ASX Release – 29 March 2018

MTH
MITHRIL
RESOURCES LTD

Kurnalpi drilling returns further high-grade nickel-cobalt

- **Drilling intersects further high-grade nickel-cobalt mineralisation at Kurnalpi;**
  - **12m @ 0.54% nickel, 0.10% cobalt from 34 metres in 18GDSRC004 including;**
    - **4m @ 0.70% nickel, 0.16% cobalt from 36 metres**
  - **12m @ 0.69% nickel, 0.07% cobalt from 26 metres in 18GDSRC003 including;**
    - **4m @ 0.86% nickel, 0.10% cobalt from 26 metres**
- **Drilling also intersects disseminated nickel sulphide mineralisation beneath the nickel-cobalt mineralisation which represents the first evidence for nickel sulphides at the prospect;**
  - **36m @ 0.57% nickel, 155ppb PGE's from 26 metres in 18GDSRC002**
  - **4m @ 0.62% nickel, 282ppb PGE's from 142 metres in 18GDSRC002**
- **Downhole EM geophysics to take place next week with further ground EM geophysics and drilling to commence as soon as possible thereafter**

Mithril Resources Ltd (**ASX: MTH**) is pleased to advise that further high-grade nickel-cobalt mineralisation and multiple zones of disseminated nickel sulphide mineralisation have been intersected in its first drilling program at the 100%-owned Kurnalpi Nickel-Cobalt Prospect (located 70 kms north east of Kalgoorlie, WA - *Figure 1*).

Management Comment

Mithril's Managing Director Mr David Hutton said that the Company was greatly encouraged by the initial "proof of concept" drilling results.

"The intersection of further near surface high-grade nickel-cobalt mineralisation and recognition of nickel sulphides plus 3.5 kilometres of poorly tested prospective rocks along strike to the south of the main prospect makes Kurnalpi a high priority for follow-up"

"Downhole EM geophysical surveying of the recent holes will take place next week with further ground EM geophysics and drilling to commence as soon as possible thereafter".

Discussion of Results

Four Reverse Circulation holes (18GDSRC001 to 004 - 768 metres) were drilled to validate historic nickel-cobalt drill intercepts, to test for nickel sulphides, and to determine the significance of new ground EM geophysical conductors recently identified by Mithril (*see ASX Announcement dated 7 February 2018*) immediately east of the main Kurnalpi Prospect (*Figure 3*).

The Kurnalpi Prospect is underlain by a weathered sequence of ultramafic rocks high in magnesium oxide (MgO) that are prospective for nickel and cobalt mineralisation along with mafic and metasedimentary rocks. Nickel - cobalt mineralisation occurs towards the base of weathering as a flat lying zone developed preferentially over the ultramafic rocks (*see Figure 2*).

Drill holes 18GDSRC003 and 18GDSRC004 both intersected zones of **significant nickel - cobalt mineralisation** at the southern end of the prospect, including (*Figures 4 and 5*);

- 12m @ 0.54% nickel, 0.10% cobalt from 34 metres in 18GDSRC004 including 4m @ 0.70% nickel, 0.16% cobalt from 36 metres, and
- 12m @ 0.69% nickel, 0.07% cobalt from 26 metres in 18GDSRC003 including 4m @ 0.86% nickel, 0.10% cobalt from 26 metres.

As well as intersecting the near surface nickel-cobalt zone, drill hole 18GDSRC002 also intersected a 4 - metre zone of gossanous weathered ultramafic and several narrow intervals of disseminated sulphide mineralisation within the underlying fresh ultramafic rock, assaying of which returned strongly anomalous levels of nickel, platinum + palladium ("PGE's") and copper (*Figure 6*);

- 36m @ 0.57% nickel, 0.02% cobalt, 155ppb PGE's from 26m metres (nickel-cobalt zone) including 4m @ 0.47% nickel, 0.01% copper and 622ppb PGE's from 52 metres (gossan zone),
- 2m @ 0.48% nickel, 0.09% copper from 128 metres and,
- 4m @ 0.62%Ni, 282ppb PGE's from 142 metres

The association of elevated PGE's and/or copper with the nickel is characteristic of magmatic nickel sulphides and as such, the 18GDSRC002 results represents a major technical advance for the area given that nickel sulphides have not been previously recognised within Mithril's tenement.

Significantly the nickel sulphide mineralisation remains open in all directions and will be a priority (along with the nickel-cobalt) for follow-up.

A fourth hole (18GDSRC001) was drilled to test one of the new ground EM conductor east of the main ultramafic unit. The hole intersected a broad zone of disseminated and stringer iron sulphides (pyrrhotite – pyrite) within a metasediment at the modelled conductor depth from which no significant results were returned.

Next Steps

Mithril is greatly encouraged by the results which clearly justify the continuation of exploration at both the prospect and along strike to the south where the Company has over 3.5 kilometres of poorly tested prospective ultramafic rocks, including a historic drill hole (KURA50) which intersected 20m @ 0.69% nickel, 0.07% cobalt from 32 metres including 8m @ 0.96% nickel, 0.09% cobalt from 36 metres and was never followed-up (*see ASX Announcement dated 7 February 2018*).

Mithril plans to follow-up the latest drilling results and the historic KURA50 intercept with a program of ground EM geophysics and drilling (once necessary statutory approvals for the drilling have been received) in the June 2018 Quarter.

As a first step downhole EM surveying of the four recent holes will commence late next week.

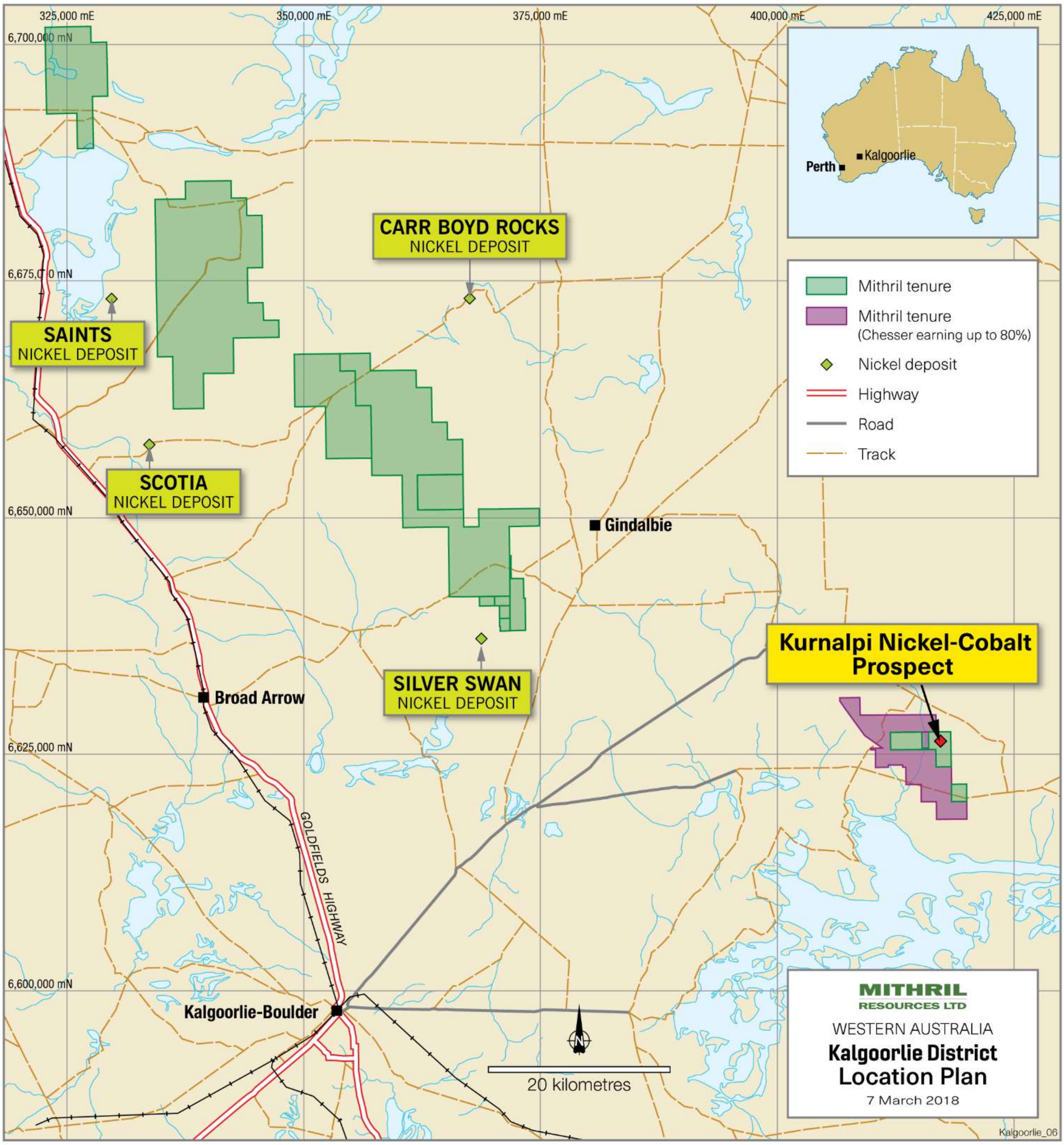

Figure 1: Kalgoorlie District Project Location Plan

Table 1: Drill hole Specifications

Hole ID	Easting GDA_Z51	Northing GDA_Z51	Dip°	Azi°	Total Depth (m)	Drill type	Casing
18GDSRC001	418,120	6,627,328	-65	90	219	RC	50mm PVC to 219m
18GDSRC002	417,844	6,627,291	-60	90	255	RC	50mm PVC to ~90m
18GDSRC003	417,954	6,626,809	-60	90	159	RC	50mm PVC to 159
18GDSRC004	418,019	6,626,880	-60	90	135	RC	50mm PVC to 135

Table 2: Drill hole Intersection Details

Hole ID	From	Width	Nickel_%	Cobalt_%	Copper_%	Platinum + Palladium (PGE's)_ppb	Comment
18GDSRC001	No Significant Assays						EM conductor
18GDSRC002	26	36	0.57	0.02	-	155	nickel-cobalt zone
including	*52*	*4*	*0.47*	*0.02*	*0.01*	*622*	*gossan (ex. sulphide)*
18GDSRC002	128	2	0.48	-	0.09	149	disseminated sulphides
18GDSRC002	142	4	0.62	0.02	-	282	disseminated sulphides
18GDSRC003	26	12	0.69	0.07	-	-	nickel-cobalt zone
including	*26*	*4*	*0.86*	*0.10*	-	-	*nickel-cobalt zone*
18GDSRC004	34	12	0.54	0.10	0.04	-	nickel-cobalt zone
including	*36*	*4*	*0.70*	*0.16*	*0.07*	-	*nickel-cobalt zone*

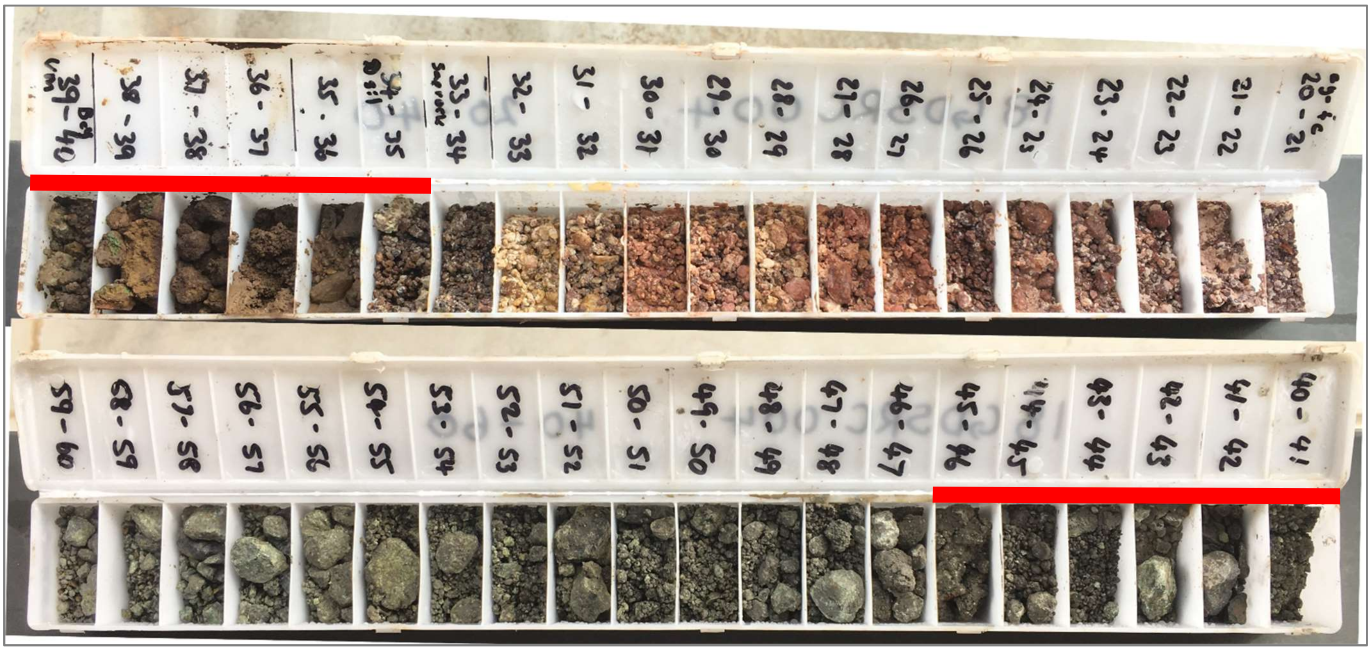

Figure 2: Photo of 18GDSRC18004 chip trays showing position of nickel-cobalt zone (red highlighted) from 34 metres to 46 metres. Note each chip tray compartment contains representative geological samples for one metre.

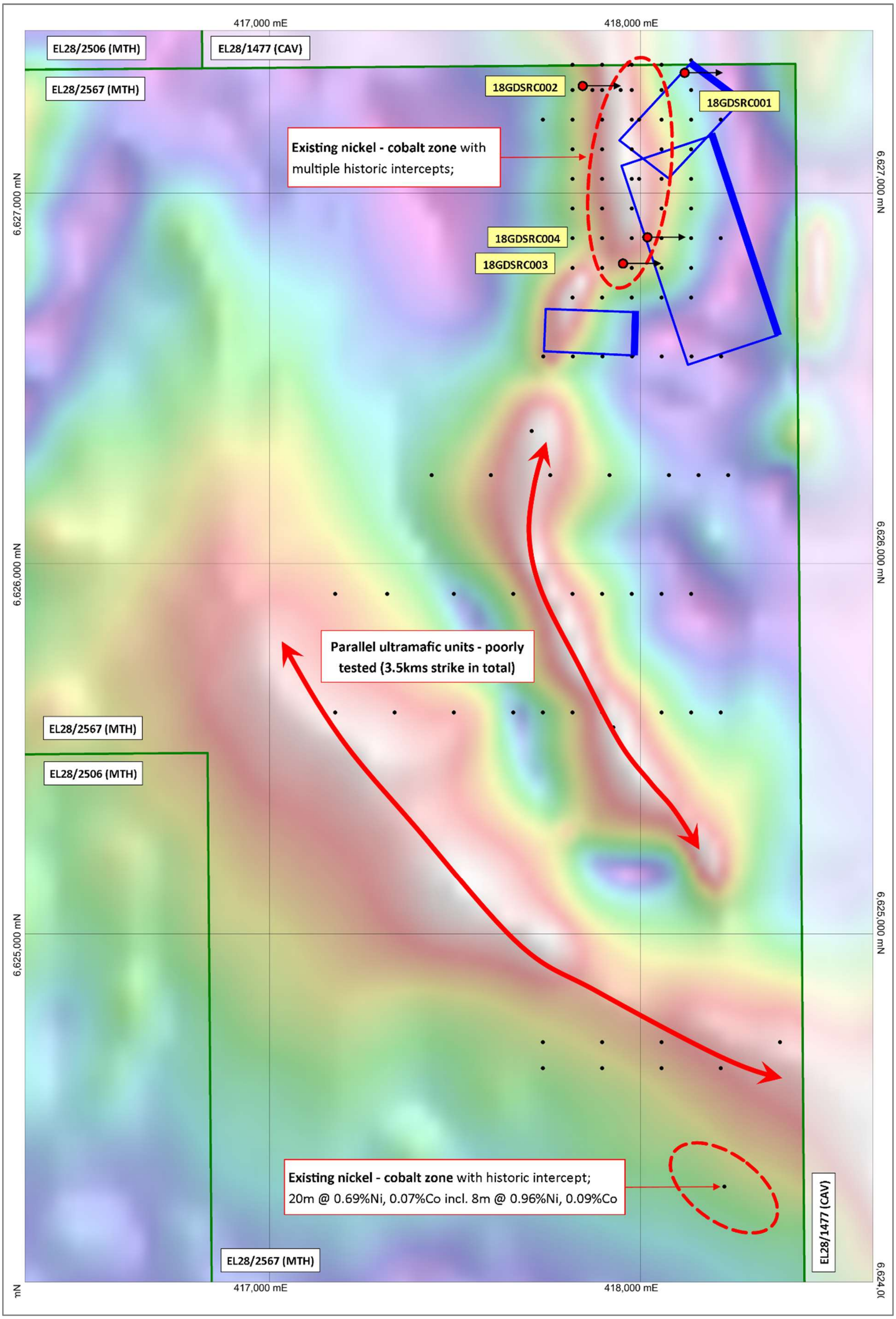

Figure 3: Kurnalpi Nickel-Cobalt Prospect drill collar location plan showing existing nickel-cobalt zones, EM conductors (blue) and poorly tested ultramafic units to the south.

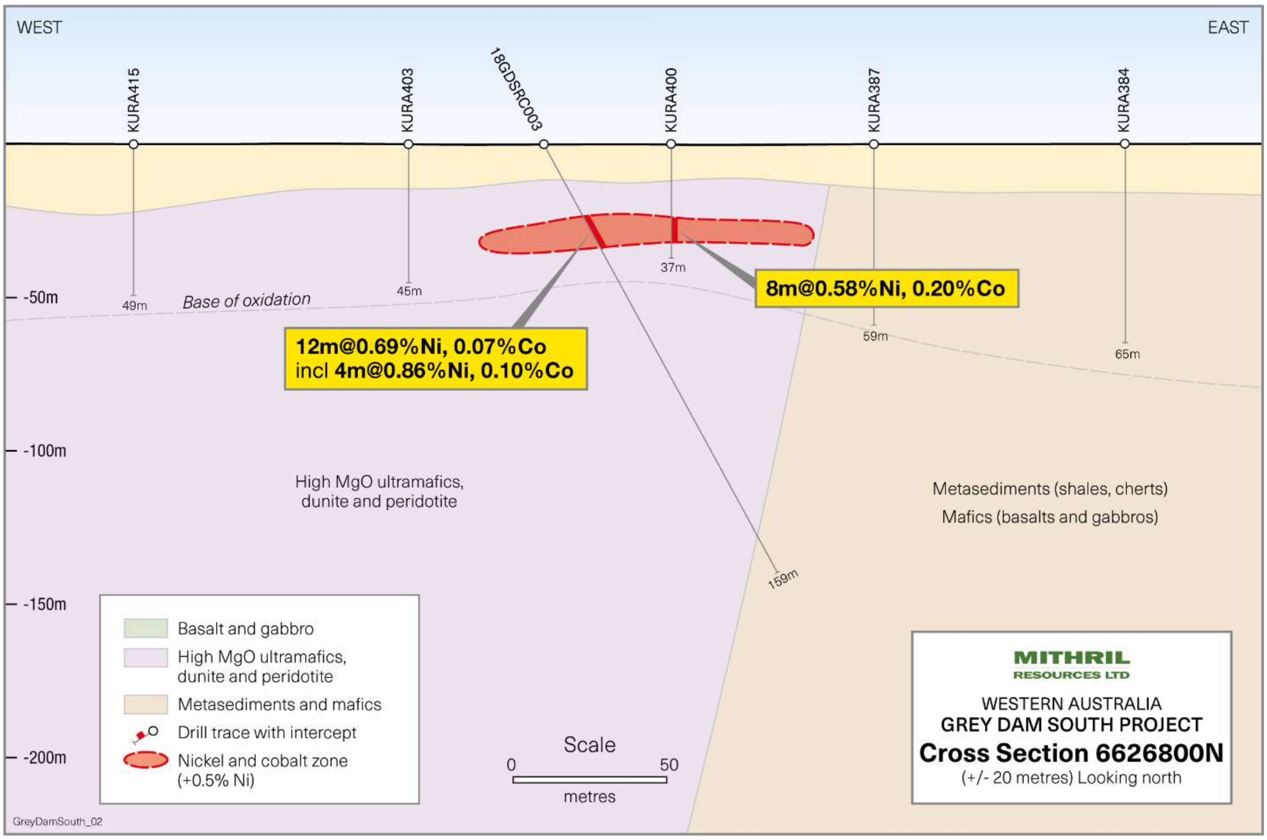

Figure 4: Kurnalpi cross section 6,626,800N showing 18GDSRC18003

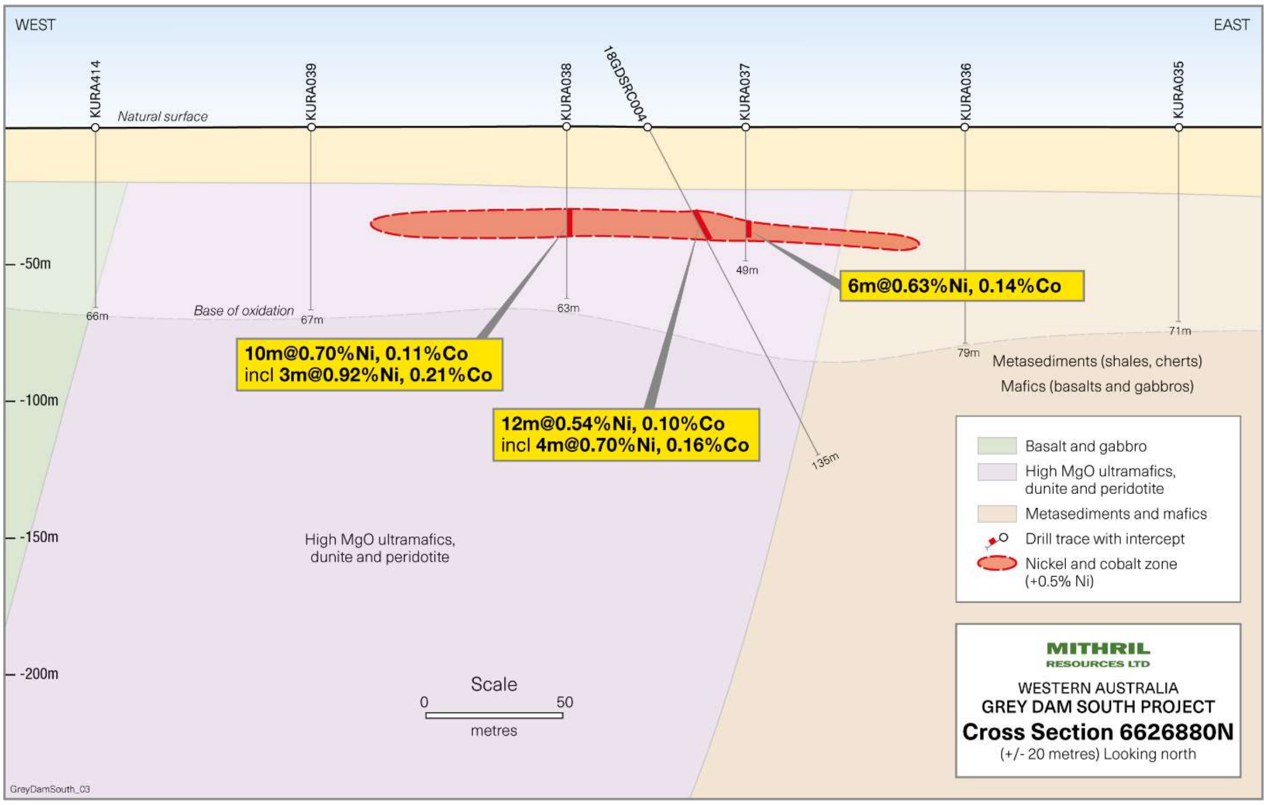

Figure 5: Kurnalpi cross section 6,626,880N showing 18GDSRC18004

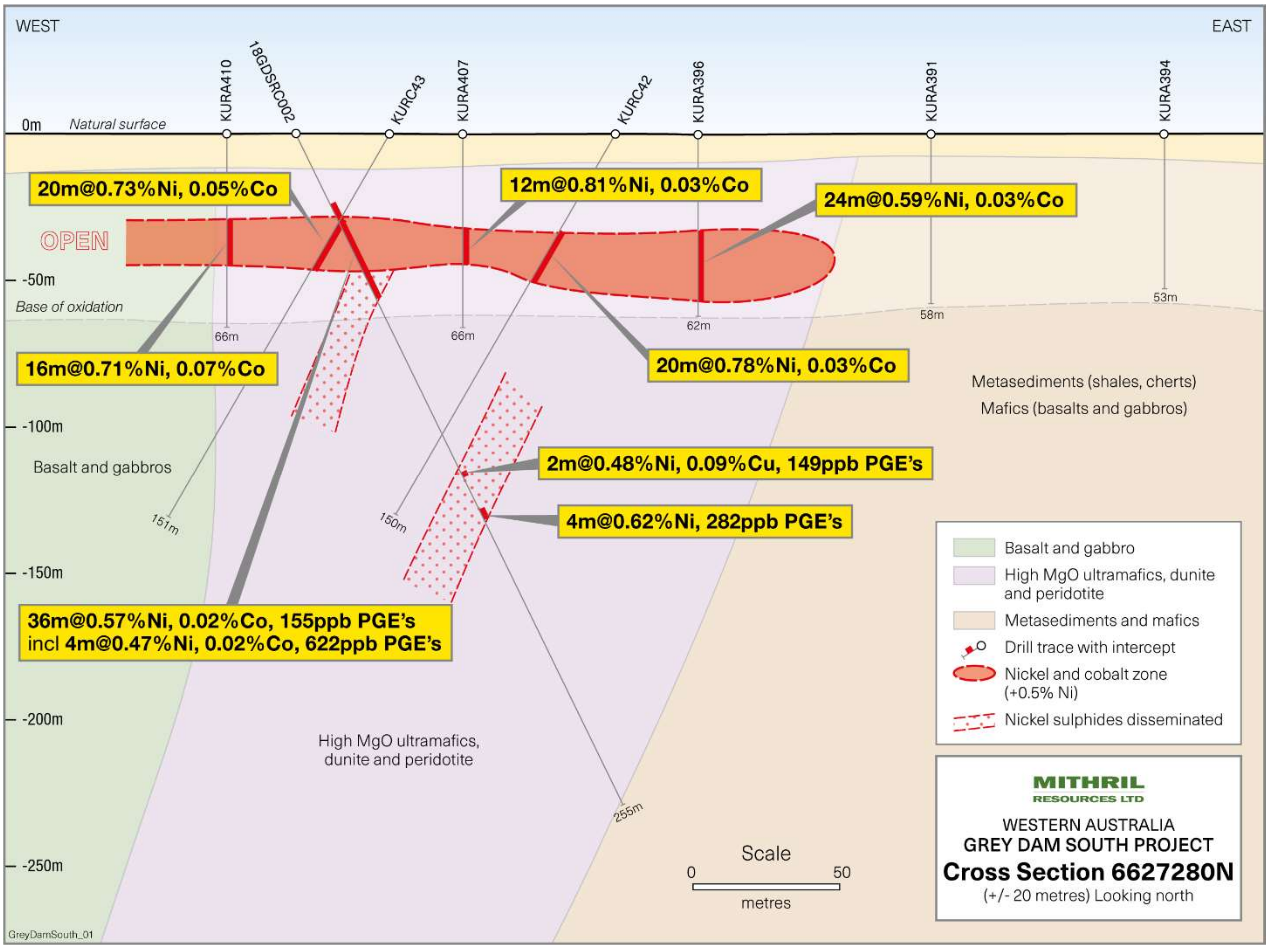

Figure 6: Kurnalpi cross section 6,627,280N showing 18GDSRC18002

JORC Code, 2012 Edition - TABLE 1 (Section 1: Sampling Techniques and Data)

Criteria	*JORC Code explanation*	Commentary
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	Reverse Circulation (RC) drilling was completed at the Kurnalpi Nickel-Cobalt Prospect (EL28/2567) which is 100%-owned by Mithril Resources through its wholly owned subsidiary, Minex (West) Pty Ltd. Samples were collected as 2 metre composite samples from the drill spoils laid out on the ground directly from the cyclone splitter. Sample sizes were approximately 2-3kg in weight.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Each drill hole location (easting and northing) was collected by a handheld GPS. Drill hole specifications and details of lithologies and sampling were completed for every metre, or as necessary, for each drill hole. All logging and sampling protocols remained constant throughout the program.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases, more	2 – 3kg composite RC samples were collected for geochemical analysis by ALS Laboratories in Perth, WA. In the laboratory, samples were crushed (~10mm) and pulverised to produce a representative 25g sub-sample for analysis using fire assay with ICP-MS finish for Au, Pt, and Pd (PGM-ICP23 – Lab Code) and four acid digest with ICP-AES finish

Criteria	*JORC Code explanation*	Commentary
	explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	for Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, K, La, Li, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sn, Sr, Te, Ti, Tl, V, W, and Zn (ME-ICP61 – Lab Code).
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	A truck mounted KWL350 drill rig with an onboard 1100/350 compressor and separate truck mounted 1000cfm auxiliary / 850psi booster owned and operated by Challenge Drilling Pty Ltd was used to carry out the Kurnalpi drilling. The drilling method produces chip samples (i.e. non-core).
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	No recordings of recoveries were undertaken.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	No measures taken to maximise sample recovery.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	No relationship has been identified.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	While drill chip samples have been geologically logged, they have not been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography	Logging of drill samples is of a qualitative nature. RC chip samples are always logged for lithology, colour, texture, weathering, minerals, alteration, and sulphide percentage and type, with comments included as necessary.
	The total length and percentage of the relevant intersections logged.	Every hole was geologically for its entire length.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not Applicable as the drilling method produces chip samples (i.e. non-core).
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	Samples were collected as a 2-metre composite sample from the drill spoils (scoop used) laid out on the ground directly from the cyclone splitter. Majority of samples were dry, with only a few wet samples.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	The sample preparation of the drill samples follows industry best practice, involving oven drying (110°C) where necessary, crushing and pulverising (~90% less than 75µm).
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Along with samples taken at the rig, blanks (comprising coarse washed sand) were inserted (around every 20 samples) and were included in the laboratory analysis process. The laboratory completed repeat analysis on samples returning >10,000 ppm Cu, Ni, and Zn.
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.	Sampling was supervised by the field geologist following geological logging to ensure that sampling was representative of the in-situ material collected. Selected repeat sampling will be undertaken at a later date.
	Whether sample sizes are appropriate to the grain size of the material being sampled	Sample sizes are considered appropriate for the exploration method and produce results to indicate degree and extent of mineralisation.
Quality of assay data and	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Fire Assay and a four-acid digest are considered near total digest and are appropriate for the type of exploration undertaken.

Criteria	JORC Code explanation	Commentary
laboratory tests	*For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	Not Applicable as no geophysical tools were used.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	The laboratory completed repeat analysis on samples returning >10,000 ppm Cu, Ni, and Zn. From results achieved it is determined an acceptable level of accuracy and precision has been established.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The significant intersections were verified by the Geology Manager and Managing Director.
	The use of twinned holes.	No twin holes were drilled.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Collar locations were predetermined in the office and modified in the field as necessary (dependent on access etc.). All data collection (lithology logging, sampling, etc.) was completed at each drill hole location as hole was being drilled. Data initially written on paper log sheets. A complete data set (excel spreadsheet) was created by Mithril on completion of the program, based on all information collected.
	Discuss any adjustment to assay data	None undertaken.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Each drill hole location (easting and northing) was collected by a handheld GPS.
	Specification of the grid system used.	Data points have been quoted in this Report using the MGA Zone 51 (GDA94) coordinate system.
	Quality and adequacy of topographic control.	Level of topographic control offered by the handheld GPS was considered sufficient for the work undertaken.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	As detailed in Tables 1 and 2 of this Report.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The data spacing and distribution is not sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s).
	Whether sample compositing has been applied.	Sample compositing was employed throughout the drill program – 2 metre intervals were composited and collected for assay.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	RC samples are unable to be orientated and do not provide structural information.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	No orientation-based sampling bias has been identified.
Sample security	*The measures taken to ensure sample security.*	All drill samples were collected by company personnel and stored in a secure location until completion of the program. Samples were taken to the ALS Laboratory in Perth.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	All results were reviewed by Company personnel including the Geology Manager and Managing Director. No negative issues were identified from these reviews.

JORC Code, 2012 Edition - TABLE 1 (Section 2: Reporting of Exploration Results)

Criteria	*JORC Code explanation*	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	EL28/2567 is 100%-owned by Mithril Resources through its wholly owned subsidiary, Minex (West) Pty Ltd.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	There are no existing impediments to the tenements.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Mt Kersey Mining NL has conducted exploration activities on the tenement during the period 1996 – 1997.
Geology	*Deposit type, geological setting and style of mineralisation.*	The nickel – cobalt and nickel sulphide mineralisation referred to in this Report occurs within weathered and fresh ultramafic rocks of Archean - age.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* *easting and northing of the drill hole collar, elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar, dip and azimuth of the hole, down hole length and interception depth, hole length.*	A summary of all material information referred to in this Announcement is presented in Tables 1 and 2, and Figures 2 - 6 of this Report.
	If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	No information has been excluded.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	While no weighting averaging techniques, or cutting of high grades have been used, a lower cut-off grade of 0.5% nickel has been used.
	Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not Applicable as no weighting averaging techniques have been applied.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalents reported
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	The relationship between mineralisation widths and intercept lengths is unknown. Widths of mineralisation have not been postulated. All mineralised intervals quoted in this announcement are quoted as downhole widths only.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	The geometry of the mineralisation with respect to the drill hole angle is not well known.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').	The drilling Exploration Results in this Announcement are reported as down hole widths only as true widths are not known.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include,*	See Figures 2 - 6 of this Report.

Criteria	*JORC Code explanation*	Commentary
	but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All significant (+0.5% nickel) exploration results have been reported and all drill hole collar positions are shown in Table 1 and Figures 2 – 6 of this Report.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	All relevant data has been included within this Report.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Further work will comprise geophysical surveying, aircore and RC drilling within the prospect area.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Figure 1 shows the location of the tenements and prospects.

ENDS

For Further Information Contact:

Mithril Resources Ltd
David Hutton, Managing Director
admin@mithrilresources.com.au

22B Beulah Road
Norwood, South Australia 5067
ABN: 30 099 883 922
T: (61 8) 8132 8800
F: (61 8) 8132 8899
www.mithrilresources.com.au

Competent Persons Statement:

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr David Hutton, who is a Competent Person, and a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Hutton is Managing Director and a full-time employee of Mithril Resources Ltd.

Mr Hutton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About Mithril Resources Ltd:

Mithril Resources is an Australian resources company whose objective is the creation of shareholder wealth through the discovery and development of mineral deposits.

Mithril are exploring for a range of high-value commodities (principally nickel, cobalt, copper and zinc) throughout the Meekatharra, West Kimberley and Kalgoorlie Districts of Western Australia.

The Company is also exploring South Australia's far western Coompana Province for magmatic nickel – copper deposits with OZ Minerals Limited.