

# **MITHRIL RESOURCES LTD**

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## **REPORT FOR THE QUARTER ENDING 31 March 2003**

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# HIGHLIGHTS

## 1. CORPORATE

- Mithril Resources has cash reserves of \$2,606,700 after taking into consideration joint venture receivables and outstanding creditors.
- Approximately \$160,000 was expended on exploration by joint venture partner, BHP Billiton, during the Quarter with an additional \$200,000 budgeted for the June Quarter.

## 2. EXPLORATION

### Streaky Bay Joint Venture

- BHP Billiton may earn 70% equity through expenditure of \$900,000 with Mithril as initial operator.
- A total of 53 aircore holes were drilled on 14 magnetic anomalies for a total of 2461 metres.
- Drilling at the Wishbone Prospect identified a zone anomalous in copper, palladium and platinum coincident with a deeper electromagnetic anomaly.

### Plumridge

- BHP Billiton agrees to an airborne electromagnetic survey, consisting of 1491 line kilometers, to be completed during the next quarter.

### Andrew Young Joint Venture

- Mithril Resources is entitled to earn an initial interest of 40% in the tenements by sole funding expenditure of \$800,000.
- An Exploration Deed was finalized with the Central Land Council, Northern Territory.
- A site clearance has been completed in preparation for ground geophysics and drill testing.

### Sundown (Musgrave S.A.)

- A soil geochemical survey commenced testing structural targets along the projected strike extent of the favorable Giles Complex. The survey will continue into the next quarter.

# REVIEW OF OPERATIONS

## CORPORATE

At the end of the March Quarter, Mithril Resources Ltd had cash (taking into consideration joint venture receivables and outstanding creditors) of \$2,606,700. Exploration expenditure by our joint venture partner in the quarter was approximately \$160,000 with an additional \$200,000 to be expended in the coming Quarter. Mithril Resources Ltd is manager for all active exploration projects.

## EXPLORATION

The location of active tenements in this report is shown in Figure 1.

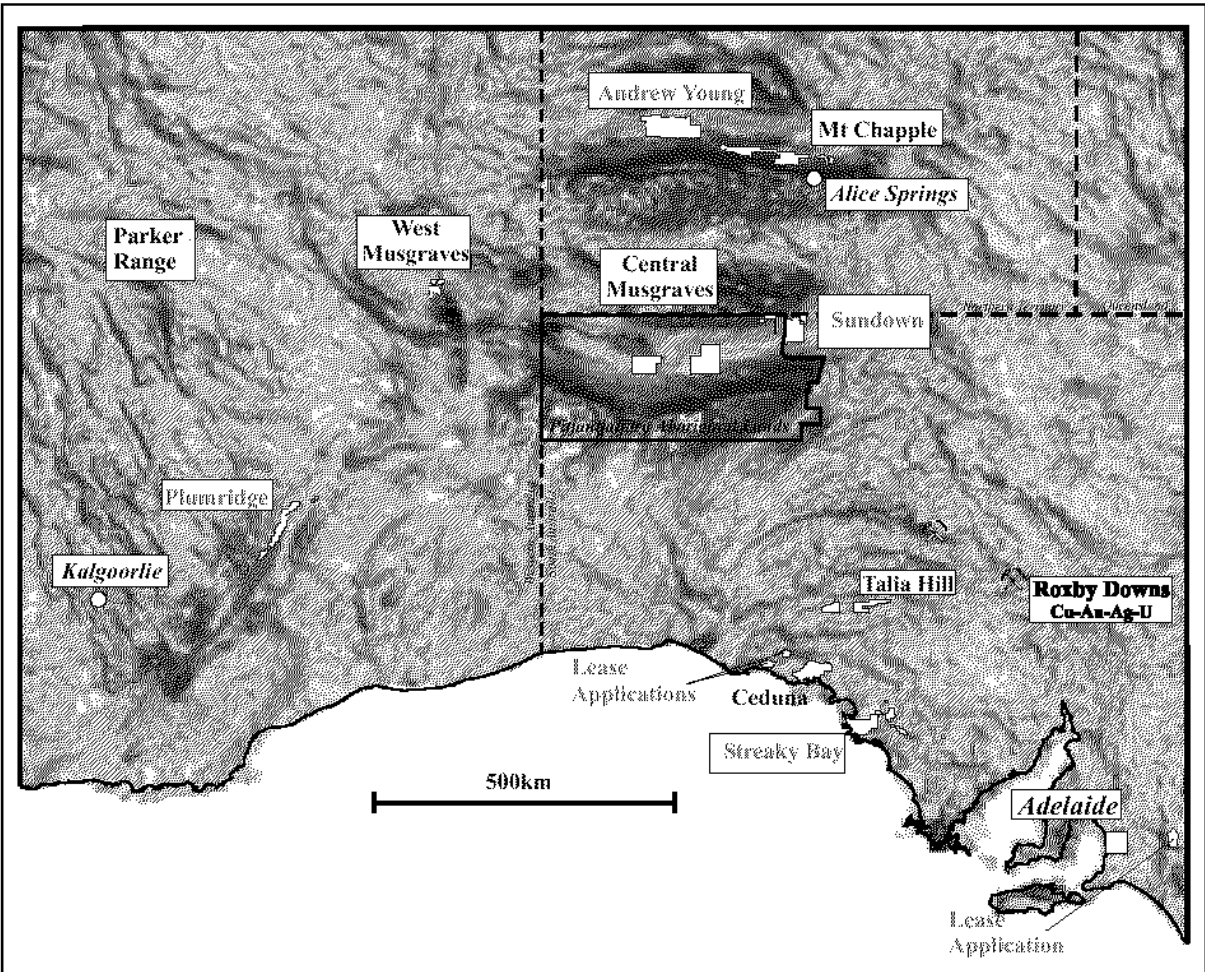


Figure 1. Project Locations (Active Projects shown in green text with new applications in blue text.)

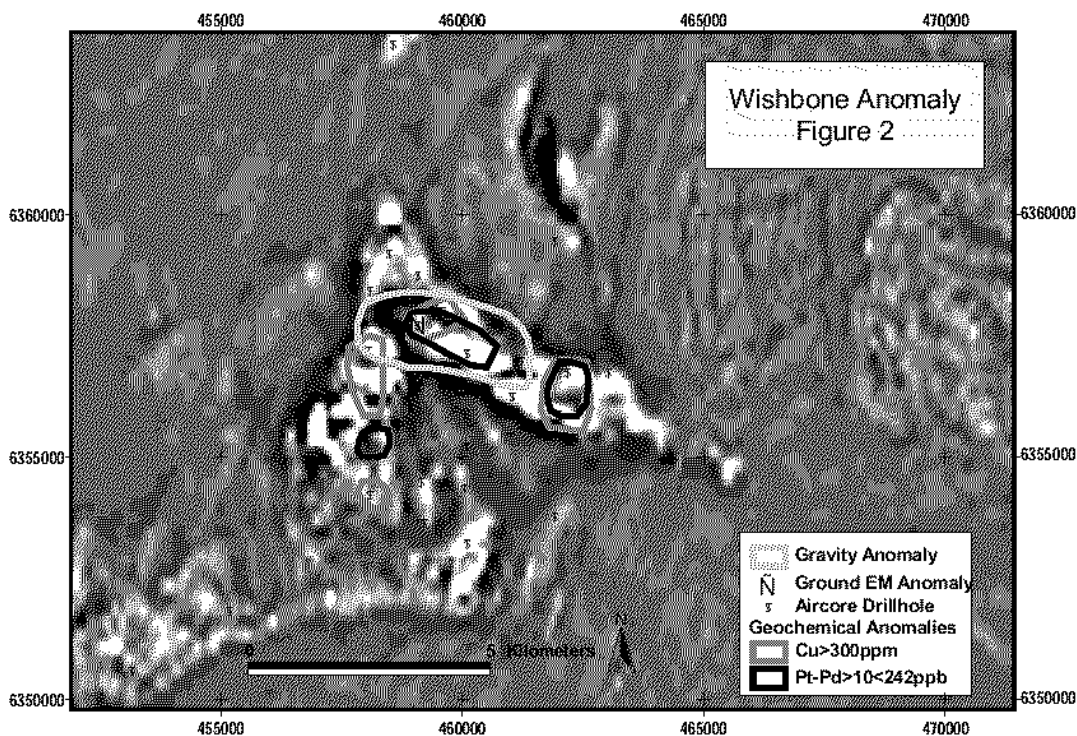
**Streaky Bay Joint Venture; ELs 2861 and 2891; Mithril 100%, BHP Billiton earning up to 70%.**

The Company has two tenements, Calca (EL 2861) and Poochera (EL 2891) which together spans 1,700 square kilometres and collectively cover approximately 80% of the highly prospective mafic intrusive complexes in the Streaky Bay area.

During the quarter, a total of 53 aircore holes were drilled testing 14 magnetic anomalies for a total of 2,461 metres. Elevated copper (Cu), palladium (Pd) and platinum (Pt) were detected in a mafic intrusive complex at the Wishbone Prospect (see figure 2). In this area, drilling was completed on one kilometre grid spacing covering a deep electromagnetic anomaly associated with both a magnetic and gravity anomaly. Best intersections recorded in the area are as follows;

- SBAC-021 (6355855N/462004E) intersected 1350ppm Cu from 26 to 28 metres,
- SBAC-019 (6356740N/462184E) intersected 242ppb combined Pt +Pd from 28 to 30 metres.

The anomalous geochemistry, presence of disseminated sulphides (predominantly pyrite and chalcopyrite) overlying an electromagnetic (EM) anomaly at depth is encouraging. The EM anomaly is open to the east and has been modeled as a bedrock conductor at approximately 200 metres depth. Further geophysical work is required, to better define the anomaly, in preparation for deeper drill testing.



**Figure 2; Magnetic Image with geochemical and geophysical anomalies.**

**Plumridge; ELs 69/1573, 39/871-874, 39/931, 39/934, Mithril (100%).**

The Plumridge Project comprises seven granted tenements covering the Salt Creek Complex (SCC); a series of mafic intrusives with potential to host Cu-Ni-PGE mineralisation. The project is located approximately 300 kilometres east of Kalgoorlie in Western Australia.

During the Quarter, a contract with Fugro Aviation Australia was finalised to fly a major airborne electromagnetic survey (1491 line kilometres) covering a large portion of the mafic intrusions. The survey will be completed during the June Quarter and will form the basis for a new joint venture with BHP Billiton.

**Andrew Young Joint Venture; ELs 9695, 22615, 22616, 22631, 22632, 22909, 10117, ELAs 10116, 22504, 22910, 22617, 23627-8; BHP Billiton (100%), Mithril earning up to 80%.**

Mithril Resources in joint venture with BHP Billiton holds seven Exploration Licences and six Exploration Licence Applications totaling 3375 square kilometers. These areas extend some 350 kilometres west-north-west of Alice Springs covering part of the highly prospective southern Arunta Province of central Australia. The Province hosts large Palaeoproterozoic mafic-ultramafic complexes that occur within an area west of Alice Springs.

Data from a 1996 BHP Billiton airborne electromagnetic survey highlighted four high priority targets with responses similar to those from large Ni-Cu sulphide accumulations, with over forty other conductors identified for follow-up in the Andrew Young area.

The Exploration Deed, which is an access agreement between Mithril, BHP Billiton and Central Land Council, has been completed. This agreement covers proposed exploration activities in exploration licenses 9596, 10117, 22909 and 23628. In addition a site clearance was completed by the CLC covering the area in which ground geophysics and drilling will commence during the next quarter.

**Sundown; Els 2831, 2973, Mithril (100%)**

The Sundown Prospect is situated in the Musgrave Block within South Australia. A geochemical survey commenced in the tenement area during the period. The survey is targeting structural zones along the projected strike extent of the prospective Giles Complex. The survey will continue into the next quarter.

**Relinquishments**

Following a review of the data, and in accordance with the information provided in the Prospectus, the Company has withdrawn ELA 69/1756, 69/1801, 69/1802, 69/1803 and relinquished EL 69/1730, all located in Western Australia.

*The drill results reported by Mithril insofar as they relate to ore or mineralisation are based on information compiled by D R Miller (Member of the Australasian Institute of Mining and Metallurgy) who has a minimum of five years' experience in the field of activity being reported. It should not be assumed that the reported exploration results will result, with further exploration, in the definition of a Mineral Resource. Any exploration target sizes mentioned are conceptual in nature and do not imply that Mineral Resources have been, or will be, defined.*

## Appendix 5B

### Mining Exploration Entity Quarterly Report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of Entity

<b>MITHRIL RESOURCES LTD</b>
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ACN or ARBN

099 883 922
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Quarter Ended ("Current Quarter")

31 <sup>ST</sup> MARCH 2003
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#### Consolidated Statement of Cash Flows

	Current Quarter \$A'000	Year to Date (9 months) \$A'000
<b>Cash Flows Related to Operating Activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(178)	(243)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	46	46
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Joint Venture Repayments)	52	52
<b>Net Operating Cash Flows</b>	<b>(186)</b>	<b>(254)</b>
<b>Cash Flows Related to Investing Activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(1)	(63)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans from other entities		
1.12 Other (provide details if material)		
<b>Net Investing Cash Flows</b>	<b>(1)</b>	<b>(63)</b>
1.13 Total operating and investing cash flows (carried forward)	(187)	(317)

1.13	Total operating and investing cash flows (brought forward)	(187)	(317)
<b>Cash Flows Related to Financing Activities</b>			
1.14	Proceeds from issues of shares, options, etc. (net of expenses)	(43)	2806
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		59
1.17	Repayment of borrowings	(5)	(5)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net Financing Cash Flows</b>	(48)	2860
<b>Net Increase (Decrease) in Cash Held</b>			
1.20	Cash at beginning of quarter/year to date	2802	24
1.21	Exchange rate adjustments to 1.20		
1.22	<b>Cash at End of Quarter</b>	2567	2567

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current Quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	Represents payments of salaries and directors fees	

**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

Add notes as necessary for an understanding of the position.

	Amount Available \$A'000	Amount Used \$A'000
3.1 Loan facilities	68	63
3.2 Credit standby arrangements	-	-

### Estimated Cash Outflows for Next Quarter

	\$A'000
4.1 Exploration and evaluation (\$304,409 less \$92,000 Joint Venture Contributions)	212
4.2 Development	
<b>Total</b>	212

### 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	67	84
5.2 Deposits at call	2500	2718
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: Cash at End of Quarter (item 1.22)</b>	2567	2802

### Changes in Interests in Mining Tenements

	Tenement Reference	Nature of Interest (see note2)	Interest at Beginning of Quarter	Interest at End of Quarter	
6.1	Interests in mining tenements relinquished, reduced or lapsed	ELA69/1756	Relinquished	100%	0%
		ELA69/1801	Relinquished	100%	0%
		ELA69/1802	Relinquished	100%	0%
		ELA69/1803	Relinquished	100%	0%
		EL69/1730	Relinquished	100%	0%
6.2	Interests in mining tenements acquired or increased				

## Issued and Quoted Securities at End of Current Quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total Number	Number Quoted	Issue Price per Security (see note 3) (cents)	Amount paid-up per Security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary Securities</b>	22,796,500	16,421,500		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.5 <b>+Convertible Debt Securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	400,000 7,500,000 700,000 5,400,000 5,000,000 2,000,000 200,000 200,000 100,000		Exercise Price 25 50 25 various 50 various 25 30 25	Expiry Date 02/05/07 11/11/07 02/05/07 28/05/07 11/11/07 11/11/07 30/09/07 30/09/07 25/02/08
7.8 Issued during quarter	100,000		Exercise Price 25	Expiry Date 25/02/08
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured Notes</b> <i>(totals only)</i>				

## Compliance Statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
(Secretary)

Print name: DONALD STEPHENS

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in item 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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