EL 26942 – LEAKY BORE

PARTIAL RELINQUISHMENT REPORT

For the Period

5 August 2009 to 4 August 2016

Compiled By

Jim McKinnon-Matthews (General Manager – Geology)

Commodities Sought – Nickel, Copper, Cobalt

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

Report submitted on: 10 August 2016
All data provided is of GDA94 Datum, Zone 53.

All enquiries to Jim McKinnon-Matthews
Phone: 08 8132 8800
jimm@mithrilresources.com.au
SUMMARY

This report presents the work completed during the seven years of tenure on the relinquished portion of Leaky Bore Tenement (EL26942).

Mithril Resources Ltd consents to all relevant information contained in previous annual reports (ie 2009-2015) relating to the relinquished portion of EL26942 to be immediately released and therefore these data are not supplied in this report.

Work completed over the relinquished portion in the current reporting period (5 August 2015 – 4 August 2016) included assessing the area for lithium bearing pegmatites including rockchip sampling. No lithium bearing pegmatites were identified and given the area has little residual potential for other deposit types it was relinquished to reduced rental costs.
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APPENDICES

Appendix 1: 2015-2016 Rockchip Assay Results
1 INTRODUCTION

This report presents the work completed on the relinquished portion of the Leaky Bore Tenement (EL26942) by Mithril Resources and MMG Exploration Ltd (Mithril’s JV partner) for the seven reporting years which ended on the 4 August 2016.

EL26942 is located approximately 150 km east-northeast 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 tracks provide for reasonable access to much of the tenement area.

Mithril initially targeted the area for Ni-Cu-PGE sulphide deposits associated with mafic and ultramafic magmatic intrusive rocks. This style of mineralisation has been identified on both this and adjacent tenements. However, exploration completed by Mithril indicates the area is also prospective for significant accumulations of copper-cobalt rich sulphide mineralisation as indicated by the discovery of the Basil Cu-Co deposit in the retained portion of the licence area.

2 TENURE

Mithril Resources Limited (ACN 099 883 922) was granted exploration licence EL26942 for a six year period which expired on 4 August 2015. Subsequently an additional 2 years was added to the exploration licence with a new expiry date of 4th August 2017.

<table>
<thead>
<tr>
<th>Project</th>
<th>Tenement Name</th>
<th>Tenement No</th>
<th>Application Date</th>
<th>Grant Blocks</th>
<th>Area (km²)</th>
<th>Grant Date</th>
<th>Grant Period</th>
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<td>Leaky Bore</td>
<td>26942</td>
<td>05/09/2008</td>
<td>129</td>
<td>402</td>
<td>05/08/2009</td>
<td>6 years</td>
</tr>
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<td></td>
<td></td>
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<td></td>
<td>129</td>
<td>402</td>
<td>5/08/2016</td>
<td>2 years</td>
</tr>
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</table>
3 GEOLOGY

3.1 Regional Geology

EL26942 lies within the Cambrian aged Irindina Province (also known as the Harts Range Metamorphic Complex) and Proterozoic Aelieron Province of the south-eastern Arunta Inlier. The Irindina Province comprises the Harts Range Group, a volcanosedimentary succession that was metamorphosed to granulate 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 granulate-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

EL26942 contains approximately 50% outcrop and 50% aeolian and 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 EL26942 (from published 1:100K geology map sheet) with base metal mineral occurrences discovered by Mithril.
4 HISTORICAL EXPLORATION WORK COMPLETED
Numerous companies and individuals have explored in the general area covered by EL26942.
A detailed synthesis of previous exploration work is contained in the first year of tenure report.

4.1 Mithril work completed during 2009 – 2015
Work completed during this period included

- Diamond, RC and Aircore drilling
- Rock chip and Trench sampling
- VTEM surveys
- Moving loop and fixed loop ground EM surveys
- DHEM surveys
- Airborne magnetics
- Ground gravity surveys
- MMG Exploration Pty Ltd (under JV) from 2012-2014 consisted of stream sediment sampling, rockchip sampling, reanalysis of pulps and magnetic surveys
- Rehabilitation of all drill sites and a complete review of all previous work

Comprehensive details of all work completed is included in previous annual reports and a summary of previous work (drilling, VTEM and surface sampling is shown in Figures 3 and 4).

5 WORK COMPLETED 2015-16
Following the complete review of previous work in the 2014-15 reporting period Mithril identified a number of pegmatite bodies that were thought to potentially contain lithium bearing minerals. A total of 8 samples were collected from pegmatites within the area relinquished within the reporting period and analysed by ALS Global Laboratories using the ME-ICP89 and ME-MS91 methods. Details of the analytes for each method are contained in Table 2 and locations of these recent samples are located in Figure 4. No significantly elevated results were returned for Lithium or other pathfinder elements.

The review of all the data over the EL also highlighted the lack of base metal and other targets over the northern and southern portions of the EL and this, in conjunction with the lack of Li in pegmatites, formed the basis for the areas that were reduced.
<table>
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<tr>
<th>ANALYTES</th>
<th>METHOD DESCRIPTION</th>
<th>METHOD CODE</th>
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</thead>
<tbody>
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<td>Al₂O₃ (0.02%)</td>
<td>Fe₂O₃ (0.01%)</td>
<td>Pb (0.01%)</td>
</tr>
<tr>
<td>As (0.01%)</td>
<td>K₂O (0.01%)</td>
<td>S (0.01%)</td>
</tr>
<tr>
<td>CaO (0.01%)</td>
<td>Li₂O (0.01%)</td>
<td>SiO₂ (0.2%)</td>
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<tr>
<td>Co (0.005%)</td>
<td>MgO (0.01%)</td>
<td>TiO₂ (0.02%)</td>
</tr>
<tr>
<td>Cr₂O₃ (0.01%)</td>
<td>MnO (0.01%)</td>
<td>Zn (0.01%)</td>
</tr>
<tr>
<td>Cu (0.01%)</td>
<td>Ni (0.005%)</td>
<td></td>
</tr>
<tr>
<td>Cs (0.2)</td>
<td>Rb (0.5)</td>
<td>Ta (0.2)</td>
</tr>
<tr>
<td>Nb (5)</td>
<td>Sn (5)</td>
<td>Th (0.5)</td>
</tr>
</tbody>
</table>

Table 2: ALS Methods and Analytes
Figure 3: EL26942 showing areas of previous work (drilling and VTEM) and areas relinquished.
Figure 4: EL26942 showing areas of previous work (surface samples), 2015-16 samples, and areas relinquished.
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