

30 January 2009

## **ASX ANNOUNCEMENT**

### **QUARTERLY REPORT – PERIOD TO 31 DECEMBER 2008**

#### **Summary**

- **Geological reconnaissance, sampling and preliminary metallurgical testwork was conducted at Amazon Bay.**
- **EL 1623 Sandbank Bay covering 389 km<sup>2</sup> of prospective iron sands targets, was granted to Titan Mines Limited as part of the Amazon Bay iron sands project.**
- **Exploration Licences were granted to Titan Metals Limited at Poi (EL 1628) and Domara (EL 1637). Titan Metals Limited holds EL's and ELA's covering over 10,000 km<sup>2</sup> in PNG which host potential for significant discoveries of gold, copper, nickel and molybdenum deposits.**

#### **AMAZON BAY IRONSANDS, PNG**

During the quarter geological reconnaissance surveys, sampling and preliminary metallurgical testwork was conducted at Amazon Bay. Over 200 representative testpit and auger drill samples were collected from the Barracouta and Threadfin iron sand prospects. Samples have been despatched to Metcon Laboratories, Sydney for metallurgical testwork.

EL 1623 Sandbank Bay (figure 1) covering 389 km<sup>2</sup> of prospective iron sands targets, was granted to Titan Mines Limited by the PNG Minister for Mining. Sandbank Bay lies west of Amazon Bay and hosts extensions to the large Amazon Bay iron sands project where MIL previously announced the identification of a preliminary exploration target of 3 – 4 billion tonnes of magnetite iron sands <sup>(1)</sup>. MIL now controls an area of 2955 km<sup>2</sup> of magnetite iron sands potential (figure 2).

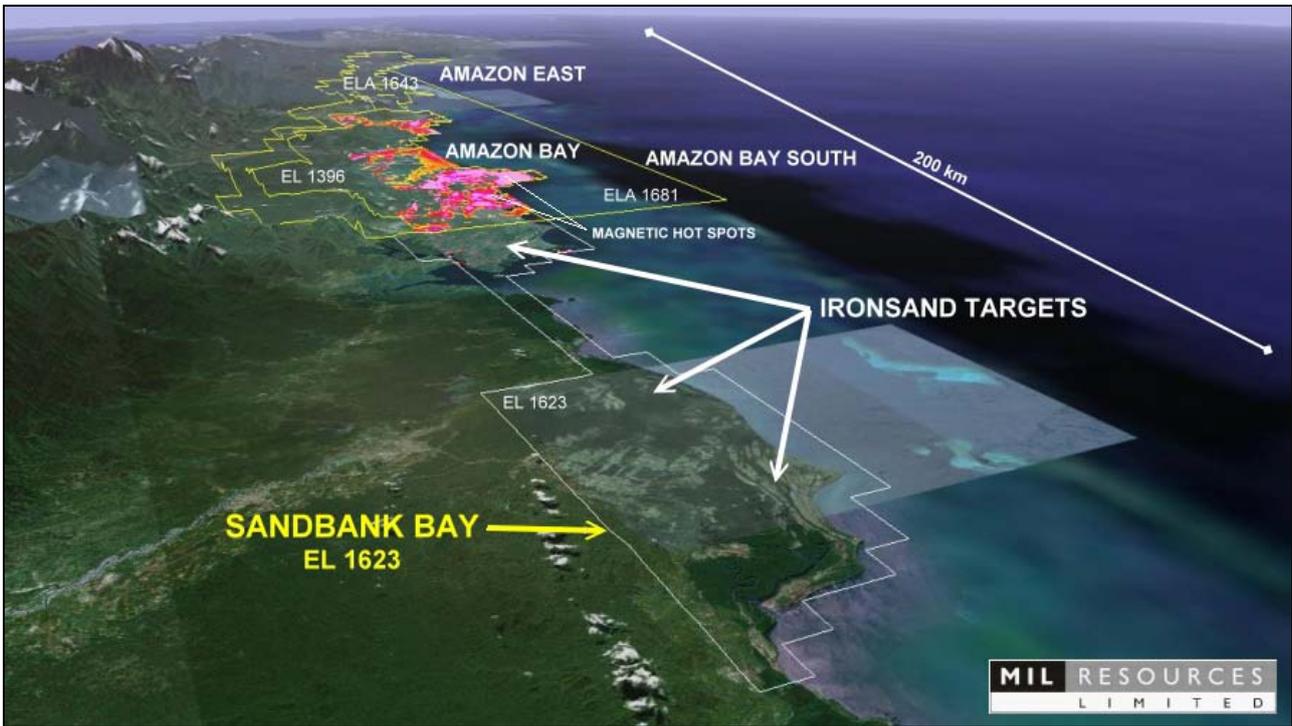


Figure 1 - Amazon Bay Ironsand Targets looking east from EL 1623 Sandbank Bay

## Amazon Bay Evaluation Program

### Drilling & Sampling

Over 200 representative test pit and auger samples were collected from the Barracouta and Threadfin ironsand prospects, where the recent airborne geophysical survey identified significant magnetic and radiometric anomalies.

At Barracouta and the surrounding area, 37 testpit and auger drill samples were collected from surface to a maximum depth of 6 metres.

At Threadfin 171 auger drill samples were collected from surface to a maximum depth of 10 metres, which was the depth capacity of the drilling equipment.

### Metallurgy

A preliminary metallurgical assessment was conducted at Metcon Laboratories, Sydney on the 37 ironsand samples from the Barracouta prospect. Magnetic susceptibility measurements were recorded and samples logged and photographed. The 171 samples from Threadfin are currently in transit to Metcon Laboratories, Sydney.

Comprehensive metallurgical testwork is planned to be conducted on the Barracouta and Threadfin ironsand samples during the next quarter.



Figure 2 - Amazon Bay Ironsand Tenements

## TITAN METALS, PNG

MIL previously acquired a 50% interest in Titan Metals Limited which holds 6 Exploration Licence Applications and two granted Exploration Licences covering over 10,000 km<sup>2</sup> in PNG<sup>(2)</sup>.

During the quarter, Exploration Licences were granted at Poi (EL 1628) and Domara (EL 1637), which adjoin the Amazon Bay Ironsands Project (figure 3)<sup>(3)</sup>. Eighteen reconnaissance rock samples were collected from the Poi area and included samples of pyrite rich concentrate from alluvial gold workings, altered monzonite with sulphides and massive pyrite- chalcopyrite mineralisation. Previous sampling identified high grade gold and copper mineralization within the exploration target of the Imudat intrusive complex where samples assayed from 1.8% to 7.4% Cu and 0.2 to 1.3 g/t Au.

All samples have been despatched to Australia for assay and assay results are awaited.



Figure 3 - Poi and Domara Exploration Licences

Planned exploration activities includes the modelling of available geophysical data at Poi and Domara including the follow-up of anomalous geochemistry and known mineralisation, particularly the source rocks of alluvial gold occurring at Poi and the McIntyre and Domara Creeks at Domara which are prospective for copper-molybdenum and nickel mineralization.

In relation to the remaining ELAs, Mining Wardens visits are scheduled throughout the March 2009 Quarter commencing February on Golden Peak, New Britain (x2) and Amazon South (offshore ironsands ELA). ELA's will undergo normal processing and timeframes.

### MAGNESIUM TECHNOLOGY

No progress was made during the quarter in pursuing possible joint venture or license opportunities for the MIL Magnesium Process Technology.

### MAGNESITE RESOURCES

There was no further progress in discussions with 3<sup>rd</sup> parties on the Mt Hutton magnesite deposit in South Australia.

## OTHER RESOURCE INVESTMENTS

A number of possible other resource investments were reviewed during the quarter but no commitments made. Current market conditions dictate that any new commitments be able to attract separate funding.

## CASH POSITION

The cash position at 31 December 2008 was \$2.9 million.

## ABOUT MIL RESOURCES LIMITED

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

- Amazon Bay, PNG magnetite ironsand project - MIL is in the process of earning up to a 90% interest by funding exploration and evaluation programmes. Work to date has been focused on airborne magnetics, expanding the known deposit, reconnaissance sampling, metallurgy and processing studies.
- Titan Metals Limited – MIL has a 50% interest and is funding the initial \$700,000 in exploration. Titan Metals has a portfolio of 2 ELs and 6 ELAs in PNG prospective for gold, copper, molybdenum and nickel.
- MIL-Dow magnesium process technology - licensing discussions are underway.
- Mt Hutton, S.A. magnesite deposits – MIL is evaluating options for the sale or joint venture.

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.*
2. *Quarterly Report – period to 30 September 2008. MIL Resources Limited*
3. *ASX Announcement 29 December 2008 – MIL Resources Limited*

*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")

**31-Dec-08**

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date 6 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		
(a) exploration and evaluation	(57)	(151)
(b) development	-	-
(c) production	-	-
(d) administration	(94)	(300)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	52	92
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>(99)</b>	<b>(359)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(267)	(495)
(c) other fixed assets	-	-
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 (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(256)</b>	<b>(484)</b>
<b>1.13 Total operating and investing cash flows (carried forward)</b>	<b>(355)</b>	<b>(843)</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>(355)</b>	<b>(760)</b>
1.20 Cash at beginning of quarter/year to date	3,244	3,649
1.21 Exchange rate adjustments to item 1.20	-	-
<b>1.22 Cash at end of quarter</b>	<b>2,889</b>	<b>2,889</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	44	79
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>		
4.1 Exploration and evaluation, plus work expenditure program	45	
4.2 Development	Nil	
<b>Total</b>	<b>45</b>	

<b>Reconciliation of cash</b>		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		175	94
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills		2,714	3,150
<b>Total: cash at end of quarter (item 1.22)</b>		<b>2,889</b>	<b>3,244</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	<b>No changes</b>		
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</b>	<b>None</b>	<b>None</b>	
7.2 Changes during quarter	<b>None</b>	<b>None</b>	
<b>7.3 Ordinary securities</b>	159,698,641	159,698,641	
7.4 Changes during quarter			
(a) Increases through issues	-	-	
(b) Decreases through returns of capital, buy-backs	-	-	
<b>Ordinary shares at end of quarter</b>	<b>159,698,641</b>	<b>159,698,641</b>	
<b>7.5 Convertible debt securities</b>			
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>None</b>	<b>None</b>	

Description	Conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
<b>7.7A Listed options</b>		60,329,111	60,329,111	\$0.10	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>60,329,111</b>	<b>60,329,111</b>	\$0.10	31/05/2012
<b>7.7B Unlisted options</b>					
Directors Options	1 share for 1 option	450,000	-	\$1.38	30/06/2011
31 May 2010 Options	1 share for 1 option	190,200	-	\$1.20	31/05/2010
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
<b>7.8B Issued during quarter</b>		2,090,200	-		
		None			
<b>7.9B Expired during quarter</b>		None			
<b>7.1B Exercised during quarter</b>		None			
<b>Unlisted Options at end of quarter</b>		<b>2,090,200</b>	<b>Nil</b>		
<b>7.11 Debentures</b>		<b>None</b>	<b>None</b>		
<b>7.12 Unsecured notes</b>		<b>None</b>	<b>None</b>		

#### 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:

29/01/2009

Print name:

James Beecher