CASEY PROJECT
EL 24646

50% Relinquishment Report
End 4th Year of Tenure

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MAP REFERENCE:
HALE RIVER 250K Sheet
SG53/3
SUMMARY

This report summarises the work completed on the 50% relinquished portion of Exploration Licence 24646 for the period 16th December 2005 to 15th December 2009. This is the second 50% reduction on the tenement.
CONTENTS

1.0 Introduction ...................................................................................................... 1
2.0 Location ........................................................................................................... 1
3.0 Tenure ............................................................................................................. 1
4.0 Geology ........................................................................................................... 2
5.0 Previous Exploration ........................................................................................ 2
6.0 Mithril Work ...................................................................................................... 3
  6.1 Year 1 ........................................................................................................... 3
  6.2 Year 2 ........................................................................................................... 4
  6.3 Year 3 ........................................................................................................... 4
7.0 Mithril Work Completed Year Ending 2009 ...................................................... 4
8.0 References ...................................................................................................... 5
FIGURES (follow text)

Figure 1: Location of EL 24646 and relinquished portion
Figure 2: Location of work completed

APPENDICIES
1.0 Introduction

This report summarises the work carried out by Mithril Resources Limited on the 50% reduced area of Exploration Licence 24646, the Casey Project, for the period 16th December 2005 to 15th December 2009, figure 1.

The Casey Project area was selected following mapping by the Northern Territory Geological Survey (NTGS), who identified previously unknown ultramafic rocks that were considered prospective for Ni-Cu-PGE sulphide mineralisation. During Mithril's first year of exploration, Ni-Cu anomalism was found to be associated with these ultramafic bodies. Furthermore, reconnaissance sampling delineated Cu mineralisations (Pipeline Prospect) within Amadeus Basin sediments and the NTGS rediscovered the Arthur Pope’s Cu Prospect.

In the second year of exploration, detailed mapping, sampling and ground geophysics were undertaken at the Pipeline Cu Prospect. The geology was found to be very complicated with Cu mineralisation widespread and in various rock types. Three diamond drill holes were completed at the prospect indicating anomalous levels of copper in a number of stratigraphic horizons.

Elsewhere on EL 24646, more ultramafic rocks were identified and carbonate rich veins associated with Cu-REE mineralisation were discovered. These veins are associated with the mineralisation at Arthur Pope’s Cu Prospect, where ground geophysics was undertaken.

2.0 Location

EL 24646 is located 170 km east-southeast of Alice Springs along the northwestern margin of the Simpson Desert (Figure 1). Access from Alice Springs is via the Ross Hwy for 33 km and then 158 km along the Ringwood-Numery Road. There are few station tracks within the tenement, so field access is typically across country.

3.0 Tenure

EL 24646 was granted on 16 December 2005 to Minex (Aust) Ltd, a wholly owned subsidiary of Mithril Resources. The licence covered a total of 201 blocks. A reduction of 50% was lodged at the end of the third year. During the current year the licence was relinquished by a further required 50%. This second reduction is the focus of this report.

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Table 1: Details of EL 24646
4.0 Geology

The geology of Central Australia can be divided into two broad components: Paleo- to Mesoproterozoic igneous-metamorphic rocks (Arunta-Musgraves regions) and Neoproterozoic to Palaeozoic Centralian Superbasin sediments (Amadeus-Georgina-Ngalia Basins). The Centralian Superbasin once covered the entire southern Arunta (Walter et al., 1995), but uplift and erosion of the basin produced domains where the sediments are now absent and Arunta basement is exposed.

The Casey project focuses on the Casey Inlier; a 17 km wide, northwest-trending uplift block where the southeasternmost outcrops of Arunta basement are exposed. Basement is exposed for about 50% of the inlier. Where covered, the preserved Amadeus sediments are relatively thin and only shallowly dipping. The entire uplift block is obvious in the regional aeromagnetic data as the basement rocks are more magnetic than the Amadeus sediments. The gross structure of the uplift block is complicated, although it is probably bounded by southwest-dipping thrust faults. The northwestern and southeastern margins of the uplift block are poorly constrained.

The Casey Inlier is divided into five distinct domains: three basement domains and two supracrustal domains. Descriptions of these domains and geochronology are described in some detail by Close et al., 2006; 2007.

5.0 Previous Exploration

Historical exploration within the Casey Inlier has been for various styles of mineralisation. There had been no systematic exploration for Ni-Cu sulphides; the original focus for Mithril. The main historic work includes:

Sabminco (EL 5363; CR19890017) – Au exploration in the exposed Arunta basement of the Casey Inlier. Copper mineralisation at 3 localities reported, including Arthur Pope’s Prospect, but no evidence that any work was undertaken at these localities. Numerous stream sediment and soil samples taken, but mainly in Central and Western Basement Domains. However, their best stream sediment result of 6400 ppt Au (bulk cyanide leach) was collected from EL 24646 (northernwestern entrance to Casey pound).

Pancontinental (EL 6550; CR19900180) - zircon-monazite mineral sand exploration in Hale River alluvial fan. Ground magnetic and shallow drillhole traverses across the Hale River. A number of these traverses are within EL 24646. Heavy mineral concentrates averaged 7-8 %, but were predominantly garnet with little zircon or monazite.

Poseidon Exploration (EL 6997, 6998, 7392; CR1992007, 19930015, 19930784) - Cu, Pb, Zn and Ag exploration, including very detailed work on the Amadeus Basin sediments overlying the northern part of the Casey Inlier and flanking the inlier. Includes work at the Limbla and Ringwood Copper prospects, which are east and west of the Casey Inler, respectively. Extensive lag, soil, stream sediment and rockchip sampling. 14 key areas identified for continued work. Ground geophysics and drilling undertaken at these key areas. None of this work was within EL 24646, but it is still relevant to the greater area.
CRAE/Rio Tinto Exploration (EL 9332, 9335, 9337, 9340; CR19970431, 19970543) - Very extensive landholding, including about half of the Arunta basement in the Casey Inlier. Proximity to the continental-scale Woolangi Lineament (bounding faults of Casey Inlier?) noted for kimberlitic diamonds potential. Regional airborne magnetic and radiometric survey completed over entire area delineated 64 discrete dipolar magnetic bodies. Follow-up bulk gravel samples collected from 34 of these anomalies yielded no kimberlitic mineral indicators. Other focus was the Amadeus Basin sediments, particularly the contact between the Heavitree Quartzite and Gillen Member (Bitter Springs Formation) looking for stratabound, sediment-hosted copper (African Copper Belt, Kupferschiefer) and unconformity-related uranium mineralisation. Extensive stream sediment and rockchip sampling, followed by 150 percussion drillholes. The best drill results were all within EL 24646 (southernmost drillholes), and included:

RA97ML075 - 24-43 m: 1240 ppm Cu, includes 34-35 m: 2200ppm Cu. RC hole (RC97ML001) confirmed result.
RA97LV053 - 9-13 m: 1100 ppm Pb, 360 ppm Zn, 155 ppm Cu
- 13-15 m: 900 ppm Pb, 800 ppm Zn
RA97LV026 - 7-8 m: 650 ppm Co, 165 ppm Cu, 115 ppm Zn

Since then, there has been no other exploration work. In 2004, the Northern Territory Geological Survey started mapping the Casey Inlier, only focussing on the Arunta basement. This work is ongoing and has included extensive rockchip sampling.

6.0 Mithril Work

Mithril Resources implemented the Casey Project to look for Ni-Cu-PGE sulphide mineralisation associated with mafic-ultramafic intrusions in the exposed basement of the Casey Inlier. The prospectivity of the area was demonstrated when the Northern Territory Geological Survey identified some ultramafic intrusions, which yielded moderately elevated abundances of Ni and Cu.

6.1 Year 1

In the first year of tenure, Mithril Resources undertook reconnaissance surface sampling across the exposed Arunta basement. This included rockchip sampling (Appendix 1) and stream sediment sampling (Appendix 2). Three areas of interest were highlighted (Pipeline, Central Ultramafic, Western Ultramafic) and follow-up work was undertaken.

The stream sediment survey was carried out at a density of approximately 1 sample per 5 km² over the exposed Arunta basement (Figure 2). Samples were submitted to Genalysis, where they were screened at -80# mesh. Both -80# and +80# fractions were analysed. No significantly elevated Ni results were recorded. A number of rockchip samples were also collected, predominantly from mafic-ultramafic intrusions. No Ni-Cu sulphide mineralisation was noted. However, mineralisation was discovered in Amadeus Basin sediments and returned very elevated Cu (5137 ppm) and Zn (2909 ppm) values. This prospect became known as Pipeline and is not in the area relinquished.
6.2 Year 2

Work completed in the second year of tenure over the relinquished area included:

- Ground magnetic surveys (Appendix 3)
- Two lines of Dipole-dipole IP surveys (Appendix 4)
- Prospect mapping and sampling
- Regional mapping and sampling.

The work during the second year also discovered that carbonate veins are associated with copper mineralisation at Arthur Pope’s Prospect. These veins have not been reported previously. The veins were discovered to be widespread and associated with elevated REE and Y. Some spectacular copper grades were returned, but the mineralisation found was small and discontinuous. A magnetic anomaly was detected proximal to the mineralisation at Arthur Popes but this was attributed to outcropping mafic bodies located on the margins of the anomaly.

Regional work looking for exposed mafic-ultramafic Ni-Cu-PGE sulphide mineralisation was disappointing, with only one significant Cu anomaly returned.

6.3 Year 3

In addition to this work Mithril Resources participated in the “Bringing Forward Discovery” initiative by increasing the gravity coverage over the entire area of EL24646 to 1kmx1km. This gravity data can be found in Appendix 5.

7.0 Mithril Work Completed Year Ending 2009

No field work was completed during the reporting year. This was primarily due to Mithril significantly scaling back field exploration due to the effect of the Global Financial Crisis making it very difficult to raise exploration capital. Mithril reduced the tenement by the required 50% late in 2009.
8.0 References
