



30 April 2012

MARCH 2012 QUARTERLY REPORT

MIL Resources (“MIL” or “the Company”) is pleased to provide Shareholders with its Quarterly Report for the period ended 31 March 2012.

SUMMARY

- Placement completed to raise \$900,000, pre costs;
- Underwritten Share Purchase Plan announced, to raise a minimum of \$1million, pre costs;
- Experienced new CEO, Mr Michael Palmer, appointed to the Company;
- Review of all assets underway, together with future funding options;
- Diamond drill rig mobilized to Atui, in south New Britain and drilling underway;
- Induced Polarization program planned for next Quarter over Atui region;
- Detailed sampling and metallurgical test work program being planned for Amazon Bay;
- Following the completion of the Placement, cash on hand was \$1.7 million. An additional minimum \$1 million is to be raised this Quarter through an underwritten Share Purchase Plan.

CORPORATE ACTIVITIES

The Company has an outstanding portfolio of resource assets in Papua New Guinea but it has not been successful in realizing value from this portfolio and communicating this asset quality to Shareholders and the investment market.

The Board made the decision during the Quarter to appoint Mr Michael Palmer, an experienced public company manager and project developer, to lead the Company and seek to create Shareholder wealth through the commercialisation of this portfolio.

Potential outcomes of this process will include the prioritised development of selected projects, the external funding of other projects and the possible divestment of some projects. This rationalization process will occur over the next six months.

A key focus of this process will be seeking the most appropriate means to realize value from the most advanced project, the Amazon Bay iron sands resource.

To allow the Company to evaluate this portfolio and continue exploration activities in PNG, additional funding was required and the Board was pleased to make a Placement to sophisticated and professional investors to raise \$900,000, pre-costs.

The Board was also keen to allow all Shareholders the opportunity to participate at the same price as the Placement and consequently, a Share Purchase Plan (SPP) was announced. This SPP will be partially underwritten by Taylor Collison to a maximum amount of \$1 million. The Company has also agreed with Taylor Collison that should the shortfall under the SPP be less than 25 million shares, then Taylor Collison has the right to place up to an additional 50 million shares, over those subscribed for by Shareholders, to sophisticated and professional Investors.

EXPLORATION ACTIVITIES

New Britain

An initial program of 2000 metres of diamond drilling has been designed for Atui to test the extensive gold-copper-molybdenum porphyry target, at depths of up to 500 metres. A rig has been mobilized from Lae and drilling has now commenced. The initial program will run until at least August 2012.

The Company plans to capitalize on the infrastructure established onsite at Atui to conduct a wide ranging exploration program over its interests in New Britain. This program, which will commence in the next Quarter, will include:

- 3D Induced Polarization survey over a 20 square kilometre area covering the surface expression and extensions of the porphyry target; and
- reconnaissance survey to assess all anomalous rock chip and stream sediment samples (originating from previous exploration programs in the region) on the tenement holdings.

The Company has received a preliminary assessment of the Atui target, prepared by its consulting geologist and porphyry specialist, Simon Meldrum, which concluded that the Atui porphyry target has geological characteristics similar to large South American systems such as Rio Blanco and Lara in Peru and El Teniente in Chile.

Mr Meldrum will be retained to review the exploration activities on an ongoing basis and he will prepare a detailed technical assessment of the New Britain tenement holdings, following the completion of current field work, in approximately six months. This assessment will be utilized by the Board to make an informed decision on the future direction of the New Britain holdings.

Amazon Bay

Amazon Bay is a 3 to 4 billion tonne vanadium rich, titanomagnetite sands exploration target ⁽¹⁾ located on the coast, approximately 170 kilometres south east of Port Moresby.

The major issue confronting the Amazon Bay project has been determining the appropriate product mix to maximise the project value. Recent developments

in the flow sheet design of similar projects in Australia and Indonesia would indicate that it is now feasible to separate this style of mineralization into three products; vanadium, titanium and iron. This outcome, if achievable at Amazon Bay, would significantly increase the project value and hence the likelihood of project development.

The Company has commissioned an experienced mineral sands consultant to design an extensive drilling and sampling program for Amazon Bay. This program will define the most prospective areas to be subsequently drilled and sampled to produce a JORC compliant resource and it will also assess the spatial and depth variability of the mineralization.

This program will also obtain bulk samples for metallurgical testing. The Company is currently evaluating several proposals from experienced metallurgical consultants to undertake the evaluation of different flow sheet options.

Golden Peak/Poi

It is planned to follow up the successful drill program at Golden Peak with a ground magnetic survey to better define the mineralized target. This survey will follow on from the field work in New Britain.

A similar ground magnetic survey will be undertaken at Poi, following the Golden Peak survey, to define the mineralization and potential drill targets.

New Ireland

The Mining Wardens' hearings have been successfully completed and all approvals have been received from the PNG Mines Department (MRA) for the granting of the Legusulum and Palabong exploration applications on New Ireland. Approvals have also been received for exploration applications on Mussau Island and Tanga Island, which lie along the Lihir Island chain.

The PNG Mining Advisory Council (MAC) has subsequently recommended granting of all these Exploration Licenses and the Company is now awaiting Ministerial approval for the formal granting of these Applications.

FOR FURTHER INFORMATION CONTACT:

Mike Palmer, CEO

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ABOUT MIL RESOURCES LIMITED

MIL Resources Limited (ASX: MGK) is focussed on mineral resources opportunities in Papua New Guinea. The Company holds a 50% interest in a major iron sands/vanadium/titanium exploration target⁽¹⁾ at Amazon Bay located on the coast approximately 170km south east of Port Moresby and is currently assessing development options for this project. The Company is also exploring for gold and copper in 100% owned licence areas, covering over 8,000 square kilometres, and currently has a diamond drilling program underway on a major copper porphyry system at Atui, in south New Britain.

⁽¹⁾To the extent that there is information included regarding any potential quantity and grade, this is conceptual in nature, as there has been insufficient exploration completed 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.

Appendix 5B

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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-12

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)	-	36
1.2 Payments for		
(a) exploration and evaluation (Titan Metals)	(449)	(2,547)
(b) development	-	-
(c) production (magnesite)	(10)	(32)
(d) administration	(229)	(661)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	10	104
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(678)	(3,100)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments in Titan Mines Ltd	(31)	(106)
(c) other fixed assets	(34)	(34)
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	(65)	(140)
1.13 Total operating and investing cash flows (carried forward)	(743)	(3,240)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from partially completed placement funds held in trust	190	190
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	190	190
Net increase (decrease) in cash held	(553)	(3,050)
1.20 Cash at beginning of quarter/year to date	1,519	4,015
1.21 Exchange rate adjustments to item 1.20	-	1
1.22 Cash at end of quarter	966	966
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	97	420
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 Mines Ltd (Amazon Bay Iron Sands Project)	750	
4.1		
4.2 Development		
4.3 Production (Magnesite mined & stockpiled which will be sold over coming 12 months)	250	
4.4 Corporate expenses		
Total	1,000	

Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	231	519
Deposits at call		-
Bank overdraft		-
Other - bank bills, term deposits, trust account	735	1,000
Total: cash at end of quarter (item 1.22)	966	1,519

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				
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	571,483,821	571,483,821	
7.4 Changes during quarter			
(a) Increases through issues			
(b) Decreases through returns of capital, buy-backs			
Ordinary shares at end of quarter	571,483,821	571,483,821	
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	-	-	

Description	Conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
7.7A Listed options		61,327,782	61,327,782	\$0.087	31/05/2012
7.8A Issued during Quarter					
7.9A Exercised during quarter					
7.10A Expired during quarter					
Listed Options at end of quarter		61,327,782	61,327,782	\$0.087	31/05/2012
7.7B Unlisted options					
Directors Options	1 share for 1 option	6,500,000	-	\$0.06	30/09/2016
Directors Options	1 share for 1 option	10,000,000	-	\$0.06	30/06/2014
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	-	\$0.137	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
		31,651,329	-		
7.8B Issued during quarter					
CEO Options	1 share for 1 option	2,500,000		\$0.06	3/04/2015
CEO Options	1 share for 1 option	2,500,000		\$0.08	3/10/2015
CEO Options	1 share for 1 option	2,500,000		\$0.10	3/04/2016
CEO Options	1 share for 1 option	2,500,000		\$0.12	3/10/2016
7.9B Expired during quarter					
CEO Options	1 share for 1 option	2,500,000		\$0.06	3/04/2015
CEO Options	1 share for 1 option	2,500,000		\$0.08	3/10/2015
CEO Options	1 share for 1 option	2,500,000		\$0.10	3/04/2016
CEO Options	1 share for 1 option	2,500,000		\$0.12	3/10/2016
7.1B Exercised during quarter		None			
Unlisted Options at end of quarter		31,651,329	Nil		
7.11 Debentures		-	-		
7.12 Unsecured notes		-	-		

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: 30/04/2012