



31 October 2011

ASX : MGK

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 30 SEPTEMBER 2011

MIL Resources (“MIL” or “the Company”), the PNG focused gold and base metal exploration Company, is pleased to provide shareholders with its Quarterly Report for the period ending 30th September 2011.

SUMMARY

- Drilling rig contracted for the 4000 meter drilling program at Golden Peak and Poi
- Drilling commenced at Golden Peak on 19th September with 189m drilled by the end of the quarter
- Work continues to secure all available historical data on the Company’s licences and to prepare documentation and presentations for discussions with potential partners.
- Ongoing discussions with third parties to jointly explore MIL’s PNG gold/copper projects
- Discussions continued with potential development partners for Amazon Bay Vanadium rich iron sands project
- Preparations now underway for drilling to commence at Poi
- Poi Exploration Licence EL1628 renewed until 27 November 2012
- New Board appointments strengthen Papua New Guinea gold-copper focus
- Cash balance at the end of quarter \$3.07 million

DRILLING CONTRACT SIGNED

A key milestone for the Company achieved during this quarter was the securing of a suitable drilling rig. Following discussions with a number of contractors, a drilling contract was signed in early July with Quest Exploration Drilling (“QED”) for a diamond core drilling program of up to 4,000m at the Golden Peak and Poi gold/copper projects.

GOLDEN PEAK DRILLING

Drilling commenced at Golden Peak on the 19th of September and 189 m had been drilled by the end of the quarter.

At Golden Peak, drilling is predominantly targeting the Avo Creek area, which includes the **20m @ 7.21g/t Au** trench identified during the geochemical sampling program conducted earlier in 2011.



Figure 1: Rig Arriving at Golden Peak



Figure 2: Commencement of Drilling at Golden Peak



Figure 3: Golden Peak Core

POI FIELD ACTIVITIES FOCUSED ON PREPARATION FOR DRILLING

During the quarter, MIL continued trench, soil and stream sampling at Poi with the majority of activity focussed on the key prospects; Aladdins, Wallaby Ridge and Morti, which are scheduled to be tested in the upcoming drill program. A detailed ground magnetic survey at high priority drill targets was largely completed during the quarter.

Preparation of drill sites and other infrastructure for drilling continued throughout the quarter.

On completion of the Golden Peak drilling, the rig will be relocated to Poi with drilling expected to commence during November.

AMAZON BAY

MIL continued with preparations for the reconnaissance drilling program that commenced in October. This drilling program is designed to define the inland strandlines and provide information about the grade and quality variability of the deposit – in particular the vanadium content, which was previously identified as greater than 1% in concentrate.

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

BOARD APPOINTMENTS

Given MIL's move to focus on copper/gold in PNG, in July 2011 the Company appointed two directors with requisite experience and as such, Doug Halley joined the Board as Chairman and John Holliday as Non-Executive Director.

Bruce Griffin was appointed to the Board as Managing Director in July 2011. However, soon afterwards, Bruce advised of his decision to resign to pursue a coveted position within the titanium industry. Executive Director John Haggman, who has been working alongside Bruce in the ongoing day to day management of the drilling and exploration of the Company's PNG projects, will continue in this role.

The Board is currently in the process of identifying a successor for the position. Bruce will continue with MIL until November 2011 to oversee the ongoing 4,000m drilling program at Golden Peak and Poi.

OTHER

Sales of magnesite from Mrytle Springs continued under the contract with Sibelco Australian and New Zealand (formerly Unimin).

Throughout the quarter the Company continued existing and commenced new discussions with a number of major mining houses to jointly explore one or more of the PNG gold/copper projects.

ENDS

FOR FURTHER INFORMATION CONTACT:

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ABOUT MIL RESOURCES LIMITED

MIL Resources is a Papua New Guinea focussed mineral exploration company listed on the Australian Securities Exchange (ASX : MGX). The Company is exploring primarily for gold and copper in eight 100% owned projects across Papua New Guinea and is actively seeking partners for the development of a large, vanadium rich, titanomagnetite project at Amazon Bay in South Eastern Papua New Guinea (MIL earning 51%).

www.milresources.com

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.

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")

30-Sep-11

Consolidated statement of cash flows	Current quarter \$A'000	Year To date 3 Months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors (magnesite)	-	-
1.2 Payments for		
(a) exploration and evaluation (Titan Metals)	(783)	(783)
(b) development	-	-
(c) production (magnesite)	(2)	(2)
(d) administration	(197)	(197)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	58	58
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(924)	(924)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments in Titan Mines Ltd	(21)	(21)
(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	(21)	(21)
1.13 Total operating and investing cash flows (carried forward)	(945)	(945)
Cash flows related to financing activities		
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 (Costs of issue of shares)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(945)	(945)
1.20 Cash at beginning of quarter/year to date	4,015	4,015
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	3,070	3,070
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	164	164
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)	1,250	
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)	350	
Total	1,600	

Reconciliation of cash		Current quarter	Previous quarter
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		\$A'000	\$A'000
5.1 Cash on hand and at bank		321	265
Deposits at call		-	-
Bank overdraft		-	-
Other - bank bills & term deposits		2,750	3,750
Total: cash at end of quarter (item 1.22)		3,071	4,015

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	EL1681		100%	0%
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	0		

	Description	Conversion factor	Total Number	Number Quoted	Exercise price	Expiry Date
7.7A	Listed options					
7.8A	Issued during Quarter	1 share for 1 option	61,327,782	61,327,782	\$0.087	31/05/2012
7.9A	Exercised during quarter					
7.10A	Expired during quarter					
	Listed Options at end of quarter		61,327,782	61,327,782		
7.7B	Unlisted options					
	Directors Options (App 3B - 3/11/09)	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
			25,151,329	-		
7.8B	Issued during quarter					
7.9B	Expired during quarter					
7.1B	Exercised during quarter		None			
	Unlisted Options at end of quarter		25,151,329	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:

Date:

31/10/2011

Company Secretary

Print name:

James Beecher