



29 October 2010

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 30th SEPTEMBER 2010

SUMMARY

- MIL signed a non-binding Memorandum of Understanding with major Chinese exploration and mining group Sinotech Minerals Exploration Co. Ltd to become a 30% shareholder raising A\$5 million and to fund exploration on MIL's Titan Metals PNG portfolio.
- Sampling at MIL's Poi gold copper project confirmed extensive gold and copper anomalies including a high grade zone of 12m @ 9.6 g/t Au.
- MIL reached agreement to acquire the 50% of Titan Metals Ltd that it did not already own.
- MIL continued to mine and supply magnesite from its South Australian magnesite operations
- Cash balance at the end of Quarter: \$1.9 million.

1. SIGNING OF MEMORANDUM OF UNDERSTANDING WITH SINOTECH MINERALS EXPLORATION CO. LTD

MIL entered into a Memorandum Of Understanding ("MOU") with Sinotech Minerals Exploration Co. Ltd ("Sinotech") of Beijing for Sinotech (or its subsidiary) to become a 30% shareholder in MIL at a fixed price of A\$0.034 per share, raising A\$5 million gross, with an attached 1 for 2 option, and for Sinotech to fund exploration on MIL's Titan Metal's portfolio of copper/gold/nickel/molybdenum exploration projects in Papua New Guinea. Sinotech may earn up to 50% in any or all of Titan Metal's projects through funding exploration expenditure. Sinotech may then earn up to 70% of the project by fully sole funding a feasibility study.

The MOU is non binding and is subject to Sinotech completing due diligence by 30 December 2010, MIL shareholder approval and Australian regulatory approvals.

Sinotech is a leading Chinese exploration company focusing on mineral exploration, mine development and geological services. Sinotech has achieved great success in its overseas exploration and investment including with its investment in a Canadian public company, Canaco Resources Inc., who have discovered a new gold belt in Tanzania.

Sinotech has become involved with over 30 exploration projects in 7 countries located in Africa, South America and Southeast Asia. Sinotech's Chairman, Dr Jingbin Wang, PhD Geology, is a leader in the nonferrous metals field in China with a track record of discovering major deposits around the world. Dr Wang is chairman of Canadian listed Canaco Resources Inc and Silvore Fox Minerals Corp. He is Executive Director of the China Non- Ferrous Resource Geological Survey, Dean of the Beijing Institute of Geology Mineral Resources, Vice Chairman of China Nonferrous Metals Industry Association, Vice Chairman of Geological Society of China, Chief Scientist of National Basic Research Program and has been awarded top geological and science awards and prizes in China.

2. EXPLORATION RESULTS AT POI

Sampling at MIL's Poi gold copper project confirmed extensive gold and copper anomalies including a high grade zone of 12m @ 9.6 g/t Au.

Recently received results continue to indicate that Poi is a significant porphyry gold-copper mineralized system and confirms the project as major exploration target.

Recent results from a work program designed to follow up aeromagnetic and radiometric anomalies by mapping, rock chip sampling and soil sampling include;

Channel sampling:

- 12m @ 9.6 g/t Au and 0.65% Cu including 2m @ 41.5 g/t Au and 1.7% Cu

Soil sampling:

- 800m @ 0.05 g/t Au including 100m @ 0.21 g/t Au,
- 300m @ 0.24 g/t Au incl. 125m @ 0.55 g/t Au
- 100m @ 0.11 g/t Au.
- 525m @ 0.03 g/t Au incl. 50m @ 0.18 g/t Au
- 650m @ 0.06 g/t Au

The soil anomalies remain open to the northeast and southwest with approximately half of the current program completed to date.

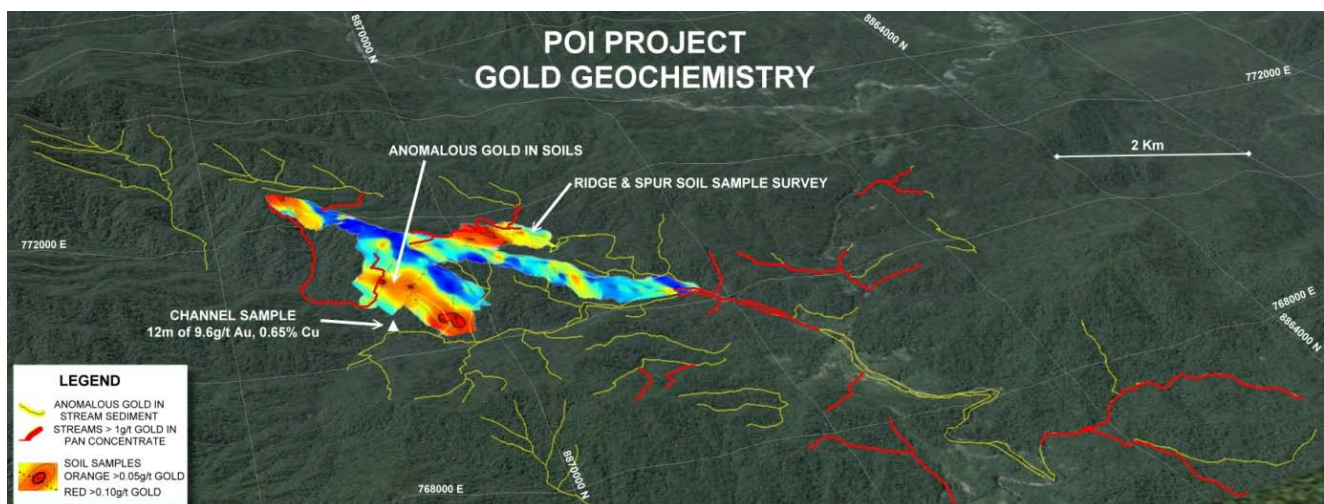
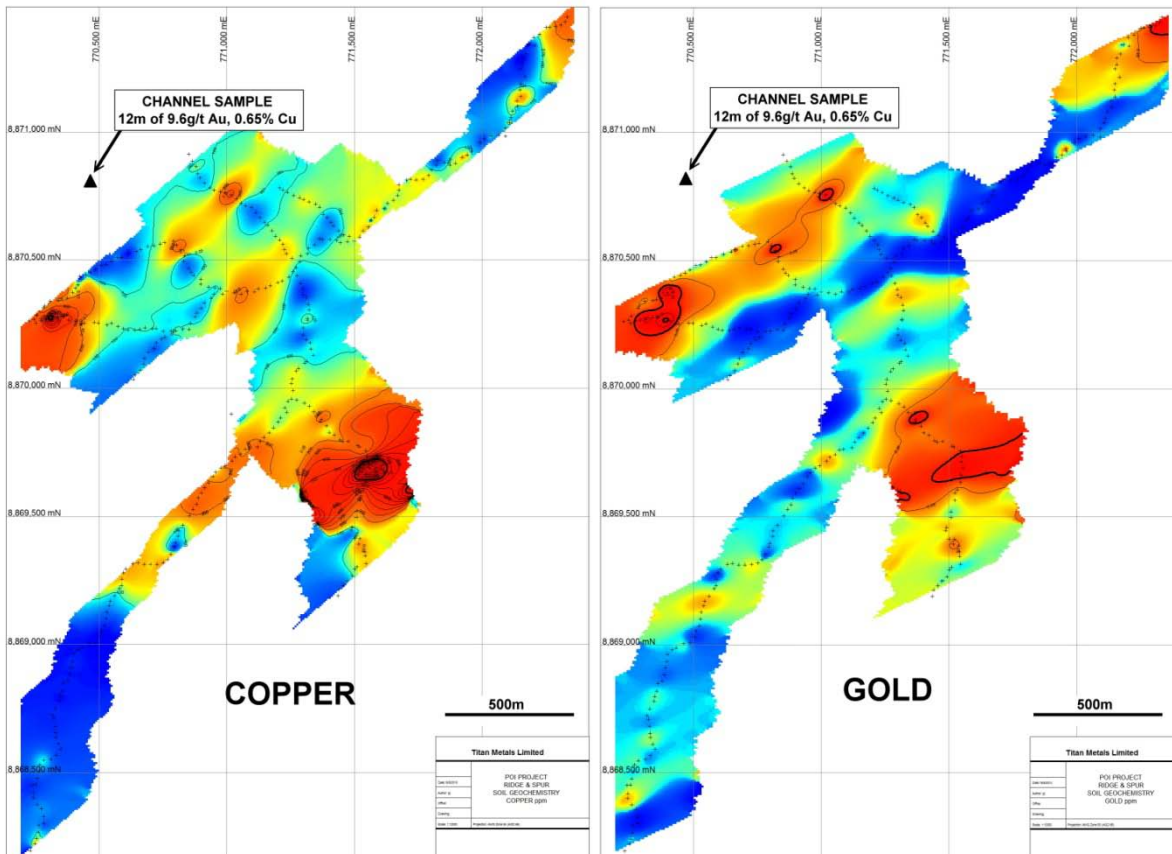


FIGURE 1 - Poi Gold Geochemistry

The work defined the following initial targets:

- Aladdins prospect where channel sampling returned 12m @ 9.6 g/t Au and 0.65% Cu including 2m @ 41.5 g/t Au and 1.7% Cu hosted in a hematite-limonite-sericite altered and pyrite-chalcopyrite mineralized breccia vein.
- Magnetite skarn mineralization associated with hematite-limonite +/- quartz alteration occurring as outcrop and sub crop over a zone 500m x 25m. The cobble distribution of the skarn covers a radius of more than 550m. The best grade from a float sample was 1.5 g/t Au.
- Significant soil anomalies with a NE-SW trend co-incident with the magnetite skarn mineralization

The project is dominated by a multiple phased gold copper mineralized syenite intrusion with significant gold anomalies in streams and soils occurring in a prominent NE-SW airborne radiometric and magnetic anomaly.



Poi ridge and spur gold geochemistry

The reconnaissance work included;

- sampling over 20 line kilometres of drainage over the Aladdins Prospect
- sampling 80 outcrop and float rock chip samples
- cutting over 10 kilometers of ridge and spur soil lines for mapping and sampling with results received for 396 soil samples to date

3. TITAN METALS LIMITED

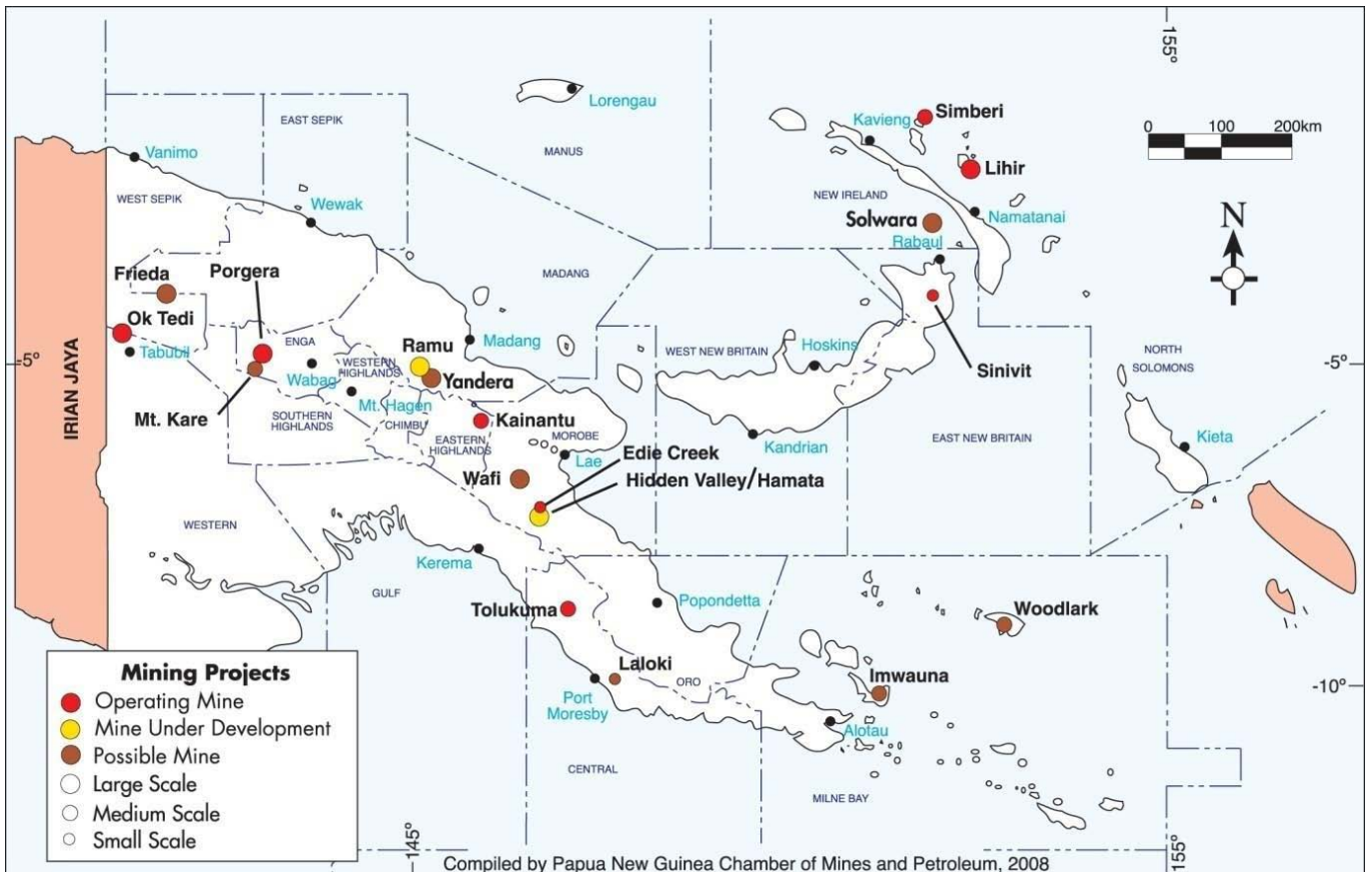
During the Quarter MIL Resources reached agreement to acquire the 50% of Titan Metals Ltd that it did not already own to move to 100% ownership. Titan Metals is a private PNG registered company which holds 5 granted ELs and five ELAs covering over 8,000 sq kms in PNG.

The consideration for the acquisition was the issue of 66,666,666 fully paid ordinary shares in MIL and the further issue of 33,333,333 converting redeemable preference shares.

MIL engaged Grant Thornton Corporate Finance Pty Ltd to provide an Independent Expert's Report to shareholders who approved the acquisition at MIL's Annual General Meeting in September.

OUTLINE OF TITAN METALS PROJECTS

All of Titan Metals' exploration licences and exploration licence applications are located within Papua New Guinea which sits along the Pacific Rim of Fire, the active volcanic belt that hosts many of the world's largest porphyry copper-gold deposits and epithermal gold deposits.



Major Mining Projects in PNG



Titan Metals' Projects in PNG

Titan Metals' exploration portfolio comprises the following projects:

Poi

- EL 1628 – granted 28th Nov 2008 and ELA 1643 lodged 20th Jan 2008
- Located 10 kilometres from the coast north of Millport Harbour in Milne Bay Province
- Large geophysical anomaly striking over 11 kilometres long and 1.5 kilometres wide with coincident gold geochemistry over 27 square kilometres
- Coincident with cross-cutting radiometric structures and anomalous geochemistry
- Characteristics of large porphyry gold copper systems found in island arc settings such as PNG
- Prominent NE – SW transfer structure which typically host major deposits in PNG
- Nine prospects defined by stream geochemistry with assays up to 35.6g/t Au
- Visible gold in stream sediments
- Working to identify drill targets

Legusulum

- ELA – lodged 1st April 2008
- Located on New Ireland 110 kilometres west of Lihir gold mine (40M oz)
- Porphyry copper-gold prospect
- 70m thick leached cap over 1 square kilometre
- Rockchips to 6.1g/t Au
- Explored by SAMAUST during early 1970s
- 13 diamond drill holes total 1,500m

- Average depth 115m
- Average grade 0.25% Cu
- Targets: Breccia pipes; Open geochemistry to south; Buried porphyry deposits

Golden Peak

- EL 1625 – granted 20th Oct 2009
- 40 kilometres east of Port Moresby
- Trench assays:
 - 15m of 5.5g/t Au
 - Inc 2m of 43.0g/t Au
- High-grade epithermal gold mineralisation
- lower alteration zone
 - 800m x 2,000m
- Gold geochemistry over several square kilometres
- Previous exploration by CRA in 1985 and by Elders in 1989

Palabong

- ELA 1645 lodged 28th Jan 2008
- Located in southern New Ireland on the Bouganville – New Ireland arc
- Porphyry copper-gold
- Weitin River caldera with copper stream sediment anomaly

Domara

- EL 1637 granted 18th Dec 2008
- Located 200 kilometres south east of Port Moresby
- Granted EL with total area 870 square kilometres
- Targets: copper – molybdenum – nickel in ultramafics
- Airborne magnetic survey completed – 772 line kilometres
- Anomalies: Flats / Highs / Calderas / Structures

North New Britain

- EL 1640 granted 21 June 2010 covering 999 square kilometres
- Copper-molybdenum-gold systems
- ELAs located close to Barrick / CopperMoly \$20 million joint venture area
- Esso Minerals (1982-3) & CRA (1985) identified high-grade gold:
 - Dagi South – 18.4g/t Au
 - Ania South – 10.7g/t Au
 - Yonathan R – 50.1g/t Au

South New Britain

- ELA 1642 granted 21 June 2010 covering 361 square kilometres
- Copper-molybdenum-gold systems
- ELAs 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:

- Gasmata – 10.8g/t Au
- Amgen River – 4.0 g/t Au

Tanga Island

- ELA 1639 lodged 4th Jan 2008
- Located 70 kilometres south east of Lihir gold mine
- Epithermal gold with assays up to 2.0g/t Au

Mussau Island

- ELA 1818 lodged 3rd June 2010
- Island that sits on the northern end of Simberi – Lihir – Tanga- Feni island chain which hosts resources of over 49 Million ozs of gold
- Historical work by BHP - Auralia delineated a 10km x 5 km zone containing epithermal quartz float with best rock chips returning 28 g/t

4. MAGNESITE

MIL continued to mine and supply magnesite from its South Australian magnesite operations



Mining at Myrtle Springs

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 -100%. -Titan Metals -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:

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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, 01/06/2010

MIL Resources Limited

ABN 23 003 669 163

Quarter ended ("current quarter")

30-Sep-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	10	10
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	(165)	(165)
(d) administration	(271)	(271)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	33	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(393)	(393)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments (in Titan Mines Ltd & Titan Metals Ltd)	(464)	(464)
(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	-	-
Net investing cash flows	(464)	(464)
1.13 Total operating and investing cash flows (carried forward)	(857)	(857)
Cash flows related to financing activities		
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 (Costs of issue of shares)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(857)	(857)
1.20 Cash at beginning of quarter/year to date	2,799	2,799
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	1,942	1,942
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	(101)	(101)
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 be funded by MIL Resources & classified as further investment or acquisition of interest in Titan Mines Ltd (Amazon Bay Iron Sands Project) & Titan Metals Ltd	150	
4.1	Nil	
4.2 Development	-	
4.3 Production (Magnesite mined & stockpiled which will be sold over coming 12 months)	-	
4.4 Administration (includes annual ASX listing fee, insurance premiums & audit fee)	174	
Total	324	

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		442	550
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills & term deposits		1,500	2,250
Total: cash at end of quarter (item 1.22)		1,942	2,800

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		None			
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:

29/10/2010

Print name:

James Beecher