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**SILVER SWAN NORTH JOINT VENTURE**

Mithril Resources Ltd is pleased to announce that BHP Billiton has elected to participate, under the alliance, in the Silver Swan North Project in Western Australia. On the 21<sup>st</sup> of February 2006 Mithril announced a Joint Venture with FerrAus Limited (previously NiQuest Limited) on the Silver Swan North Project which 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 felsic, mafic and ultramafic rocks. The ultramafic rocks are the host sequence for the Silver Swan and Black Swan nickel deposits.

BHP Billiton is committing a minimum expenditure on exploration of \$222,000. Mithril has expended \$100,000, which under the subscription agreement with BHP Billiton, entitles Mithril to a minimum carried interest of 5.1% and capacity to earn up to 15% in the joint venture should BHP Billiton / Mithril proceed to earn 75%.

Mithril views the joint venture with FerrAus Limited as an exceptional opportunity to explore in a near-mine environment that has the potential to host a nickel deposit with the grade characteristics of a Silver Swan deposit. The Silver Swan deposit is a high grade orebody and constitutes a very attractive exploration target. The Black Swan deposit is a large low grade ore body 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 at SSN 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.

A surface electromagnetic survey is in progress covering the entire ultramafic belt within the lease area and has delineated several conductive bodies. A drilling program consisting of 1500 metres is expected to commence within the week.

Please direct enquiries to:

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For more information on the company visit [www.mithrilresources.com.au](http://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.*