

Mithril Resources Ltd
247 Greenhill Road, Dubwich 5065, South Australia
Tel: +61 8 8366 6066 Fax: +61 8 8366 6067
Website www.mithrilresources.com.au
Email admin@mithrilresources.com.au

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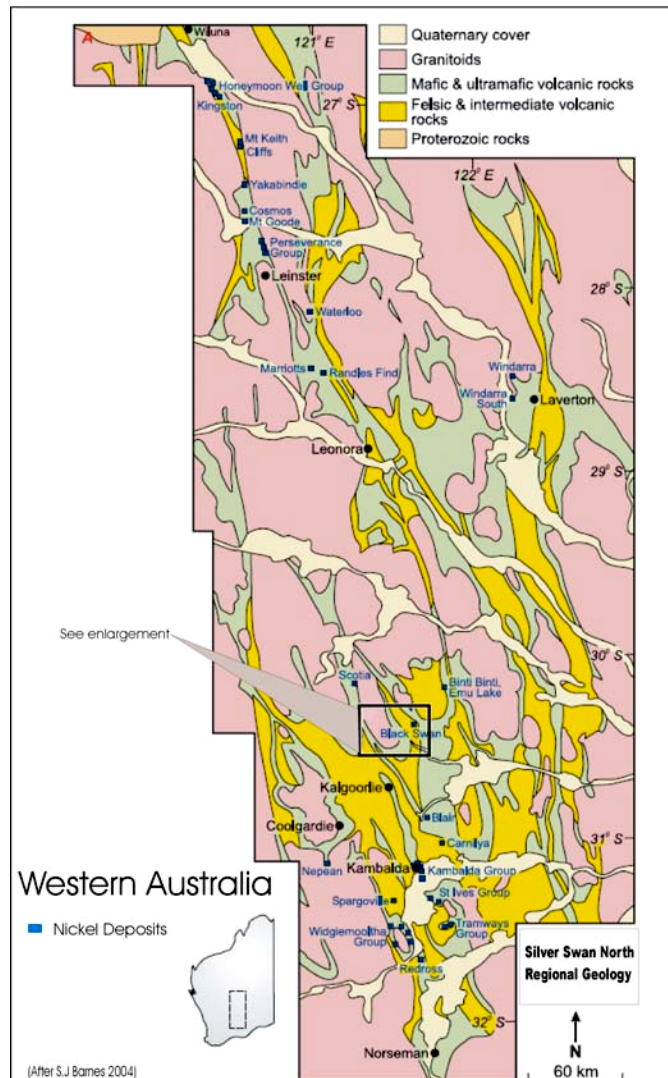
NICKEL SULPHIDE JOINT VENTURE WITH FERRAUS LIMITED

Mithril Resources Ltd is pleased to announce a Joint Venture with FerrAus Limited (previously NiQuest Limited) to explore for nickel sulphides at the Silver Swan North Project in Western Australia. The Joint Venture Area is situated approximately 45 kilometres north-northeast of Kalgoorlie Western Australia and immediately adjacent to the Silver Swan Nickel Mine operated by LionOre Mining.

The Joint Venture area consists of one Exploration Licence E27/209 and four Mining Leases M27/262-265 which form a contiguous group covering an area of approximately 39 square kilometres.

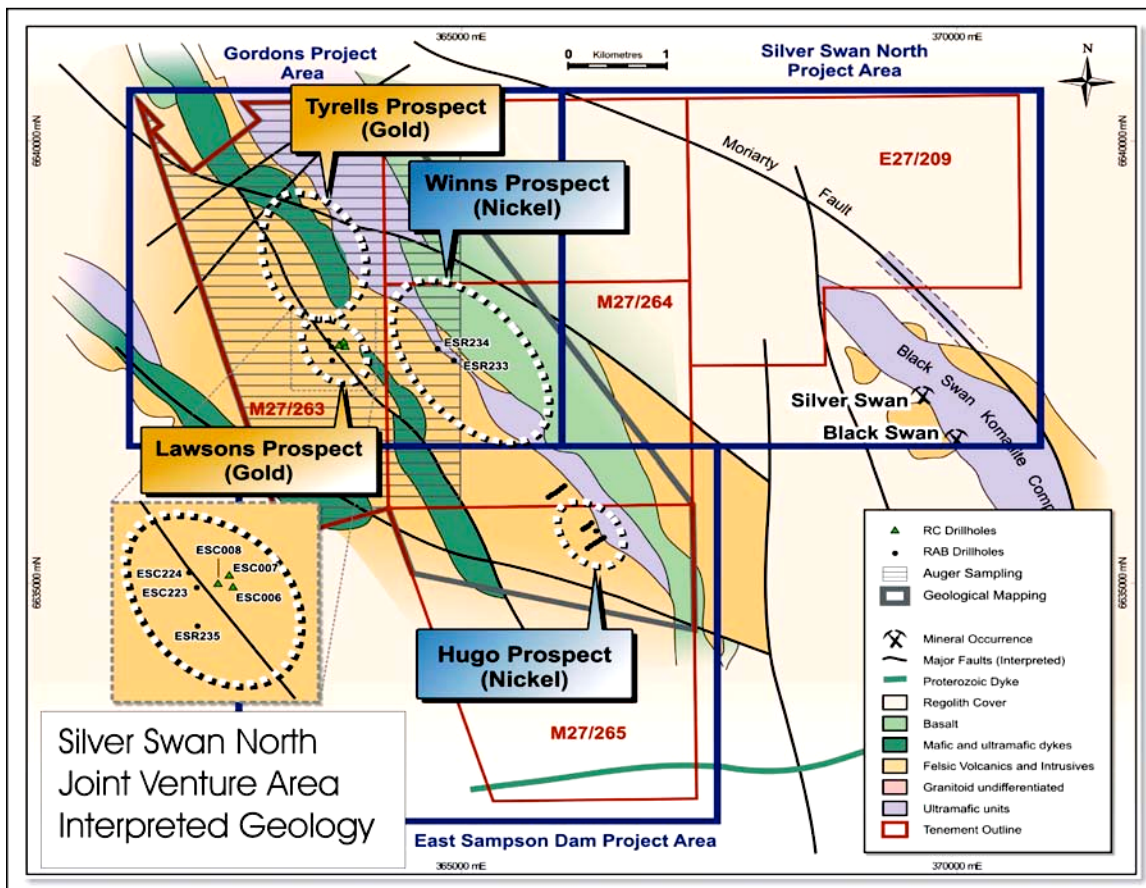
The tenements cover a succession of Archaean age felsic, mafic and ultramafic rocks. The ultramafic rocks are the host sequence for the Silver Swan and Black Swan nickel deposits.

The Silver Swan deposit is a high grade orebody (Total Mineral Resources of 184000 tonnes grading 9.5% nickel after



depletion from production as quoted by LionOre in December 2004) and constitutes a very attractive exploration target. The Black Swan deposit is a large low grade orebody as evident from the LionOre resource statement of December 2004 quoting a Total Mineral Resource of 7.9 million tonnes grading 0.77% nickel. The ultramafic host sequence extends for a 7.5 kilometre strike extension within the joint venture area which is only 4.5 kilometres west of the Silver Swan deposit.

Previous exploration by NiQuest Limited identified several geophysical and geochemical nickel targets referred to as the Winns and Hugo Prospects. In addition, exploration by NiQuest in 2004 located two areas of gold mineralisation in shallow drilling known as the Lawsons and Tyrells Prospects (5metres grading 18.22 grams per tonne from 72 metres, 5 metres grading 6.38 gram per tonne from 80 metres and 8 metres grading 4.4 grams per tonne from 65 metres depth as reported by NiQuest).



Previous exploration on the ultramafic sequence north of the Winns Prospect is very limited, consisting of shallow bedrock testing and without modern electromagnetic surveys. The Silver Swan deposit commences at a vertical depth of 200 metres therefore Mithril's exploration will be designed to systematically test for nickel mineralisation at depth.

Terms of Agreement

Mithril is committed to an aggressive exploration program considering the joint venture is within a mineralised mine sequence and the attractive high grade nickel mineralisation. The Company will spend a minimum expenditure on exploration of \$322,000 by July 2006. Mithril will be required to spend a total of \$2,000,000, inclusive of the minimum expenditure amount, to earn 51% interest in the Joint Venture. At which stage FerrAus can elect to contribute on a pro-rata basis or allow Mithril to increase its equity by 24% (75% in total) through spending an additional \$3,000,000.

FerrAus has the right to a 25% interest that is free carried to the completion of a Bankable Feasibility Study for a mining operation.

If either party dilutes to below a 10% interest in the Joint Venture their interest will be converted to a Net Smelter Royalty of 1.5%.

Mithril views the joint venture with FerrAus Limited as an exceptional opportunity to explore in a near mine environment with the potential to host a nickel deposit with the grade characteristics of a Silver Swan deposit.

Please direct enquiries to:

David Miller
Managing Director
Mithril Resources Ltd

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

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.