



31 January 2008

QUARTERLY REPORT – PERIOD TO 31 DECEMBER 2007

AMAZON BAY IRONSANDS, PNG

Initial Interest Acquired

During the quarter the company completed the acquisition of the initial 25% interest in Titan Mines Limited, a private PNG company which owns the Amazon Bay ironsands project in PNG, with the issue of shares in MIL processed by the share registry on the 2 January 2008. MIL Resources has agreed to acquire up to a 90% interest in Titan Mines by completion of a program of work expenditure. The transactions terms were approved by shareholders on 24th October, 2007.

The key aspects of the Amazon Bay ironsands project include:

- ironsands are a steelmaking feedstock showing strong growth in demand especially from Chinese steel mills;
- previous exploration work reported that the project may contain (non JORC measurements) up to 445 million tonnes of ironsands to approximately 9 metres deep of +10% magnetics;
- MIL expects to add significant value through a work program aimed at better defining the likely resource target; metallurgical work to establish the most effective process flowsheet and completing initial feasibility studies.

Under the Amazon Bay agreements MIL has established an Operating Committee and the work program is underway.

Airborne Geophysical Survey

MIL is pleased to report that arrangements have been finalized with UTS Geophysics of Perth to undertake a low level airborne geophysical survey of EL 1396 and surrounding ELA's.

Interpretation of data will be calibrated against the ground surveys carried out by AOG Minerals Pty Ltd ("AOG") around Deba Village in the early 1970's which established the currently known ironsands mineralization and non JORC resources. The survey is to involve 4562 line kilometers and is scheduled to commence in early to mid-April 2008.

The objective of the survey is to scope out the extent of the ironsands exploration target within the EL beyond the known mineralisation reported by AOG of 445 million tonnes of ironsands containing greater than 10% Fe (non-JORC Code measurement). AOG primarily focussed within the Magarida / Deba project areas of EL 1396 and air photo interpretation indicates that there are numerous additional strandlines that comprise targets for increasing the extent of the known mineralisation. Additionally, the survey will cover potential hardrock gold-copper targets which occur in the POI Project ELA located north east of the Amazon Bay project. This ELA was lodged in early December and covers the Imudat intrusive complex over which previous prospecting had discovered high grade gold copper massive sulphide mineralization. Alluvial gold is currently being mined from the tributaries surrounding POI and Titan Mines is currently preparing a work program over the project due to commence in early 2008.

Evaluation of Possible Process Routes

MIL is pleased to report that Titan Mines has commenced evaluating a number of process routes for the development of the Amazon Bay ironsands. These range from production of ironsands concentrate through to production of pig iron. Pro-Met Engineers of Perth were engaged to conduct a desk top study to examine various options of proceeding with project development. Initial recommendations were made to conduct beneficiation testwork to evaluate the potential of producing 1) a pig iron and vanadium slag and 2) titanium slag and pig iron.

Metallurgical Testwork

A metallurgical testwork program has been developed and has commenced at Metcon Laboratories, Sydney. Initially this program is to establish of grinding work index and grind-grade curves to assess the "yield" of marketable grade product.

Licence Areas

During the quarter, in accordance with the PNG Mining Act, 50% of EL 1396 was relinquished however Titan Mines intends to reapply for this area once it comes out of moratorium. Additionally, Titan Mines successfully lodged the Sandbank Bay ELA immediately west of EL 1396 which covers 389 km² over an area of major extensions of the Amazon Bay ironsands strandline systems.

MAGNESIUM TECHNOLOGY

Possible joint venture or license opportunities for the MIL Magnesium Process Technology were actively pursued during the quarter. These discussions are ongoing.

MAGNESITE RESOURCES

MIL discussions with a 3rd party in respect of the magnesite resources the Company owns in South Australia did not lead to an offer being made. Other options to gain some commercial benefit from these deposits continue to be reviewed.

OTHER RESOURCE INVESTMENTS

A number of possible other resource investments were reviewed during the quarter but no commitments made.

CASH POSITION

The cash position at 31 December 2007 was \$5.1 million.

NAME CHANGE

To reflect the shift in the company's investment towards resources investment other than magnesium the company's name was changed to MIL Resources Limited. This name change was approved by shareholders on 24th October, 2007.

For further information:

Pat Elliott
Chairman and Managing Director
Magnesium International Limited
Tel: +61 (0) 2 9252 1505
Mobile: +61 (0)488 755655

James Beecher
Company Secretary and Director
Level 6 210 George Street
Sydney NSW 2000
Tel: +61 (0) 2 9252 1505
Fax: +61 (0) 2 9252 1507
Mobile: +61 (0) 411 013200

MIL Resources web site: 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.

MIL Resources Limited

ACN 003 669 163

Quarter ended ("current quarter")

31-Dec-07

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	-	-
1.2 Payments for		
(a) exploration and evaluation	(128)	(201)
(b) development	-	-
(c) production	-	-
(d) administration	(130)	(523)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	89	196
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(169)	(528)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(440)	(440)
(c) intangibles	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	11	11
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	(429)	(429)
1.13 Total operating and investing cash flows	(598)	(957)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	4,885
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	-	-
Net financing cash flows	-	4,885
Net increase (decrease) in cash held	(598)	3,928
1.20 Cash at beginning of quarter/year to date	5,660	1,134
1.21 Exchange rate adjustments	-	-
1.22 Cash at end of quarter	5,062	5,062
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	55	146
1.24 Aggregate amount of loans to the parties included in item 1.10	-	-
1.25 Explanation necessary for an understanding of the transactions Directors fees and consultancy fees at normal commercial rates.	-	-
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		
4.1 Exploration and evaluation, plus work expenditure program	300	
4.2 Development	Nil	
Total	300	

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		462	910
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills		4,600	4,750
Total: cash at end of quarter (item 1.22)		5,062	5,660
Changes in interests in mining tenements			
	Tenement reference	Nature of interest	Interest at start 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	Amount paid up
7.2 Changes during quarter	None	None	
7.3 Ordinary securities	144,698,641	144,698,641	\$96,066,144
7.4 Changes during quarter			
(a) Increases through issues			
(b) Decreases through returns of capital, buy-backs			
Ordinary shares at end of quarter	144,698,641	144,698,641	\$96,066,144
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	Nil
7.7A Listed options			
	Description	Conversion factor	Total Number
	Issued during Quarter		Number Quoted
	Expired during quarter		Exercise price
	Listed Options at end of quarter		Expiry Date
			52,829,111
			52,829,111
			\$0.10
			31/05/2012
7.7B Unlisted options			
Directors Options	1 share for 1 option	450,000	-
31 May 2010 Options	1 share for 1 option	190,200	\$1.38
30 June 2011 Options	1 share for 1 option	1,200,000	\$1.20
30 June 2011 Options	1 share for 1 option	100,000	Various
31 October 2012 Options	1 share for 1 option	150,000	\$1.16
		2,090,200	\$2.00
		None	
		None	
		None	
		2,090,200	Nil
7.8 Issued during quarter			
7.9 Expired during quarter			
7.10 Exercised during quarter			
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 Law or other standards acceptable to ASX.

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

Signature:

Company Secretary

Date:

31/01/2008

Print name:

James Beecher