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## **Border Joint Venture**

### **SUMMARY**

Mithril entered into a Heads of Agreement with Gempart Pty Ltd to assess exploration licences 10092 and 10093 for their potential to host nickel sulphide mineralization. Initial reconnaissance geochemical sampling on a 1 kilometre grid identified a large area with elevated nickel and copper values (Anomaly2). Infill sampling on a 500 by 200 metre spacing combined with resubmitting pulps from the original samples for platinum, palladium and gold analysis failed to enhance the anomaly. Investigations from a field visit to the area in August 2005 indicated the mildly anomalous nickel-copper zone is probably reflecting sub cropping lithologies rather than a buried nickel-copper sulphide mineralization. Therefore based on Mithril's exploration results to date no further work is recommended for the Border Project.

### **INTRODUCTION**

The Border Project is located on the NT/SA border approximately 80km west of the Stuart Highway and consists of two exploration license (EL 10092 and 10093). Mithril Resources signed a Heads of Agreement with Gempart Pty Ltd in June 2004 allowing Mithril to earn 80% equity in the project. Mithril took up this option to explore primarily for and develop nickel sulphide deposits

### **REGIONAL GEOLOGICAL SETTING**

The Border Project area lies on the northern extent of the Musgrave Province before it dips under sediments of the Amadeus basin. Basement rocktypes mapped in the area consist of granite intrusions and gneiss with the latter ranging from amphibolite to granulite facies. Some of these granitic gneisses contain pseudotachylites which are interpreted to be related to early thrusting. Most of the licence area is covered by a thin veneer of alluvium.

The targeted rock types that are known to host nickel sulphide mineralization in Western Australia are mafic and ultramafic rock types associated with the Giles Complex. These rock types are present (along with Ni/Cu sulphides) in the Musgrave province in South Australia and Western Australia but appear to be largely absent in the two exploration licences.

## EXPLORATION WORK COMPLETED – August 05

Regional (1km x 1km) and infill (500 x 200) surface magnetic lag sampling identified an area (Anomaly 2) with mildly anomalous nickel with associated copper, chrome and cobalt on EL10093 (figure 3). To assist with the determination of the source to this anomaly the pulps from the infill sampling at Anomaly 2 were resubmitted to Genalysis for platinum, palladium and gold (Pt/Pd/Au). Figure 4 shows the locations of the infill samples combined with the outline of the anomalous zones superimposed on a magnetic image. The reanalysis of the pulps for Pt/Pd/Au failed to indicate any significantly anomalous values.

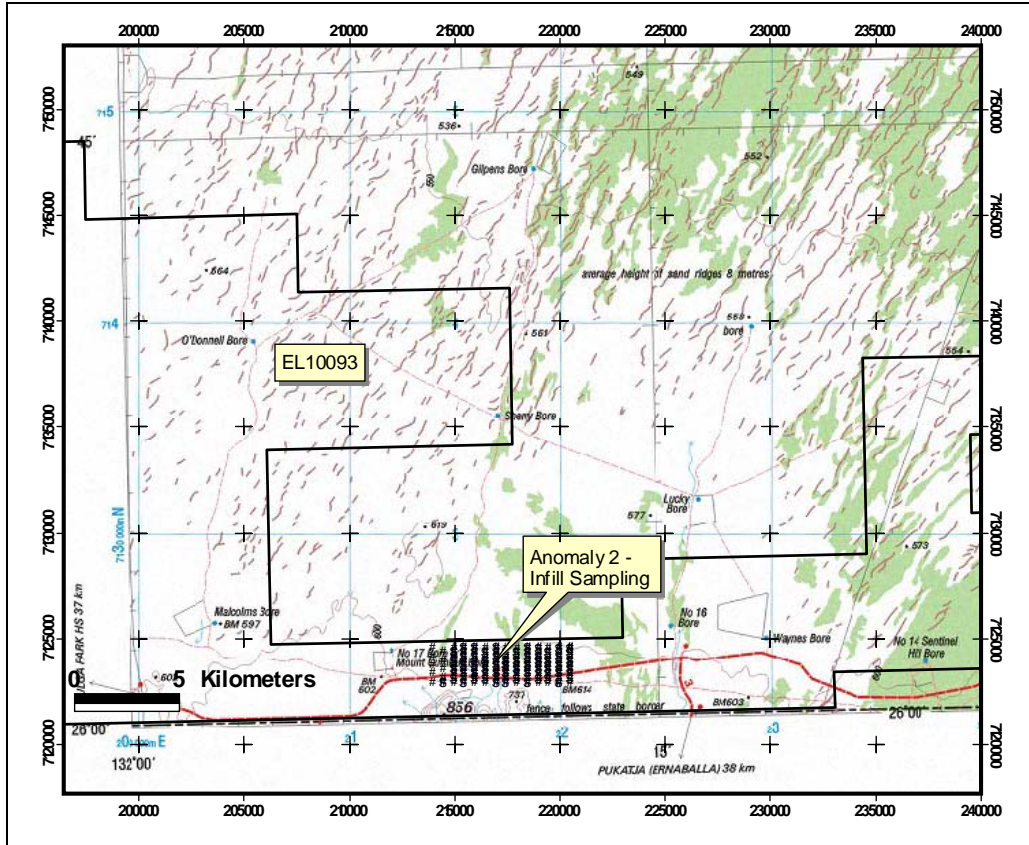


Figure 3: Location of Anomaly 2

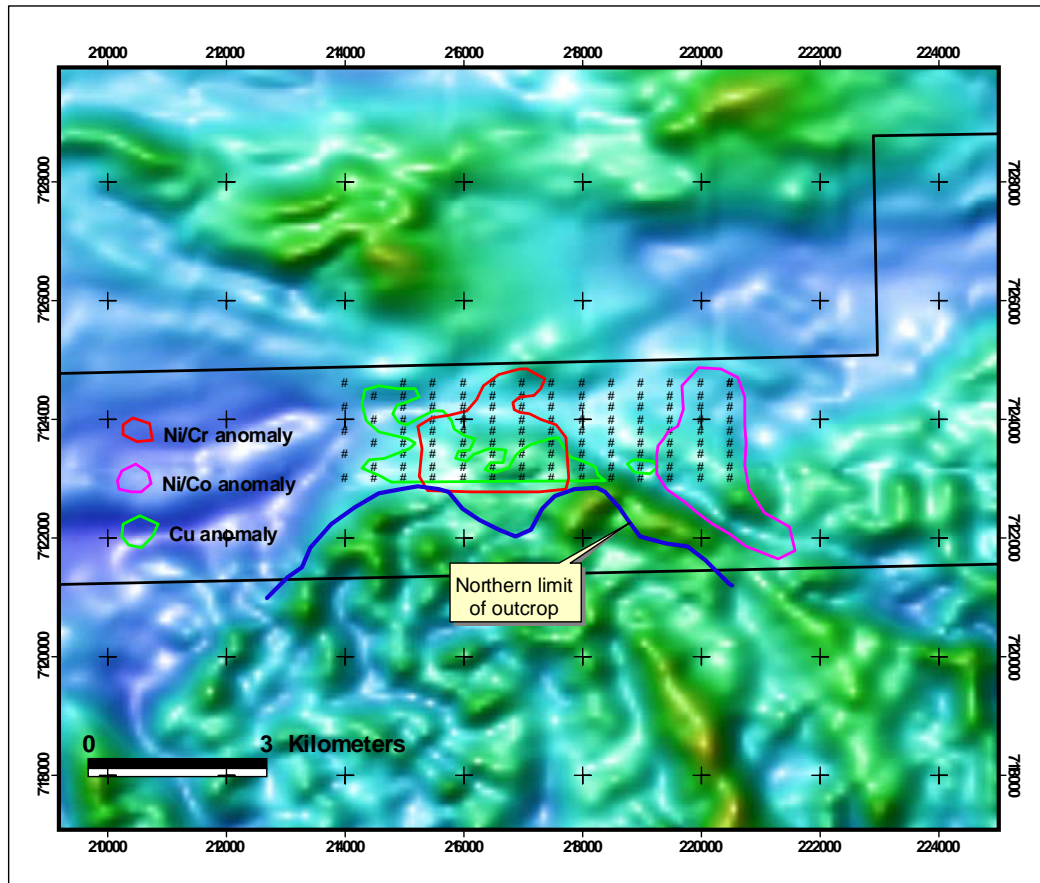


Figure 4: Anomaly 2 with infill sample geochemical anomalies.

As illustrated in figure 4, there are three main areas within anomaly 2. A small area on the western side comprised of three samples anomalous in copper with values ranging from xxx to xxx. In the central part of the zone a larger anomaly defined by a nickel-chromium association with elevated copper values in the south eastern corner. The third area is to the east and is defined by a weak nickel-cobalt association, nickel values range from xxx to a maximum of xxx.

In August a field visit to Anomaly 2 was undertaken to try to determine the source of the metal anomalism identified in the magnetic lag fraction. It was found that the samples were taken in a residual terrain and that basement was under very thin cover (<50cm). On some traverses outcrop and subcrop were noted. All of the float and subcrop observed over anomaly two consisted of high grade gneisses and less commonly pseudotachylites. These rock types commonly outcrop to the south of anomaly 2 and are identified in the 250k geology map (Kulgera).

Apart from two thin (<5m) mafic dykes located near the road and one thicker (20-30m thick) dyke adjacent to the NT/SA border, no mafic rocktypes or evidence of mineralisation was noted.

## Expenditure Summary

Total expenditure on the project from commencement of the joint venture to the end of July 2005 is \$163,038. Details of the expenditure are included in the following table;

<b>Summary Border Joint Venture</b>	<b>Total Expenditure</b> <b>\$</b>
APPLICATIONS/FEES/RENTAL	21,702
ASSAYS	7,330
CAMP COSTS	3,933
REGISTERED SITE CERTIFICATE	80
COMMUNICATIONS	92
ENVIRONMENTAL - Rehabilitation	294
FIELD EXPENSES	851
GEOCHEMICAL EXPENSES	59,839
MAPS	9
PETROLOGY	662
MOTOR VEHICLE - Fuel	460
MOTOR VEHICLE - Repairs	757
POSTAGE / FREIGHT	419
TRAVELLING EXPENSES	960
SAMPLE STORAGE	182
COMPUTING CHARGES	1,450
HIRE OF MOTOR VEHICLES	1,540
SALARIES	45,011
ADMINISTRATION	17,468
<b>Total</b>	<b>163,038</b>

## **CONCLUSIONS**

The ground follow-up work over anomaly 2 indicates that the source of the surface geochemical anomaly is likely to be gneissic rocktypes under thin residual cover. Given the residual nature of the area the magnetic lag fraction collected for analysis has been effective in this area and if any significant mafic or ultramafic body was present (with or without nickel-copper mineralisation) higher absolute values of nickel and/or copper and/or chromium would be expected.

It is recommended that no further exploration for nickel sulphide mineralisation be undertaken under the joint venture. Mithril has not assessed the tenements for any other commodities.