

Mithril establishes strategic foothold in WA's Eastern Goldfields with acquisition of historic high-grade Spargos Reward Gold Mine

- Mithril to acquire Spargos Reward Gold Mine and surrounding tenements for \$200,000 in cash from Breakaway Resources
- Previous production to 120 metres vertical depth of approx. 30,000ozs @ 8g/t gold
- Located 16kms north along strike from the operating Wattle Dam Gold Mine
- Significant exploration upside demonstrated by broad spaced historic drilling results outside previously mined area:
 - 8.0m @ 3.11g/t gold from 21m incl. 2m @ 10.14g/t gold from 27m
 - 3.3m @ 9.8g/t Au from 196.7m incl. 2.8m @ 11.45g/t Au from 197.2m
 - 5.7m @ 6.16g/t gold from 338m
- Provides a strategic foothold in the Eastern Goldfields – the premier address for gold mining and exploration mining in Australia
- Exploration drilling planned to commence early March Quarter 2013

Mithril Resources Ltd (**ASX: MTH**) is pleased to advise that it has signed an agreement with Breakaway Resources Ltd (**ASX: BRW**) to purchase the historic **high-grade Spargos Reward Gold Mine** and surrounding 15kms² of tenements, located 25 kilometres west of Kambalda in the Eastern Goldfields of Western Australia (*Figure 1a*), for **\$200,000** in cash.

The sale, which encompasses Prospecting Licences 15/4876 - P15/4883 and 15/4866 (9 tenements), excludes the Nickel Rights over the tenements (which will be retained by Breakaway) and is conditional on completion of due diligence within 30 days and successful renewal of the tenements by Breakaway before their expiry on 22 September 2012.

The Spargos Reward Deposit is located on the Kunanalling Shear, a regional shear zone that hosts significant gold mineralisation 20km to the north at Ghost Crab (1999 Total Resources of 1.2Mozs gold @ 4.7g/t gold), and 16km to the south at Ramelius Resources' operating Wattle Dam Gold Mine (total production of 250Koz gold from 2006 to August 2012).

Spargos Reward was previously mined during the 1940's and early 1980's to a **vertical depth of 120 metres** (underground and open pit) with total production of approximately **29,257 ounces @ 8g/t gold**. Geological modelling indicates that there is **excellent potential to extend the deposit at depth and along strike** with only broad spaced drilling completed by previous explorers outside the mined area (*Figure 2*). Better results include (down hole widths):

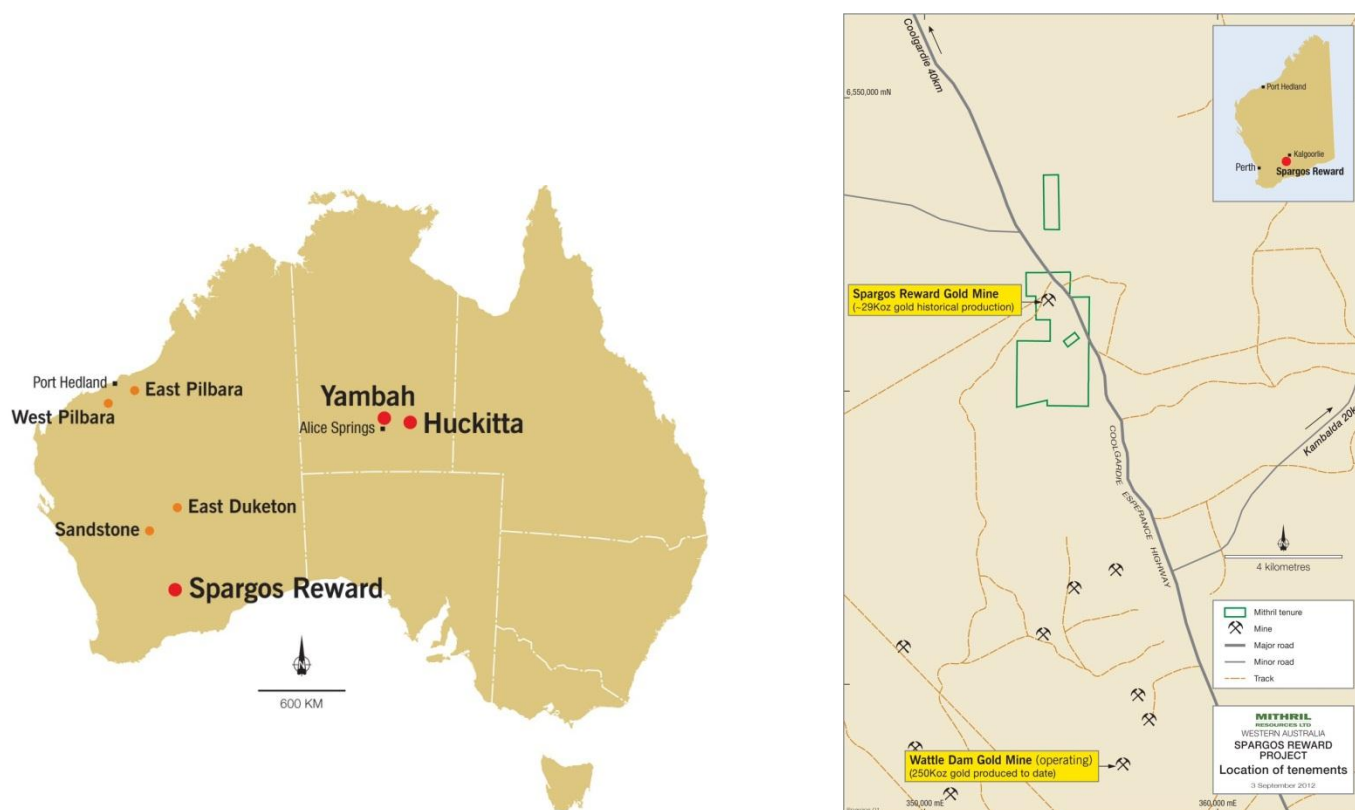
- **8m @ 3.11g/t gold** from 21 metres in 09BKWC007 including **2m @ 10.14g/t gold** from 27 metres;
- **8m @ 2.89g/t gold** from 86 metres in 09BKWC010 including **2m @ 6.65g/t gold** from 86 metres;
- **3.3m @ 9.8g/t Au** from 196.7 metres in KWDD007 including **2.8m @ 11.45g/t Au** from 197.2 metres;
- **5.7m @ 6.16g/t gold** from 338 metres in SRD005; and
- **7.0m @ 4.93g/t gold** from 476 metres in SRD002.

Importantly, the acquisition complements Mithril's Huckitta Project where the Company has recently confirmed a potentially significant iron oxide copper gold mineralised system at the Illogwa IOCG Target Area.

Spargos Reward's location in south-western Australia will enable the Company to maintain exploration activities throughout the entire year irrespective of weather conditions, thereby effectively weather-proofing its exploration program. Previously, the Company's activities at all of its existing projects ceased during the summer months due to unfavourable weather conditions associated with the northern Wet Season.

Commenting on the announcement, Mithril's Managing Director, Mr David Hutton, said: "The acquisition of the Spargos Reward Gold Mine is a key development for the Company as it represents a strategic foothold in the Eastern Goldfields – the premier address for gold mining and exploration in Australia."

"We see considerable exploration upside at Spargos Reward and look forward to commencing exploration drilling early in the March Quarter next year, subject to the receipt of statutory approvals."



Figures 1a (left) and 1b (right): Spargos Reward Location Plan

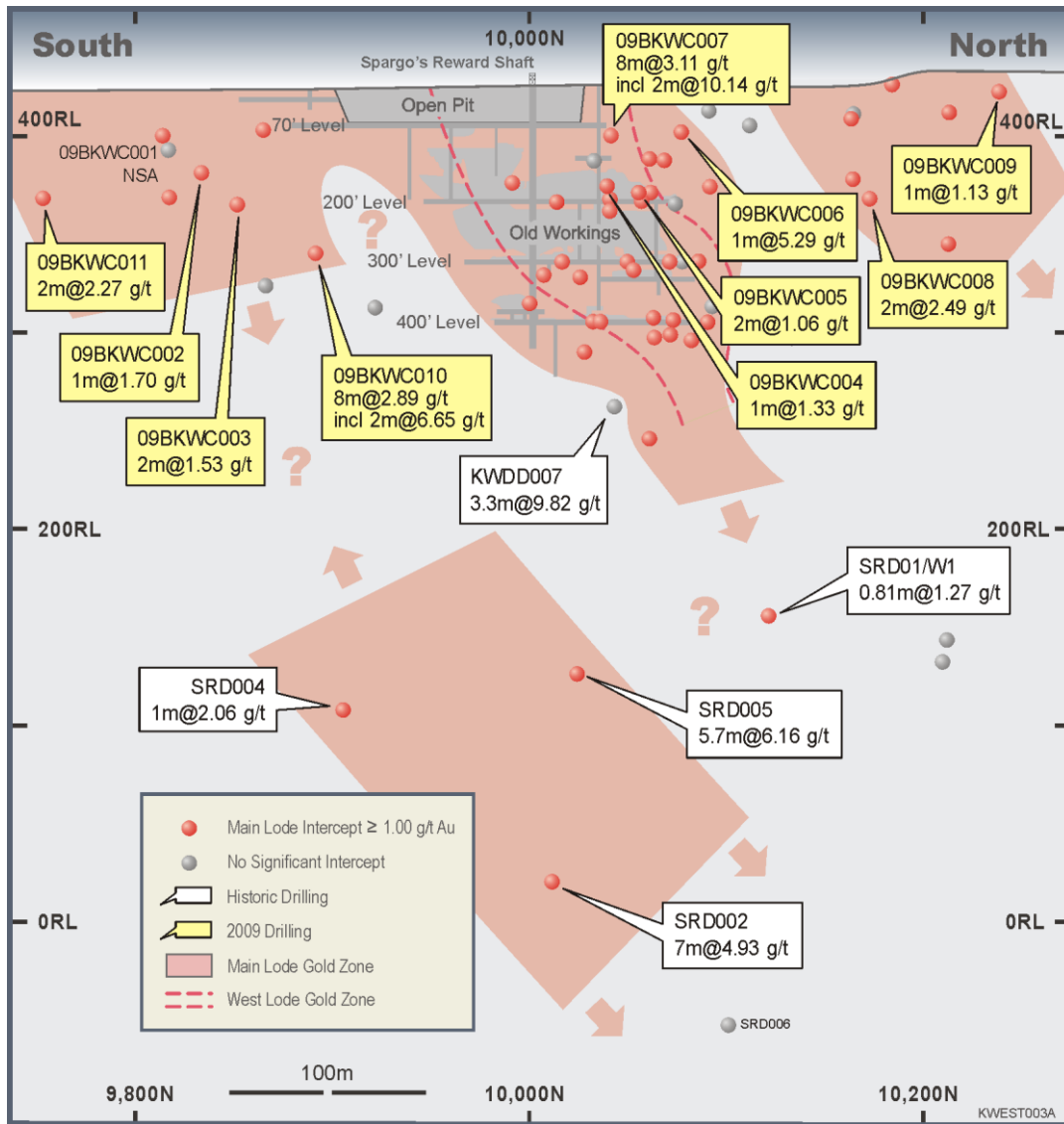


Figure 2: Spargos Reward Gold Mine Long Section

Table 1: Spargos Reward historical RC and diamond drilling

Hole ID	Easting	Northing	Dip°	Azi°	From	Width	g/t gold	
09BKWC007	354164	6543255	-65	270	21.0	8	3.11	
					<i>including</i>	27.0	2	10.14
09BLWC010	354208	6543093	-65	270	86.0	8	2.89	
					<i>including</i>	86.0	2	6.65
KWDD007	354289	6543241	-66	270	196.7	3.3	9.80	
					<i>including</i>	197.2	2.8	11.45
SRD005	354366	6543222	-60	0	338	5.7	6.16	
SRD002	354436	6543222	-60	180	476	7.0	4.93	

Notes:

- Intercepts are quoted as down hole widths and are not true widths
- Drill holes are historic and as such analytical methods are unknown
- Drill hole locations were determined using a handheld GPS achieving +/- 4 metre accuracy - MGA datum (Zone 51).

ENDS

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Competent Persons Statement:

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr David Hutton (Managing Director), who is a full-time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr D Hutton 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 Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Mithril Resources Ltd:

Mithril Resources Ltd is an Australian exploration company focused on the discovery and development of base metal deposits primarily 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.
