MEDIA RELEASE **22 NOVEMBER 2004**

MITHRIL RESOURCES ENTERING INTO MAJOR NEW JV

OPPORTUNITIES IN UNDER EXPLORED MUSGRAVE PROVINCE TO BE PURSUED

South Australian explorer **Mithril Resources Limited (ASX: MTH)** today announced that it has entered into a Memorandum of Understanding with the Pitjantjatjara Mining Company Pty Limited (PMC) and Zeil No 1 Pty Limited to form a joint venture for the purposes of exploring for nickel sulphide opportunities in South Australia's Musgrave Province.

PMC and Zeil currently have twelve exploration licence applications over tenements in the Province which, with Mithril's two EL applications will jointly give potential access to over 20,000 km^2 of Australia's most prospective nickel sulphide province.

This represents some 30% of the Musgrave Province in South Australia and gives Mithril a major position in Australia for nickel exploration. The Musgrave Province is also host to WMC Resources' Nebo Babel nickel sulphide discovery in Western Australia.

The South Australian portion of the Province is one of the most under explored regions within the country and is one of the principal areas targeted in the South Australian Government's Plan for Accelerated Exploration (PACE) initiative. Under this initiative the Government is encouraging building sustainable communities through resource development, particularly for indigenous communities and the joint venture will work with all stakeholders, in developing a partnership.

"Mithril considers this joint venture as an exciting strategic opportunity to work with local communities in developing the Musgrave Province's exploration potential, providing a range of opportunities for local groups and assisting in the developing of the resource potential within the Province." Mithril Resources Managing Director Dave Miller said.

The terms and conditions of the Memorandum of Understanding are conditional on finalising a Joint Venture Agreement and include:

- the issue of 250,000 ordinary shares in Mithril to each of PMC and Zeil, half of the shares on signing of the Joint Venture Agreement and the remaining half on the granting of an Exploration Licence;
- the issue of 500,000 unlisted options in Mithril to each of PMC and Zeil, half of the options on signing of the Joint Venture Agreement (exercise price will be the weighted average of Mithril's closing share price over 30 days) and half of the options on the granting of a tenement (exercise price will be at 50% of the weighted average of Mithril' closing share price over 30 days);
- Mithril may earn 51% interest in all of the tenements by spending $3 million on exploration and the Company has the election to increase its interest to 75% through the additional expenditure of $2 million; and
- Mithril can elect to withdraw from the Joint Venture Agreement having spent a minimum of $500,000 on exploration.

Mithril and its joint venture partners hope to finalise the agreement prior to the end of 2004, with exploration to commence on granting of any tenements.

BACKGROUND ON MITHRIL RESOURCES LTD

Mithril Resources Ltd listed on the Australian Stock Exchange (ASX Code: MTH) in November 2002 focussing on the exploration for and development of nickel–copper sulphide deposits in Australia.

Mithril has a valuable strategic alliance with BHP Billiton Ltd's wholly owned subsidiary BHP Billiton Minerals Pty Limited. The alliance allows:

- Mithril access to BHP Billiton's extensive Australian geophysical database to generate new opportunities;
- BHP Billiton the option to joint venture into Mithril's projects; and
- The opportunity for Mithril to be the initial operator of all joint ventures.

As a result Mithril can leverage its limited exploration funds, retaining potential to capture future benefits.

In addition to Mithril's current tenements within the highly prospective Musgrave Province of South Australia, the Company has an existing joint venture with Falconbridge (Australia) Pty Ltd to explore and develop nickel sulphide deposits within the Plumridge Project which is located approximately 300 kilometres east of Kalgoorlie in Western Australia.

Mithril also holds exploration licences in the Northern Territory, where recent drilling at the Barrow Creek joint venture with BHP Billiton has intersected narrow high-grade nickel sulphide and copper mineralisation. The Company also has a further two joint ventures at Talia Hill and Copper Hill in South Australia with BHP Billiton.

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