EL27178 – LIZZIE CREEK

YEAR 2 ANNUAL REPORT

For the period

6 November 2010 to 5 November 2011

Compiled by

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MAP REFERENCE:
Illogwa Creek 250K - Sheet SF53/15
Alice Springs 250K – Sheet SF53/14

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SUMMARY

This report presents the work completed during the second year of tenure on the Lizzie Creek Tenement (EL27178).

The tenement area has been held by numerous other companies who have explored for gold, base metals, industrial minerals and Uranium.

Mithril first applied for the ground with a view to explore for Nickel sulphide deposits whilst remaining open mined to opportunities provided by other commodities.

Exploration has focused on the Harts Range Group and in particular the Riddoch Amphibolites.

Work completed during the reporting period included
- Data compilation and review of exploration data
- 697 line kms of airborne EM
- 5 float and rock chip samples.

A number of high priority VTEM targets were identified and some were followed up on the ground. Copper anomalous rock ship samples were identified at one location. Many other targets need to be field checked and this work is planned for next year. The remote rugged area where the VTEM anomalies are located make the area logistically difficult to access.
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APPENDICES

Appendix 1: 2011 VTEM Survey
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1.0 Introduction

This report presents the work completed on the Lizzie Creek Tenement (EL27178) by Mithril Resources for the second reporting year which ended on the 5th November 2011.

EL27178 is located approximately 150km east of Alice Springs (Figure 1). The tenement can be accessed from the north via the Plenty Highway and station tracks or the south via the Ross Highway and station tracks. Station tacks provide for reasonable access to some of the tenement area.

Figure 1: Project Location Plan
Mithril initially targeted the area for Ni-Cu-PGE sulphide deposits associated with mafic and ultramafic magmatic rocks. This style of mineralisation has been identified on adjacent tenements. However, recent exploration on the adjacent licence (EL26942) has identified significant sulphide hosted Cu-Co mineralisation at the Basil Prospect. Drill intersections at the Basil prospect include 59.1m @ 0.63% Cu and 0.07% Co in LB035DD; and 29.0m @ 0.66%Cu and 0.07% Co in LB027DD.

2.0 Tenure

Mithril Resources Limited (ACN 099 883 922) was granted exploration licence EL 27178 for a six year period due to expire on the 5th of November 2015.

3.0 Geology

3.1 Regional Geology

EL27178 lies within the Irindina Province (also known as the Harts Range Metamorphic Complex) of the south-eastern Arunta Inlier. The Irindina Province comprises the Harts Range Group, a volcanosedimentary succession that was metamorphosed to granulite facies during the Ordovician Larapinta Event (475-460 Ma). Litho-stratigraphical and geochronological data indicate that the Harts Range Group correlates with Neoproterozoic to Cambrian sediments of the adjacent Amadeus and Georgina Basins. Therefore, the Harts Range Group was probably deposited in a basin contiguous with, and possibly linking, the Amadeus and Georgina Basins.

While the Harts Range Group was metamorphosed to granulite-facies, however, sedimentation continued in the Amadeus and Georgina Basins. Structural and lithological evidence suggest that the Larapinta Event was extensional, with very deep burial required for the measured metamorphic conditions (30-35 km). Such an event was probably associated with mantle melting. The numerous mafic and ultramafic units found throughout the Irindina Province, although their timing is poorly constrained, may have intruded during the Larapinta Event. These intrusions are considered prospective for Ni-Cu-PGE sulphide deposits.

The Harts Range Group and Amadeus and Georgina Basins were structurally inverted and brought to the surface during the mid-Palaeozoic Alice Springs Orogeny (450-300 Ma).

3.2 Project Geology

EL27178 contains approximately 75% outcrop and 25% subcrop with recent cover from colluvial sand and gravel (Figure 2).

Where outcrop is available the dominant stratigraphic units are the Irindina Gneiss and the Riddoch Amphibolite. The Irindina Gneiss is a quartz-feldspar-biotite +/−garnet gneiss with interbedded massive amphibolites with lesser calc-silicates and marble. The Riddoch amphibolites are massive to compositionally
layered amphibolite intervalated with garnet-biotite-feldspar-quartz gneiss and rare quartzitic units.

The area has been subjected to intense deformation and metamorphism (as outlined in regional geology above).

The area is considered prospective for:
- Ni-Cu-PGE mineralisation associated with mafic and ultramafic intrusions
- ‘Basil type” Cu-Co semi-massive sulphides
- Vein-style REE-Th mineralisation
- Uranium mineralisation

Figure 2: Geology of EL27178 (from published 1:250K geology map sheet).

4.0 Historical Exploration Work Completed

Numerous companies and individuals have explored in the general area covered by EL26942.

A detailed synthesis of previous exploration work was contained in last year’s annual report.

5.0 Mithril work completed

5.1 Year 1 (2009-2010)

Work completed during the first year of tenure included
- Data compilation and review of exploration data
- 225 line kms of airborne EM
- 17 float and rock chip samples.
A number of Cu-Co anomalous rock ship samples were identified following up VTEM anomalies identified from the survey. It was interpreted that these represent a similar style of mineralisation to that found at the Basil Cu-Co Prospect by Mithril in the adjacent tenement. Further work was recommended.

5.1 Year 2 – Current reporting year

Work this reporting year consisted mainly on the flying of an extensive VTEM survey over the western portion of the tenement area (Figure 3) totalling 697 line km (data and report contained in Appendix 1). This survey resulted in the identification of two high priority areas for ground follow-up. The targets identified in the northern area, just southeast of Brumby Bore were field checked and resulted in gossanous float being sampled at a number of locations. Five samples were submitted for analysis using ALS’s ME-ICP61 and PGM-ICP23 methods. These samples returned anomalous values of copper and cobalt up to 0.36% and 0.08% respectively. Sample locations are shown in Figure 4 and all assay results are contained in Appendix 2.
The anomalies detected in the VTEM survey around the Mt Ruby area are very remote and difficult to access. Plans were made to field check these this year but due to the constant threat of fires late in the season it was postponed until 2012.

5.3 Rehabilitation
No ground disturbing work has been undertaken and as such no rehabilitation has been required.

6.0 Conclusions / Further Work
Work completed during the reporting period has identified a number of exciting new VTEM anomalies and copper prospects.

These will be the subject of further work during the next reporting year.