EL26942 – LEAKY BORE

ANNUAL REPORT

For the Period

5 August 2016 to 4 August 2017

Compiled By

Jim McKinnon-Matthews (General Manager – Geology)

Commodities Sought – Nickel, Copper, Cobalt

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

Report submitted on: 30 August 2017
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 on the Leaky Bore Tenement (EL26942) during the period 5th August 2016 to 4th August 2017.

Work completed in the current reporting period (5 August 2016 – 4 August 2017) was restricted to desktop evaluation of targets and discussions with third parties on potential vend / sale of the project. In addition, all of the used oils and old fuel removed from the project was transported to Adelaide for disposal in in an approved facility.

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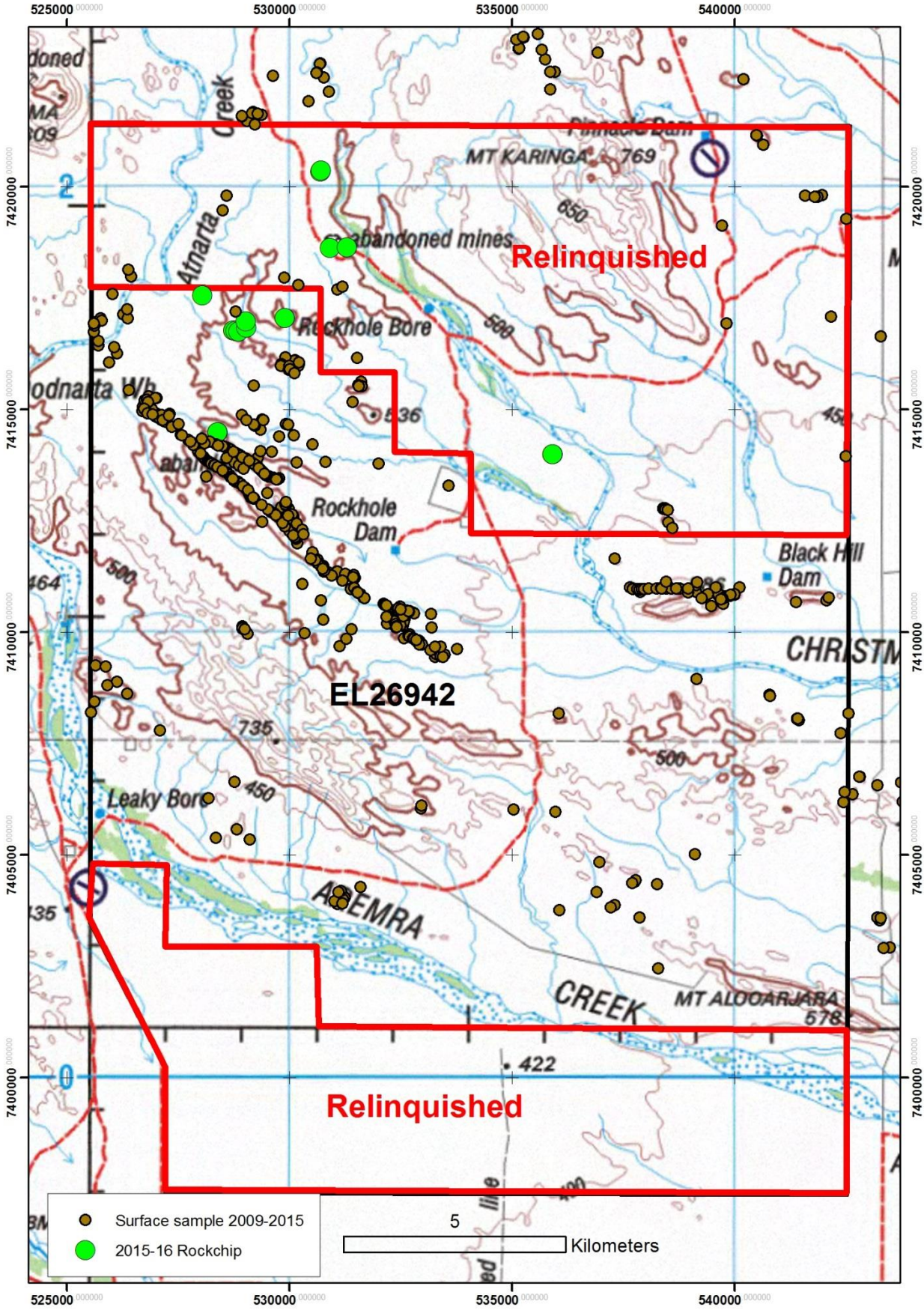

1 INTRODUCTION

This report presents the work completed on the Leaky Bore Tenement (EL26942) by Mithril Resources year which ended on the 4 August 2017.

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.

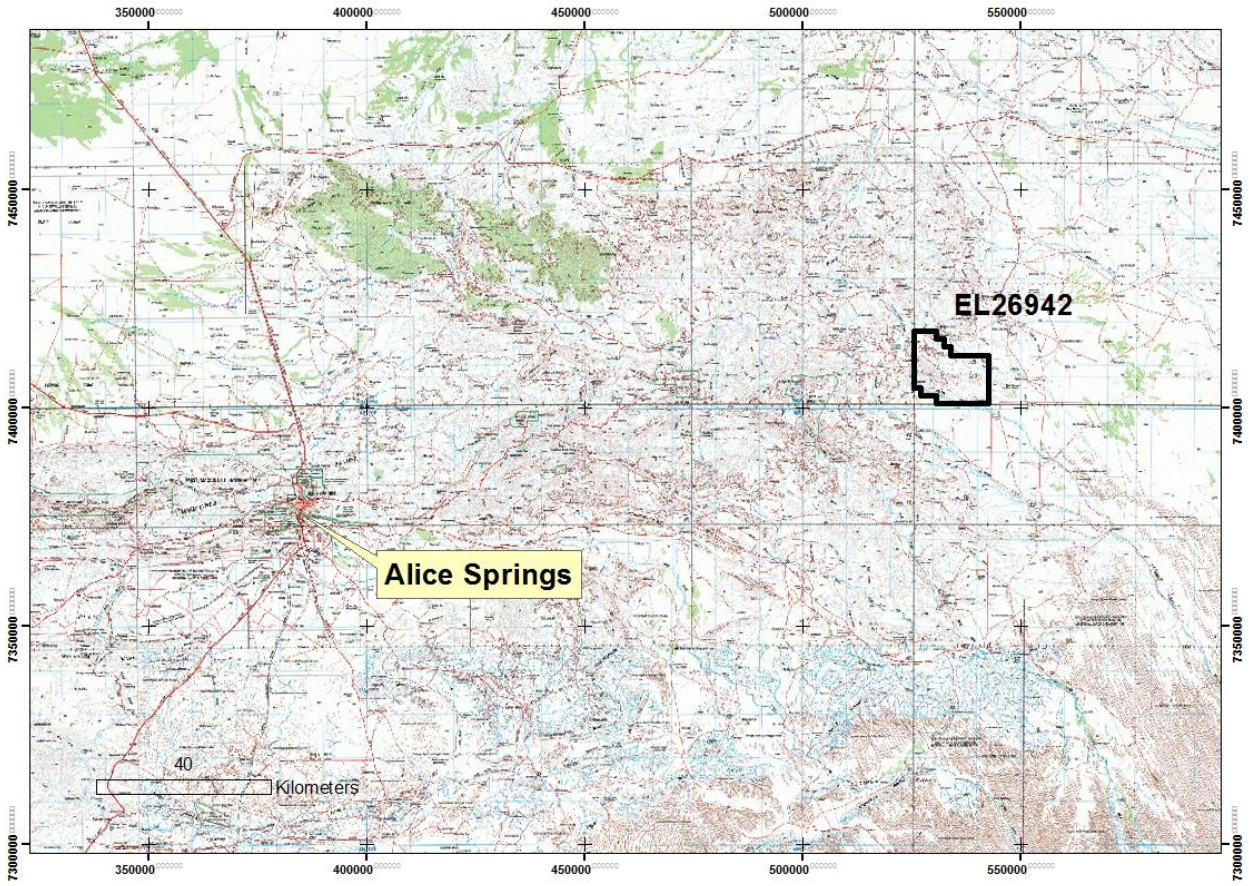

Figure 1: EL26942 Location.

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. A reduction of 61 blocks was completed in August 2016 which reduced the area to 68 blocks. An application for an additional 2 years to the EL has been applied for at the time of writing.

Table 1: EL26942 (Leaky Bore) tenure.

Project	Tenement Name	Tenement No	Application Date	Grant Blocks	Area (km^2)	Grant Date	Grant Period
Huckitta	Leaky Bore	26942	05/09/2008	129	402	05/08/2009	6 years
				68	212	05/08/2015	2 years

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 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

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

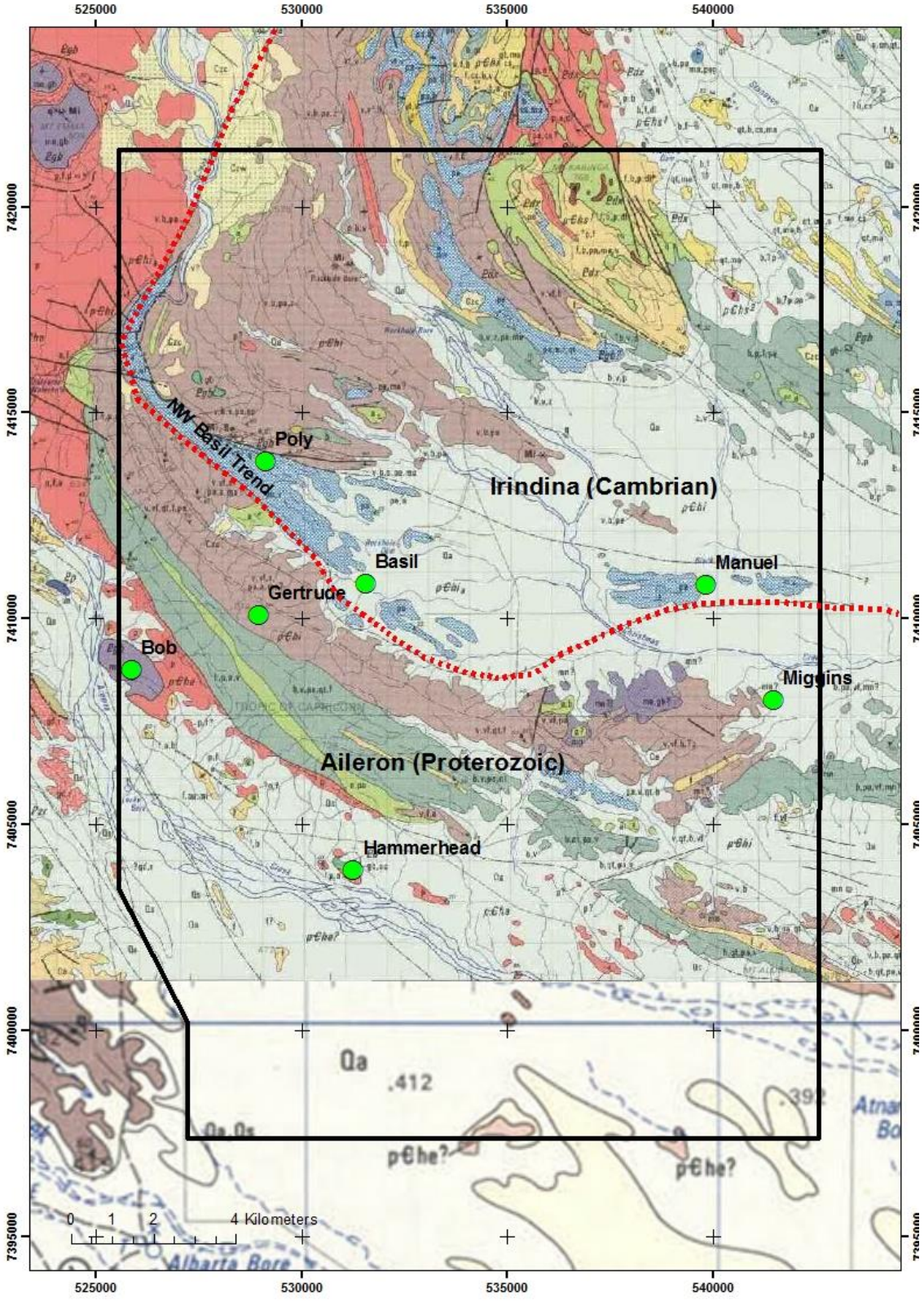

Figure 2: Geology of EL26942 prior to reduction (from published 1:100K geology map sheet) with base metal mineral occurrences discovered by Mithril.

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 – 2016

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
- Reduction of northern and southern portions of the EL

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 2016-17

Mithril was approached by a number of third parties regarding potential purchasing/joint venture of the tenement during the reporting period. Some of these discussions are ongoing. In addition, all of the waste oil and fuel that was removed from site in the 2016 reporting year was transported to Adelaide where it was disposed of at an approved facility given these facilities do not exist in Alice Springs.

6 WORK PLANNED 17-18

Work planned in the upcoming year includes further field evaluation of existing targets and prospects as well as furthering discussions with third parties.

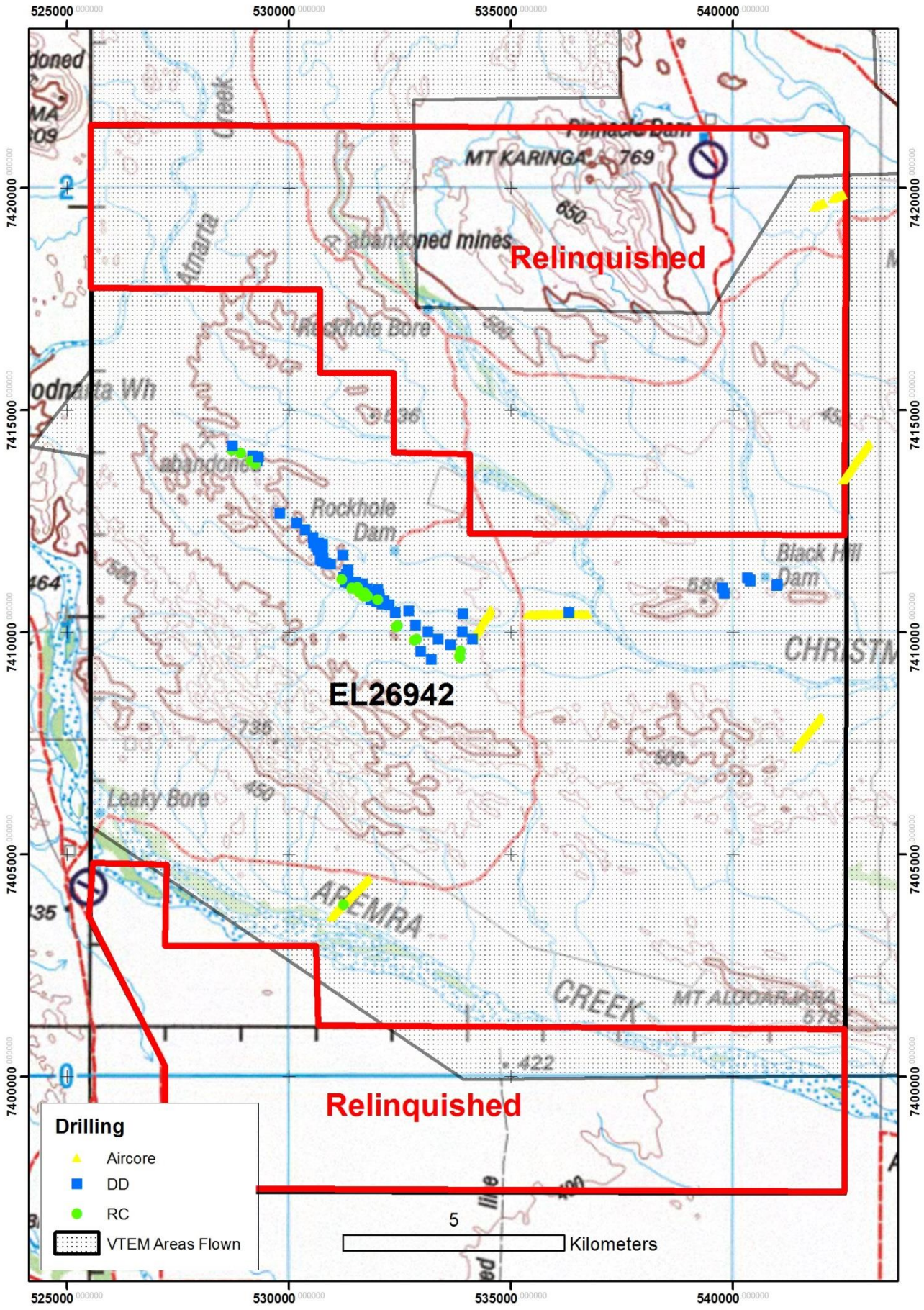

Figure 3: EL26942 showing areas of previous work (drilling and VTEM) and areas relinquished in 2016.

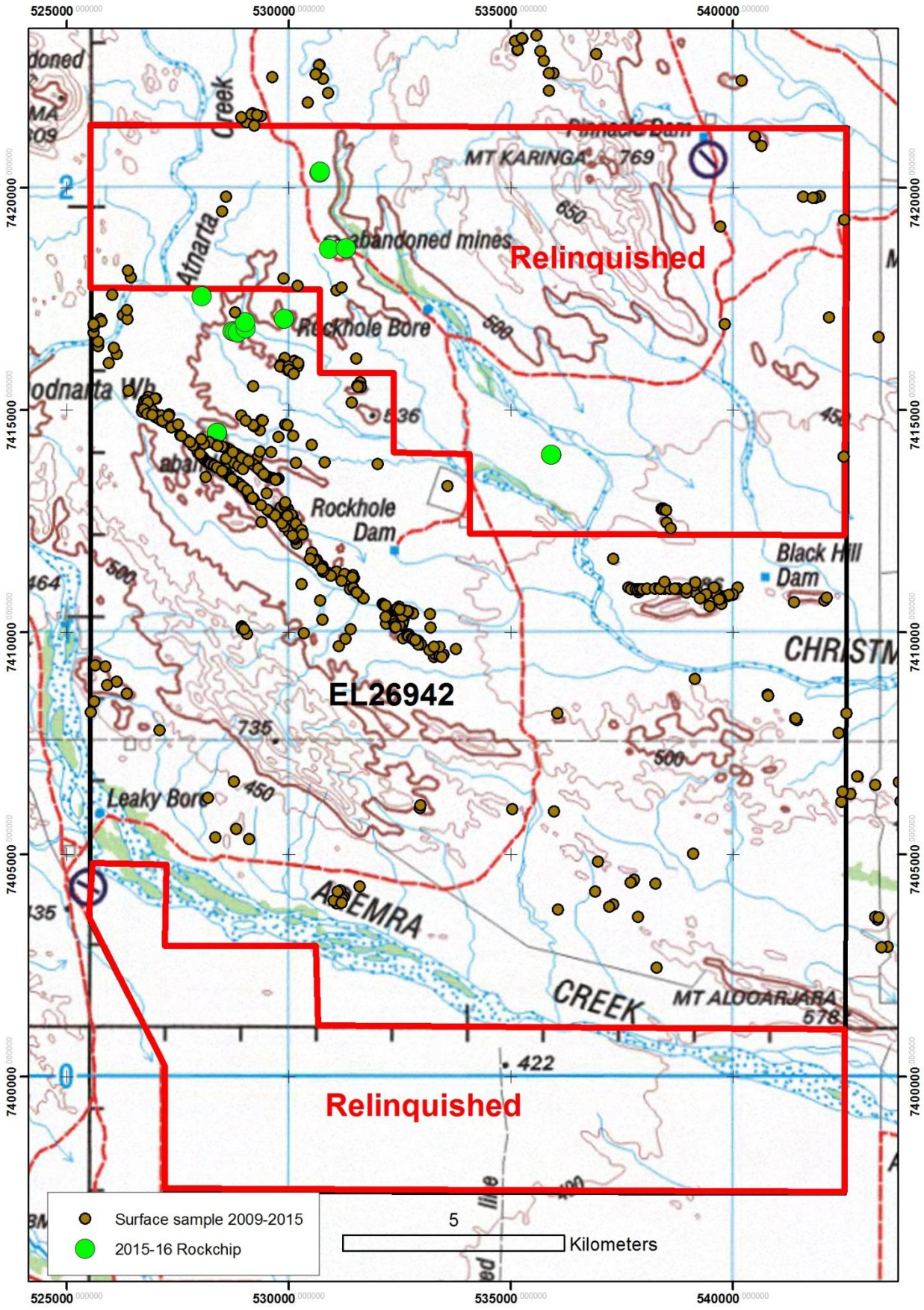

Figure 4: EL26942 showing areas of previous work (surface samples), 2015-16 samples, and areas relinquished in 2016.

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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.