



MITHRIL
RESOURCES LTD

EL25643 – MT ISABEL

SURRENDER REPORT

For the Period

26th July 2007 to 25th July 2013

Compiled By

Jim McKinnon-Matthews (General Manager – Geology)

MAP REFERENCE: Illogwa Creek 250K - Sheet SG53/15

Target Commodities: Nickel, Copper and Gold

Report submitted on: 18th September 2013

All data provided is of GDA94 Datum, Zone 53.

All enquiries to Jim McKinnon-Matthews

Phone: 08 8378 8200

jimm@mithrilresources.com.au

58 King William Road, Goodwood, South Australia 5034

Telephone: (61 8) 8378 8200 Fax: (61 8) 8378 8299

Web: www.mithrilresources.com.au Email: admin@mithrilresources.com.au

ABN: 30 099 883 922

SUMMARY

This report summarises work completed on the surrendered portion of EL25643 for the period 25th July 2007 – 24th July 2013

The project area is located approximately 160 km east of Alice Springs, south of the Plenty Highway and on the Illogwa Creek 250,000-scale map sheet.

No work was completed over the 60 blocks surrendered.

CONTENTS

1.0	INTRODUCTION	1
2.0	PROJECT LOCATION	1
3.0	TENURE	2
4.0	GEOLOGY	2
4.1	Regional Geology	2
4.2	Project Geology	3
5.0	EXPLORATION WORK COMPLETED	4
5.1	Mithril and Sammy Resources Work Completed on EL25643	4
4.2	Work completed on relinquished ground EL25643	5

FIGURES

Figure 2:	Location of EL 25643 prior to reduction. Also shown is EL25653.	2
Figure 3:	Discovered and named prospect areas on airphoto image	5

TABLES

Table 1	Tenement Status	2
---------	-----------------------	---

APPENDICES

1.0 INTRODUCTION

Mithril Resources Ltd entered into a *Heads-of-Agreement* with Sammy Resources Pty Ltd to farm-in to EL25643 and EL25653. The agreement covers all minerals and Mithril may earn an 80% interest in the tenements by completing expenditure of AUD\$2M within 5 years of the commencement date. Prior to reaching this agreement Sammy Resources held the tenement in their own right. In July 2012 Mithril served notice to Sammy outlining that Mithril had spent the \$2M and the project is now subject to a 80:20 Mithril: Sammy Joint Venture, where parties fund pro rata.

Mithril Resources Ltd and Sammy Resources Pty Ltd reduced the existing EL25643 from 218 blocks to 158 blocks (Figure 1).

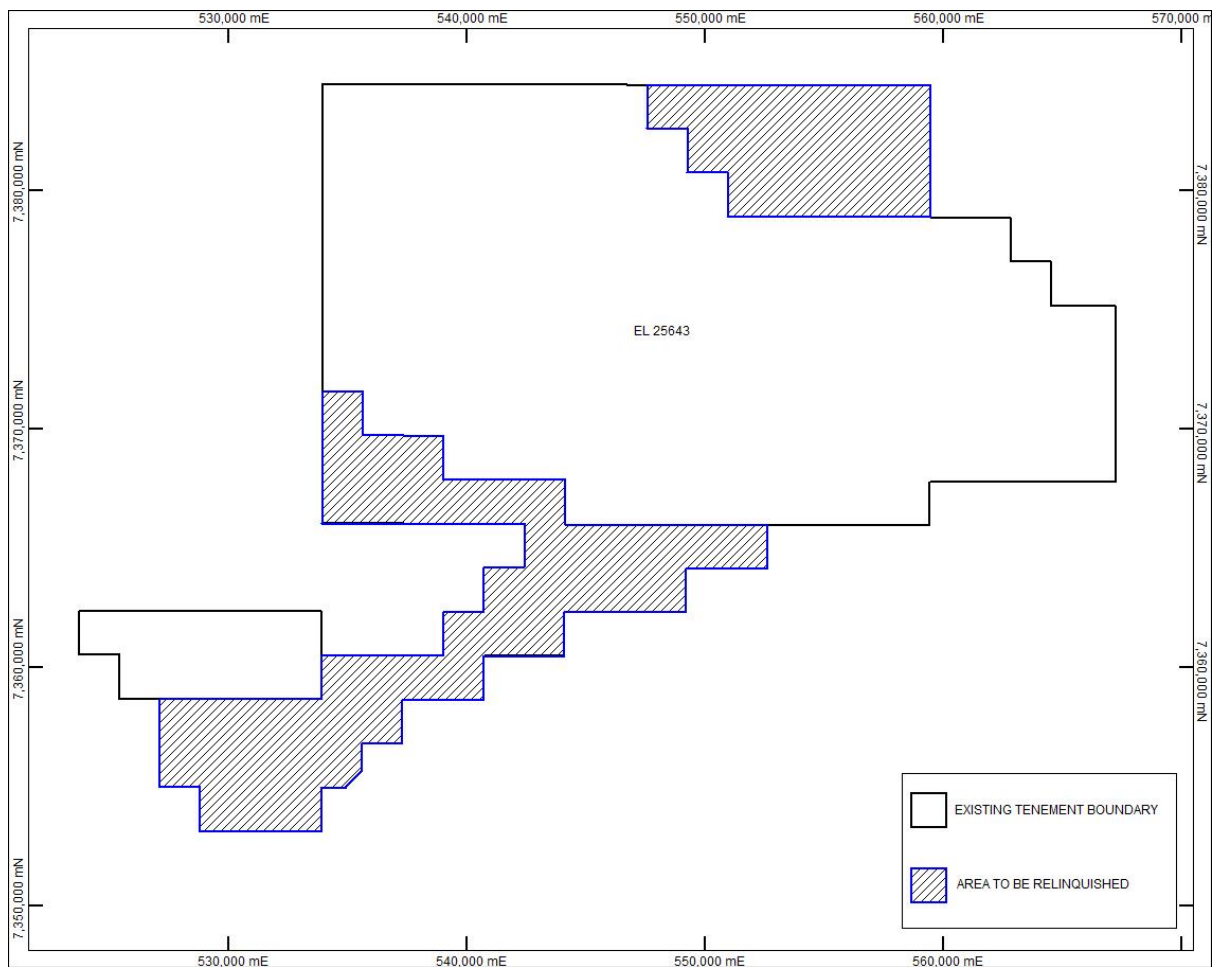


Figure 1: Current area of EL25643 with areas relinquished.

2.0 PROJECT LOCATION

EL25643 lies approximately 180km east of Alice Springs (Figure 2). Access to the area is via the sealed Ross River Highway, the Numery Road and station tracks.

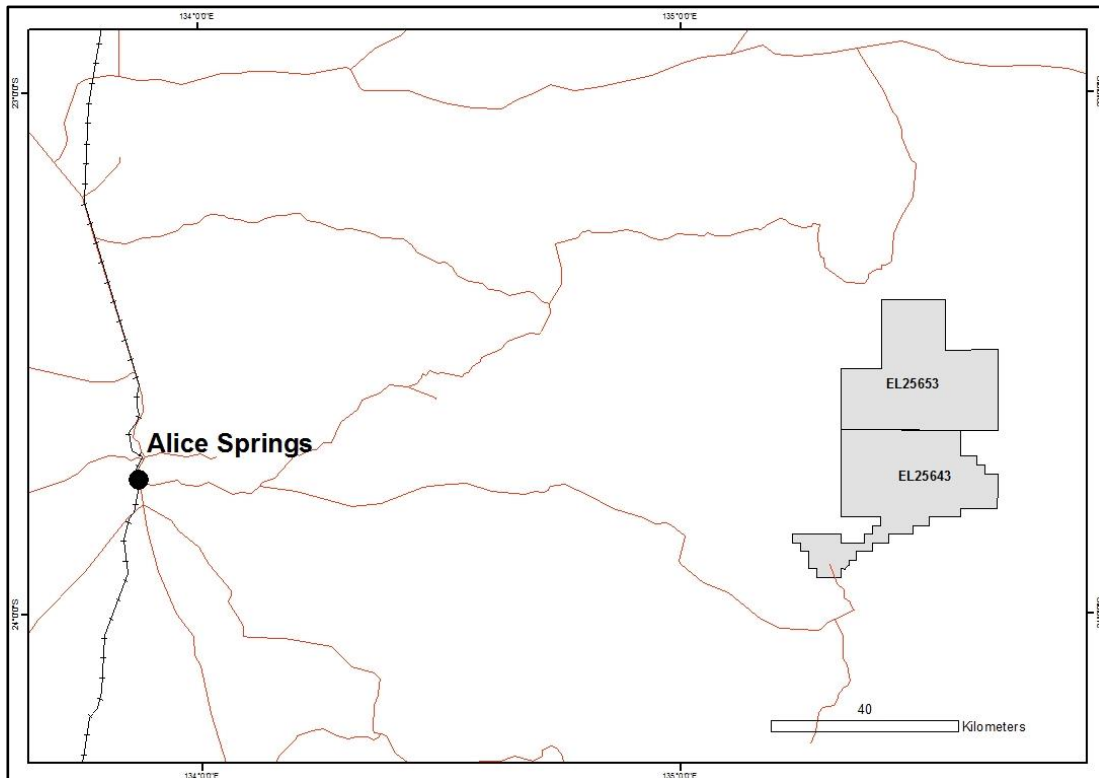


Figure 2: Location of EL25643 prior to reduction. Also shown is EL25653.

3.0 TENURE

Summary of the tenement status and reduction amount is presented in Table 1.

Tenement	Grant date	Size (blocks)	Reduction Date	Reduction Amount (blocks)	Size after Reduction (blocks)
EL25643	25/07/2007	438	20/07/2009	220	218
		218	19/07/2013	60	158

Table 1: EL25643 Tenement Tenure

4.0 GEOLOGY

4.1 Regional Geology

The Project lies within Illogwa Creek 250K Sheet. The Project area is located along the north eastern margin of the Amadeus Basin in a zone of complex deformation and interaction between basement structures and the sedimentary sequence.

The Amadeus Basin sediments overlie the metamorphic rocks of the Arunta Block in the south and postdate the intrusion of the Harts Range pegmatites and dolerites inferred to be part of the Stewart Dyke Swarm. The stratigraphy and geological evolution of the basin is well document in Korsch and Kennard (1991).

The Amadeus Basin in the Illogwa Creek area has a number of important geological differences to the northern margin of the Amadeus Basin south and west of Alice Springs:

- It is characterized by a thin-skinned tectonic style (thrusts and nappes) with intense folding and thrusting that contrasts with a thick-skinned tectonic style further to the west.
- Only the lower stratigraphic section is preserved (up to the Arumbera Sandstone) and lithological facies are markedly different to those further east.
- There is a wide zone of interaction between the sedimentary sequence and basement structures that verge to the south and southwest.
- Alice Springs age shear zones deforming the basin sequence are associated with widespread greenschist facies retrogression or alteration and these zones are similar to those associated with gold mineralisation at Winnecke and Arltunga (Mackie, 1986; Dirks and Wilson, 1991).

The margin of the basin is structurally complex. In the Oolera Fault Zone, the Heavitree Quartzite, Gillen Member of the Bitter Springs Formation and rocks of the underlying Arunta block are inter-sliced in numerous thrust blocks. Basement cored folds may represent the cores of thrust nappes. A second major zone of overthrusting coincides with the Illogwa Schist Zone and is inferred to represent the lowest thrust-nappe of the Arltunga Nappe Complex (Shaw and Freeman, 1985; Mackie, 1986). Slivers of Heavitree Quartzite have been overridden by retrogressed schists in this zone and the alteration (retrogression) and deformation is similar to that spatially associated with mineralisation at Arltunga (Mackie, 1986; Dirks and Wilson, 1991) and is coeval with that at the base of the White Range Nappe on the Alice Springs 1:250K sheet. Quartz veins with associated sulphides are common in these zones and a single gold bearing copper occurrence in quartz veins in the basement is reported in the vicinity of the Hale River (Shaw and Freeman, 1985). Associated deformation in the cover sequence is complex and appears to be thin skinned in character.

The Arunta Province has been subjected to several regional orogenic events. Significant gold mineralization occurs in extensively deformed zones of faulting, shearing and greenschist metamorphism marking the boundary between the Arunta Province and Amadeus Basin.

4.2 Project Geology

The Sammy Project area is predominantly covered by a veneer of aeolian and colluvial sand and gravel. Strongly weathered biotite, garnet-biotite and quartzofeldspathic gneiss, calcsilicate rocks and amphibolite are sporadically exposed, particularly in the northern portions of the project area. In addition Mithril has located a number of Ni-Cu-PGE rich mafic intrusions in this northern area which have been the focus of exploration to the end of 2011. There are numerous ferricrete, calcrete and silcrete rises, some of which may be indicative of the targeted mafic and ultramafic rocks. No detailed mapping has been undertaken in the area with the best regional maps compiled prior to detailed aeromagnetics and the current understanding of the geological history.

The area is considered prospective for Ni-Cu-PGE mineralisation associated with mafic and ultramafic intrusions.

More recently extensive haematite – silica altered granites were identified during remapping of the Limbla 100K sheet and altered granites were located on EL25643 in 2011. This alteration, as well as significant outcropping copper (and gold) mineralisation, was found in a number of areas during the current reporting period

confirming the presence of a significant IOCG mineralising system at play. Both secondary (malachite) and primary sulphides (chalcopyrite) was located at surface at a number of previously unrecorded areas late in 2011 and in 2012.

5.0 EXPLORATION WORK COMPLETED

There have been several explorers in the region previously, exploring a range of commodities including gold, uranium, base metals and diamonds. Some of the more significant exploration efforts are summarised below. Gutnick Resources took a total of 27 stream sediment samples in the main regional program covering EL10269 which partially overlaps EL25653. Only the top 5 cm of sand from across the active stream channel was sampled. A sample density of 1 sample per 5sqkm was used. The best result was 0.25 ppb Au. Rio Tinto explored the Casey Bore area in 1998 covering the eastern Amadeus Basin, an intracratonic basin which began to form about 900 Ma, and the Palaeoproterozoic Arunta Block. The contact between the Arunta Block and the Amadeus Basin in the north of the tenement area is marked by a series of east-west trending thrust zones. The southern end of the Woolangi Lineament, a northwest - southeast trending structural zone, marked in the area by a basement high, the Casey Inlier, also occurs within the tenement area. Rio conducted detailed geophysical surveys, stream sediment sampling, RAB and RC drilling. Anomalous Cu, Pb, Zn was returned from several phases of drilling.

5.1 Mithril and Sammy Resources Work Completed on EL25643

Multiple phases of work have been conducted on EL25643 during the life of the EL to date. This work has included airborne magnetics, VTEM surveying, IP surveying, rockchip sampling, aircore, RC and diamond drilling, soil sampling and resulted in the discovery of multiple copper occurrences at surface with strong IOCG affinity (Figure 3).

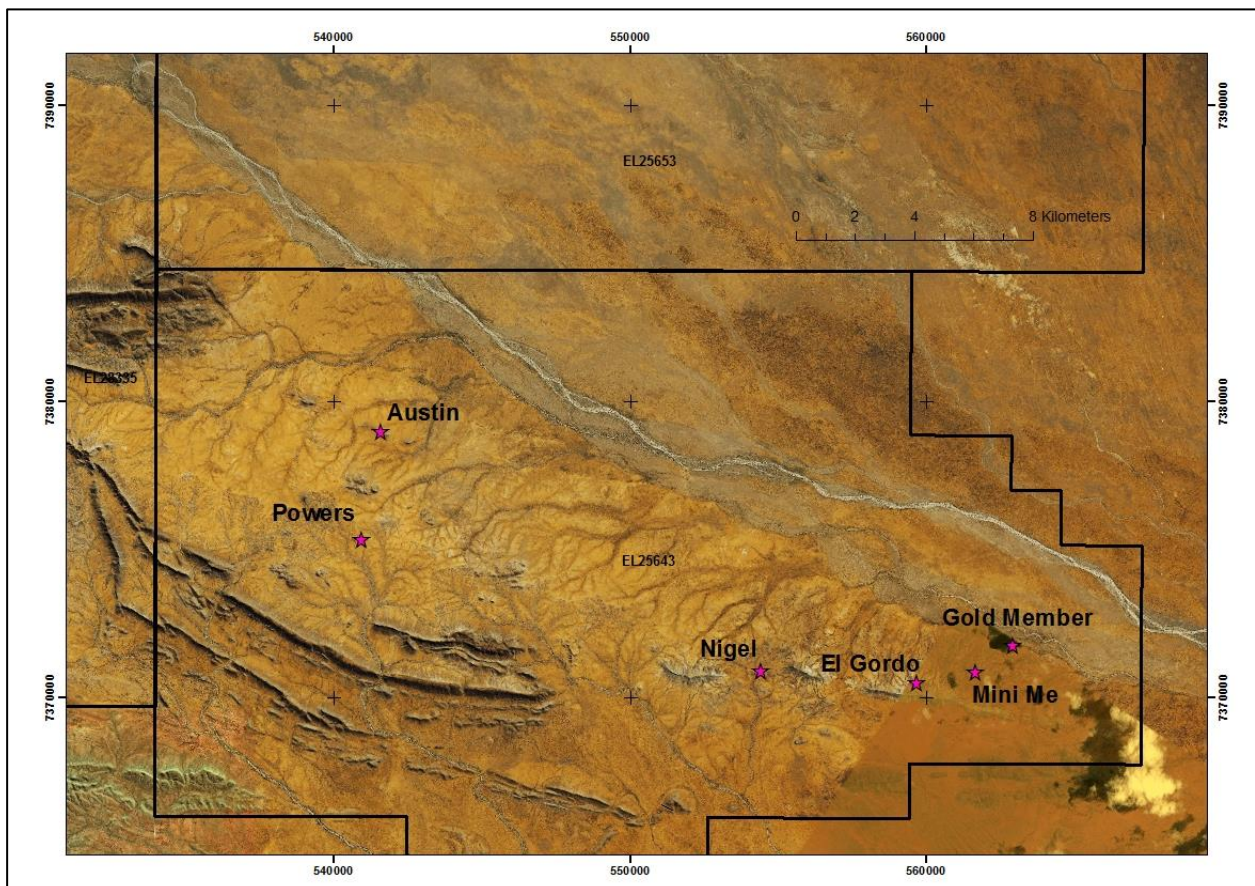


Figure 3: Discovered and named prospect areas on airphoto image

4.2 Work completed on relinquished ground EL25643

No work was completed on the surrendered portion on EL25643.

COPYRIGHT – AUTHORISATION OF PUBLICATION

This document and its content are subject to the copyright of Mithril Resources Ltd and its subsidiaries and may not be published in whole or in part nor used in a company prospectus without the written consent of the company.

The report was compiled by Jim McKinnon-Matthews for submission to the Northern Territory Department of Mines and Energy as part of tenement reporting requirements in accordance with the Mineral Titles Act. All relevant authorisations and consents have been obtained. Authorisation is hereby given for the department to copy and distribute the report and associated data.