Summary of work completed on the Tanami JV (ELs 24454 and 22924) by Mithril Resources Ltd for the year ending 25th May 2008.

Summary:

Data compilation (both ELs)
Airborne VTEM survey (EL24454)
Geological mapping (both ELs)
Rockchip and ¼ core (36 samples) and magnetic lag (194 samples) sampling (both ELs).

Data compilation

Mithril completed a review of historical exploration over the Tanami Tenements during the reporting period. The review highlighted the fact that no systematic exploration for nickel or other base metals had been completed and thus is the focus for Mithril’s involvement in the project. The review highlighted a number of targets for follow-up being generated including the Middle Dam (Ni-Cu-Cr) and Perenti (Cu-Au) Prospect areas.

Airborne VTEM survey and ground follow-up

In October 2007 Mithril completed an airborne VTEM survey over two areas within EL24454, figure 1. A total of 609 km were flown at a 300m line spacing and a number of targets were generated, Appendix 1. Field checking of these targets was completed but most were found to be under thin transported cover so the source remains untested. All data from this survey is contained in Appendix 2.

Geological Mapping and Sampling

Early in 2008 it was decided to complete regional reconnaissance style exploration program over the project area. As a result of this a stream sediment sampling program was planned and completed in March/April 2008. At each of the 194 sample locations a magnetic lag sample or laterite/lag sample was taken from a stream or drainage location. At the time of writing no results were returned. Sample location and descriptions can be found in Appendix 3 and the location of samples taken is shown in figure 1.

During the stream sediment sample 28 rock samples were collected and analysed at ALS Chemex in Perth for 48 elements using the ME-MS61 method. Mildly anomalous nickel values to 339ppm and Chromium to 2610ppm were returned from samples taken from around the Middle Dam Ultramafic. All rock sample descriptions and analytical results are contained in Appendix 4. Rock sample locations are shown in figure 1.

Relogging of Perenti Diamond Drillholes

Three diamond drillholes were re-examined and eight samples taken for reanalysis from the diamond drilling completed at the Perenti Prospect by Central Pacific Minerals Limited in
1968. These samples and descriptions are contained in Appendix 4. It became apparent that little or no work had been completed on the mineralisation intersected in these drillholes since the CPM days. A full report on the re-investigation of these drillholes is contained in Appendix 5.

Figure 1: Summary of work completed by Mithril Resources to end of May 2008. Magenta boxes indicate areas flown by VTEM.
Conclusions/Recommendations

- Detailed mapping and sampling around the Perenti and Middle Dam Prospects followed by ground geophysics if warranted.
- Evaluation of the analytical results from the magnetic lag sampling when they are returned and follow-up of any base metal anomalism by mapping, sampling and ground geophysics if warranted.
- Ground EM over high priority targets generated by the VTEM survey.