

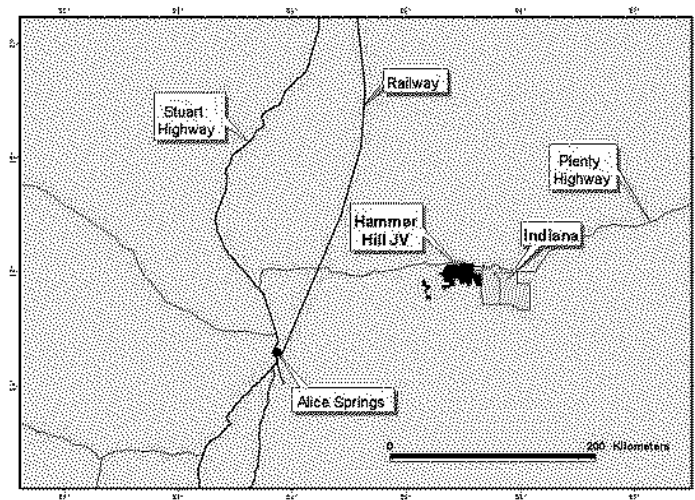
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Mithril Finalizes Nickel Sulphide Joint Venture in Northern Territory

The Board of Directors of Mithril Resources Ltd is pleased to announce that a joint venture has been formed with Arafura Resources NL to explore for nickel sulphide mineralization within Exploration Licence 9725 in the Northern Territory.

The joint venture area is located 200 kilometres northeast of Alice Springs and is readily accessible via the Stuart and Plenty Highways. The tenement is adjacent to Mithril's Indiana Project where a recent surface geochemical survey (stream sediment samples)



has outlined several zones anomalous in nickel and copper which are associated with ultramafic rocks. Previous exploration conducted in the area for base metal mineralization reported values up to 0.33% copper from surface rock samples.

The Hammer Hill nickel-cobalt-chrome project in EL 9725 is hosted by a similar ultramafic unit.

The joint venture in combination with Mithril's existing lease holdings consolidates the company's position (total 2019 square kilometres) in what is believed to be an emerging belt prospective for nickel sulphide mineralization.

The joint venture allows Mithril to earn up to 70% interest in the area through the expenditure of five million dollars over six years. Mithril may withdraw from the joint venture on completion of fifty thousand dollars expenditure prior to June 30 2006. Exploration activities will commence in the first quarter of 2006.

Talia Hill Joint Venture South Australia (BHP Billiton earning 82%)

BHP Billiton has agreed to fund the drill testing of a major gravity anomaly located to the southwest of the nickel sulphide target at Talia Hill. This anomaly, situated on a major crustal structure, the Yerda Shear Zone, has a magnitude of 10 milligals being comparable to the anomaly which resulted in the Prominent Hill copper-gold discovery. Drilling will commence when statutory approvals have been finalised.

Mechanical problems with the drilling contractor have delayed the commencement of the drilling program at Talia Hill Project which is now expected to commence within the next two weeks.

The drill results reported by Mithril insofar as they relate to ore or mineralization 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.

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For more information on the company visit www.mithrilresources.com.au