



Mithril Resources Ltd
247 Greenhill Road, Dulwich 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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ASX RELEASE

DRILLING COMMENCES ON SILVER SWAN NORTH JOINT VENTURE

Mithril Resources Ltd is pleased to announce the commencement of a drilling programme on the Silver Swan North Joint Venture. The programme will consist of 11 RC percussion drillholes totalling 2750 meters and is funded by BHP Billiton, as part of the Mithril / BHP Billiton Alliance.

The Project is situated approximately 45 kilometres north-northeast of Kalgoorlie, Western Australia and is adjacent to the Silver Swan Nickel Mine operated by LionOre Mining. Under the Silver Swan North Joint Venture, Mithril and BHP Billiton are earning an initial 51% interest in one Exploration Licence (E27/209) and four Mining Leases (M27/262-265) currently held 100% by FerrAus Ltd. The landholding forms a contiguous area totalling approximately 39 square kilometres and covers a succession of Archaean felsic, mafic and ultramafic rocks that have only been subjected to shallow exploration drilling to date. The ultramafic rocks are the host sequence for the Silver Swan and Black Swan nickel deposits.

The drilling will focus on two untested ground electromagnetic targets as well as testing a number of geochemical and geological targets generated from a detailed review of all work over the project area. At the completion of the drilling programme all holes will be surveyed with downhole electromagnetics.

For further information please contact:

Graham Ascough
Managing Director
Mithril Resources Ltd
On (08) 8366 6066 or email
admin@mithrilresources.com.au

For more information on the company visit 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.