



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

EXPLORATION UPDATE

As a result of the exercise in May of various unlisted options, including those held by directors, the Company has increased its cash reserves, which currently stand at \$5,800,000. As such, the company is in a strong position to aggressively explore its current exploration portfolio and to pursue new opportunities. Mithril is pleased to provide the following exploration update:

Dominion JV, SA - Drilling Activities Ongoing

To date, one drillhole (DMDD-001) has been completed to a depth of 234m targeting one of three ground EM anomalies at the Aristarchus Prospect. This hole was drilled to the west and intersected a metamorphosed gabbro with up to 1% disseminated sulphides and minor ultramafic, both of which are favourable rock types for hosting nickel sulphides. Contact angles in the core indicate the drillhole is parallel with the stratigraphy at the target depth of the conductor which suggests the conductive body is west dipping as opposed to east dipping as originally interpreted. As a result, a second hole (DMDD-002) is being drilled to the east with the targeted conductor being at 260m downhole depth. The hole is currently at 132m.

Casey, NT – High Grade Values from Rock Chips at Pipeline and Arthur Popes

As reported in the March 2007 Quarterly Report, further mapping at the Pipeline Prospect identified additional copper mineralisation at surface. Assay results returned from rock chip sampling during this mapping indicates high grade copper values (up to 5.2%

copper) 300m east of the 80m long gossan horizon previously reported. The mineralised horizon has now been mapped over a 1 km strike length.

Assay results from additional rock chip sampling along the 3.2km long vein system hosting the Arthur Popes copper occurrence have returned high-grade copper values including 17% copper from surface mineralisation 900m west of the known Arthur Popes occurrence. The copper mineralisation is associated with anomalous rare earth elements over the mapped strike length of the vein system.

Further mapping and sampling programs are underway in the vicinity of both the Pipeline and Arthur Popes prospect areas. Heritage Clearance surveys ahead of planned drilling and trenching programs at Arthur Popes and Pipeline have been completed. Drilling is scheduled to commence at Pipeline in late July.

Boomey Project, NSW – New Acquisition

The Boomey Project was recently purchased from Falconbridge (Australia) Pty Ltd through a Mining Property Sale Agreement for a cash consideration of \$10,000. The Boomey Project is comprised of one tenement (EL 6567) covering 97 units and is located approximately 36 km North of Orange, NSW. Mithril holds the tenement 100%. The project is situated within the Lachlan Fold Belt of NSW approximately 50 km north of the large Cadia – Ridgeway gold copper deposits and 5km north of the Copper Hill deposit. Interpretation of the aeromagnetic and gravity data for this area shows similar northwest striking structures to those associated with the above deposits and the area is considered prospective for this type of gold-copper porphyry system. In addition there are several copper showings on the project area that have not been systematically explored.

Indiana JV, NT – Airborne Contract Signed

A contract to conduct a 3120 line kilometre VTEM (Versatile Airborne Electromagnetic) survey over prospective ultramafic bodies on the Indiana Project has been executed. The work is scheduled to commence in August 2007. BHP Billiton is funding the work and can earn up to a 65% interest in the Indiana tenements by incurring expenditures of

A\$5 million. The aim of the VTEM survey is to identify further nickel sulphide targets for drill follow-up later in 2007.

The Indiana VTEM survey will be flown in conjunction with survey blocks on the adjacent Hammer Hill JV and Tanami JV projects where Mithril is currently earning interests in tenements under joint venture agreements with Arafura Resources Ltd and Tanami Exploration NL, respectively. The additional VTEM coverage totals 1880 line kilometres and will be funded by Mithril.

Mithril continues to advance other projects in its portfolio towards drill status and has recently completed mapping and sampling programs at Bulloo Downs and Byro in WA (results pending). In addition considerable progress has been made in the consultation and negotiation process to facilitate access to Mithril's large exploration holdings in the Musgrave Province of South Australia.

Graham Ascough
Managing Director
Mithril Resources Ltd
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.