20
30 June 2011 Options		1 share for 1 option	1,200,000	-	Various
30 June 2011 Options		1 share for 1 option	100,000	-	\$1.16
31 October 2012 Options		1 share for 1 option	150,000	-	\$2.00
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:

31/07/2009

Print name:

James Beecher