

29 April 2011

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 31 MARCH 2011

SUMMARY

- Gold mineralisation confirmed at Golden Peak – 20m @ 7.2 g/t Au in trench samples
- Soil and trench sampling continued at Poi – sample results and interpretation, geophysics reinterpretation and expert review of the project awaited
- Float samples from Domara confirm presence of gold and silver
- \$0.7m placement component of \$4.35m capital raising completed, balance completed 7 April
- Discussions commenced with a number of major mining houses to jointly explore one or more of our PNG Gold/Copper projects
- Discussions continued with potential development partners for Amazon Bay
- Cash balance at the end of quarter \$1.1m and \$4.7m on completion of the capital raising on 7 April

1. GOLD MINERALISATION CONFIRMED AT GOLDEN PEAK

Samples from a trench at Golden Peak indicated that Golden Peak could be a significant gold exploration target with trench sampling in the Avo Creek area returning 20m @ 7.2 g/t Au including 6m @ 22.4 g/t Au.

Follow up trench and pit sampling to determine the extent of the mineralised zone has commenced with results expected in May. Based on these results drill targets will be identified for a 2011 drilling program.

Golden Peak is located 40km east of Port Moresby and is 100% owned by MIL Resources.

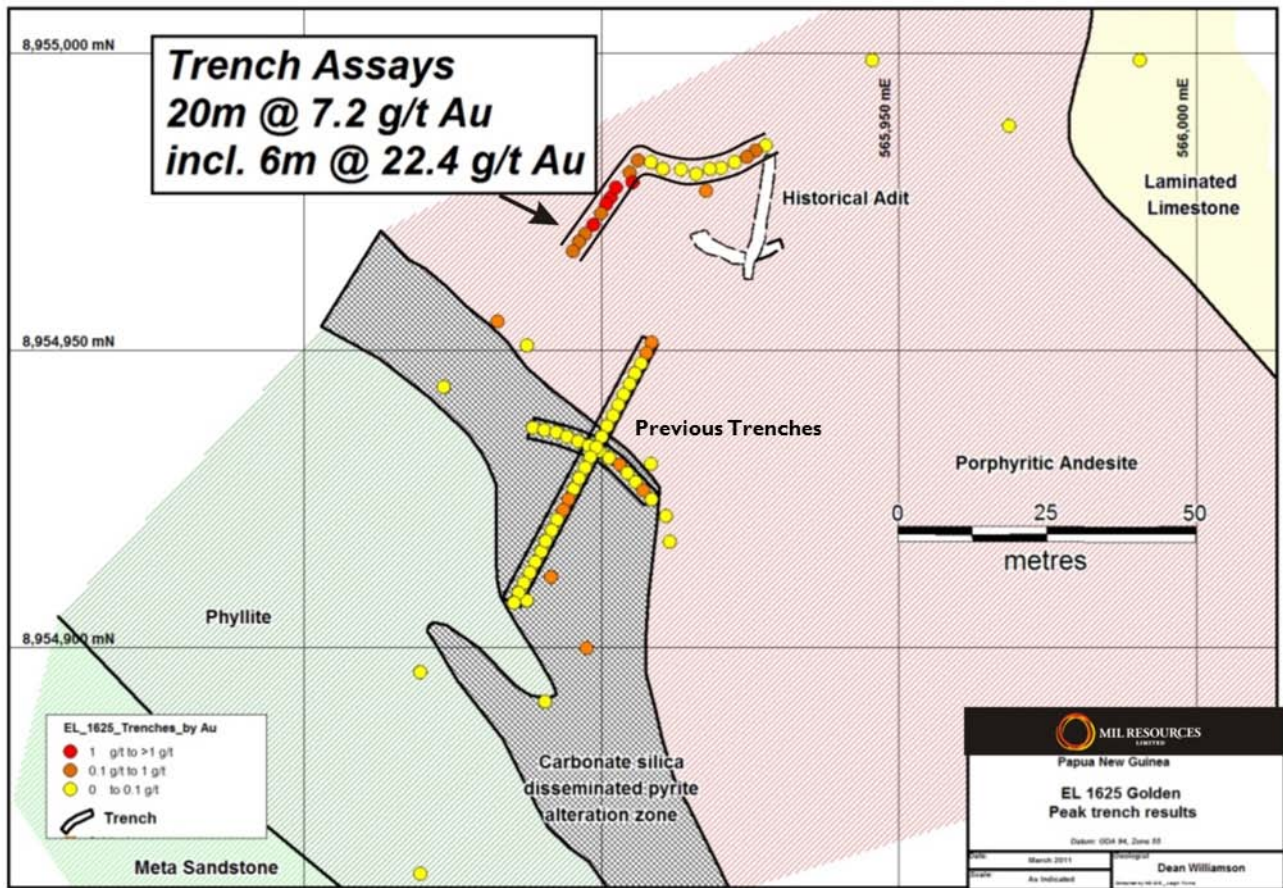


Figure 1: Golden Peak Trenching

2. POI EXPLORATION

More than 830m of trenches were dug and sampled and more than 12,000m of soil lines were sampled during the quarter with assay results and interpretation from these samples underway. In addition to the ongoing chemical sampling program an expert review of the Poi project was undertaken by Simon Meldrum with his report due in the current quarter.

The results of the expert review, a reinterpretation of the 2008 geophysical survey, and the latest geochemical results will be synthesised into an updated model of the Poi system. With this revised model MIL Resources expects to define targets for a drilling program at Poi during the second half of 2011.

3. FLOAT SAMPLES FROM DOMARA

Historical anomalous results and the 2008 MIL Resources aeromagnetic survey were followed up with stream sampling. Two drainages were followed and a total of 12 altered float samples were collected.

More than half of the samples yielded silver (Ag) assays above 1g/t Ag with the highest silver assay being 97g/t Ag. Gold grades were up to 1.40g/t Au, see Table 1.

Domara is located approximately 200km southeast of Port Moresby and is 100% owned by MIL Resources.

Sample #	Sample	Ag (g/t)	Au (g/t)
I0046	Float	2.1	0.01
I0047	Float	1.2	0.01
I0048	Float	1.2	0.11
I0049	Float	0.2	<0.01
I0050	Float	97	0.32
I0051	Float	3.7	1.2
I0052	Float	1.4	<0.01
I0053	Float	12	0.37
I0054	Float	39.5	0.39
I0055	Float	0.8	0.02
I0056	Float	<0.2	<0.01
I0057	Float	0.9	<0.01

Table 2: Domara Stream Float Sample Assays

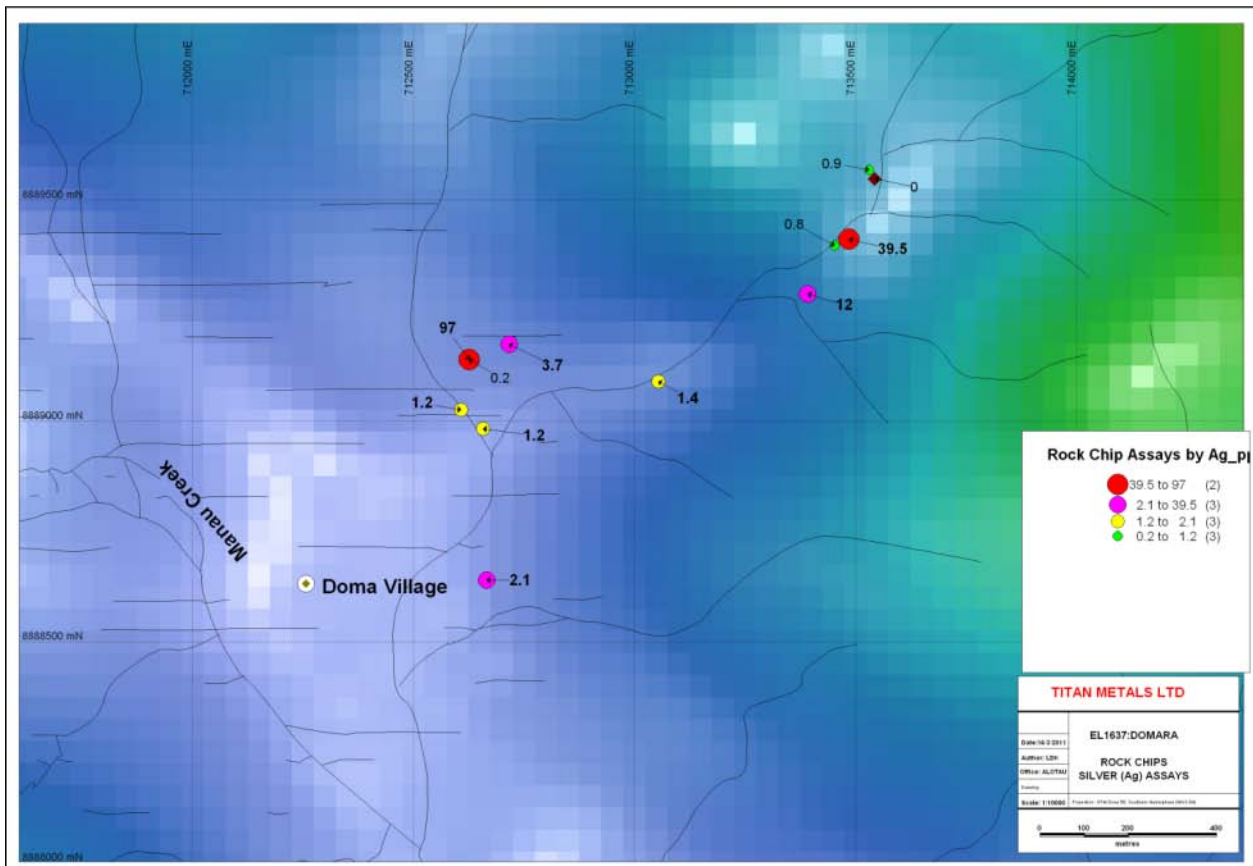


Figure 2: Domara Rock Results – Silver

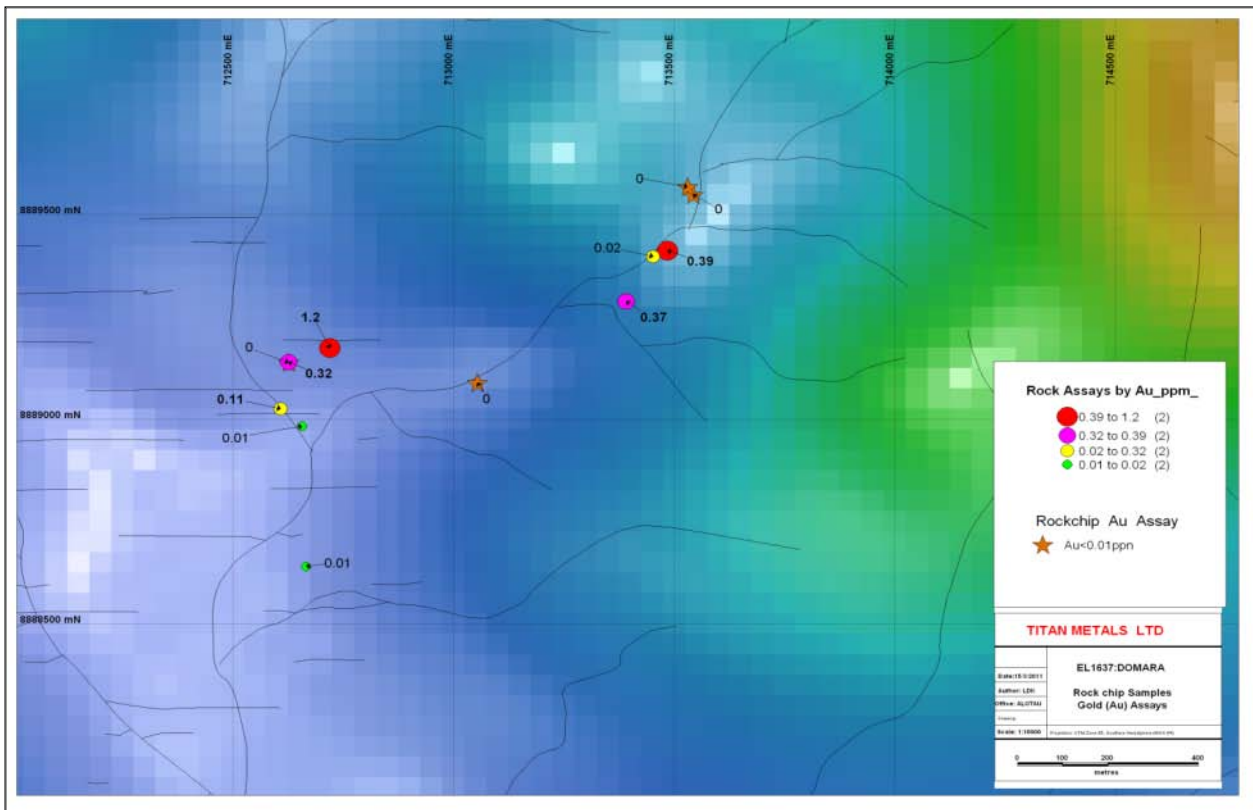


Figure 2: Domara Rock Results - Gold

4. CAPITAL RAISING

During the quarter the company commenced a capital raising to raise a total of approximately \$4.5 million in new capital in two tranches;

- a Placement to raise approximately \$700,000 at \$0.02 per share to sophisticated, professional and institutional investors was completed on 10 March 2011;
- an underwritten 3 for 5 non-renounceable Entitlement Offer to raise a further approximately \$3.8 million at \$0.02 per share was completed on 7 April 2011.

MIL Resources intends to use the net proceeds of \$4.35m raised from the Placement and the Entitlement Offer to:

- at the Golden Peak prospect in Papua New Guinea (PNG), continue trenching and sampling to define a drill target and if successful drill the target;
- at the Poi prospect in PNG, continue trenching and sampling to define drill targets and if successful drill up to 3 target areas;
- at the Legusulum Exploration Licence Application (ELA) in PNG, acquire and interpret geophysical surveys to define a drill target and if successful drill the target;
- at the Palabong ELA and New Britain prospect in PNG, commence geochemical sampling;
- at the Mussau Island ELA in PNG, acquire and interpret geophysical survey;
- at the Amazon Bay prospect in PNG, improve understanding of ore body through drilling 3 reconnaissance lines to define the inland strandlines, investigating options to enhance the preferred flow sheet and to actively seek partners for development of the vanadium rich titanomagnetite concentrate into markets such as China;
- and to potentially implement further investment opportunities in metals, minerals and resources;

- and for expenses of the issues and general working capital.

5. AMAZON BAY

Preparations were made for a reconnaissance drilling program planned for the current quarter. This drilling program will define the inland strandlines and provide information about the grade and quality variability of the deposit – in particular the vanadium content, previously identified as up to 1%.

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

6. OTHER

- Sales of magnesite continued under the contract with Unimin
- Discussions commenced with a number of major mining houses to jointly explore one or more of the PNG Gold/Copper projects

ABOUT MIL RESOURCES LIMITED

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

- Titan Metals Limited (100% MIL Resources) – Titan Metals controls five granted Exploration Licences and six Exploration Licence Applications in Papua New Guinea which host potential for significant discoveries of gold, copper, nickel and molybdenum deposits⁽¹⁾.
- Amazon Bay, PNG - a major vanadium rich iron sand exploration target of 3 – 4 billion tonnes of magnetite iron sand⁽¹⁾. MIL is in the process of earning up to a 90% interest by funding exploration and evaluation programmes.

(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")

31-Mar-11

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 (magnesite)	5	45
1.2 Payments for		
(a) exploration and evaluation (Titan Metals from 1/10/2010)	(477)	(889)
(b) development	-	-
(c) production (magnesite)	(13)	(193)
(d) administration (inc f/t CEO plus one-off CEO recruitment cost)	(447)	(891)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	79
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(912)	(1,849)
Cash flows related to investing activities		
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	(45)	(520)
(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	(45)	(520)
1.13 Total operating and investing cash flows (carried forward)	(957)	(2,369)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	700	700
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)	(38)	(58)
Net financing cash flows	662	642
Net increase (decrease) in cash held	(295)	(1,727)
1.20 Cash at beginning of quarter/year to date	1,367	2,799
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	1,072	1,072
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	(143)	(314)
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, 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 Metals Ltd (Amazon Bay Iron Sands Project)	460	
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)	395	
Total	855	

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		1,072	367
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills & term deposits		-	1,000
Total: cash at end of quarter (item 1.22)		1,072	1,367

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		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 (Unlisted)	33,333,333		
7.2 Changes during quarter (Unlisted Converting Redeemable Preference Shares)			
7.3 Ordinary securities on issue at start of quarter	339,879,819	339,879,819	
7.4 Changes during quarter			
(a) Increases through issues	35,001,146	35,001,146	
(b) Decreases through returns of capital, buy-backs			
Ordinary shares at end of quarter	374,880,965	374,880,965	
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	0		

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		1,146			
7.10A Expired during quarter					
Listed Options at end of quarter		61,327,782	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	1,329	-	\$0.15	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
		26,901,329	-		
7.8B Issued during quarter					
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
31 May 2015 Options	1 share for 1 option	1,146	-	\$0.15	31/05/2015
7.9B Expired during quarter		None			
7.1B Exercised during quarter		None			
Unlisted Options at end of quarter		26,901,329	Nil		
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:

Company Secretary

Date:

29/04/2011

Print name:

James Beecher