



MITHRIL

RESOURCES LTD

ASX RELEASE

Formation of Musgrave Minerals Limited and IPO

KEY POINTS

- **Mithril, Independence and Goldsearch have agreed to join forces to accelerate exploration in the highly prospective Musgrave region of South Australia by forming Musgrave Minerals Limited**
- **Initial interests in Musgrave Minerals will be Mithril 40%, Independence 30.6% and Goldsearch 29.4% and each company will be represented on the Board**
- **Musgrave Minerals will be a dedicated mineral explorer in the Musgrave Region of South Australia with exploration interests covering more than 50,000km² in this under-explored terrain**
- **Musgrave Minerals will conduct an initial public offering (IPO) of shares and will seek admission to the official list of the ASX and quotation of its shares**



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April 22, 2010

MITHRIL, INDEPENDENCE AND GOLDSEARCH JOIN FORCES TO UNLOCK MUSGRAVE POTENTIAL

Adelaide-based base metals explorer Mithril Resources Ltd (MTH:ASX) is pleased to announce an agreement with Independence Group NL (IGO:ASX) and Goldsearch Limited (GSE:ASX) to create Musgrave Minerals Limited - a jointly owned company dedicated to exploration across the highly prospective and under-explored Musgrave Province in northern South Australia.

Under the terms of a Heads of Agreement, each company will transfer their respective exploration interests in the Musgrave region and provide initial seed capital to Musgrave Minerals.

Mithril has the largest exploration interest in the Musgrave Province through a number of joint ventures and wholly owned tenements, and will be entitled to 40% of the issued capital in the new entity. Independence (30.6%) and Goldsearch (29.4%) already operate an exploration joint venture in the Musgrave with tenements covering 18,000 km².

Each company will be represented on the Musgrave Minerals Board of Directors. The transfer of exploration interests is subject to the consent of respective joint venture parties, the Government of South Australia and the Anangu Pitjantjatjara Yankunytjatjara (APY).

Mithril Resources Chairman John Roberts said unlocking the potential of the Musgrave Province would be an exciting development for the company.

“Once Musgrave Minerals is incorporated we envisage that the new company would undertake a further seed capital raising to provide working capital,” Mr Roberts said.

“This will fund immediate exploration activities on the tenements advancing targets to a drill test decision,” Mr Roberts said.

“Each party may contribute pro-rata in this second seed capital raising.”

Musgrave Minerals will conduct an initial public offering of shares and will seek admission to the official list of the Australian Securities Exchange (ASX) and quotation of its shares prior to April 30, 2011.

Mithril Resources Managing Director Graham Ascough said the new company will aim to discover new deposits of economic mineralisation in the Musgrave region through systematic, well resourced exploration programs.

“It will continue to have strong ties with Mithril, Independence and Goldsearch at both a management and technical level and will look to continue the strong relationship with Anangu Pitjantjatjara Yankunytjatjara that the each company currently enjoys,” Mr Ascough said.

Musgrave Minerals will have the largest exploration land holding in the Musgrave region of South Australia totalling more than 50,000km² (Figure 1). The tenement interests will include 7 granted exploration licences (5592km²) and 38 exploration licence applications (44,628km²), six of which are in a position to be advanced immediately to grant. The exploration interests are held through a number of joint ventures and 100% held tenure.

Mr Ascough said independent analysis by each company arrived at the view that the Musgrave Province is highly prospective for new discoveries of economic mineral deposits.

“Mithril is very pleased to participate in this transaction as it creates a Musgrave-focused vehicle that will be well resourced to systematically explore one of the premier untested and highly prospective provinces in Australia,” Mr Ascough said.

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Mithril Resources Ltd is an Australian exploration company focused on the discovery and development of base metal deposits, primarily nickel and copper. Mithril is a frontier explorer with a small but highly experienced team based in Adelaide. Combining advanced technology with a proven field-based approach ensures the bulk of the company’s expenses go directly into the ground. This is yielding excellent results and Mithril’s recent discovery of the Basil copper prospect at its Huckitta Project has the potential to deliver a large tonnage, near surface deposit.

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 mineralisation 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.

BACKGROUND – MUSGRAVE PROVINCE

The Musgrave Province comprises a large block of Proterozoic-aged rocks encompassing a diversity of geological environments. Other Australian Proterozoic blocks such as the Broken Hill, Mt Isa, Tanami and Tennant Creek blocks have seen considerable exploration and as a result are host to world class base and precious metal mineral deposits.

In South Australia, the Musgrave Province lies almost entirely within Anangu Pitjantjatjara Yankunytjatjara Land, where exploration access has been limited. As such, the area has considerable untested mineral prospectivity and has not been subjected to modern day exploration techniques and concepts until recently.

The centrepiece of the Musgrave Province in South Australia is the recognition of, and access to, the unexplored potential of the Giles Complex which hosts significant nickel and copper sulphide deposits (Nebo/Babel deposit - 396Mt @ 0.3% nickel, 0.3% copper) in the Western Australia portion of the province.

The Birksgate Complex of the Musgrave Province is considered prospective for zinc-lead-silver ore bodies similar to Broken Hill (approx. 280mt @ 10% lead, 13% zinc, 115g/t Ag). Recent work by Mithril has also identified significant platinum–palladium, vanadium–magnetite and rare earth element mineralisation on its tenements within the Musgrave Province.

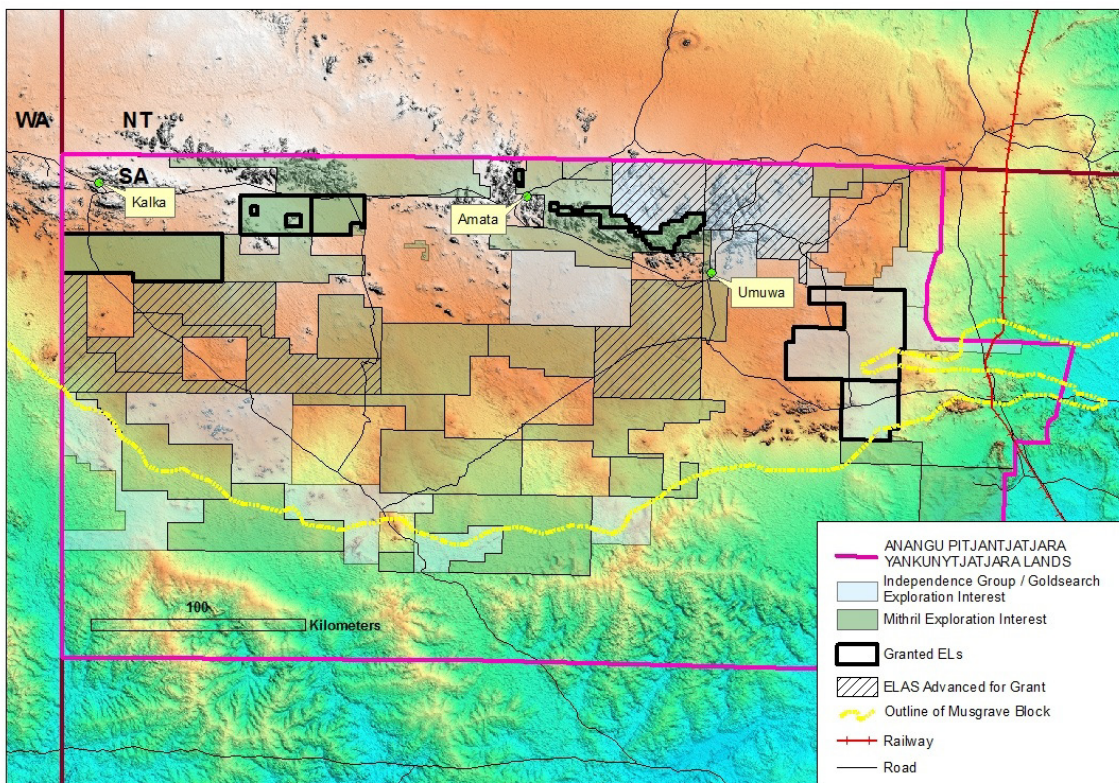


Figure 1: Musgrave Minerals exploration tenure on digital elevation model image of the Musgrave Province in South Australia.