



30 January 2012

ASX: MGK

ASX ANNOUNCEMENT

QUARTERLY REPORT – PERIOD TO 31 DECEMBER 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 ended 31st December, 2011.

SUMMARY

- High-grade gold drill results received from Golden Peak drilling program
- Atui porphyry copper target on New Britain recognised as high priority drill target
- Appointment of Mr. Tony Williamson as Chief Executive Officer, further strengthening MIL’s commitment to PNG exploration
- Discussions continue with third parties to jointly explore the Company’s PNG gold/copper tenements and advance the Amazon Bay ironsands project
- Presented to the PNG Mining Seminar in November 2011
- Cash balance at end of December Quarter stood at A\$1.5 million

GOLDEN PEAK DRILLING

The Golden Peak Project is located 40km east of Port Moresby. During this quarter, MIL completed a diamond drilling program consisting of four drill holes for a total of 659m, targeting high grade gold previously reported from trenching where assays returned **20m @ 7.21 g/t Au in Trench 3.**

The Company reported high-grade gold results from diamond drill holes GP002 and GP004 at its Golden Peak project including:

Drill hole GP002 :

- **20m @ 8.5 g/t gold + 10.9 g/t silver including 1m @ 154.0 g/t gold + 207 g/t silver**

Drill hole GP004:

- **27m @ 1.0 g/t gold including 1m @ 11.0 g/t gold**
- **15m @ 0.26 g/t gold**
- **25m @ 0.12 g/t gold**

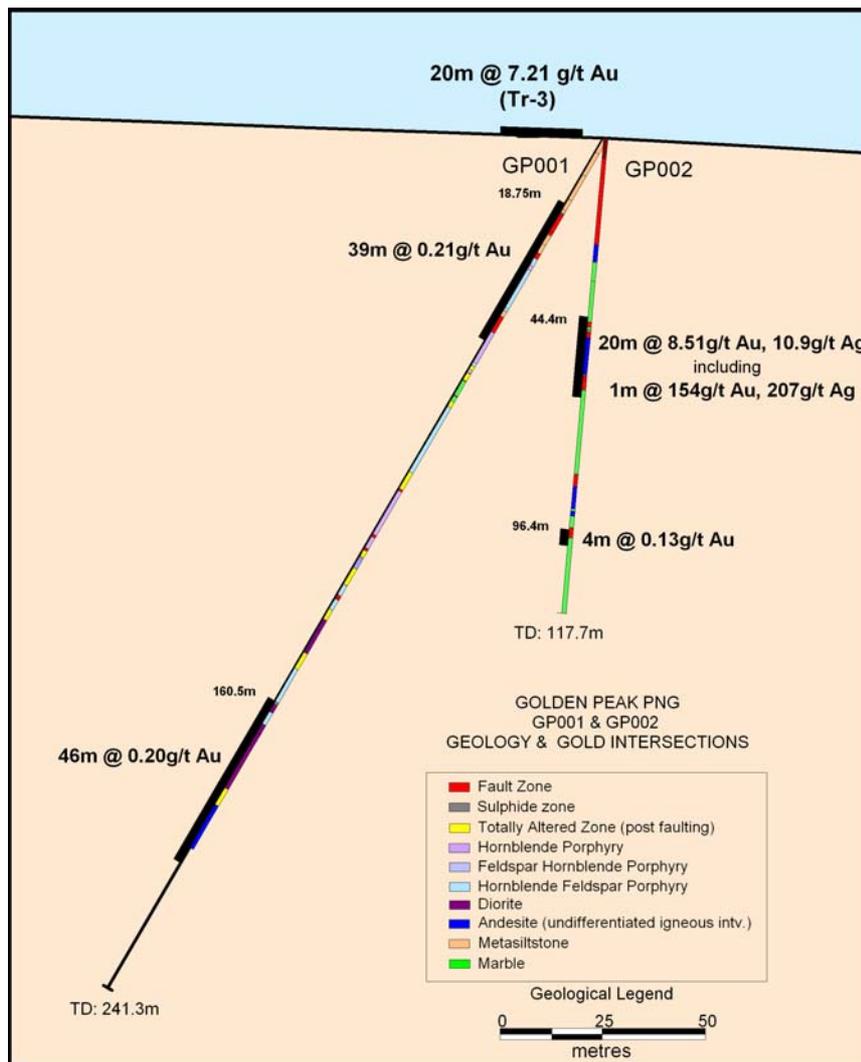


Figure 1 – Cross-section showing GP001 and GP002 (looking west)

Results received from drill hole GP002 confirm the continuity of Golden Peak's epithermal gold mineralisation to 64m beneath the high grade Trench 3 gold zone. Results from GP004 confirm the horizontal continuity of the gold mineralisation for 85m along strike to the north-west.

Additional positive results were also received from drill hole GP001 at Golden Peak, which intersected two broad zones of gold mineralisation beneath the previously reported trench results of 20m @ 7.21 g/t Au.

GP001 results included:

- **39m @ 0.21 g/t Au from 18.75m**
- **46m @ 0.20 g/t Au from 160.5m**

Further assays from the drilling program are still awaited and further work is planned at Golden Peak.

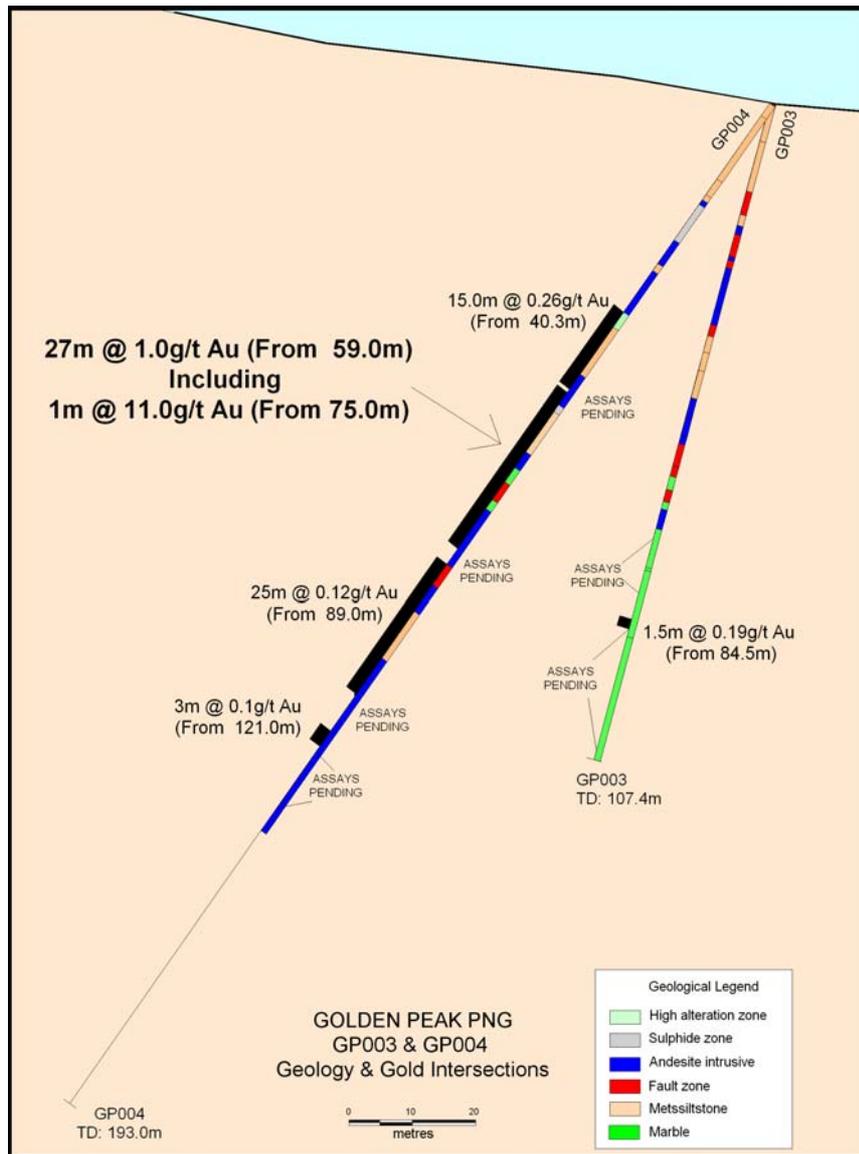


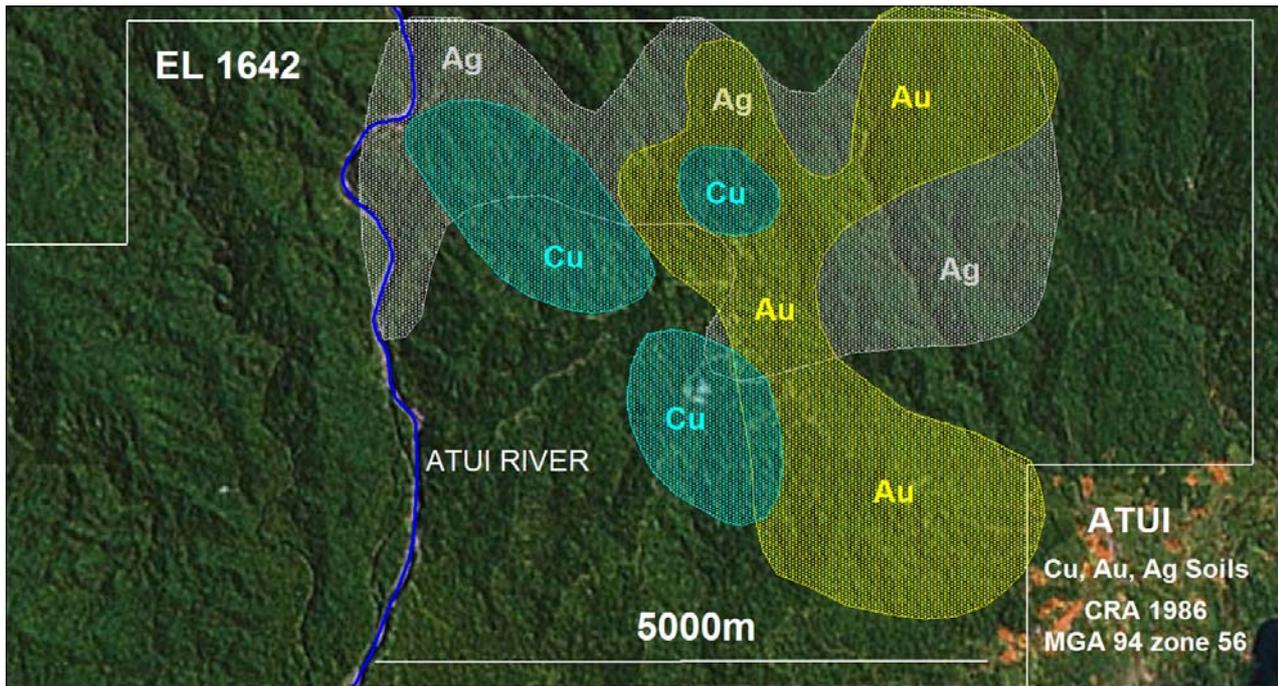
Figure 2 – Cross-section showing GP003 and GP004 (looking west)

ATUI PORPHYRY COPPER

In a Letter to Shareholders distributed during December, MIL advised of its intention to reprioritise its drilling activities. Whilst it had originally been the Company's agenda to mobilise the drill to the Poi Project following completion at Golden Peak, following the receipt of information from further site visits, reconnaissance and discussions with geologists, and detailed assessment of historic data from New Britain, the Company elected to redirect its immediate drilling effort towards the Atui Prospect.

Historical data from Atui has revealed a compelling porphyry Copper/Gold/Molybdenum target which warrants prompt further investigation, thus increasing its target status ahead of Poi. That historical data included soil sample assays of 0.19% Cu (CRA 29023), 0.6g/t Au (CRA 07848), 0.2g/t Au (CRA 28860) and 3.9g/t Ag (CRA 07580).

An image of the Atui soil geochemically anomalous area is shown below:



Fieldwork in December confirmed the existence of the porphyry, as shown on the photos below. Assays from that field campaign are awaited.

Highly altered and copper bearing Atui porphyry



Copper stained alteration zone, Atui



Altered porphyry with molybdenite coated fractures



MIL has received farm-in approaches for its New Britain licences and as such, believes further exploration work should be conducted in order to evaluate the attractiveness of any potential farm-in. Drilling at Atui is anticipated to commence during Q1, 2012.

The Poi Project remains a priority target and will be drilled in due course.

OTHER PROJECTS

Titan Metals Limited (100% MIL Resources)

Titan Metals controls five granted Exploration Licences and seven Exploration Licence Applications in PNG, with the tenements hosting excellent potential for significant discoveries of gold, copper, nickel, and molybdenum deposits.

Amazon Bay, PNG

A major vanadium rich iron sand exploration target of 3-4 billion tonnes of magnetite iron sand exists within this deposit. MIL is in the process of earning up to a 90% interest by funding exploration and evaluation programs.

MIL commenced a sampling program during the quarter, 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.

CORPORATE

The appointment of Mr. Anthony (Tony) Williamson was announced this quarter, which came into effect post-quarter on January 4th, 2012. Mr. Williamson's appointment was announced on November 3rd, 2011, following the resignation of previous CEO, Mr. Bruce Griffin. As a Geologist with over 30 years' experience, Tony brings with him a wealth of PNG work history, established working relationships with PNG nationals and experience working with the PNG Department of Mining. Such specialised in-country experience is invaluable to MIL as the Company looks to advance its portfolio of PNG projects.

During the quarter, Non-Executive Director, Professor Malcolm Richmond, submitted his resignation to the board. This decision was made based on his commitments as Chair of Strike Resources. The Company extended their gratitude following Professor Richmond's 10 years of service to MIL Resources and wished him all the best for the future.

ENDS

FOR FURTHER INFORMATION CONTACT:

Tony Williamson, CEO	+61 2 8920 2300
Victoria Thomas, Six Degrees Investor Relations	+61 3 9674 0347

ABOUT MIL RESOURCES LIMITED

MIL Resources is a Papua New Guinea focused mineral exploration company listed on the Australian Securities Exchange (ASX : MGK). The Company is exploring primarily for gold and copper in five 100% owned licence areas across Papua New Guinea and is actively seeking partners for two licence areas covering the large, vanadium rich, titanomagnetite project at Amazon Bay in South Eastern Papua New Guinea (MIL earning 90%).

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")

31-Dec-11

Consolidated statement of cash flows	Current quarter \$A'000	Year To date 6 Months \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors (magnesite)	36	36
1.2 Payments for		
(a) exploration and evaluation (Titan Metals)	(1,315)	(2,098)
(b) development	-	-
(c) production (magnesite)	(20)	(22)
(d) administration	(235)	(432)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	36	94
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(1,498)	(2,422)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments in Titan Mines Ltd	(54)	(75)
(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	(54)	(75)
1.13 Total operating and investing cash flows (carried forward)	(1,552)	(2,497)
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	(1,552)	(2,497)
1.20 Cash at beginning of quarter/year to date	3,071	4,015
1.21 Exchange rate adjustments to item 1.20	-	1
1.22 Cash at end of quarter	1,519	1,519
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	159	323
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		
3.1 Loan facilities	Available \$A'000	Used \$A'000
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)		
4.1	750	
4.2 Development	-	
4.3 Production (Magnesite mined & stockpiled which will be sold over coming 12 months)	-	
4.4 Administration (includes full time CEO)	200	
Total	950	

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	519	321
Deposits at call	-	-
Bank overdraft	-	-
Other - bank bills & term deposits	1,000	2,750
Total: cash at end of quarter (item 1.22)	1,519	3,071

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	0		

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 (App 3B - 3/11/09)	1 share for 1 option	6,500,000	-	\$0.06	30/09/2016
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
		31,651,329	-		
7.8B Issued during quarter					
Directors Options (App 3B - 3/11/09)	1 share for 1 option	6,500,000	-	\$0.06	30/09/2016
7.9B Expired during quarter					
7.1B Exercised during quarter		None			
Unlisted Options at end of quarter		31,651,329	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:

30/01/2012

Print name:

James Beecher