

**QUARTERLY REPORT
FOR THE
PERIOD ENDING
31 MARCH 2011**



**MITHRIL
RESOURCES LTD**

ASX Code: MTH

Issued shares: 219.6M

Unlisted options: 24.1M

Listed options: 24.9M

Cash: \$13.3M

HIGHLIGHTS

- The completion of a significant capital raising, strongly supported at the General Meeting held on February 14th, has resulted in a strong cash position (\$13.3M) enabling the Company to accelerate and scale-up its exploration efforts with a focus on discovery in 2011

HUCKITTA PROJECT - NT

- Extensive drilling programs underway testing a number of priority targets on the Company's Huckitta Project in the Northern Territory
- Regional mapping programs continue to identify new mineralisation at surface and a large iron-oxide, fluorite alteration system has been mapped south of the Basil copper-cobalt prospect
- Gravity, electromagnetic and geochemical surveys are underway across a number of targets

SANDSTONE PROJECT - WA

- Initial field program has returned values up to 0.48% nickel and 0.22% copper in iron-rich surface rockchip samples which occur over a strike length of 30m on EL57/827

MUSGRAVE MINERALS LIMITED - SA

- Musgrave Minerals Ltd ('Musgrave') has conducted an initial public offering of shares that closed oversubscribed, raising \$20 million before expenses
- On listing, Mithril will be the largest shareholder in Musgrave, holding approximately 7.67% (9.28 million shares) of the issued capital

INTRODUCTION

The Company has commenced an aggressive exploration program across its projects (Figure 1) and is well positioned for discovery in the months ahead.

Huckitta Project, NT

An extensive drill program is underway on the Company's Huckitta Project in the Northern Territory. The 2011 exploration program will focus on expanding the potentially large-scale Basil copper-cobalt discovery and on locating higher copper grades at the Basil, Manuel, and Polly prospects. Drill testing of the Baldrick and Hammerhead nickel targets is also planned along with the Percy and Tibbs gold prospects.

The Company will continue to build on the success of its regional programs to ensure a strong pipeline of high quality drill targets is maintained. Geological mapping during the quarter identified further gold anomalism in surface rock chips at Tibbs and confirmed a new iron-oxide alteration system 30km south of Basil.

Sandstone Project, WA

At the Sandstone Project a reconnaissance field program completed during the quarter has returned values up to 0.48% nickel and 0.22% copper in iron rich surface rockchip samples which occur over a strike length of 30m near Edale Bore on EL57/827. Field activities expected to generate drill targets are planned to commence in the coming months and will include further geological mapping, surface geochemical sampling and ground geophysical surveys.

East Pilbara Project, WA

The next phase of work in the East Pilbara will include geological mapping, systematic geochemical programs and airborne/ground electromagnetic surveys to follow-up the surface mineralisation identified last quarter. This work will commence in May 2011 and is aimed at delineating additional targets ahead of a drill test decision later in the year.

Musgrave Minerals Ltd, SA

Musgrave Minerals Ltd ('Musgrave') has conducted an initial public offering of shares that closed oversubscribed, raising \$20 million before expenses. Musgrave Minerals Limited was admitted to the official list of ASX limited on April 28th, 2011 and will trade under the security code MGV. On listing Mithril will be the largest shareholder in Musgrave, holding approximately 7.67% (9.28 million shares) of the issued capital along with 2.5 million options (the options have a term of 5 years and an exercise price of \$0.25).

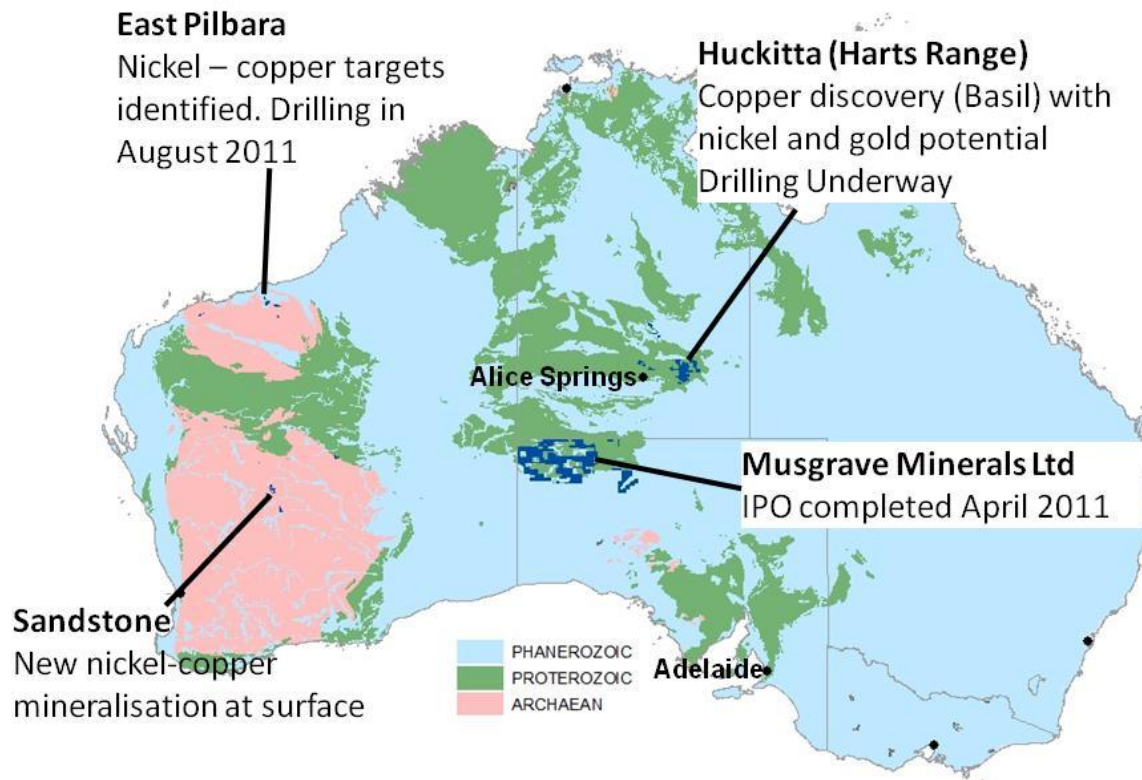


Figure 1: Project Location Map (Mithril's project areas in blue)

CORPORATE

In December 2010, the Company announced it had completed a \$12 million capital raising through the placement of 100 million new shares. The placement was completed in two tranches and a General Meeting to approve the subsequent issue of the tranche 1 shares and new issue of tranche 2 shares was held on February 14th, 2011. The placement received strong support and approval from shareholders.

The funds raised enable the Company to accelerate and scale-up its exploration efforts at Huckitta with a strong focus on early drill testing of priority targets.

During the period under review, the Company spent \$882,000 million on exploration and administration activities on the Projects described in the Exploration Activities Section of this report. At the end of the Quarter the Company held \$13.3 million in cash.

Musgrave Minerals Float

Musgrave Minerals Ltd ('Musgrave') has conducted an initial public offering ('IPO') of shares that closed oversubscribed, raising \$20 million before expenses. The IPO received strong support from the investment community and Mithril shareholders were invited to participate in the IPO on a priority basis.

Musgrave Minerals Limited was admitted to the official list of ASX limited on April 28th, 2011 and will trade under the security code MGX.

Mithril is the largest shareholder in Musgrave, holding approximately 7.67% (9.28 million shares) of the issued capital along with 2.5 million options (the options have a term of 5 years and an exercise price of \$0.25).

Musgrave have indicated that exploration will commence immediately after listing. A Diamond/RC drill rig is scheduled to commence drilling nine basement conductors in the Lyta area (EL3942) in early June and an aircore/RAB drill rig will drill test the six copper-gold-silver targets in the Moorilyanna area (EL3955, EL3954). This aircore drilling is scheduled to commence in late May.

EXPLORATION ACTIVITIES

NORTHERN TERRITORY

HUCKITTA PROJECT (100% Mithril and Various Joint Ventures)

EL24194, EL24427, EL26942, EL27178, EL27662, EL27243, EL27435, ELA28335, ELA28336, ELA28369, ELA28471 & ELA28501 (100% Mithril)

HARTS RANGE JV - EL25451, EL25453 (Mithril 60% / Oklo Resources Ltd 40%)

SAMMY JV - EL25643 & EL25653 (Mithril earning 80% from Cazaly Resources Ltd)

TREASURE JV - EL25346 (Mithril earning 80% from Iron Mountain Mining and United Orogen Ltd)

An extensive drilling program commenced in April 2011 at the Company's Huckitta Project in the Northern Territory (Figure 2). Two drilling rigs are currently on site signalling the beginning of an aggressive 2011 exploration program.

At Basil an initial program of ~6000m of diamond and reverse circulation ('RC') drilling will test the near surface strike extent of the Basil copper-cobalt mineralisation along with its depth extent. To date only 20% of the more than 10km long Basil copper trend has been drill tested. Once this program is complete, drilling at the Manuel copper prospect, where ground electromagnetic surveys are currently underway, is planned. At the time of writing this report four drillholes have been completed at Basil but no assay information was available.

The second drill rig with aircore and RC capabilities commenced drilling in mid-April and is testing 22 regional targets that have been outlined on the project to date. These targets include the Tibbs and Percy gold targets, the Hammerhead and Baldrick nickel targets and geophysical (magnetic and electromagnetic) targets identified under shallow cover.

Further geological mapping and sampling at the Tibbs Prospect during the quarter has identified new gold anomalism with values of up to 5.1g/t gold in surface rockchips from ferruginous quartz veins (Figure 3). Significantly these quartz veins are located some distance away from the marble – felsic gneiss contact where the previous gold anomalism was identified suggesting the gold mineralisation is widespread and not restricted to one contact.

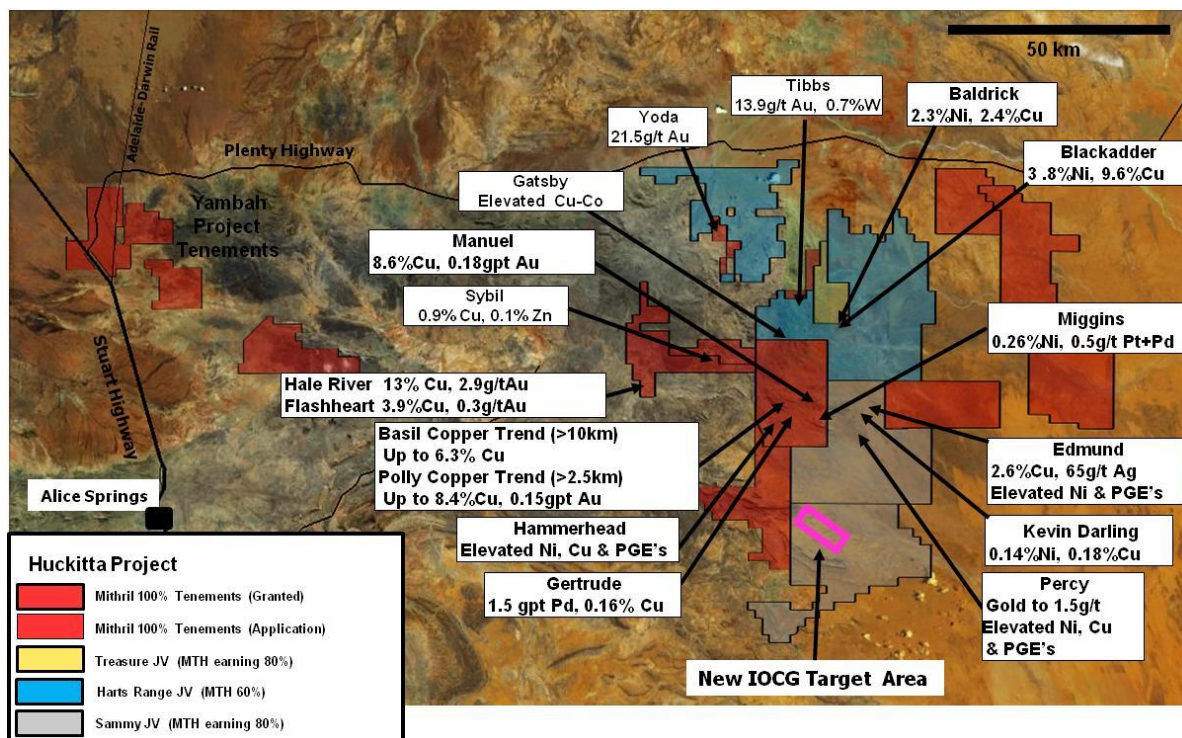


Figure 2: Project Location Map. Assay values are from surface rock chips unless otherwise indicated. (Au = gold, Cu = copper, Co = cobalt, W = tungsten, Ni = nickel, Pd = palladium and PGE's = platinum group elements)

At the recently discovered Yoda gold prospect (Figure 4), located 15km northwest of Tibbs, values of up to 21.5g/t gold and 0.4% copper were returned from surface rockchip values.

To the South, a large alteration system consistent with iron-oxide-copper-gold ('IOCG') mineral system has been identified through surface mapping on EL25643 (Figure 2). The area, located 30km south of Basil, was first identified by the Northern Territory Geological Survey ('NTGS') and was announced at the Annual Geoscience Exploration Seminar on March 21, 2011. The NTGS describes the alteration system as regional scale widespread fluorite rich fluid flow associated with hematite, pyrite and copper sulphides. Mithril geologists have commenced mapping in the area and have noted intensely altered and brecciated granite with hematite-silica +/- fluorite veining and stockworks over an area up to 300m long and 5-15m wide. (Rock samples are depicted in Figure 5). The alteration appears consistent with an IOCG system and these early results are encouraging.

A gravity survey has commenced across the target area covering approximately 96km². Surface samples for geochemical analysis will also be collected at each station as cover, where present is relatively thin (typically less than 2m cover).

Mithril may earn an 80% interest in EL25643 under a joint venture with Sammy Resources Pty Ltd, a wholly owned subsidiary of ASX listed Cazaly Resources Ltd (ASX:CAZ).

The Company will continue to build on the success of its regional programs to ensure a strong pipeline of high quality drill targets is maintained. In addition to the drilling programs described above, geological mapping and ground geophysical (electromagnetic) surveys are underway and an airborne VTEM survey will commence in early May.

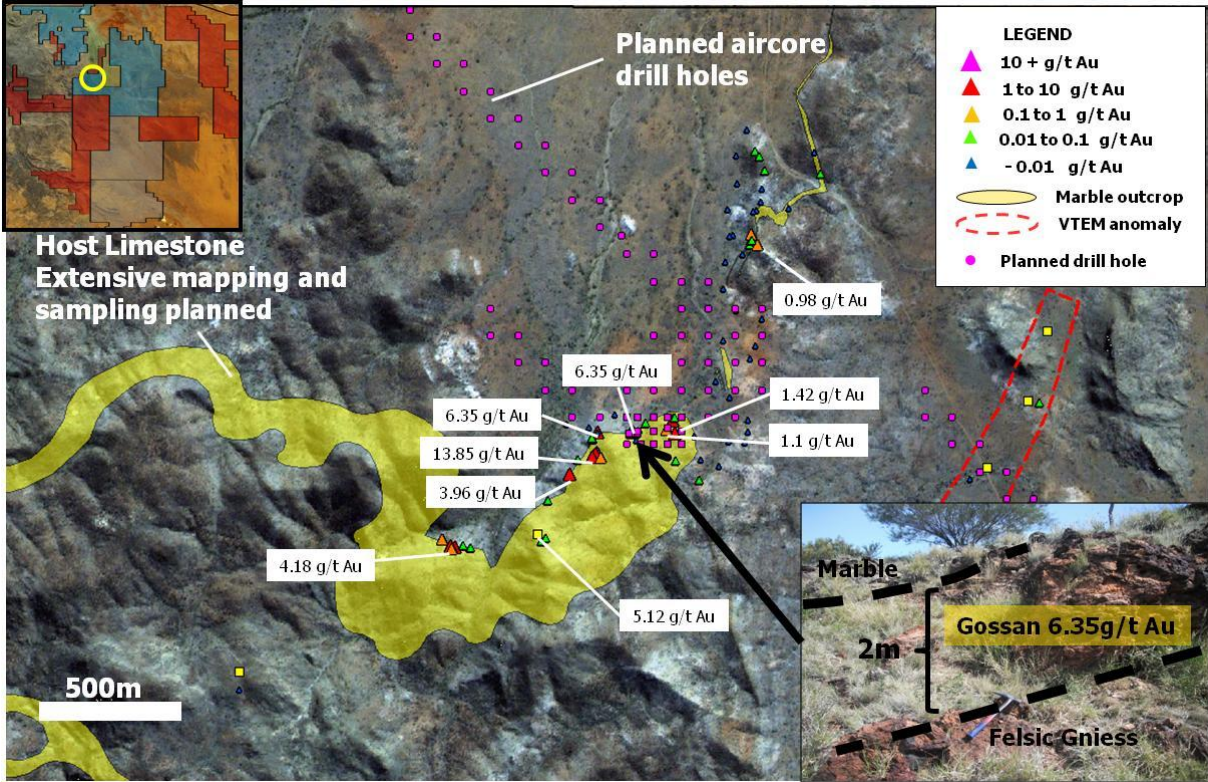


Figure 3: Tibbs Gold Prospect showing surface gold values and targets on satellite image

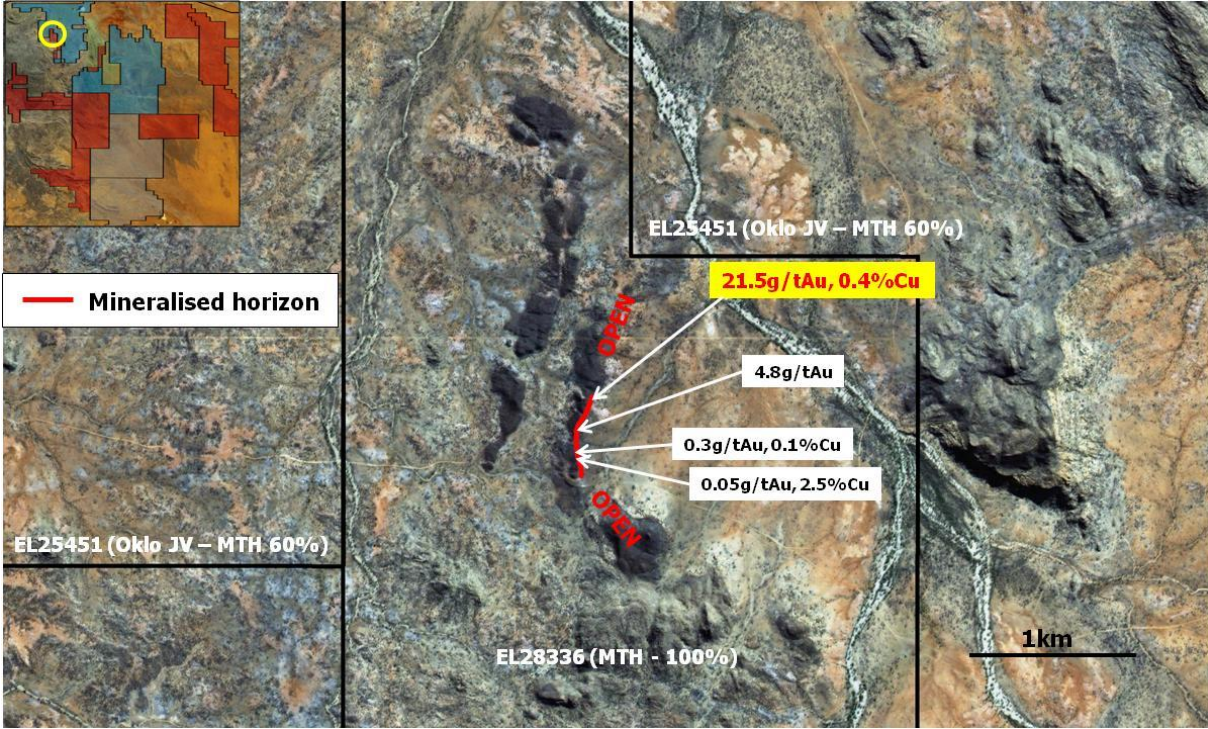


Figure 4: Yoda Gold Prospect showing surface samples on a satellite image

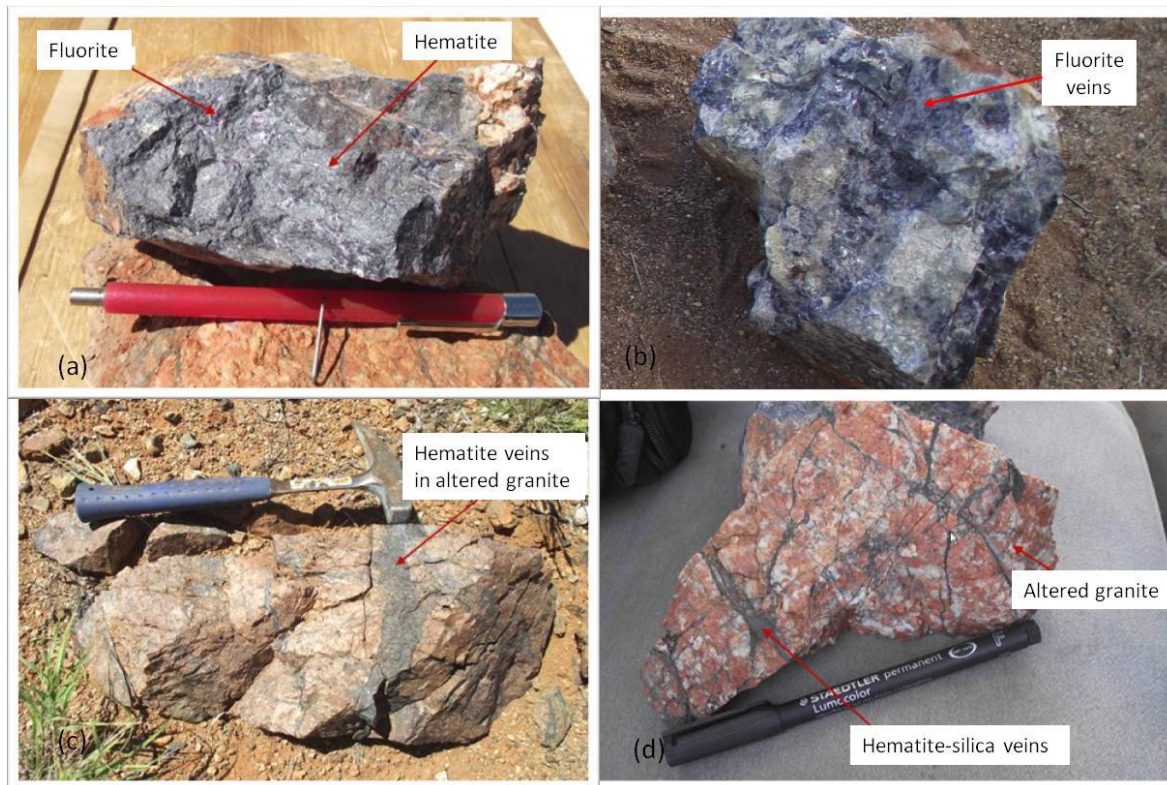


Figure 5: Surface rock samples from the ICOG target area. (a) hematite and fluorite vein from altered granite; (b) fluorite veins approximately 2cm wide; (c) hematite veins in altered granite; (d) hematite-silica veins in altered granite

YAMBAH PROJECT

EL28175, EL28271 and ELA28340 (100% Mithril)

EL28175 was granted on February 9th, 2011. All historical work completed over the tenement area has been compiled and reviewed. Exploration is expected to commence on EL28175 targeting base metals in the next quarter.

WESTERN AUSTRALIA

EAST PILBARA (Western Australia)

E45/3457, E45/3462, E45/3470, E45/3471, E45/3680 and ELA45/3756 (100% Mithril)

Final planning of an airborne geophysical VTEM survey was completed during the quarter and is scheduled for commencement in May followed by field verification of targets identified by the survey. It will cover 220 km² of the Cattle Well tenements (Figure 6) where geological mapping by Mithril late last year identified a number of nickel-copper and PGE anomalous prospects. These undrilled prospects include the Gorge Prospect where copper sulphides were identified at surface.

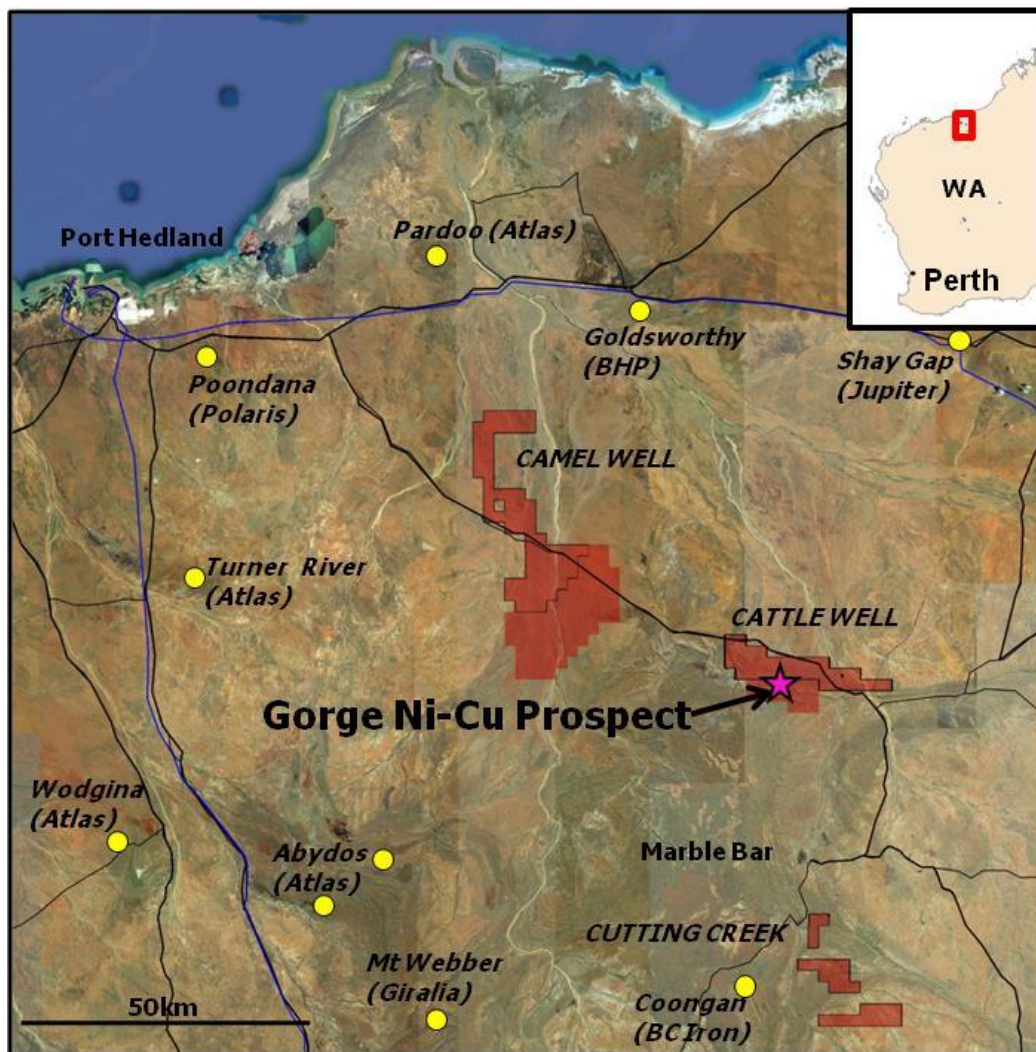


Figure 6: Mithril tenement position in East Pilbara Project with the location of iron projects in yellow

SANDSTONE

E57/826, E57/827, E57/828, E57/829, ELA29/826, ELA29/827, ELA29/828 and ELA57/883 (100% Mithril)

A reconnaissance field program completed during the quarter has returned values up to 0.48% nickel and 0.22% copper in iron rich surface rockchip samples which occur over a strike length of 30m near Edale Bore (Figure 7) on EL57/827. These samples are located within ultramafic rock types prospective for nickel sulphide deposits and have not been drill tested to date. Mithril geologists have mapped these prospective rocktypes for over 1.6km of strike length.

Previously unrecorded prospective ultramafic rock types were also identified on EL57/826. Significantly, these ultramafic rocks are located proximal to the recent Western Areas (ASX:WSA) nickel sulphide discovery reported in early 2010.

Following these highly encouraging albeit early results Mithril has submitted a further four tenement applications in the area covering prospective rock types under thin sand cover (Figure 8).

Field activities to generate drill targets are planned to recommence in the coming months and will include further geological mapping, surface geochemical sampling and ground geophysical surveys (electromagnetics).

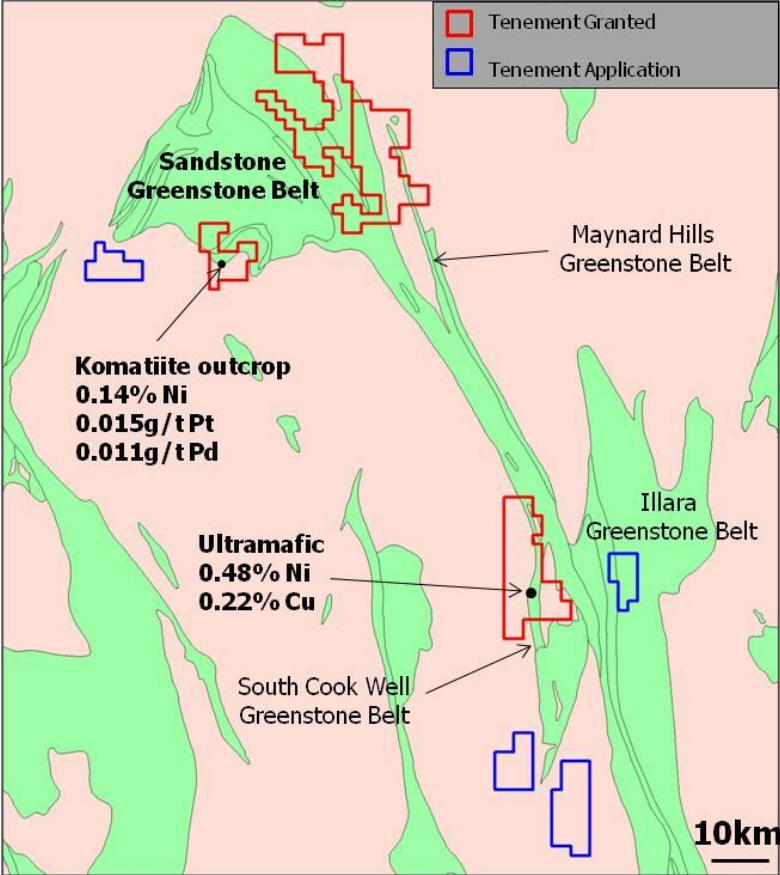


Figure 7: Sandstone Project on regional geology

**YILGARN - East Duketon (100% Mithril)
E38/2431**

E38/2431 was granted in December 2011 and a review of historical work is underway. The area was highlighted as a conceptual Ni-Cu-PGE target covering an interpreted shallowly buried greenstone belt between the Ni-Cu sulphide endowed Duketon and Collarabie Belts in the eastern Yilgarn Province.

OTHER PROJECTS

There was no significant expenditure or exploration activity to report on the following projects during the quarter:

**ANTRIM PROJECT (Northern Territory)
EL27383, EL27384 (Mithril 100%)**

**JUNCTION JV (Northern Territory)
EL24253 (Mega Uranium Limited earning 80%)**

**WEST PILBARA
ELA47/2158 and ELA47/2258 (100% Mithril)**

For further information please contact:

Graham Ascough
admin@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 L Ascough, who is Managing Director and a full time employee of the Company and a Member of the Australasian Institute of Mining and Metallurgy. Mr G L Ascough has more than 5 years' experience which is relevant to the styles of mineralisation and types 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 L Ascough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

MITHRIL RESOURCES LTD

ABN

30 099 883 922

Quarter ended ("current quarter")

31 MARCH 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(595)	(2,939)
(b) development	-	-
(c) production	-	-
(d) administration	(287)	(734)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	74	221
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	92	301
	(716)	(3,151)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	(268)
(c) other fixed assets	(84)	(161)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	528
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
	(84)	99
Net investing cash flows		
1.13 Total operating and investing cash flows (carried forward)	(800)	(3,052)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(800)	(3,052)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	10,072	12,054
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	38	38
1.17	Repayment of borrowings	(5)	(12)
1.18	Dividends paid	-	-
1.19	Other (share issue costs)	(372)	(769)
	Net financing cash flows	9,733	11,311
	Net increase (decrease) in cash held	8,933	8,259
1.20	Cash at beginning of quarter/year to date	4,363	5,037
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	13,296	13,296

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	117
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors' fees, wages and superannuation for the quarter

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,234
4.2 Development	-
4.3 Production	-
4.4 Administration	230
Total	3,464

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,041	38
5.2 Deposits at call	12,255	4,325
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	13,296	4,363

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed		Refer Appendix 1		
6.2 Interests in mining tenements acquired or increased		Refer Appendix 1		

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	-	-	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 +Ordinary securities	219,615,500	219,615,500	Fully Paid	Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	82,117,675	82,117,675	12 cents each	Fully Paid
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 +Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options <i>(description and conversion factor)</i>			<i>Exercise price (Each)</i>	<i>Expiry date</i>
	30,000	-	\$0.40	15/05/2011
	750,000	-	\$0.305	09/10/2011
	750,000	-	\$0.28	09/10/2012
	50,000	-	\$0.44	22/01/2012
	100,000	-	\$0.35	02/12/2012
	500,000	-	\$0.198	17/03/2013
	275,000	-	\$0.15	11/12/2013
	2,145,000	-	\$0.12	30/03/2012

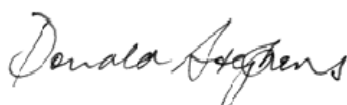
+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

		5,682,500	-	\$0.12	30/03/2012
		500,000	-	\$0.20	24/06/2014
		24,949,973	24,949,973	\$0.12	28/09/2011
		2,300,000	-	\$0.30	24/06/2014
		500,000	-	\$0.18	22/09/2015
		2,335,000	-	\$0.25	16/12/2015
		8,000,000	-	\$0.30	16/12/2015
7.8	Issued during quarter	8,000,000	-	\$0.30	16/12/2015
7.9	Exercised during quarter	100,000	-	\$0.12	30/03/2012
		300,000	-	\$0.12	30/03/2012
7.10	Expired during quarter	50,000	-	\$0.20	24/03/2013
		50,000	-	\$0.19	30/04/2013
		50,000	-	\$0.18	22/09/2015
		100,000	-	\$0.20	24/06/2014
		75,000	-	\$0.15	11/12/2013
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 29 April 2011

Print name: Donald Stephens.....

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**Changes in Interests in Mining Tenements
For Quarter Ended 31 March 2011**

		Tenement Reference	Nature of Interest	Interest at the beginning of Quarter	Interest at the end of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EL27383	Exploration licence relinquished on 14 January 2011 (Antrim, Stirling Creek).	100	0
		EL27384	Exploration licence relinquished on 14 January 2011 (Antrim, Gum Creek).	100	0
		E45/1866	Mithril withdrew from the Pardoo JV on 15 January 2011 (Highway 1).	0	0
		E45/2146	Mithril withdrew from the Pardoo JV on 15 January 2011 (Supply Well).	0	0
		E45/2753	Mithril withdrew from the Pardoo JV on 15 January 2011 (Highway 7).	0	0
		E45/3383	Mithril withdrew from the Pardoo JV on 15 January 2011 (Highway 5).	0	0
		E45/3464	Mithril withdrew from the Pardoo JV on 15 January 2011 (Highway 6).	0	0
		EL24739	Exploration licence relinquished on 31 January 2011 (Huckitta, Indiana Jinka West).	0	0
6.2	Interests in mining tenements acquired or increased	EL28175	Exploration licence application granted on 9 February 2011 (Yambah, Harry Creek).	0	100
		E29/826	Exploration licence application on 15 March 2011 (Sandstone, South End Bore).	0	0
		E29/827	Exploration licence application on 15 March 2011 (Sandstone, McPhersons Bore).	0	0
		E29/828	Exploration licence application on 15 March 2011 (Sandstone, North Bandy Rock).	0	0
		E57/883	Exploration licence application on 15 March 2011 (Sandstone, Hayes Well).	0	0