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**Elevated Uranium Intersected in Ceduna Joint Venture.**

Mithril Resources Limited advises that elevated levels of uranium have been intersected in an aircore drilling program completed by Toro Energy on Mithril's EL2861 and EL2891 known as the Ceduna Joint Venture. Under the Joint Venture Toro has the capacity to earn a 75% interest in the uranium rights on the licences by spending \$1.5M.

Toro has reported uranium values to 19ppm in aircore drilling samples in EL2891 associated with the Yaninee Paleochannel (traverse 8). The announcement by Toro Energy is attached.

Mithril views this as an encouraging start to the joint venture given Mithril's large landholding in the area, early positive results and Toro's single commodity (uranium) focus.

Mithril's focus remains on exploring for nickel sulphide mineralisation as part of the Mithril/BHP Billiton alliance.

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

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr D R Miller, who is a full-time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr D R Miller has more than five years experience which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr D R Miller consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

The following is an announcement released to the ASX by Toro Energy Limited on Monday 3 July 2006.

## **NEW S.A. PALAEOCHANNEL DISCOVERY IN TORO'S MAIDEN URANIUM DRILLING**

*Toro Energy inadvertently omitted the details of the tenement JV and ownership arrangements from its previous announcement. The corrected full announcement is provided below.*

A new palaeochannel containing anomalous uranium values has been identified in South Australia's far west by Toro Energy Limited.

Named the Kattata Palaeochannel, it was discovered in Toro's recently completed initial drilling campaign on the Yaninee Project area tenements covering 2733 square kilometres, 50 kilometres east of Streaky Bay (Refer Figure 1).

Toro Energy is exploring a large six-tenement package in the Streaky Bay area for palaeochannel hosted uranium mineralisation. Four of these tenements are held by Minotaur Exploration Ltd (Els 3135, 3255, 3366, 3367) with Toro Energy holding 100% of the uranium rights. Two tenements are held by Mithril Resources Ltd (Els 2861, 2891) and under a joint venture Toro Energy can earn 75% of the uranium rights. This drilling program has been supported by funding from PIRSA's PACE initiative.

The drilling program identified anomalous uranium values over a 500 metre width across the channel (Traverse 5), with mineralisation remaining open to the east. Gamma logging returned peak responses of between 200 and 500 counts per second (cps). One metre air core samples for assay compilation confirmed uranium presence, with results ranging from 10ppm to 66ppm U (or 12ppm to 78ppm U<sub>3</sub>O<sub>8</sub> equivalent) across a 5 to 10 metre mineralisation zone thickness.

Anomalous uranium values ranging to 19ppm U (22ppm U<sub>3</sub>O<sub>8</sub>) were also confirmed in two traverses in the nearby known Yaninee palaeochannel, which contains some historic uranium values.

A total of 67 air core holes over seven traverses totalling 5,204 metres were completed during the program. Gamma logging of holes was undertaken during drilling, and samples of areas of interest were submitted for ICP or XRF analysis.

Compilation of the drill hole lithological data with the existing gravity and thermal imaging data is underway. Further work will most likely include:

- Additional infill drilling for more detailed sampling on Traverse 5
- Extension drilling to the east on Traverse 5
- Depending on results, additional traverses to the north and south will be planned
- Airborne EM surveys, linking with planned surveys of other Toro tenements, may be run over the Kattata palaeochannel

## **The Program**

A network of palaeochannels crosses the Yaninee project tenements, including the south-westerly trending Venus Bay system, and the north-westerly trending Streaky Bay system (refer Figure 1). The area hosts a large number of Hiltaba Granite plutons, which are believed to be the source of the uranium values found within the palaeochannels.

Carpentaria Exploration Company Pty Ltd explored for sedimentary uranium throughout the region between 1979 and 1983, and discovered sub-economic uranium mineralisation in the western part of the channels.

Using a combination of the PIRSA PACE gravity data and Minotaur Exploration thermal imaging data, 10 potential traverses were planned. After further detailed microgravity surveys 7 traverses were selected for initial drilling.

Up to ten holes for each traverse were drilled to basement, with six traverses supporting the interpreted palaeochannel location and definition. One traverse encountered very hard layers and hence drilling to basement was difficult with the air core rig. Gamma logging of holes was undertaken during drilling, and samples of areas of interest were submitted for ICP or XRF analysis.

## **Results**

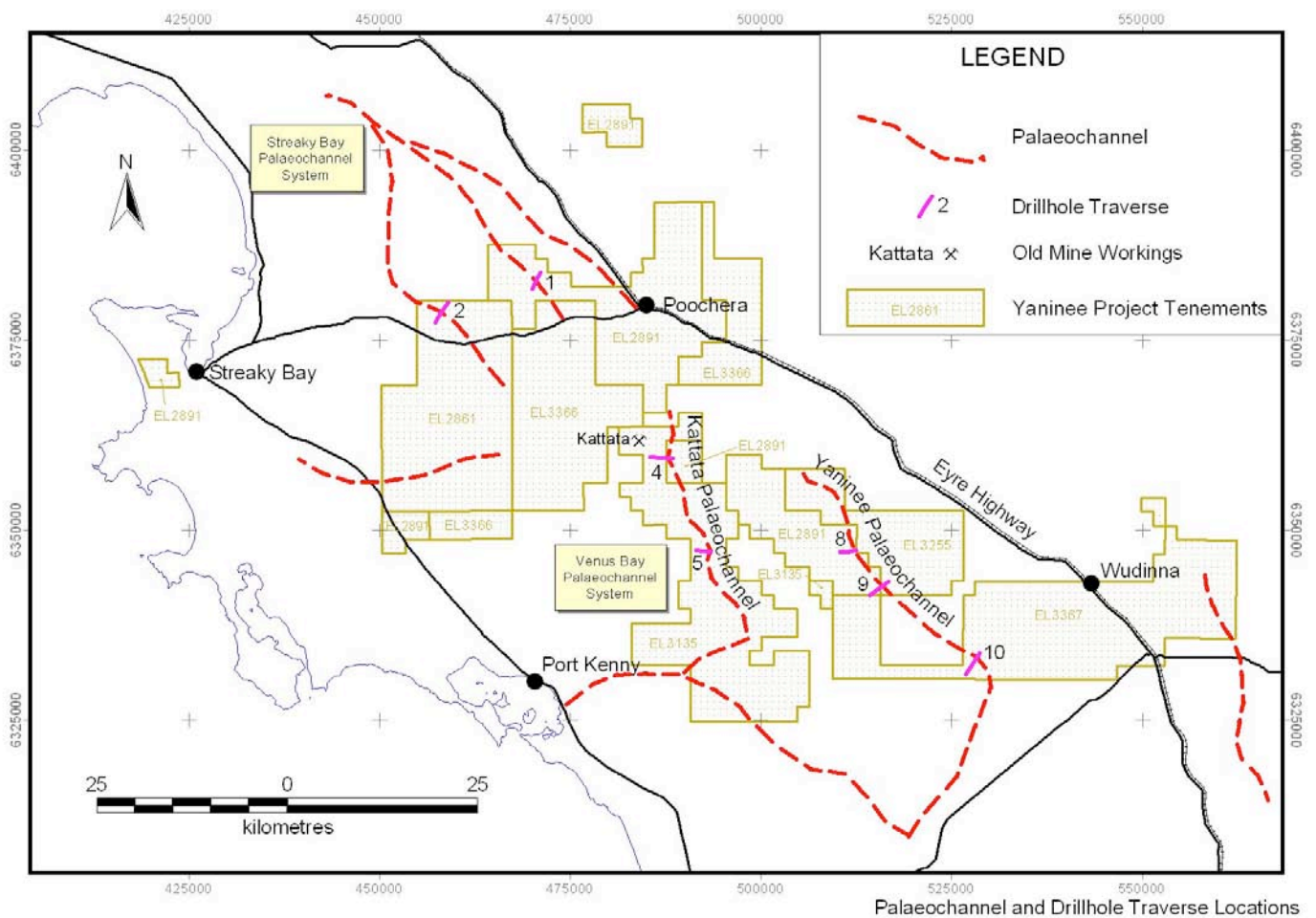
This initial greenfield exploration produced two palaeochannels with defined anomalous uranium values, one being the Yaninee palaeochannel and one a new channel termed the Kattata palaeochannel (named after some old mine workings nearby). Anomalous uranium results were found in three of the seven traverses.

Traverse 5 located in the N-S trending Kattata palaeochannel, part of the Venus Bay system, was drilled on 150m spaced centres, with the last three holes indicating significant cps in the range 200 to 500 cps over various 1 – 3 metre intervals (refer Figure 2).

Initial composite samples of three to five metres showed anomalous uranium values up to 36ppm U (42ppm U<sub>3</sub>O<sub>8</sub> equivalent), occurring within a 5 to 10 metre thickness zone. Subsequent one metre samples showed uranium results up to 66ppm U (78ppm U<sub>3</sub>O<sub>8</sub> equivalent) – Refer Table 1. Additional infill holes were drilled which confirmed that the anomalous uranium extended over 500m of traverse length, and continues open ended to the east.

Traverse 8 and 10 tested the northward and southward extension to the Yaninee palaeochannel, with both traverses identifying anomalous uranium. Composite three to five metre samples showed assays ranging to 19ppm U (22ppm U<sub>3</sub>O<sub>8</sub> equivalent).

**Figure 1 – Yaninee Project Palaeochannel and Traverse locations**

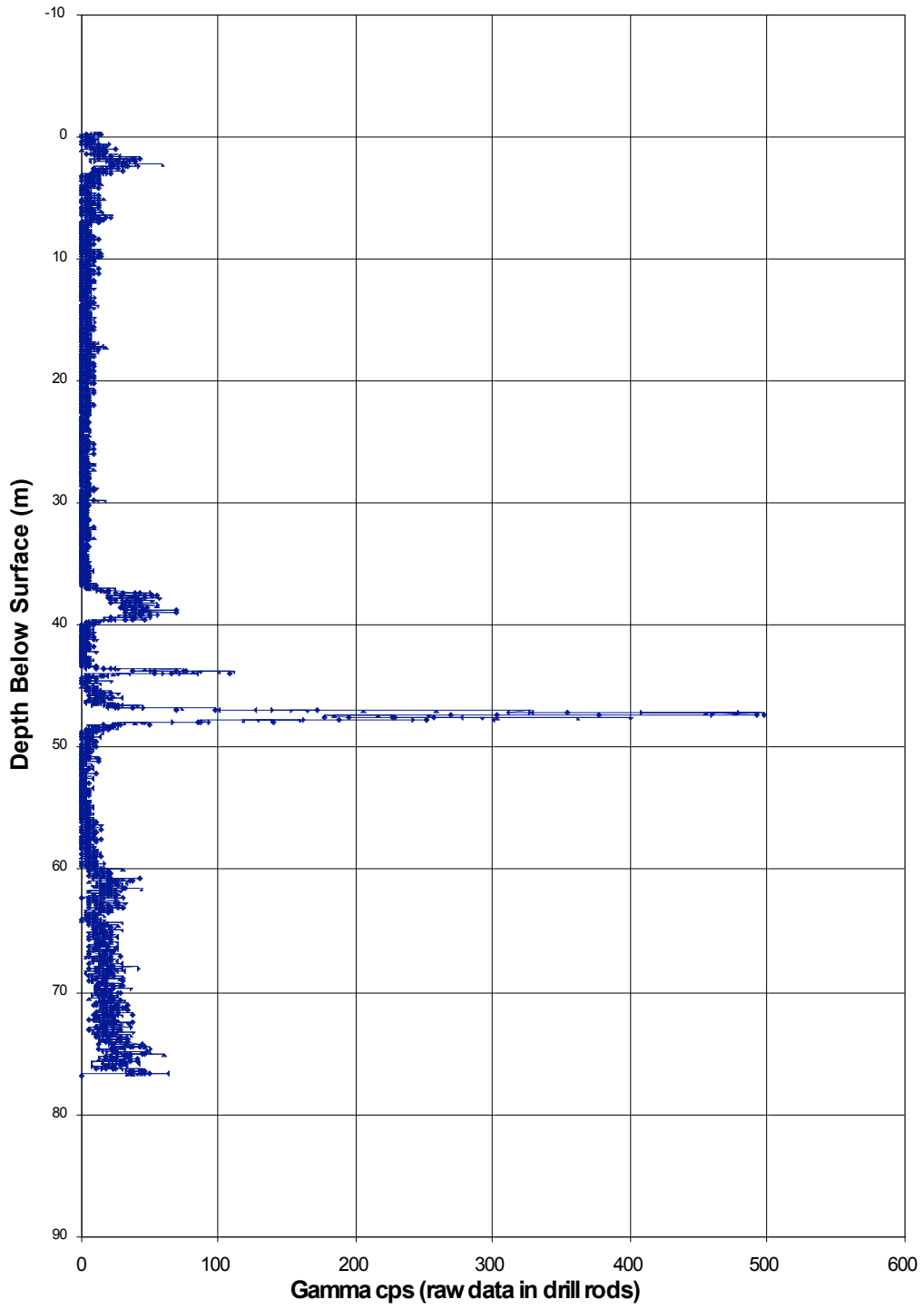


**Table 1 – Assay Results for Traverse 5 – Hole 8**

<b>Depth From</b>	<b>To</b>	<b>Uranium ppm</b>	<b>U3O8ppm equivalent</b>	<b>Thorium ppm</b>
37	38	4	5	4
38	39	<4	<5	8
39	40	<4	<5	6
40	41	<4	<5	8
41	42	<4	<5	8
42	43	<4	<5	8
43	44	20	24	24
44	45	28	33	18
45	46	<4	<5	12
46	47	<4	<5	10
47	48	<4	<5	10
48	49	<4	<5	8
49	50	66	78	16
50	51	4	5	10
51	52	10	12	10
52	53	32	38	8

Samples are 1 metre air-core composites  
Assay by XRF – Amdel code XRF 1

**Figure 2 - Traverse 5: Drillhole SBU05008 Downhole Gamma Log**



Basement samples of the weathered Hiltaba granites in the base of holes of all traverses were assayed, and showed consistent anomalous uranium presence, confirming these rocks as the source of the palaeochannel uranium values.

The overall results are very encouraging, as they identify a new palaeochannel which hosts anomalous uranium values in the area, with both gamma and assay result confirmation. The results also again confirm the palaeochannel identification technique developed by Minotaur Exploration, now being used by Toro Energy, in being able to rapidly and cost effectively identify potential uranium hosting palaeochannel locations prior to drilling.

Compilation of the drill hole lithological data with the existing gravity and thermal imaging data is underway. Future work will most likely include:

- Additional infill drilling for more detailed sampling on Traverse 5
- Extension drilling to the east on Traverse 5
- Depending on results, additional traverses to the north and south will be planned
- Airborne EM surveys, linking with planned surveys of other Toro tenements, may be run over the Kattata palaeochannel

### **Warrior Project**

Planning is underway for a drill program on the Warrior project leases. The Toro Energy prospectus outlined the historical uranium occurrences in this area, and the work completed by Minotaur Exploration in 2005 to extend this mineralisation.

A drilling plan has been compiled and approved to complete infill drilling on existing traverses, and determine ideal location for new traverses to be drilled. An airborne EM survey is planned over this area, as well as over the tenements located in the Yellabinna Regional Reserve nearby. Estimated start date of this drilling is early July.

### **Ealbara Project**

Early planning work has commenced to review historical information on the Ealbara project, located NE of the Warrior project. Airborne EM and potentially micro-gravity surveys to define palaeochannel locations will be undertaken in this area during the third quarter of this year.

Yours faithfully



**Greg Hall**  
Managing Director

*The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by A. P. Belperio who is a Fellow of the Australasian Institute of Mining and Metallurgy. A. P. Belperio is employed by Minotaur Exploration Ltd, and acts as a geological consultant to Toro Energy Limited. Dr Belperio has more than five years relevant experience in the style of mineralisation and types of deposit under consideration and consents to inclusion of the information in this report and context in which it appears. He qualifies as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves'.*

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