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ANNUAL TECHNICAL REPORT FOR EL27435 "Ascot Bore"

(Reporting Period 13/04/2013 – 12/04/2014)

Project Title Holder: Mithril Resources Ltd
Project Operator: MMG Exploration Pty Ltd

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ABSTRACT

This report summarises work completed on the Ascot Bore Exploration Licence (EL27435) for the year ending 12th April 2014. On the 31st of October 2013, MMG Exploration Pty Ltd (MMG) exercised its Option to form an unincorporated Joint Venture with Mithril Resources Pty Ltd (Mithril).

The Ascot Bore tenement is located approximately 200 km east-northeast of Alice Springs, south of the Plenty Hwy, and forms part of the larger Huckitta Project. The Huckitta Project is situated over the margin between the Palaeoproterozoic Aileron Province and the Cambro-Ordovician Irindina Basin. The principal exploration target is mafic-ultramafic hosted Ni-Cu-PGE sulphide deposits.

Work completed during the reporting period includes; aeromagnetic data interrogation, field reconnaissance, soil sampling, RC drilling and assaying. Five RC holes were drilled for a total of 611m, and were designed to target discrete, positive and remanently polarised aeromagnetic anomalies that coincided with structurally favourable locations. The downhole geology was dominated by calc-silicates, carbonates, amphibolites and quartz-biotite schists. No significant Ni-Cu-PGE anomalism was noted in the assays.

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1. BACKGROUND

1.1 INTRODUCTION

This report summarises work completed on the Ascot Bore Exploration Licence (EL27435) by MMG Exploration Pty Ltd (MMG) and Mithril Resources Pty Ltd (Mithril) for the year ending 12th April 2014. EL27435 forms part of the larger Huckitta Project. On the 31st Oct 2013, MMG exercised its Option to form a Joint Venture with Mithril for EL27435.

MMG are targeting mafic-ultramafic hosted Ni-Cu-PGE sulphide deposits. The Lloyd Gabbro Suite (409Ma) is considered most prospective for this style of mineralisation based on the occurrence of Ni-Cu sulphides within the Blackadder and Baldrick mafic-ultramafic intrusions.

1.2 LOCATION AND ACCESS

The Ascot Bore tenement is located approximately 200 km east-northeast of Alice Springs, south of the Plenty Hwy. The project area is accessible from Alice Springs via the Stuart and Plenty Highways (Figure 1). Station tracks provide access to the area with the remainder accessed by four-wheel drive or on foot. Regionally, the Huckitta Project is located in the far eastern Arunta Block on the boundary between the outcropping Palaeoproterozoic Aileron Province and the undercover Cambro-Ordovician Irindina Basin. The project area is located on the Illogwa Creek SG53-15 1:250 000 scale map sheet and the Quartz SF59-51 1:100,000 scale map sheet.

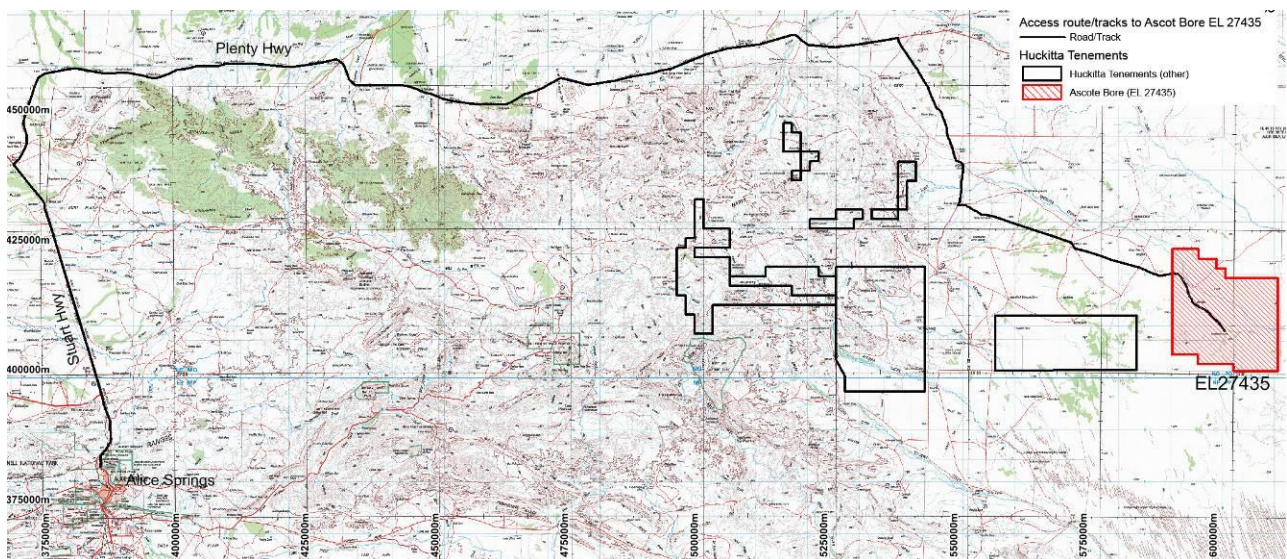


Figure 1. Location and access route to EL27435 (Ascot Bore)

1.3 TENURE

Leasing details for EL27435 are detailed in Table 1 below. Mithril was granted exploration lease EL27435 for a six year period due to expire 12 April 2016. On the 26th of September 2011, MMG entered into an Option to Joint Venture agreement with Mithril on EL27435 (Ascot Bore) as well as a number of other 100% Mithril owned Huckitta tenements. On the 31st October 2013, MMG exercised its Option to form a Joint Venture with Mithril regarding EL27435 (along with several other Huckitta ELs).

Table 1. Ascot Bore (EL27435) tenement tenure details.

Tenement	Holder	No. sub Blocks	Date Granted	Expiry Date
EL27435	Mithril Resources Ltd. (100%)	124	13/04/2010	12/04/2016

1.4 REGIONAL GEOLOGY

Ascot Bore (EL27435) is situated over the Cambro-Ordovician Irindina Basin (also known as the Harts Range Metamorphic Complex), in the far eastern limits of the Arunta Block. Approximately 90% of the ground in this tenement is undercover (aeolian and colluvial sands and gravels), whilst 10% occurs as outcrop/subcrop.

The Irindina Basin is comprised of the Harts Range Group, a volcanosedimentary succession that was metamorphosed to amphibolite-granulite facies during the Larapinta Event (475-460 Ma). Lithostratigraphical 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. As the Harts Range Group underwent high grade metamorphism, sedimentation continued unabated in the Amadeus and Georgina Basins. This notion implies that the Larapinta Event only affected the Irindina Basin.

Structural and lithological evidence suggest that the Larapinta Event occurred within an extensional regime and may have resulted in deep rifting and sedimentary burial depths of up to 30km, accounting for the high metamorphic facies observed. However, processes such as mantle upwelling and magmatism may have also influenced the metamorphic grades.

The Harts Range Group was inverted back to its near-surface position during the Alice Springs Orogeny (450-300 Ma). Numerous mafic-ultramafic, conduit and sill-like intrusions found throughout the Irindina Basin are thought to have intruded during this time. This collective of mafic-ultramafic intrusions have been termed the Lloyd Gabbro Suite (409Ma) and are considered prospective for Ni-Cu-PGE mineralisation.

1.5 EXPLORATION RATIONALE

The exploration targets for MMG are Ni-Cu-PGE mineralisation hosted within mafic-ultramafic intrusions. Evidence of such processes has been recorded locally within the "Blackadder" and "Baldrick" gabbroic intrusions. These intrusions occur along strike of the Ascot Bore tenement.

1.6 NATIVE TITLE

At the time of writing there are no known registered Native Title claims over EL27435

1.7 LANDOWNERS

Landowner over whom the granted exploration licence lies is the Indiana Station (Perpetual Pastoral Lease)

2. EXPLORATION HISTORY

2.1 PRE MMG EXPLORATION COMPLETED

Numerous companies and individuals have explored in the general area of EL27435 but research has shown that no surface or drill sample has been recorded from within the tenement area.

2010-11 Mithril Resources Ltd

No field work was completed by Mithril during the year. Work was limited to reviewing historical exploration over the tenement. This was largely related to 4wd access problems given the extraordinary heavy and consistent rain throughout the year.

2011-12 Mithril Resources Ltd

Work completed by Mithril on this tenement during the year was limited to desktop studies, including the acquisition of detailed, geo-referenced Google Earth Imagery, and outlining an exploration program over the tenement area. The lack of ground work is mainly attributed to decisions within the company not to conduct ground work on tenements with very high fuel load and thus fire risk on remote Huckitta tenements. A first pass field program was planned but not completed.

2.2 MMG EXPLORATION COMPLETED

2012-2013

Work completed on EL27435 by MMG during the reporting period included a short field reconnaissance program and a high resolution aeromagnetic survey.

In late September 2012, field reconnaissance using a helicopter was completed in the northern region of the tenement. The aim of the trip was to determine the location and quality of outcropping basement rocks. This reconnaissance was also used to determine the feasibility of completing surface geochemical sampling programs over the area.

During 19 March – 6 April 2013 a high-resolution, low-altitude, fixed wing aeromagnetic survey was completed by Fugro on behalf of MMG. The final aeromagnetic dataset for this survey was not available at the end of last year's reporting period (12th April 2013) as such it will be covered in this year's annual report.

3. WORK COMPLETED DURING THE REPORTING PERIOD

Aeromagnetic survey

Late in the previous reporting period MMG commissioned a high-resolution, low-altitude, fixed wing aeromagnetic survey which was completed by Fugro (19 March – 6 April 2013). In the current reporting period MMG received the final processed aeromagnetic dataset from Fugro.

The aeromagnetic survey was part of a larger survey program within this region of which 8665.9 line kilometres was flown over EL27435 (Figures 3 a+b and 4). The specifications of the survey included; 50 m spaced N-S oriented flight lines; a nominal terrain clearance of 35 m and; 500 m spaced E-W orientated tie lines (data and report contained in Appendix 1). The aeromagnetic data was used to identify possible Lloyd Gabbro Suite intrusions undercover which were subsequently field checked and in some instances RC drill tested (5 RC holes).

Soil sampling

Assay results for 12 soil samples were received in mid-2013 (see Appendix 2). The soil samples were collected during helicopter based field reconnaissance, which was conducted in last year's reporting period (2012-13). The aim of the study was to help determine the feasibility of completing surface geochemical sampling programs over the area of interest. The samples were taken across two targets, using ~50-100m spaced intervals, along ~E-W oriented lines (Figure 2). The targets were selected based on the presence of sub-cropping silcrete, which is often linked to weathering processes involving intermediate to mafic lithologies.

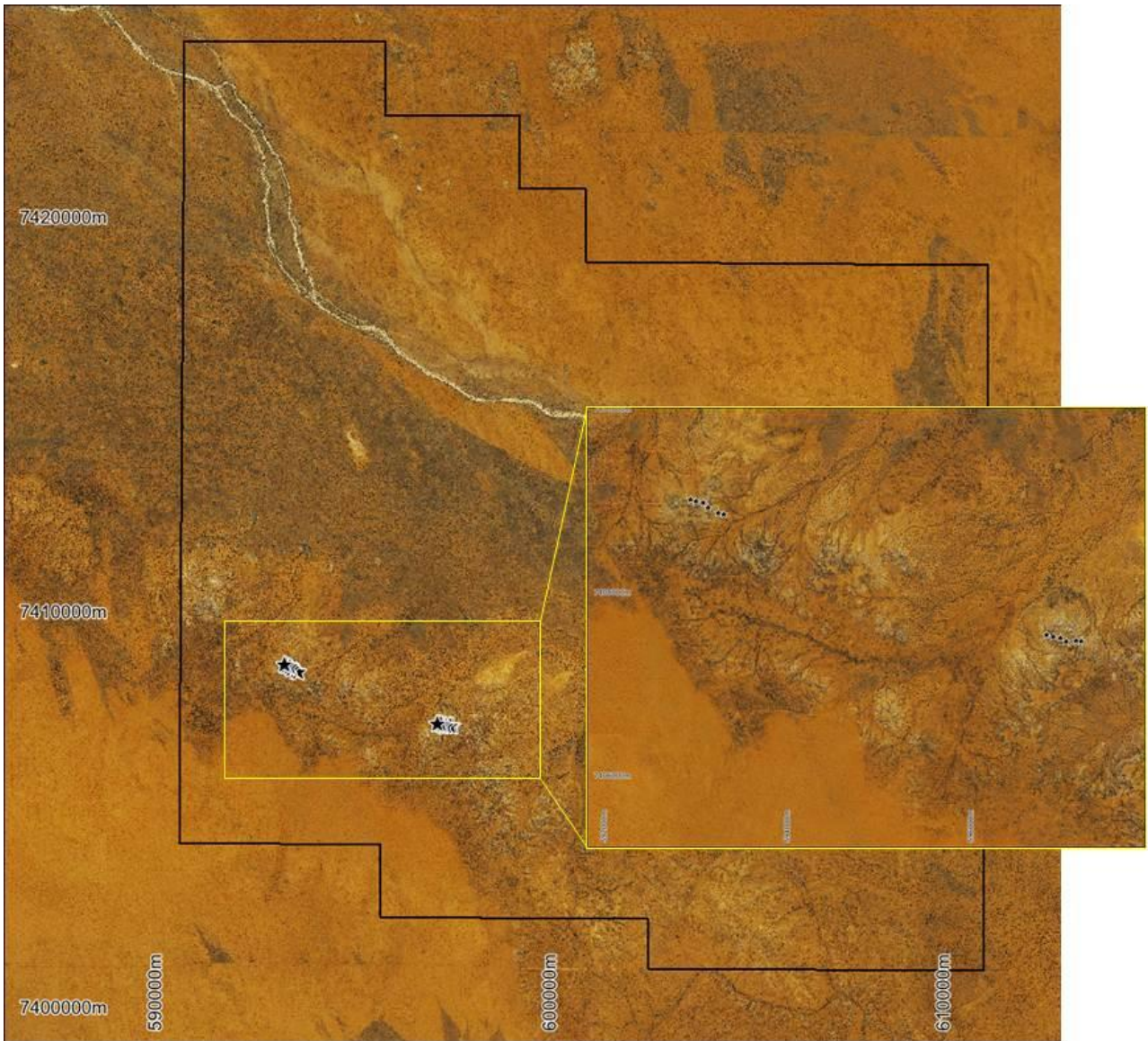


Figure 2. Location of 12 soil samples in the southern region of EL27435 (Ascot Bore)

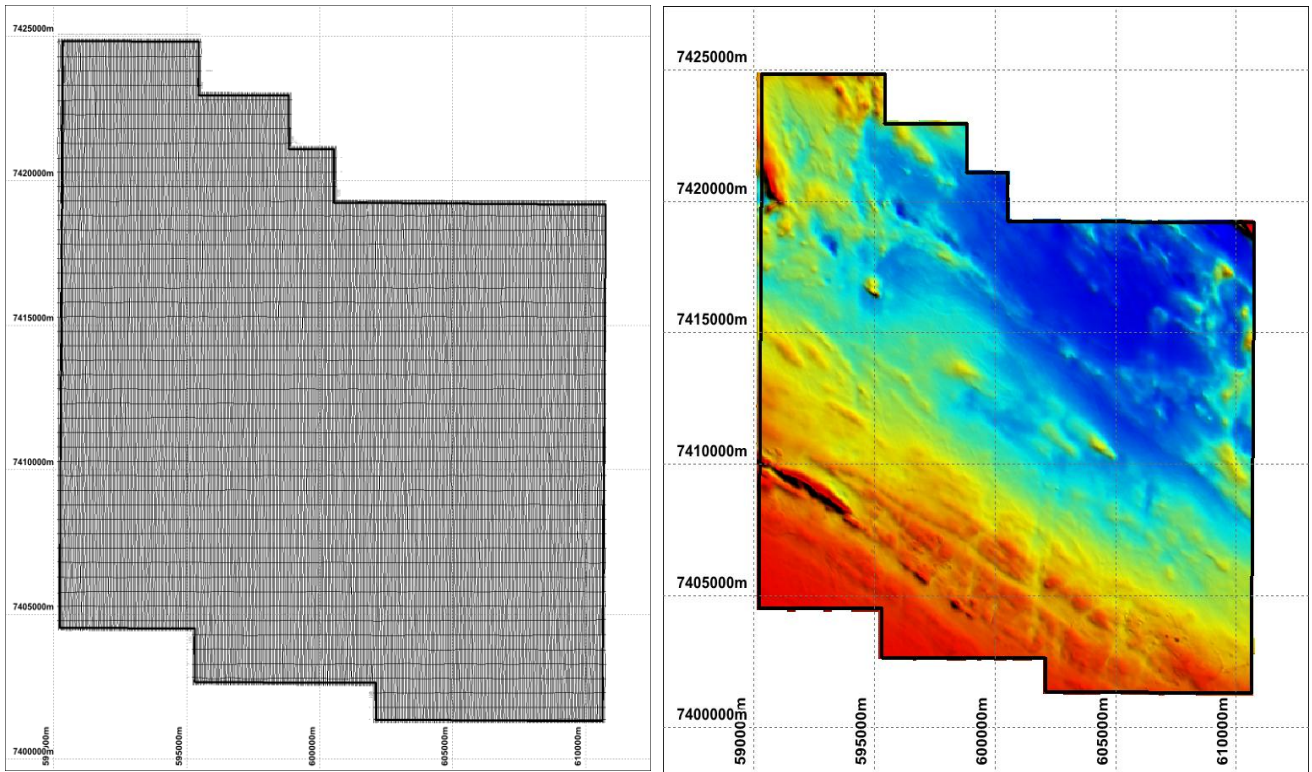


Figure 3. (a) Flight lines and tie lines for the aeromagnetic survey which covered EL27435 and; (b) aeromagnetic survey area coverage (TMI_RTP) w.r.t. tenement boundary (black polygon).

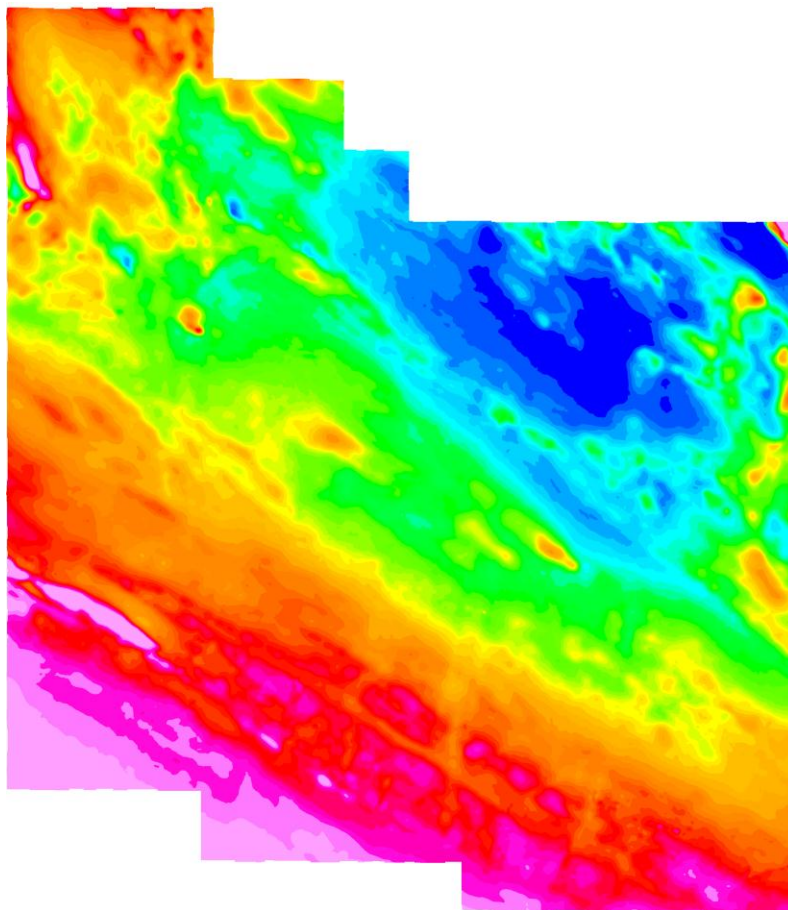


Figure 4. Total magnetic intensity reduced to the poles (TMI_RTP) aeromagnetic data for EL27435.

RC Drilling

During October/November 2013, five RC holes were drilled in the north-western portion of EL27435 for a total of 611m (Figure 5). The holes were designed to test multiple discrete, sub-circular and/or remanently magnetised aeromagnetic anomalies identified in the 2013 aeromagnetic survey (Figure 6 and 7). The targeted aeromagnetic anomalies were either drilled with one or two southwest dipping holes or a single vertical hole. At the beginning of the program nine RC holes had been planned, however, due to budget and time constraints four of these planned holes were not drilled. Drill holes were sampled as 2m composites from approximately 10m above the basement-cover interface down to EOH. The samples were sent to ALS for assay (drilling and assay data is contained in the Appendices 3-8).

AHURC11 and AHURC12 were drilled to test a discrete, negatively polarised magnetic anomaly. Both holes intercepted non-magnetic calcareous basement rocks after 65m and 66m, respectively. These holes were terminated at 84 m and 100 m, respectively. No significant anomalism was noted.

AHURC 14 was also designed to test a discrete, negatively polarised magnetic anomaly. The hole intersected quartzo-feldspathic gneiss, amphibolites and micaceous schists after 75m. The hole was terminated at 174m and no significant anomalism was recorded.

AHURC05 targeted a diffuse magnetic high that was located along a N-S trending structure. The hole intersected quartz-biotite schists from 55 m onwards and was terminated at 67 m. No significant anomalism was recorded.

AHURC13 was designed to test an elongate, NW-SE trending, negatively polarised magnetic anomaly. The hole intercepted non-magnetic, pyrite bearing calc-silicates and carbonates after 47m. The hole was terminated at 186 m and no significant mineralisation was recorded.

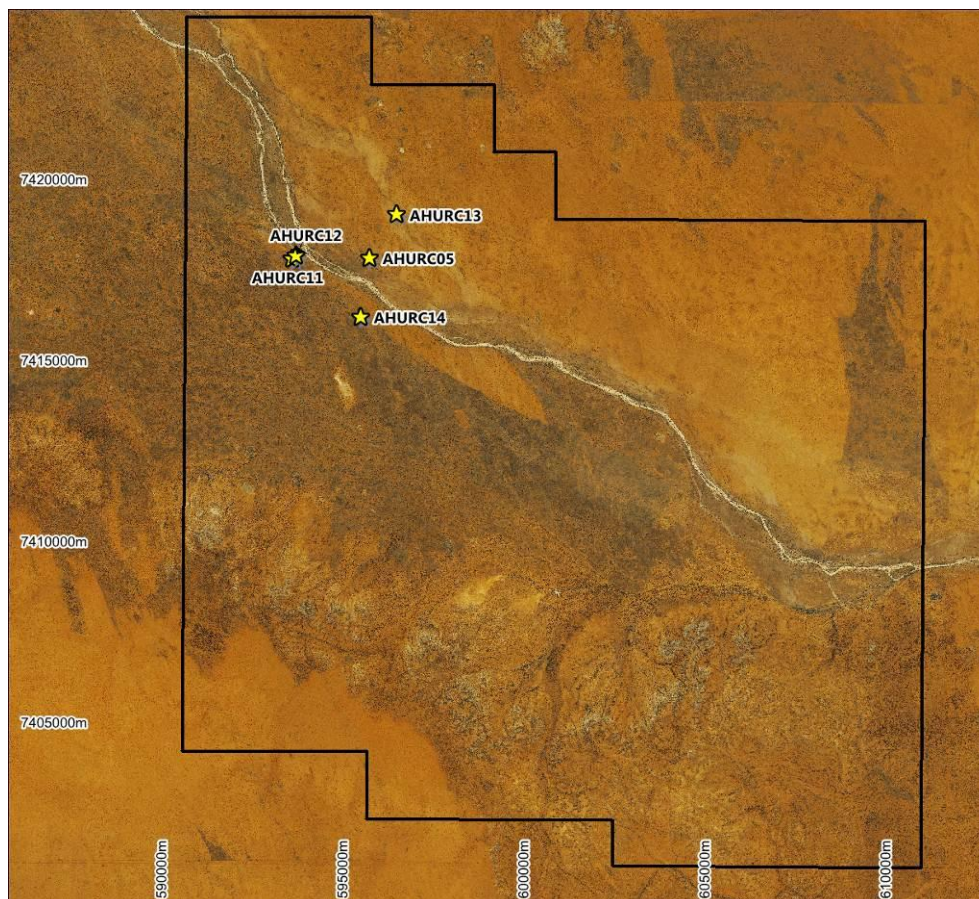


Figure 5. RC collar locations in EL27435 on Google Earth satellite imagery

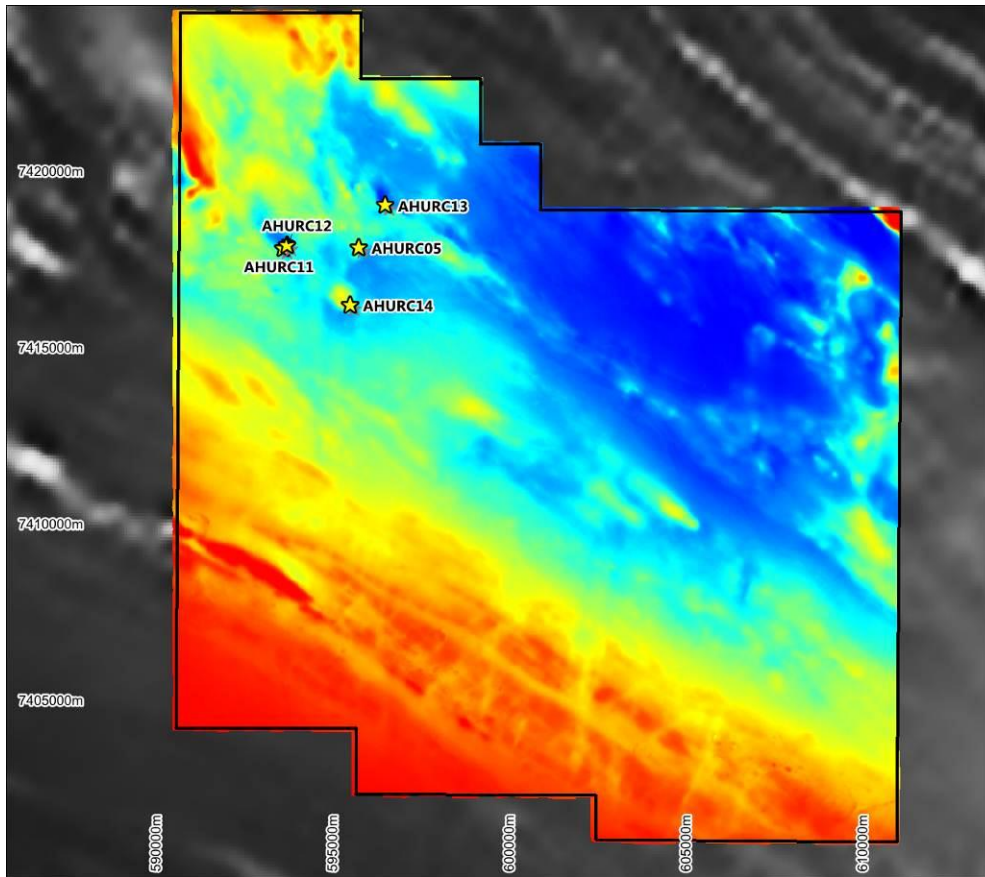


Figure 6. RC collar locations in EL27435 on TMI_RTP aeromagnetic data

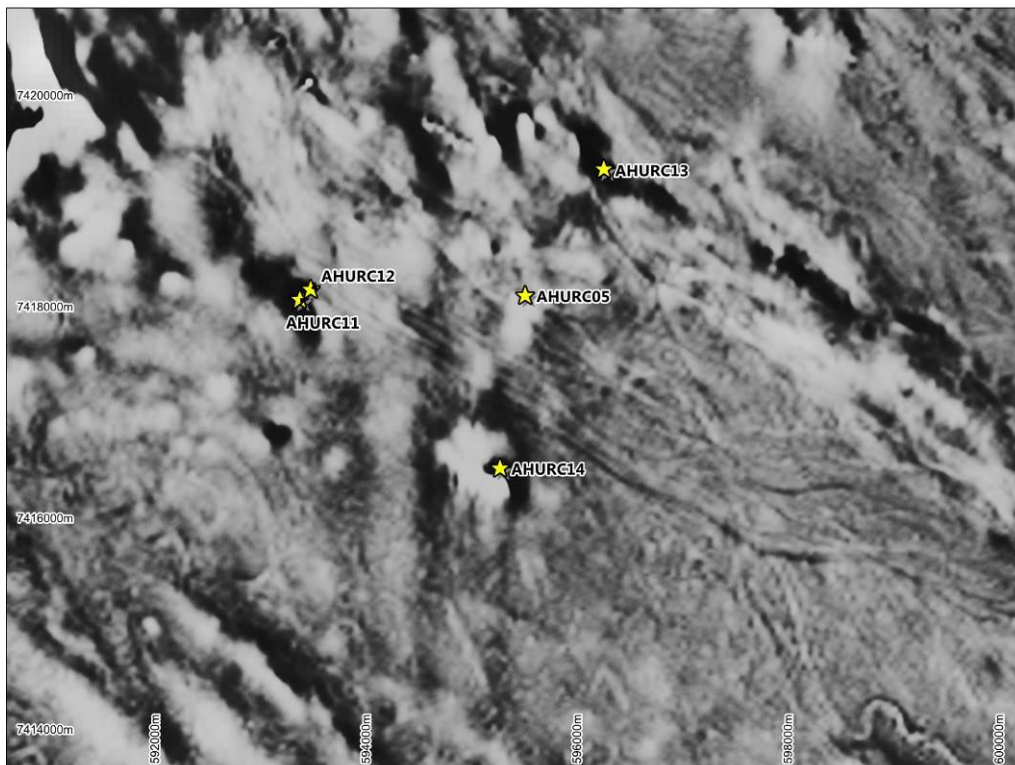


Figure 7. RC collar locations in EL27435 on TMI_RTP first vertical derivative (1VD)

Litho geochemistry

Seven RC samples were selected for re-assaying (ME- XRF026 and ME-MS81), in an attempt to determine whether any mafic igneous rocks had been intersected during drilling (see Appendix 6). Immobile trace element geochemistry was the primary tool used in the discrimination process. Representative samples were selected from holes AHURC11 (78-80 m), AHURC12 (82-84m), AHURC13 (52-54m; 114-116m; 176 -178m) and AHURC14 (90-92m; 144-146m). The samples were selected based on their elevated Mg, Cr and Sc values. The results suggested that these samples were of mafic origin and shared a similar signature to the Stanovos Igneous Suite.

4. EXPENDITURE

For the current reporting period, the total claimed expenditure for EL27435 was \$322,999.23

5. PLANNED WORK

During the 2014-15 reporting period, MMG propose field mapping, geophysical modelling, rehabilitation work and if warranted follow-up drilling.

Table 2. Proposed Exploration Expenditure for EL27435

Exploration Category	Expenditure AUS \$
Basic field reconnaissance/mapping/rock chip sampling	\$20,000
RC drilling and drill sample analysis	\$90,000
Complete rehab of drill sites	\$5,000
Overheads - Office administration and sundry. Geoscientific desktop studies including exploration planning and conceptual targeting studies,	\$20,000
Total	\$135,000

6. COPYRIGHT STATEMENT

This document and its content are the copyright of MMG Australia Limited (MMG). The document has been written by Michael Sloan for submission to the Northern Territory Department of Resources as part of the tenement reporting requirements as per Regulation 86 of the Mineral Titles Act.

Any information included in the report that originates from historical reports or other sources is listed in the "References" section at the end of the document. This report may be released to open file as per Regulation 125(3)(a).