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December 4, 2006

**ASX Release**

**Exploration Update**

Mithril Resources is pleased to provide the following exploration update:

1. The South Australian Government has awarded Mithril PACE (Plan for Accelerating Exploration) funding of \$50,000 to partly fund the planned drill program on the Dominion Project in South Australia. Mithril is currently earning a 75% interest in nickel and associated elements in five tenements held by Dominion Mining Limited. The Project is located 740 kilometres (km) northwest of Adelaide in the north western portion of the Gawler Craton of South Australia. BHP Billiton has elected not to participate in the project under the Subscription Agreement alliance and Mithril will pursue the defined targets in its own right.

The priority target is the Aristarchus prospect where recent electromagnetic surveys outline a conductive body coincident with a magnetic high and elevated nickel-copper values from surface and aircore drill sampling programs. The target is situated approximately 1.0km north of two shallow drillholes completed by PIRSA in 1992 that intersected narrow intervals of magmatic sulphides hosted in a metaperidotite. Drilling will commence in early 2007.

2. Recent geological mapping and sampling at Mithril's 100% owned Casey Project has identified elevated copper and zinc values in surface samples from the Pipeline prospect. The project is located in the Northern Territory approximately 200km east of Alice Springs. Analytical results from grab samples returned values of up to 3.45% copper and 0.78% zinc from the Pipeline area. Ferruginous material was mapped over a strike length of 80m and is anomalous in copper over the entire strike extent. There is no evidence of previous base metal exploration in the area and Mithril is currently completing ground electromagnetic surveys to help determine the significance of these results.

Graham Ascough  
Managing Director  
Mithril Resources Ltd

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 G Ascough, who is a full-time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr G Ascough 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 G Ascough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*