



28 July 2008

QUARTERLY REPORT – PERIOD to 30 JUNE 2008

AMAZON BAY IRONSANDS, PNG

Summary

During the quarter UTS Geophysics Pty Ltd completed the 4562 km aeromagnetic survey program covering EL1396 and likely ironsands mineralisation and potential hardrock precious and base metals targets. The objective of this survey was to scope out the extent of the ironsands systems within and beyond the known mineralisation. The data from the survey is currently being processed and interpreted. The results of this work are expected to be available shortly.

Ground surveys, sampling and metallurgical testwork have been conducted during the quarter and are ongoing.

MIL has a 25% interest in the project and is earning up to a 90% interest by completion of a work program.

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 compliant measurements) up to 445 million tonnes of ironsands to approximately 9 metres deep of +10% magnetics;
- MIL expects to add 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.

Airborne Geophysical Survey

UTS Geophysics of Perth mobilised to PNG on April 21st and completed a low level airborne magnetic survey on April 30th. This 4562 line kilometer survey utilized a PAC 750 single engine turbine fixed wing aircraft which collected data at a maximum height of 60m above terrain. The traverse spacing varied between 200m and 800m throughout the survey and covered the known mineralisation around Magarida and Deba including several offshore lines, Amazon Bay West, Sandbank Bay and several hardrock precious and base metals targets.

The objective of the survey was to test the extent of the ironsands exploration target beyond the known mineralisation reported by AOG of 445 million tonnes of ironsands containing greater than 10% Fe (non-JORC Code compliant measurement). Air photo interpretation indicates that there are numerous additional strandlines that comprise targets for increasing the extent of the known mineralisation. Additionally several trial offshore lines were flown to examine the potential of large scale deposition of ironsands offshore.

The airborne geophysical data is being collated and interpreted by geophysical consultant Global GeolInfo and is expected to define new expanded ironsands targets and hardrock prospects.

Evaluation of Possible Process Routes

Titan Mines has continued evaluating a number of process routes for the development of the Amazon Bay ironsands. This work is ongoing as the results from the metallurgical testwork become available.

Metallurgical Testwork

A metallurgical testwork program at Metcon Laboratories, Sydney has been undertaken.

Further testwork is being undertaken.

TITAN METALS GOLD, COPPER, NICKEL AND MOLYBDENUM PROJECTS IN PNG

During the quarter, MIL reached agreement to acquire a 50% interest in Titan Metals Limited, a private PNG registered company which holds 8 Exploration Licence Applications (ELAs) covering over 10,000 sq km in PNG. These ELAs host potential for significant discoveries of gold, copper, nickel and molybdenum deposits. The ELAs, located within the coastal Central Province, and the eastern island provinces of New Britain and New Ireland have all had previous work and largely remain under explored from as far back as the 1960s.

The Titan Metals Projects include:

- West Lihir Project, New Ireland – located on the Bougainville - New Ireland volcanic arc and hosting the Legusulum porphyry copper-gold deposit on which a limited shallow drilling program into the limonite stained lithic cap was undertaken. The targets are Panguna (Bougainville) porphyry copper gold deposits and high grade Lihir type deposits.

- Golden Peak Project, Central Province – hosts the lawarere epithermal gold prospect. Previous explorers identified veining and alteration over a zone of approximately 2 km by 800 m and trenching returned assays of 15 m of 5.5 g/t gold that included 2 m of 43g/t gold.
- Poi project, Central Province – covers several areas with potential for copper-gold deposits hosted within alkali intrusive rocks. Previous sampling assayed up to 7.4% Copper and 1.3 g/t gold.
- Domara Creek project, Central Province – previous exploration discovered ultramafic mineralization which assayed 14.1% copper, 0.4% nickel, 0.12% cobalt and 1920 g/t silver and 4.4% copper, 3.0% nickel and 0.5% molybdenum.
- New Britain Projects – these ELAs are prospective for copper-molybdenum-gold systems hosted within quartz porphyry and monzodiorite intrusive and altered volcanics. Previous work returned assays up to 50.1 g/t gold from the Yonathon River alteration zone which covers 2 km by 800 m.
- Palabong Project, New Ireland – Palabong covers several highly prospective areas with potential for copper-gold deposits and epithermal gold volcanic systems. Numerous porphyry intrusives have been identified including some related to the Weitin River Caldera structure which also shows anomalous copper geochemistry.
- Tanga Island Project – covers an area highly prospective for epithermal volcanic systems. Previous work at the Dawal Creek gold prospect returned results up to 1.8 g/t gold.

Titan Metals is progressing the ELAs towards granting which is expected before year end. Titan Metals then proposes to undertake exploration work with the objective of bringing a number of the projects to “drill ready” status. At that stage, Titan Metals will review funding options including the possible spin-off of Titan Metals to MIL shareholders.

MAGNESIUM TECHNOLOGY

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

MAGNESITE RESOURCES

MIL is continuing discussions with 3rd parties on its 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.

CASH POSITION

The cash position at 30 June 2008 was \$3.6 million. This was after costs and payments in relation to settlement of legal action relating to cessation of the magnesium sheet venture (no profit and loss impact).

NEW DIRECTOR APPOINTED

During the quarter, John Haggman was appointed a Director of MIL Resources with responsibility for the Company's ongoing exploration and evaluation of the Amazon Bay ironsands project and the Titan Metals areas. Mr. Haggman is a current shareholder in Titan Metals.

John Haggman graduated with a Bachelor of Science in geology from Macquarie University, Sydney in 1986 and is a Member of the Australian Institute of Geoscientists. He has more than 22 years international experience as a senior geologist, country manager, exploration manager, vice-president exploration and director of companies involved in mineral exploration in Australia, South East Asia, New Zealand, PNG, South and Central America, India, China and USA. These companies include Cyprus Gold Corporation, Arimco N.L, Climax Mining Ltd. and King Eagle Resources Pty Limited. He has been closely associated with the teams responsible for the discovery and feasibility studies of Selwyn-Starra (Qld), Junction Reefs (NSW) and Dinkidi (Philippines) ore bodies. He is currently is a director of Titan Mines Limited, Titan Metals Limited, NQ Metals Pty Limited, Perlco Pty Limited, Quest Metals Pty Limited and is an independent consultant to the mining industry.

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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-08

Consolidated statement of cash flows	Current quarter \$A'000	Year to date 9 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	(127)	(475)
(b) development	-	-
(c) production	(39)	(39)
(d) administration	(440)	(1,177)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	58	351
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(548)	(1,340)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	(377)	(1,041)
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	11
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(377)	(1,030)
1.13 Total operating and investing cash flows (carried forward)	(925)	(2,370)
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 (provide details if material)	-	-
Net financing cash flows	-	4,885
Net increase (decrease) in cash held		
	(925)	2,515
1.20 Cash at beginning of quarter/year to date	4,574	1,134
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	3,649	3,649
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	68	306
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		
4.1 Exploration and evaluation, plus work expenditure program	350	
4.2 Development	Nil	
Total	350	

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	424		
Deposits at call		-	-		
Bank overdraft		-	-		
Other - bank bills		3,550	4,150		
Total: cash at end of quarter (item 1.22)		3,649	4,574		
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			
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	31/05/2012
7.8A Issued during Quarter		-	-		
7.9A Exercised during quarter		-	-		
7.10A Expired during quarter		-	-		
Listed Options at end of quarter		60,329,111	60,329,111	\$0.10	31/05/2012
7.7B Unlisted options					
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
7.8B Issued during quarter		2,090,200	-		
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

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

Print name:

James Beecher

Date:

28/06/2008