

## **ASX ANNOUNCEMENT**

### **QUARTERLY REPORT – PERIOD TO 30 JUNE 2011**

MIL Resources (“MIL” or “the Company”) is pleased to provide shareholders its Quarterly Report for the period ending 30<sup>th</sup> June 2011.

#### **SUMMARY**

- 4,000m drilling contract for Golden Peak and Poi signed in early July with drilling to commence in late August
- Multiple intrusion-related structure and breccia-hosted gold zones at Poi confirmed by Expert Review
- A new gold anomaly, Morti, was defined at Poi
- Golden Peak geochemical anomaly extended by trenching and sampling
- New Board appointments strengthen Papua New Guinea gold-copper focus
- Discussions continued with a number of major mining houses to jointly explore one or more of our Papua New Guinea Gold/Copper projects and with potential development partners for Amazon Bay
- Cash balance at the end of quarter \$4.0m

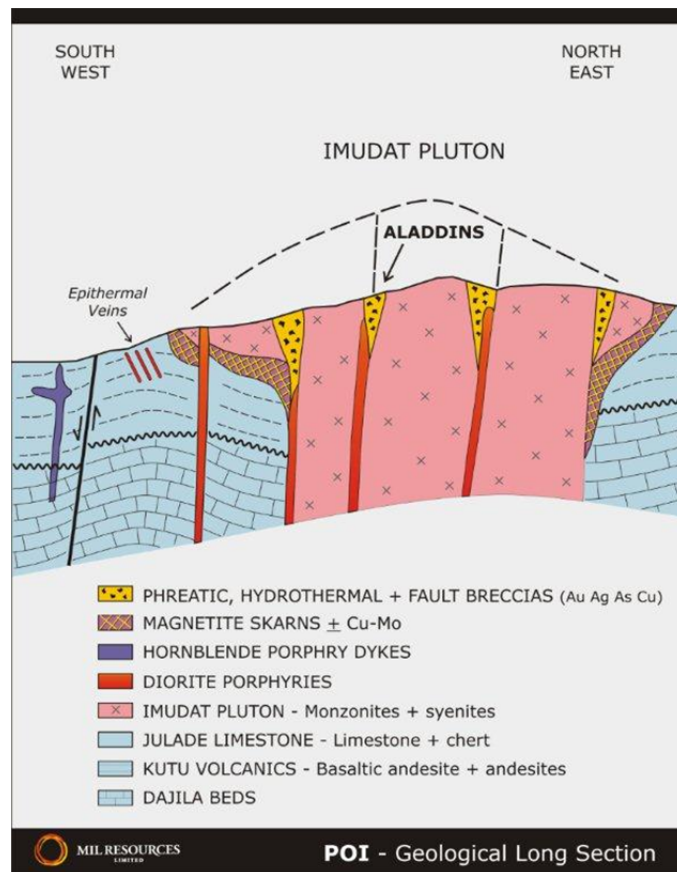
#### **MULTIPLE GOLD TARGETS CONFIRMED AT POI**

During the quarter, MIL Resources received the results of an independent review which confirmed multiple zones of intrusion-related, structure and breccia-hosted gold at Poi. The review was undertaken by internationally renowned geological consultant Simon Meldrum and included reinterpretation of the 2008 geophysical surveys by geophysical consultant Buks Lubbe.

The review identified scope for the gold zones in areas where major structures cut and offset the Imudat monzonite / syenite pluton and where hornfelsed and skarn altered volcanics provide a permissive host for mineralisation.

The expert’s interpretative section of the Poi intrusive complex (see Figure 1) depicts the Imudat Pluton hosting multiple high level diorite porphyry bodies with associated gold mineralisation in breccia bodies emplaced along major faults (Aladdins), in marginal skarns (Wallaby Ridge) and in distal epithermal vein sets (Mogambos).

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**Figure 1: Poi Geological Long Section (Meldrum 2011)**

To date, five prioritised composite geochemical and geophysical gold prospects have been identified out of 12 individual anomalies. Of these, the three key drill targets are:

- Aladdins:** Mineralised breccias and high level intrusions are localised over 1,000m by 500m at the intersection of NS / NE and NW trending structures
- Wallaby Ridge:** Au-Cu-Mo soil anomaly measuring more than 1,000m by 200m
- Morti:** Magnetite skarn exposed over a +300m interval assaying >0.5g/t Au over 9 to 38m in several of the trenches

**NEW GOLD ANOMALY DEFINED AT POI**

Mapping and sampling defined a new anomaly, Morti, which returned the following results from trenching;

- Trench 1: 38m @ 0.61g/t Au including 12m @ 1.21 g/t Au
- Trench 2: 17.6m @ 0.21g/t Au including 3m @ 0.53 g/t Au
- Trench 6: 9m @ 1.50g/t Au including 3m @ 4.1 g/t Au

These trenches are located along a North West/South East anomalous gold trend, with the total strike length from Trench 1 in the South East to Trench 2 in the North West approximately 200m.

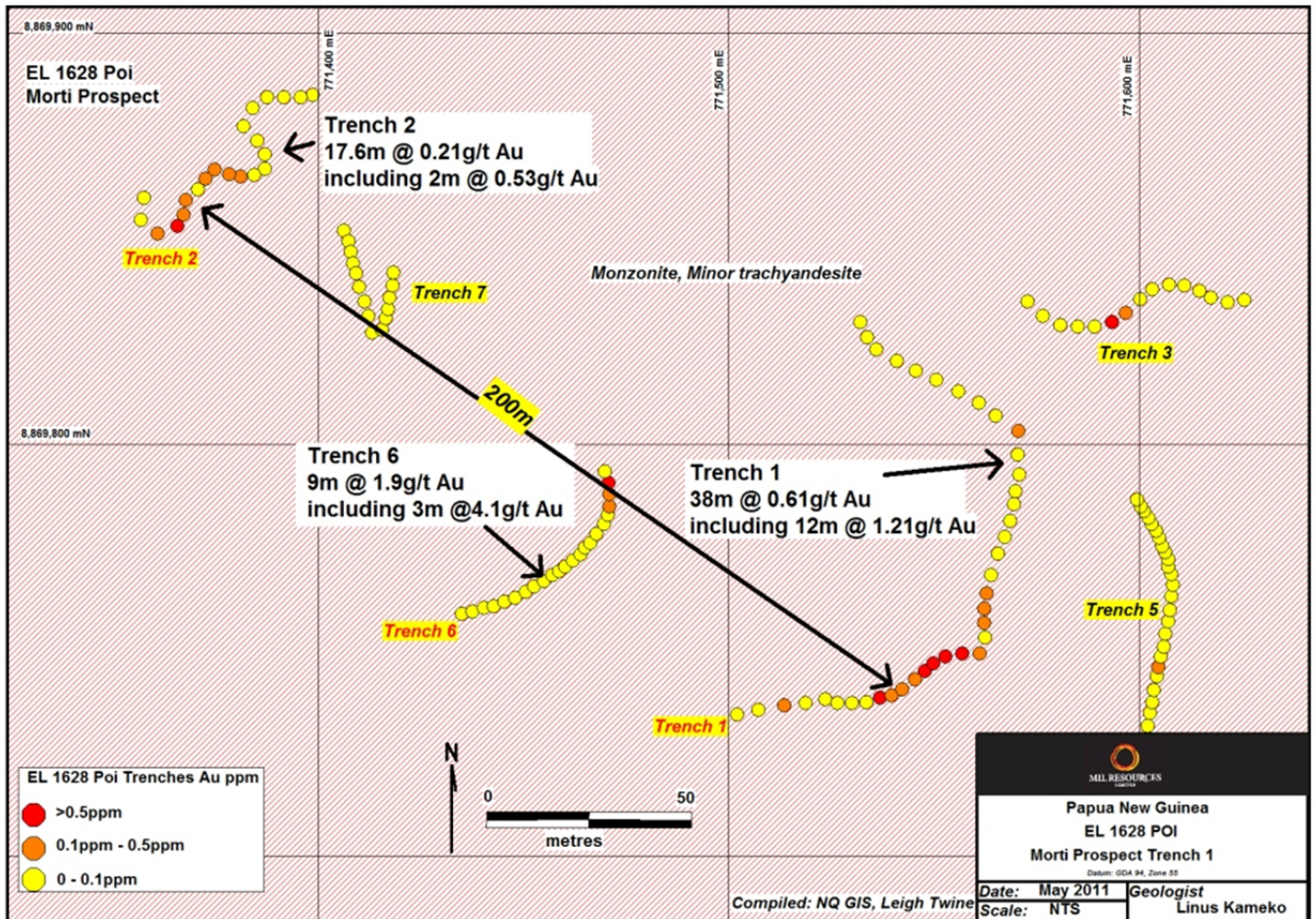


Figure 2 – Morti Gold Anomaly

## POI FIELD ACTIVITIES FOCUSED ON DEFINING DRILL TARGETS

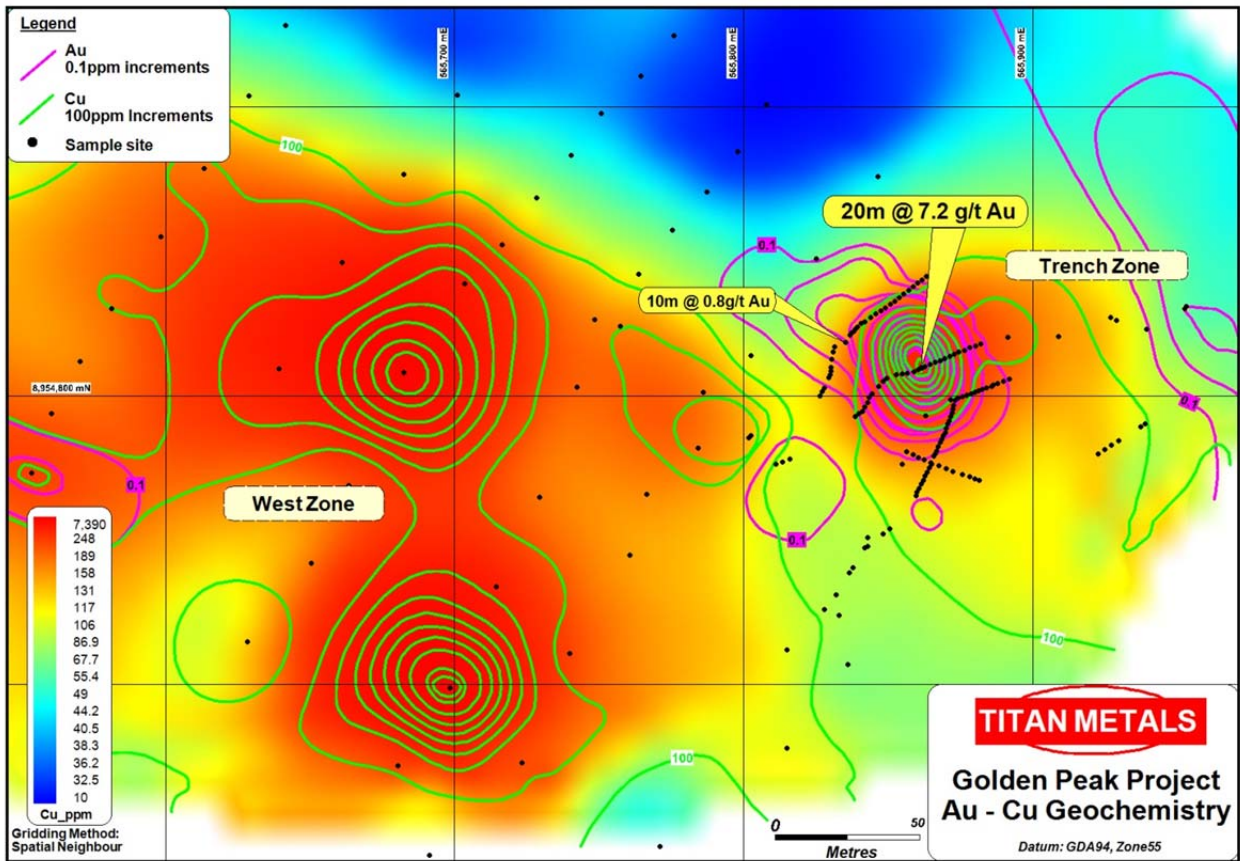
During the quarter, MIL continued trench, soil and stream sampling at Poi. Most activity was focussed on the key prospects, Aladdins, Wallaby Ridge and Morti, which are scheduled to be tested in the upcoming drill program.

A detailed ground magnetic survey at high priority drill targets is currently underway, following the magnetometers being mobilised to Papua New Guinea from Australia early in the current quarter.

## GOLDEN PEAK GEOCHEMICAL ANOMALY EXTENDED

Additional trench and pit samples were collected throughout the quarter and the results were subsequently released in July. The geochemical anomaly to be tested by diamond drilling was extended to an area of approximately 300m x 200m of elevated gold (Au), copper (Cu) and arsenic (As; a common indicator element for gold mineralisation), defined at the Avo Creek prospect. Drilling will focus on two main zones of interest as detailed in Figure 3 below;

- **Trench Zone:** A zone of anomalous Au, Cu and As that includes the previously announced trench result of **20m @ 7.2g/t Au including 6m @ 22.4 Au** and a new trench result of **10m @ 0.8g/t Au including 2m @ 2.9 g/t Au**
- **West Zone:** A zone of elevated Cu to the west defined by **+100ppm Cu** and overprinted with anomalous As (50 to +250ppm)



**Figure 3: Golden Peak Geochemical Target**

These zones will be tested as part of the diamond drilling program scheduled to commence in late August.

### PREPARATION FOR DRILLING PROGRAM

Planning and preparation for the 2011 drilling program at Golden Peak and Poi commenced in earnest following the completion of the capital raising in early April.

A key milestone for the Company was securing a suitable drilling rig and following discussions with a number of contractors during the quarter, a drilling contract was signed in early July with Quest Exploration Drilling (“QED”) for a diamond core drilling program of up to 4,000m at the Golden Peak and Poi gold/copper projects. The QED MP500 Helicopter/Man Portable Hydraulic Drill Rig is scheduled to be mobilised to Golden Peak in late August and moved to Poi on completion of the Golden Peak program.

In parallel with the drilling contract negotiations, MIL commenced logistics planning, site works at Poi and Golden Peak and additional staff recruitment to support the upcoming drilling program.

### AMAZON BAY

MIL continued with preparations for the reconnaissance drilling program that is expected to commence in the current quarter. This drilling program is designed to define the inland strandlines and provide information about the grade and quality variability of the deposit – in particular the vanadium content, which was previously identified as greater than 1% in concentrate.

The Amazon South exploration licence (EL1681) was surrendered prior to the renewal application due in August 2011. This lease was for the offshore portion of Amazon Bay and given the large onshore inventory, MIL determined that there was little value in maintaining this licence and continuing to incur holding costs.

Discussions continued with potential development partners with a focus on selling a vanadium rich titanomagnetite concentrate into China.

## **NEW DIRECTORS APPOINTED**

Post quarter, the Company announced its support of the strategy and operational direction of Bruce Griffin by appointing him to the Board as Managing Director. Bruce is an experienced executive and brings relevant international mining experience to his role with MIL, having spent seven years at BHP Billiton and nine years in a variety of operational and commercial positions with Shell.

As MIL is now primarily focused on copper/gold exploration in Papua New Guinea, the Company elected to appoint two additional directors with requisite expertise in this area; Doug Halley as Chairman and John Holliday as Non-Executive Director.

Doug Halley is a professional company director with a number of public, private and not for profit enterprises, including DUET, Australian Enterprise Holdings and Aurora Community Television. Previous public company board positions included John Fairfax Holdings, Mikoh Corporation, Rothschild Australia, Hill Samuel Australia and Thomson Corporation in Australia and Asia.

John Holliday has over 30 years experience in metals exploration, predominantly with majors including BHP Minerals and Newcrest Mining, including the positions of Chief Geoscientist and General Manager, Property Generation. John was a principal discoverer and site manager of the Cadia and Marsden porphyry gold-copper deposits in NSW and was a principal geological advisor on the acquisition of many significant projects, including Namosi and Wafi-Golpu. John has worldwide experience in gold copper deposit exploration and evaluation and has presented at major international conferences on exploration for porphyry deposits.

As the Company moves forward with its Papua New Guinea activities, Pat Elliott and James Beecher stepped down as directors. James will continue as Company Secretary.

The MIL Board now comprises of:

Doug Halley	Non-Executive Chairman
Bruce Griffin	Managing Director
John Haggman	Executive Director
John Holliday	Non-Executive Director
Malcolm Richmond	Non-Executive Director

## **OTHER**

Sales of magnesite from Mrytle Springs continued under the contract with Sibelco Australian and New Zealand (formerly Unimin).

Throughout the quarter discussions continued with a number of major mining houses to jointly explore one or more of the Papua New Guinea Gold/Copper projects

Mining warden hearings were held on Manus Island and positive feedback was received from the meetings and the Chief Mining Warden. Unfortunately bad weather prevented the final meeting being held. The final meeting has been rescheduled for late in the current quarter.

In early July at a Mining warden hearing was held on Tanga Island with positive feedback from the meeting and the Chief Mining Warden. The license is expected to be granted during 2012.

\*\*\*ENDS\*\*\*

**FOR FURTHER INFORMATION CONTACT:**

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**ABOUT MIL RESOURCES LIMITED**

MIL Resources is a Papua New Guinea focussed mineral exploration company listed on the Australian Securities Exchange (ASX : MGX). The Company is exploring primarily for gold and copper in eight 100% owned projects across Papua New Guinea and are actively seeking partners for the development of a large, vanadium rich, titanomagnetite project at Amazon Bay in South Eastern Papua New Guinea (MIL earning 51%).

**[www.milresources.com](http://www.milresources.com)**

*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.*

## 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-11**

Consolidated statement of cash flows	Current quarter \$A'000	Year 12 Months \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors (magnesite)	12	57
1.2 Payments for		
(a) exploration and evaluation (Titan Metals from 1/10/2010)	(149)	(1,038)
(b) development	-	-
(c) production (magnesite)	(5)	(198)
(d) administration	(206)	(1,097)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	101
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
<b>Net Operating Cash Flows</b>	<b>(326)</b>	<b>(2,175)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments in Titan Mines Ltd for 9 months and Titan Metals up to 30 September 2010 only	(400)	(920)
(c) other fixed assets	(4)	(4)
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	-	-
<b>Net investing cash flows</b>	<b>(404)</b>	<b>(924)</b>
<b>1.13 Total operating and investing cash flows (carried forward)</b>	<b>(730)</b>	<b>(3,099)</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	3,897	4,597
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)	(224)	(282)
<b>Net financing cash flows</b>	<b>3,673</b>	<b>4,315</b>
<b>Net increase (decrease) in cash held</b>	<b>2,943</b>	<b>1,216</b>
1.20 Cash at beginning of quarter/year to date	1,072	2,799
1.21 Exchange rate adjustments to item 1.20	-	-
<b>1.22 Cash at end of quarter</b>	<b>4,015</b>	<b>4,015</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	(204)	(518)
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>		
	Available \$A'000	Used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil
<b>Estimated cash outflows for next quarter</b>		
Exploration and evaluation, for MIL & Titan Metals Ltd plus work expenditure program which will be funded by MIL Resources & classified as further investment or acquisition of interest in Titan Mines Ltd (Amazon Bay Iron Sands Project)	960	
4.1	-	
4.2 Development	-	
4.3 Production (Magnesite mined & stockpiled which will be sold over coming 12 months)	-	
4.4 Administration (includes full time CEO)	420	
<b>Total</b>	<b>1,380</b>	

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<b>Reconciliation of cash</b>		Current quarter	Previous quarter
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		\$A'000	\$A'000
5.1 Cash on hand and at bank		265	1,072
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills & term deposits		3,750	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>4,015</b>	<b>1,072</b>

#### 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	EL1681		100%	0%
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
<b>7.1 Preference securities (Unlisted)</b>	<b>33,333,333</b>		
7.2 Changes during quarter (Unlisted Converting Redeemable Preference Shares)			
<b>7.3 Ordinary securities on issue at start of quarter</b>	<b>374,880,965</b>	<b>374,880,965</b>	
7.4 Changes during quarter			
(a) Increases through issues	196,602,856	196,602,856	
(b) Decreases through returns of capital, buy-backs			
<b>Ordinary shares at end of quarter</b>	<b>571,483,821</b>	<b>571,483,821</b>	
7.5 Convertible debt securities			
7.6 Changes during quarter			
(a) Increases through issues			
(b) Decreases through securities matured, converted			
<b>Convertible Debt Securities at end of quarter</b>	<b>0</b>		

Description	Conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
<b>7.7A Listed options</b>		61,327,782	61,327,782	\$0.087	31/05/2012
7.8A Issued during Quarter					
7.9A Exercised during quarter					
7.10A Expired during quarter					
<b>Listed Options at end of quarter</b>		<b>61,327,782</b>	<b>61,327,782</b>	\$0.087	31/05/2012
<b>7.7B Unlisted options</b>					
Directors Options (App 3B - 3/11/09)	1 share for 1 option	10,000,000	-	\$0.06	30/06/2014
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	1,329	-	\$0.137	31/05/2015
CEO Options	1 share for 1 option	5,000,000	-	\$0.07	31/12/2013
CEO Options	1 share for 1 option	5,000,000	-	\$0.10	31/12/2014
CEO Options	1 share for 1 option	5,000,000	-	\$0.12	31/12/2015
		25,151,329	-		
<b>7.8B Issued during quarter</b>					
<b>7.9B Expired during quarter</b>					
Directors Options	1 share for 1 option	450,000	-	\$1.38	30/06/2011
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
		1,750,000			
<b>7.1B Exercised during quarter</b>		None			
<b>Unlisted Options at end of quarter</b>		<b>25,151,329</b>	<b>Nil</b>		

7.11 Debentures		0	0
7.12 Unsecured notes		0	0

#### 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:

Date:

27/07/2011

Company Secretary

Print name:

James Beecher

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