



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

HUCKITTA PROJECT UPDATE, NORTHERN TERRITORY

SUMMARY

- BHP Billiton elects to participate in the Hammer Hill Joint Venture with Mithril Resources Ltd and Arafura Resources Limited
- Priority targets identified on the Hammer Hill and Indiana tenements.
- Drilling scheduled for February 2008

HAMMER HILL JOINT VENTURE

Mithril Resources Ltd is pleased to advise that BHP Billiton Minerals Pty Ltd (“BHP Billiton”) has elected to participate in the Hammer Hill Joint Venture.

The Hammer Hill Project (“Project”) consists of two granted exploration licences, EL 9725 and EL 10136, held 100% by Arafura Resources Limited (“Arafura”) and is one of the three joint ventures that comprise Mithril’s Huckitta Project (Figure 1). Mithril and BHP Billiton have an on-going joint venture on the Indiana tenements located immediately east of, and contiguous with, Hammer Hill.

As previously announced Mithril has elected to enter into a staged Earn-in Joint Venture Agreement (“Joint Venture”) with Arafura to earn up to a 70% interest in the Project through expenditure of A\$5M over 6 years.

BHP Billiton has elected to participate in the Joint Venture under the Mithril / BHP Billiton Alliance and will sole fund all further exploration expenditures during the earn-in stages to earn up to a 51% interest. At the completion of Stage 1 (A\$2M expenditure) BHP Billiton will have earned a 35% interest in the Project. BHP Billiton may then elect to earn a further 16% interest (for a total of 51%) by sole funding Stage 2 (additional A\$3M expenditure). Mithril will be the initial manager of exploration

activities on the Project during Stage 1 and 2. For clarity, at the completion of the Stage 1, the joint venture interests will be;

Mithril: 16%
BHP Billiton: 35%
Arafura: 49%

If BHP Billiton elects to complete Stage 2 then the joint venture interests will be;

Mithril: 19%
BHP Billiton: 51%
Arafura: 30%

If BHP Billiton does not elect to complete Stage 2, Mithril may elect to complete Stage 2 in its own right. In this case the joint venture interests would be;

Mithril: 35%
BHP Billiton: 35%
Arafura: 30%

Under the terms of the Joint Venture, Arafura retains uranium, rare earth elements, phosphate and diamond rights on the Project.

Mithril welcomes BHP Billiton's participation in Hammer Hill and looks forward to aggressively exploring an area which is believed to be an emerging belt prospective for nickel sulphide mineralisation. The area is relatively under-explored and interpretation of available geological, geophysical and geochemical information suggests a favourable geological setting for the formation of magmatic nickel sulphide deposits.

PRIORITY TARGETS IDENTIFIED AT HAMMER HILL & INDIANA

Mapping and ground electromagnetic surveys over targets identified by the recently completed helicopter time-domain electromagnetic ("VTEM") survey have identified a number of high priority targets that will require drill testing (Figure 2). The VTEM survey was utilised to screen the large project areas to identify bedrock conductors that may represent sulphide mineralisation. Ground EM surveys are then employed along with geological mapping and sampling to further screen and characterise the target prior to a drill test decision.

The priority target on Hammer Hill is IVT016 where ground EM results have identified high conductance bedrock features beneath thin alluvial cover. There is no outcrop in the vicinity of the target. Modelling of the EM results suggests a number of conductive bodies with conductance ranging from 220 siemens to more than 12,000 siemens. Very high conductance values are often associated with sulphide mineralisation. In addition, mafic/ultramafic rocks which are the favourable host rocks for nickel sulphide deposits, have been identified in close proximity to two isolated conductive targets at Hammer Hill. On Indiana the priority anomaly is IVT040, a conductive body (or bodies) with a one kilometre strike extent in close proximity (200m south) to outcropping mafic rocks where analytical results from a grab sample returned 1.4% copper.

Ground follow-up and anomaly verification continues and drill testing of the most prospective targets is scheduled to commence in late February 2008.

Graham Ascough
Managing Director
Mithril Resources Ltd

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.

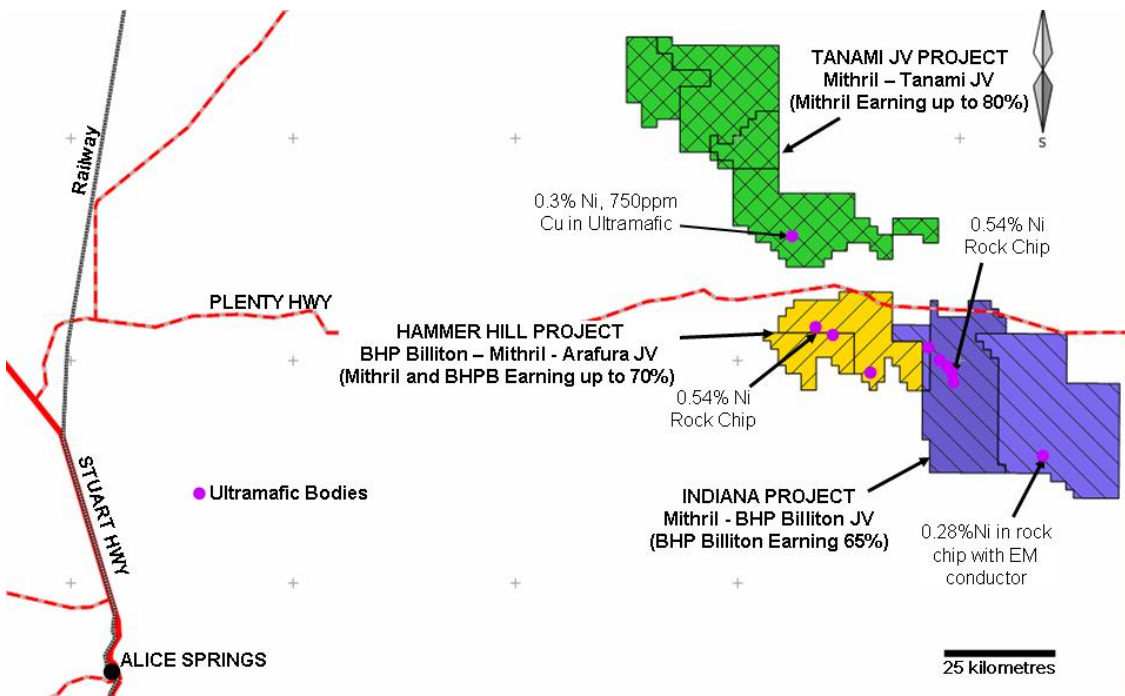


Figure 1: Huckitta Project Location Map

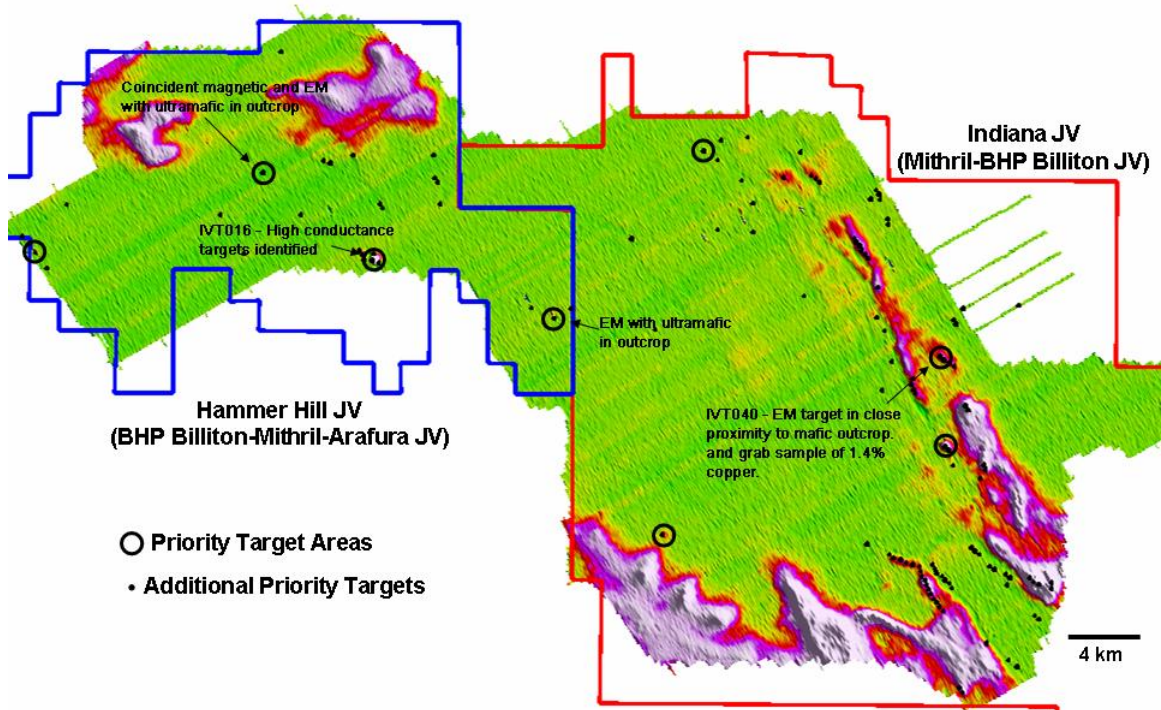


Figure 2: Preliminary VTEM Results (image of channel 34). Hot colours (white-pink-red) represent areas of higher conductivity. Very broad conductive areas are attributed to surface conditions or regionally extensive sedimentary units. Isolated features are considered to be the more prospective exploration targets.