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INDIANA PROJECT

EL 24194

ANNUAL TECHNICAL REPORT FOR PERIOD 24th January 2007 to 23rd January 2008

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February 2008

MAP REFERENCE:
Illogwa Creek 250K Sheet
SG53/15

SUMMARY

This report summarises work completed on Mithril Resources Indiana Project Exploration Licence (EL24194) for the year ending the 23rd January 2008.

The project area is located approximately 300 km northeast of Alice Springs, south of the Plenty Highway.

Work completed over the tenement area during the reporting period includes the following:

- Airborne VTEM survey
- Field verification of anomalies
- Rockchip sampling
- Ground EM
- Recommendations for drilling

Results from the VTEM survey indicate multiple high quality targets. Many of these were field checked and rock samples taken where outcrop was present. Elevated nickel, copper and cobalt analysis were returned from a number of samples at a number of locations. Modelling of the ground EM completed over a number of the VTEM targets suggests basement conductors are present and are worthy of drill testing.

Further work will consist of a heritage survey followed by drill testing of geophysical and geochemical anomalies.

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1.0 Introduction

This report summarises work completed on Mithril Resources Indiana Exploration Licence (EL24194) for the year ending 10th of January 2008.

The Indiana Project, granted on the 24th of January 2005, comprises one tenement covering 257 sub blocks units and is located approximately 300 km northeast of Alice Springs. Access to the area is via the Plenty Highway, which passes east-west north of the project area (Figure 1).

The area under licence was targeted for magmatic Ni/Cu/PGE sulphides associated with mafic and ultramafic rock types, which have previously been identified northwest of the licence area (i.e. Hammer Hill Prospect). Tectonically the project is located on the interpreted southern edge of the North Australian Craton within Arunta aged rocks between the Georgina and Eromanga Basins.

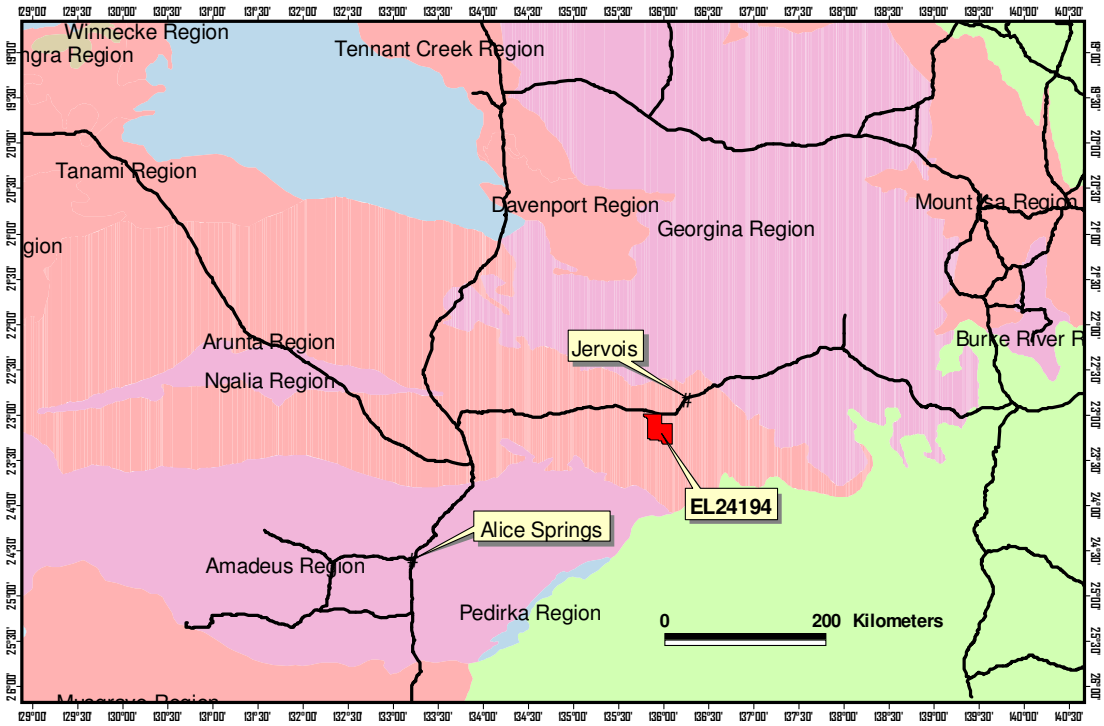

Figure 1: Tenement location plan.

2.0 Tenure

Leasing and Expenditure details for the project are detailed in Appendix 1.

3.0 Geology

3.1 Regional Geology

The Arunta Block has been divided into 3 tectonic areas: - Central, Southern and Northern (Shaw and Freeman 1985). The Central Tectonic Zone consists of an accumulation of sedimentary and volcanogenic rocks deposited in an east – west trough. With time the trough broadened to include the Northern and Southern Tectonic Zones and the composition of the sediments being supplied to the basin matured.

An early tectonic event during the mid-Proterozoic metamorphosed and dislocated the rocks into numerous fault-bounded blocks. A later orogenic event, the Carboniferous Alice Springs Orogeny, reactivated many of these faults.

Sedimentation in the Georgina Basin began during the Neoproterozoic (i.e. Adelaidean equivalent) with deposition of argillites, arenites glacigene sediments and carbonates along the southern margin of the basin. Sediments deposited after the Neoproterozoic sequence consist primarily of carbonates and arenites (Shaw et al, 1982).

3.2 Project Geology

The Arunta Block within the tenement consists of biotite gneiss, garnet-biotite gneiss, calcareous rocks, amphibolite and quartzofeldspathic gneiss. Much of the tenement is under a thin veneer of Quaternary alluvial and aeolian sand and gravel. Significantly there are multiple outcrops of Tertiary laterite which may be an indicative weathering product of the targeted mafic and ultramafic rocks in this region.

4.0 Exploration Work Completed

4.1 Historical Exploration

Reviews of historical exploration found that the majority of exploration was conducted by BHP Minerals and Poseidon Gold Ltd and are the only two companies to have completed any exploration of significance.

Summaries of their exploration are described below:

BHP Minerals (1992)
BHP explored the area for base metals (Cu, Pb, Zn) using broad spaced stream sediment sampling, rockchip sampling, ground geophysics (EM and magnetics) focussing on magneitc anomalies within major north-west trending structures interpreted from the magnetics. Limited RC percussion drilling was completed over a few of these magnetic targets which identified anomalous levels of Au, Pt, Pd, Ni, and Cu. These anomalous results were not followed up by BHP Minerals.

Anomalous rockchip samples (up to 0.33% Cu) were recorded from “a Tertiary and siliceous ferruginous cap rock of limited extent.” These samples were not followed up.

Poseidon Gold Ltd (1995)
Although Poseidon Gold acquired the lease targeting epigenetic gold mineralisation they attempted to replicate the anomalous Ni/Cu/Pt/Pd results obtained by BHP Minerals by drilling 29 RAB holes on four traverses. No significant results were returned and the licence was relinquished.

4.2 Mithril Resources Exploration Activities

4.2.1 Interpretation and Evaluation of Historical Exploration

A review of the historical exploration found that no systematic exploration had been completed over the project area. The few explorers that have been in the area previously focussed their exploration on base metals and gold. Although they identified anomalous geochemistry associated with siliceous and iron-rich cap rocks they seem to have failed to make the connection that this could be related to magmatic sulphides associated with mafic / ultramafic rocks. A summary of drill locations and anomalous geochemical samples is shown in Figure 2.

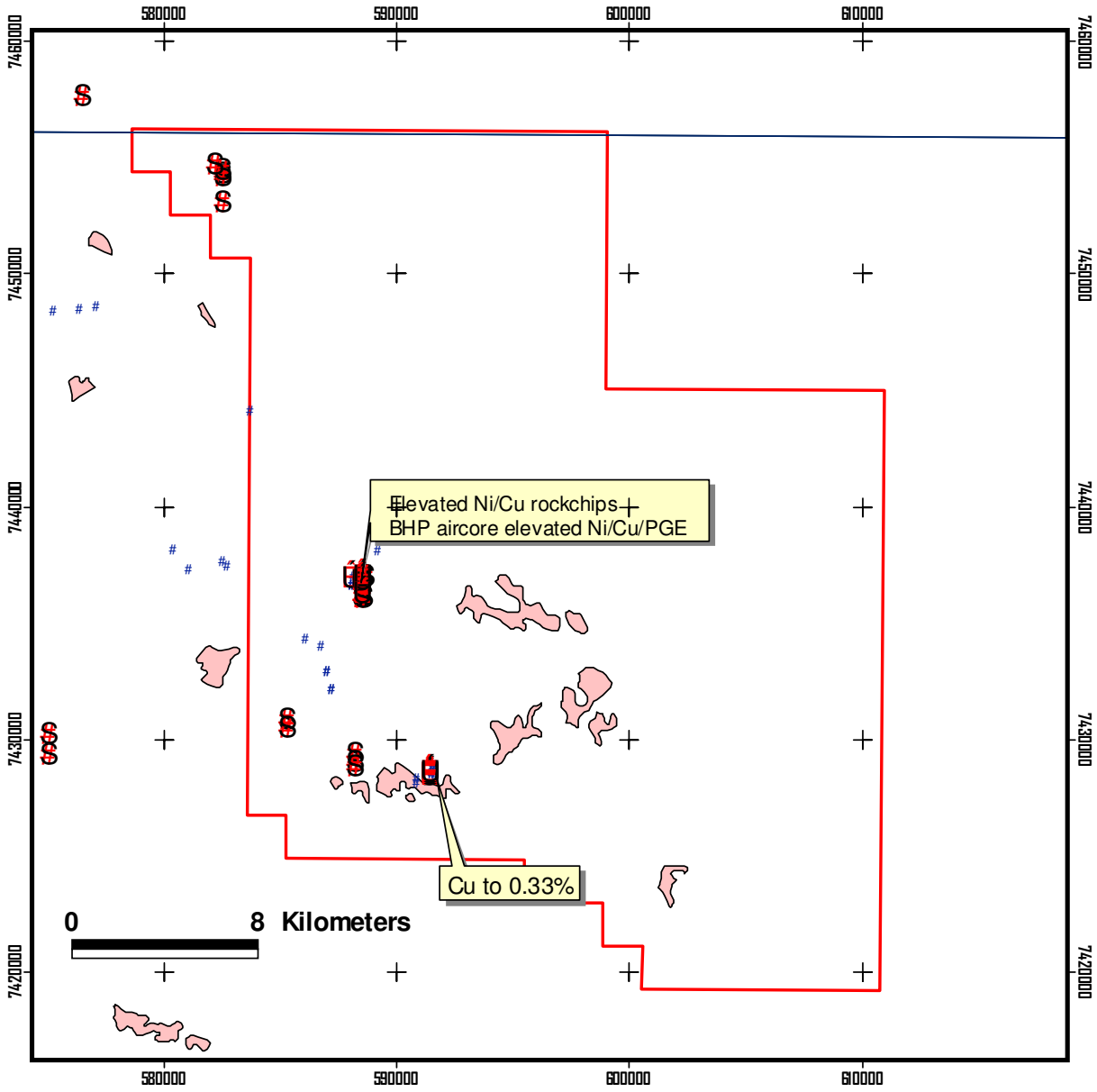

Figure 2: Historical exploration work relative to basement outcrop (Red dots = historical drillholes, small blue dots = rockchip locations, red stars = anomalous samples).

4.2.2 Mithril 2005 Work

The bulk of Mithril's work in 2005 consisted of stream sediment sampling. A total of 67 magnetic lag stream sediment samples were taken during this campaign. Stream and sample locations are shown in Figure 3

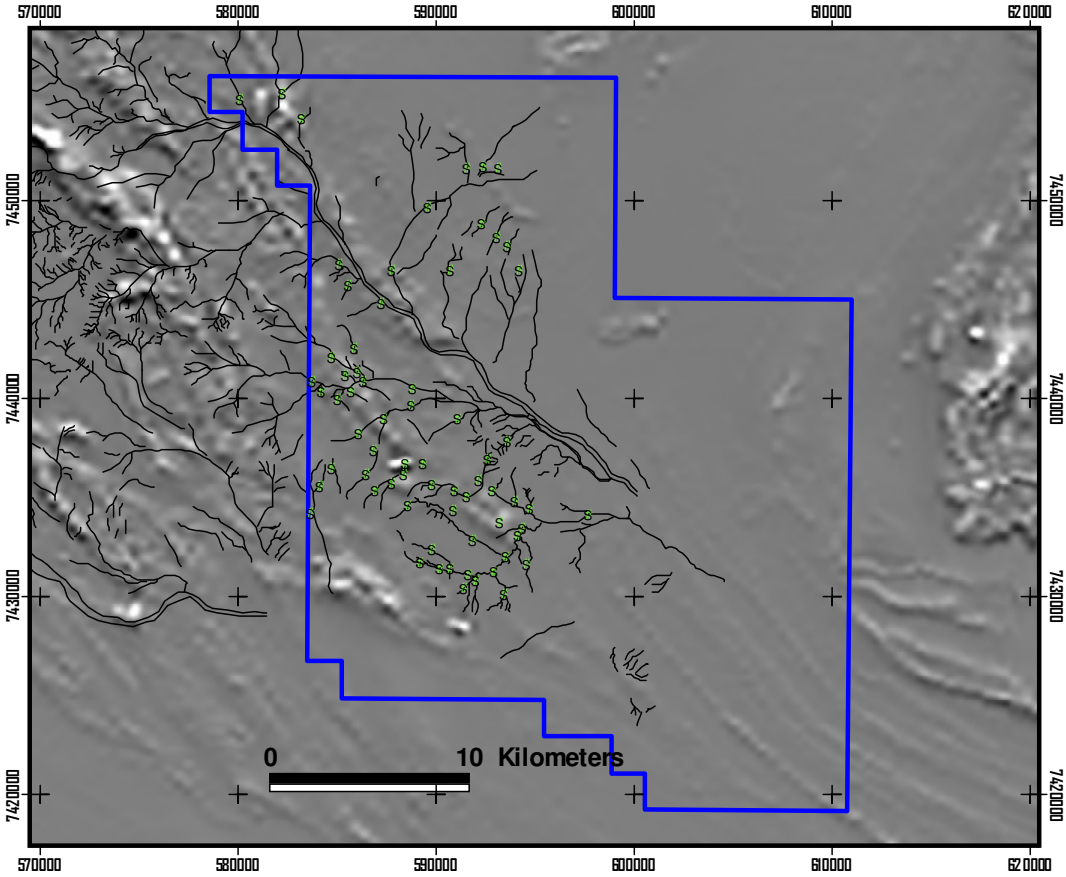

Figure 3: Digitised streams and sample locations on regional magnetics

Results from this survey showed a coherent NW trending Ni/Cu/Cr anomaly southwest of the main drainage area and is coincident with the anomalous areas defined by historical work (Figure 2). This anomaly is also coincident with a NW trending magnetic anomaly.

5.0 Mithril Work 2006

Mithril completed a magnetic lag sampling and Ground EM program in 2006 (figure 4). This program identified significant Ni-Cu anomalous samples and a ground EM conductor. This work confirmed the prospectivity of the area and it was recommended that an airborne EM program be flown to help identify multiple drill targets.

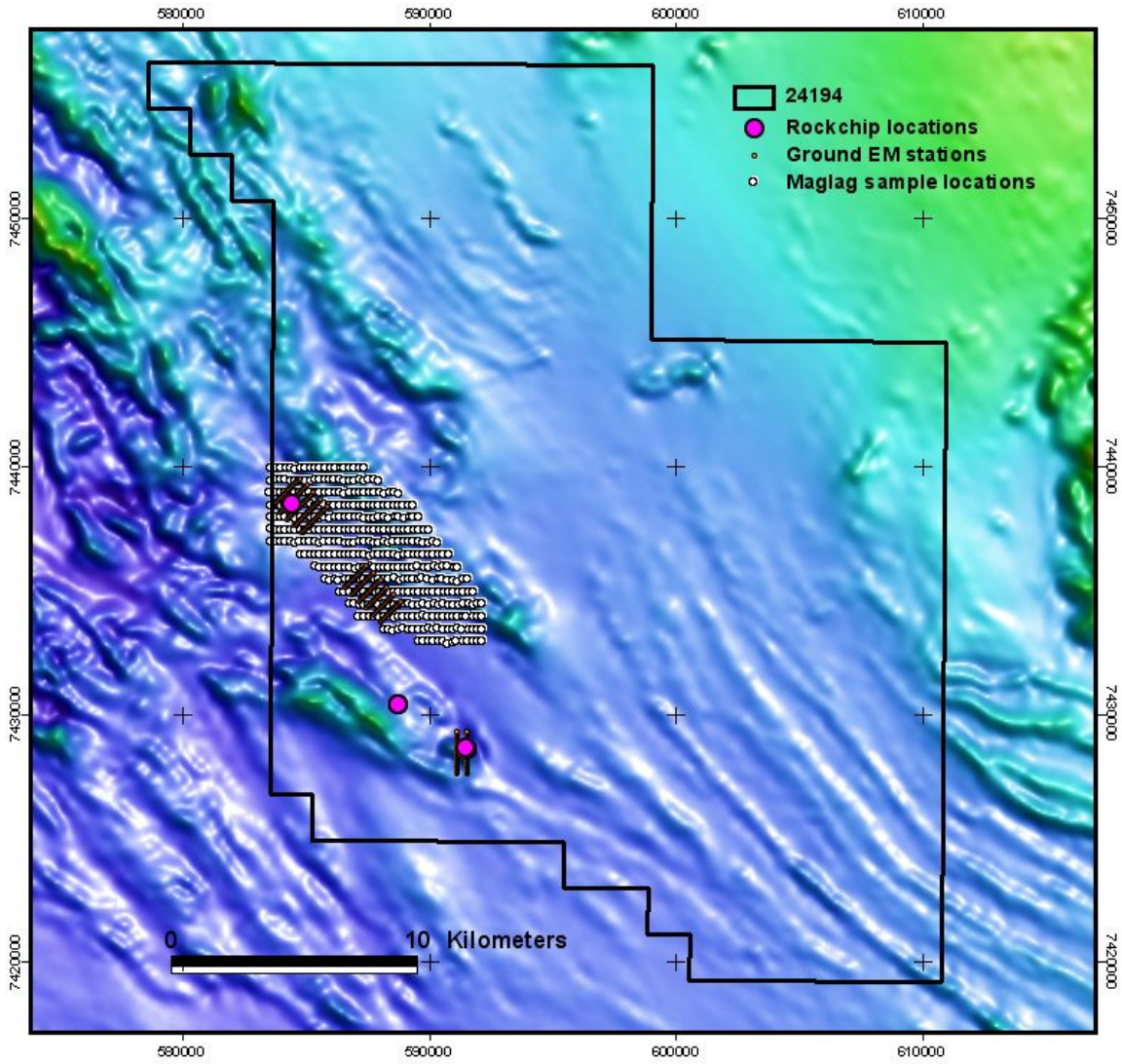

Figure 4: 2007 work completed summary map

6.0 Mithril Work 2007

During the current reporting year a number of extensive exploration activities were completed over the project area. These included a 1230 line km VTEM survey, ground verification of targets generated followed by ground EM surveys over two targets (IVT031 and IVT040). From this a number of high quality drill targets have been identified for drill testing over target IVT040.

The helicopter borne time domain VTEM survey was completed by Geotech Airborne Pty Ltd in September and October in 2007. Approximately 1230 line km were flown over the project area in an ENE-WSW orientation. Multiple quality targets (interpreted from the preliminary data) were identified and these are summarised in table 1 and highlighted in figure 5. At the time of writing the final data from this survey was not available and will be submitted as soon as possible after it is received by Mithril.

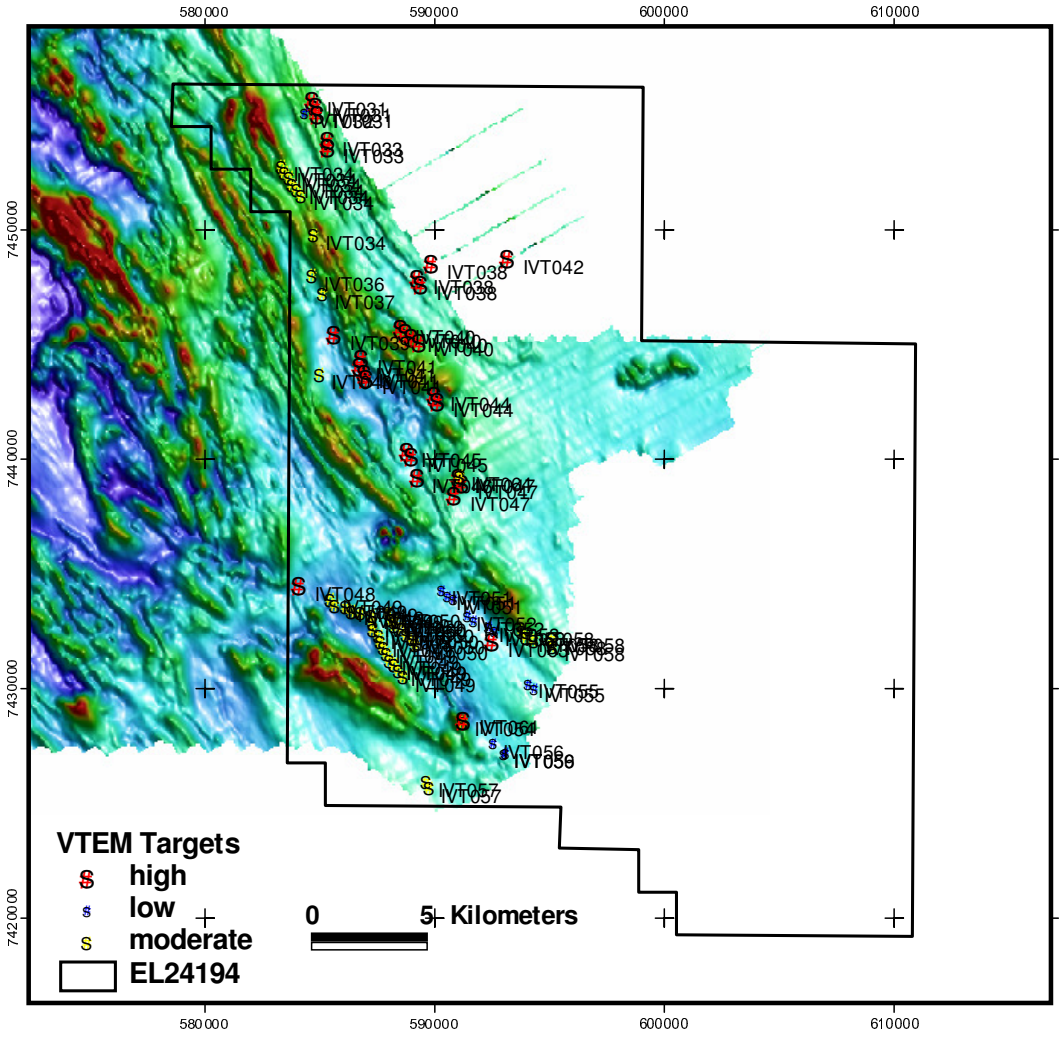

Figure 5: VTEM targets on 1vd Magnetics from VTEM survey. Magnetic image shows area covered by VTEM survey .

Many of these targets were followed up on the ground to determine if the source of the anomaly could be located. Due to the extensive sand cover in the area many of the anomalies are unexplained. A summary of the targets visited and surface observations can be found in table 2. Rockchip samples were taken at a number of locations with a number of them returning elevated nickel and chrome values. Samples were submitted to Genalysis Laboratories in Adelaide and analysed in Perth for base metals and some samples for low level platinum, palladium and gold. These sample locations are shown in figure 6 and all results can be found in Appendix 2.

During the reporting period two of the VTEM targets (IVT031 and IVT040) were followed up with ground EM for a total of 11.8 line km. A number of high quality conductive bodies were identified in the IVT040 areas with no basement conductors identified from IVT031. A summary report showing the ground EM lines and the modelled conductive targets are contained in Appendix 3. All ground EM data is contained in Appendix 4.

TARGET	LINE	E (GDA)	N (GDA)	DESCRIPTION	Probable source	Rating
IVT031	L11030	584669	7455597	slow decay over several lines, no magnetic response	bedrock	high
IVT031	L11040	584835	7455348	slow decay over several lines, no magnetic response	bedrock	high
IVT031	L11050	584900	7455032	slow decay over several lines, no magnetic response	bedrock	high
IVT032	L11040	584347	7455053	low magnitude, late time isolated response, no mag assoc.	noise	low
IVT033	L11090	585335	7453869	slow decay over several lines, no magnetic response	bedrock	high
IVT033	L11100	585370	7453559	slow decay over several lines, no magnetic response	bedrock	high
IVT034	L11090	583370	7452736	slow decay over several lines, no magnetic response	formational	moderate
IVT034	L11100	583487	7452467	slow decay over several lines, no magnetic response	formational	moderate
IVT034	L11110	583707	7452256	slow decay over several lines, no magnetic response	formational	moderate
IVT034	L11120	583824	7451980	slow decay over several lines, no magnetic response	formational	moderate
IVT034	L11120.1	584781	7449770	slow decay over several lines, no magnetic response	formational	moderate
IVT034	L11130	584004	7451745	slow decay over several lines, no magnetic response	formational	moderate
IVT034	L11140	584206	7451509	slow decay over several lines, no magnetic response	formational	moderate
IVT036	L11250	584691	7447983	late time shielded response within conductive feature	overburden	moderate
IVT037	L11280	585167	7447207	late time shielded response within conductive feature	overburden	moderate
IVT038	L11320	589861	7448526	late time shielded response on edge of conductive feature over several lines, no	bedrock	high
IVT038	L11330	589281	7447852	late time shielded response on edge of conductive feature over several lines, no	bedrock	high
IVT038	L11340	589422	7447597	late time shielded response on edge of conductive feature over several lines, no	bedrock	high
IVT039	L11340	585602	7445384	late time shielded response on edge of conductive feature over several lines, no	bedrock	high
IVT040	L11380	588509	7445666	High magnitude late time shielded response within conductive feature, has magnetic	bedrock	high
IVT040	L11390	588719	7445461	High magnitude late time shielded response within conductive feature, has magnetic	bedrock	high

IVT040	L11400	589025	7445302	High magnitude late time shielded response within conductive feature, has magnetic	bedrock	high
IVT040	L11410	589307	7445092	High magnitude late time shielded response within conductive feature, has magnetic	bedrock	high
IVT041	L11390	586843	7444350	High magnitude late time shielded response within conductive feature, no magnetic	bedrock	high
IVT041	L11400	586778	7444000	High magnitude late time shielded response within conductive feature, no magnetic	bedrock	high
IVT041	L11410	586917	7443708	High magnitude late time shielded response within conductive feature, no magnetic	bedrock	high
IVT041	L11420	587043	7443456	High magnitude late time shielded response within conductive feature, no magnetic	bedrock	high
IVT042	L11370	593149	7448694	Broad, low magnitude, late time isolated response, no mag assoc.	unknown	high
IVT043	L11380	585034	7443669	late time shielded response within conductive feature, no mag assoc.	Overburden/IP effect	moderate
IVT044	L11490	589998	7442730	Large magnitude slow decay on edge of magnetic feature over several lines	unknown	high
IVT044	L11500	590152	7442466	Large magnitude slow decay on edge of magnetic feature over several lines	unknown	high
IVT045	L11540	588775	7440287	Large magnitude slow decay over several lines, no magnetic assoc.	unknown	high
IVT045	L11550	588993	7440079	Large magnitude slow decay over several lines, no magnetic assoc.	unknown	high
IVT046	L11580	589231	7439162	low magnitude, lat time shielded response within large conductive feature, has ma	bedrock	high
IVT047	L11610	591049	7439177	High magnitude shielded late time response, no magnetic assoc.	bedrock	high
IVT047	L11620	591205	7438917	High magnitude shielded late time response, no magnetic assoc.	bedrock	high
IVT047	L11630	590877	7438381	High magnitude shielded late time response, no magnetic assoc.	bedrock	high
IVT048	L11630	584113	7434478	Isolated High magnitude slow decay, no mag assoc, does not go to late times	bedrock	high

IVT049	L11670	585471	7433879	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11680	585692	7433652	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11690	586132	7433556	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11700	586440	7433387	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11710	586839	7433275	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11720	587258	7433178	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11730	587315	7432873	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11740	587371	7432547	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11750	587588	7432323	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11760	587658	7432035	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11770	587801	7431775	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11780	587930	7431504	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11790	588097	7431230	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11800	588278	7431009	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11800	588278	7431009	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11810	588451	7430757	late time response with subtle mag assoc over many lines	formational	moderate
IVT049	L11820	588678	7430522	late time response with subtle mag assoc over many lines	formational	moderate
IVT050	L11730	588015	7433268	late time response on edge of larger conductive feature, no magnetic response	formational	moderate
IVT050	L11740	588163	7433013	late time response on edge of larger conductive feature, no magnetic response	formational	moderate

IVT050	L11750	588281	7432731	late time response on edge of larger conductive feature, no magnetic response	formational	moderate
IVT050	L11760	588616	7432596	late time response on edge of larger conductive feature, no magnetic response	formational	moderate
IVT050	L11770	588785	7432332	late time response on edge of larger conductive feature, no magnetic response	formational	moderate
IVT050	L11780	589039	7432137	late time response on edge of larger conductive feature, no magnetic response	formational	moderate
IVT050	L11790	589182	7431870	late time response on edge of larger conductive feature, no magnetic response	formational	moderate
IVT051	L11740	590351	7434264	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT051	L11750	590569	7434046	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT051	L11760	590825	7433867	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT052	L11790	591435	7433168	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT052	L11800	591714	7432974	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT053	L11820	592394	7432686	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT053	L11830	592656	7432488	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT054	L11920	591254	7428547	single line slow decay on edge of conductive feature, strong mag assoc.	unknown	moderate
IVT055	L11920	594115	7430207	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT055	L11930	594380	7430011	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT056	L11970	592567	7427583	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT056	L11990	593061	7427160	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT057	L11970	589646	7425908	broad, shielded response over several lines, no mag assoc.	unknown	moderate

IVT057	L11980	589820	7425649	broad, shielded response over several lines, no mag assoc.	unknown	moderate
IVT058	L11850	593823	7432468	Broad, high magnitude response over five lines	formational	moderate
IVT058	L11860	594055	7432247	Broad, high magnitude response over five lines	formational	moderate
IVT058	L11870	594368	7432075	Broad, high magnitude response over five lines	formational	moderate
IVT058	L11880	595120	7432189	Broad, high magnitude response over five lines	formational	moderate
IVT058	L11890	595129	7431836	Broad, high magnitude response over five lines	formational	moderate
IVT059	L11990	593074	7427168	late time response on edge of larger conductive feature, no magnetic response	edge effect	low
IVT060	L19110	588239	7432883	late time response on edge of larger conductive feature, no magnetic response	unknown	moderate
IVT061	L19110	591239	7428610	High amplitude slow decay with strong mag assoc	bedrock	high
IVT063	L19120	592491	7432038	late time, low amplitude shielded response, no mag assoc	bedrock	high
IVT064	L19130	591109	7439242	broad late time shielded response, with mag assoc.	unknown	moderate

Table 1: VTEM Targets Identified

Anomaly #	E (GDA)	N (GDA)	Outcrop	Outcrop type	Cover type
IVT065	579129	7428610	no		Red creek alluvium
IVT029	580785	7456460	yes	Layered pale green calcsilicate,complex folding with developing schistosity	
IVT031	584669	7455597	no		Aeolian sand,no float
IVT033	585335	7453869	no		Aeolian sand,no float
IVT034	583370	7452736	no		Red sand part dune part alluvial creek
IVT038	589861	7448526	no		Red sheetwash sands, creek
IVT042	593149	7448694	no		Colluvium with abundant calcrete float
IVT036	584691	7447983	no		Creek alluvium
IVT040	588509	7445666	no		Colluvium with abundant float of chalcedony,calcrete and possible fg chloritic volcs. Some FeO nodules.

IVT066	571913	7435064	no		Outwash slope material with FeO nodules as float in soils
IVT043	585034	7443669	no		Colluvium, abundant milky qtz,FeO pebbles,chalcedony, minor qtzite and qtz gneiss as float.
IVT039	585602	7445384	no		Creek alluvium
IVT041	586843	7444350	no		Creek alluvium
IVT044	589998	7442730	no		Creek alluvium
IVT045	588775	7440287	no		Red alluvial sands
IVT046	589231	7439162	no		Red alluvial sands
IVT047	591049	7439177	no		Red alluvial sands
IVT048	584113	7434478	no		Red alluvial sands
IVT049	585471	7433879	yes	Layered calcsilicates strongly outcropping,very siliciousand complex folded	
IVT057	589646	7425908	no		Alluvial creek sediments
IVT058	593823	7432468	yes	Red rubbly and sheared sandstones and quartzites	
IVT063	592491	7432038	yes	Massive to flaggy silicified fragmental volcanic(?).Irregular layering, dark xenoclasts	
IVT061	591239	7428610	no		Alluvial soils

Table 2: VTEM anomalies followed up on the ground

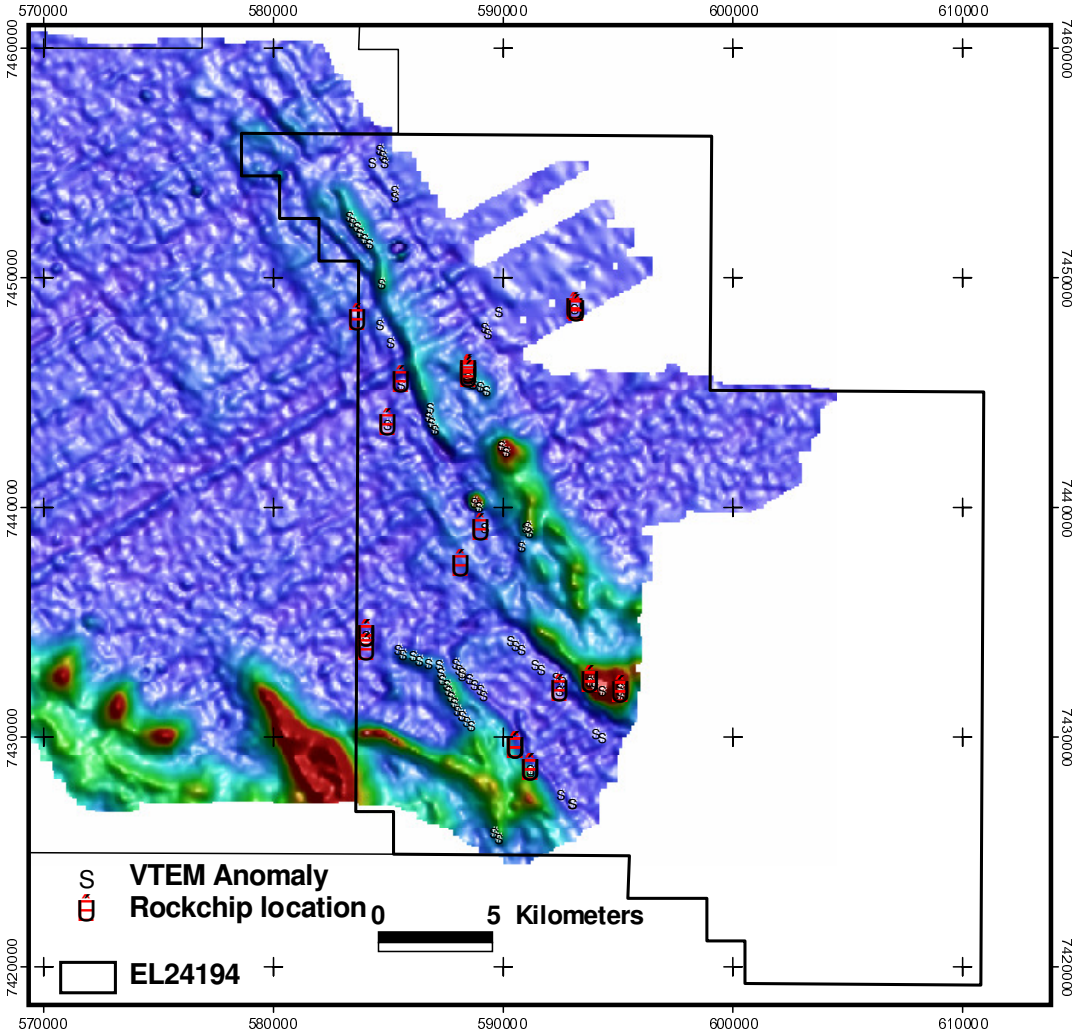

Figure 6: Rockchip and VTEM anomalies on CH34 VTEM Image .

7.0 Conclusions/Future Work

It has been established that the VTEM airborne system has been effective over much of the project area in the identification of basement conductors. Ground follow-up of these conductive features has identified high conductance bodies from the ground EM and follow-up of targets have identified some as having elevated values of nickel, copper and cobalt, particularly target IVT040.

Further work will consist of a heritage clearance survey over the drill target areas and it is planned for the drilling (RC and/or diamond) to commence on IVT040 in March 2008. Estimated expenditure for the licence for the next year of tenure is summarised in table 3. In parallel with this ground EM will continue to be conducted over selected VTEM anomalies identified from the final data once it is received.

Item	Cost
Drilling (RC/Diamond)	60,000
Analytical costs	15,000
Heritage surveys	7,000
Downhole and Ground EM	20,000
Geological mapping / geochemical sampling	10,000
Administration	14,000
TOTAL	**124,000**

Table 3: Proposed budget for year 4

8.0 References

Shaw, R.D., Freeman, M.J., Offe, L.A., and Senior, B.R., 1982. Geology of the Illogwa Creek 1:250,000 sheet area, Central Australia – Preliminary data, 1979-80 surveys. *Bureau of Mineral Resources, Record 1982/23* (unpublished).

APPENDIX 1
LEASING AND EXPENDITURE DETAILS

Tenement details

Tenement No	EL24194
Tenement Name	Indiana
Application Date	8/03/2004
Grant Date	23/01/2005
Subblocks	257
Area	811 sq km

Project expenditure for the period

Geophysical costs VTEM	219,301
Geophysical costs Ground EM	36,009
Heritage	404
Assay/geochemical costs	1024
Field costs (including travel)	11,132
Salaries (includes field work)	27,828
Admin costs	25428
TOTAL	**321,126**