

DRILLING RESUMES AT THE COMETA PROJECT, COPALQUIN MEXICO

Highlights

- Activity on the exploration program in the Copalquin District in Mexico has resumed for 2021
- Drilling of the first of three deeper holes commenced at the large epithermal system discovery at El Refugio, Cometa Project
- El Refugio, grades and breccia thickness are observed to increase with depth
- The expansive soil sampling program has started at El Refugio West
- Soil sampling programs within the Cometa Project area at La Soledad West, El Indio and Zaragosa are scheduled to commence in late January 2021

Mithril Resources Ltd (ASX: MTH) (**Mithril** or the **Company**) is pleased to announce the 2021 resumption of exploration activities at the Cometa Project in the Copalquin Gold Silver District, Mexico.

Mithril CEO and Managing Director, John Skeet, commented:

"After a short and well-earned break, the exploration team in Mexico has re-mobilised back to Copalquin, resuming exploration work in the district. Exploration activity is initially centred at the Cometa Project area with deeper drilling on the eastern side the large epithermal system discovery at El Refugio plus the expansive soil and mapping program at El Refugio west.

The success of the 2020 drill program in the Copalquin district has yielded the important discovery at El Refugio and has confirmed the widespread gold and silver mineralisation in other parts of the district supporting the scale of the district and its prospects of hosting significant gold and silver mineralisation."

Workplan for Start of 2021 - El Refugio

Drilling has resumed at the El Refugio target, Cometa Project. Three deeper holes are planned at El Refugio to test the deeper extents on the eastern side of the El Refugio target where there are higher gold and silver grades and significantly greater width to the breccia zone. The soil sampling and mapping program at El Refugio West has commenced with programs commencing at La Soledad West, El Indio and Zaragosa prospects towards the end of the January.

DIRECTORS

John Skeet – Managing Director & CEO
Garry Thomas – Non Executive Director
Dudley Leitch – Non Executive Director
Adrien Wing – Non Executive Director
Stephen Layton – Non Executive Director

MITHRIL RESOURCES LIMITED

ACN: 099 883 922
ASX: MTH

www.mithrilresources.com.au

REGISTERED OFFICE

Level 2
480 Collins St
Melbourne VIC 3000
T: +61 3 9614 0600

E: admin@mithrilresources.com.au

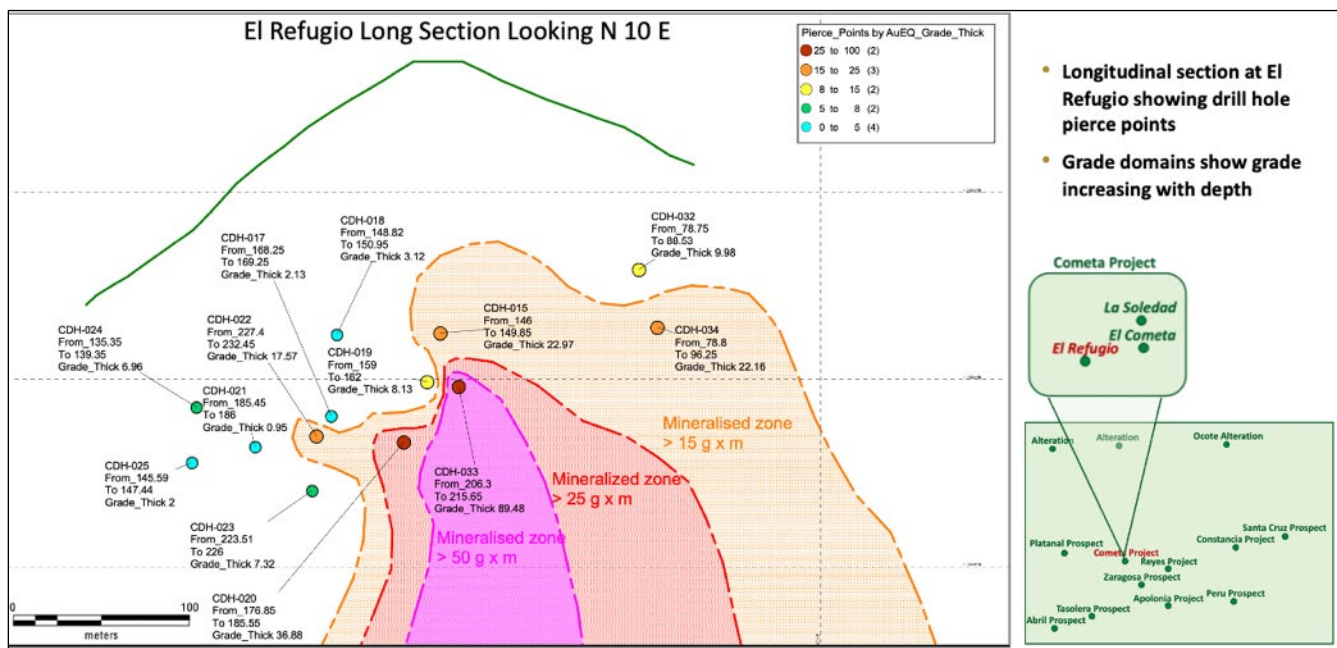


Figure 1 - El Refugio long sections showing drill hole pierce points and grade domains which are observed to increase with depth.

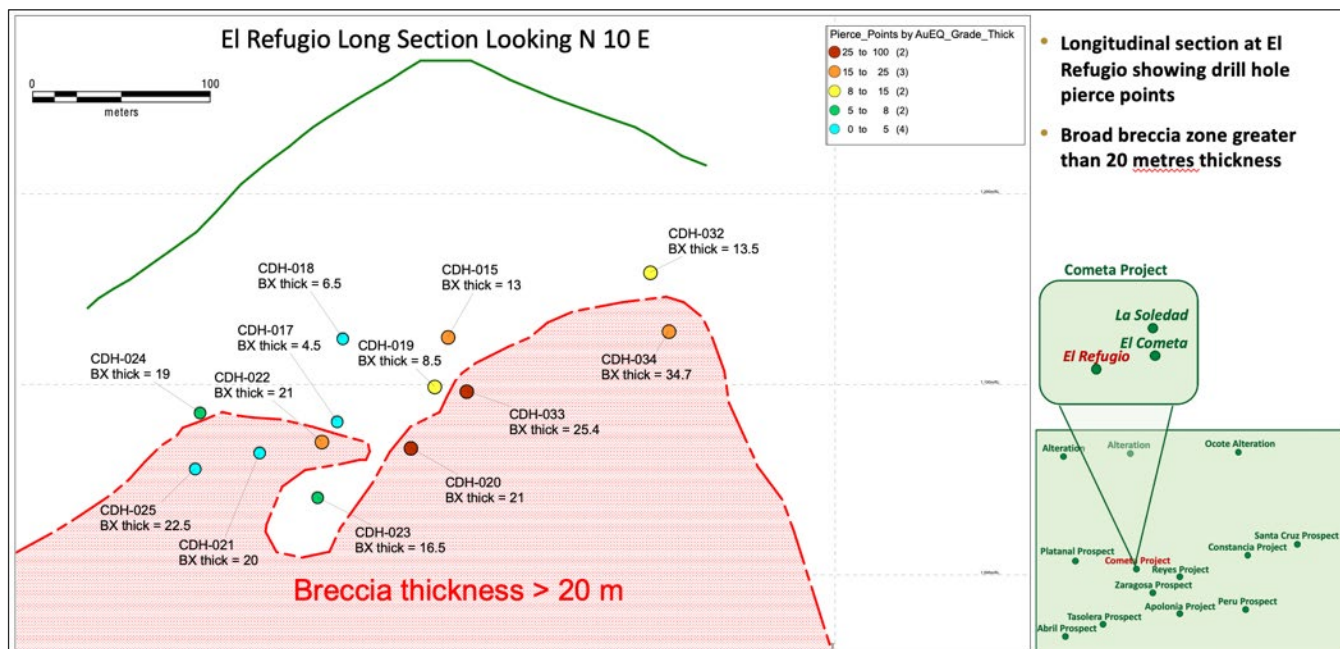


Figure 1 - El Refugio long sections showing drill hole pierce points and the breccia zone where it exceeds 20 metres in width.

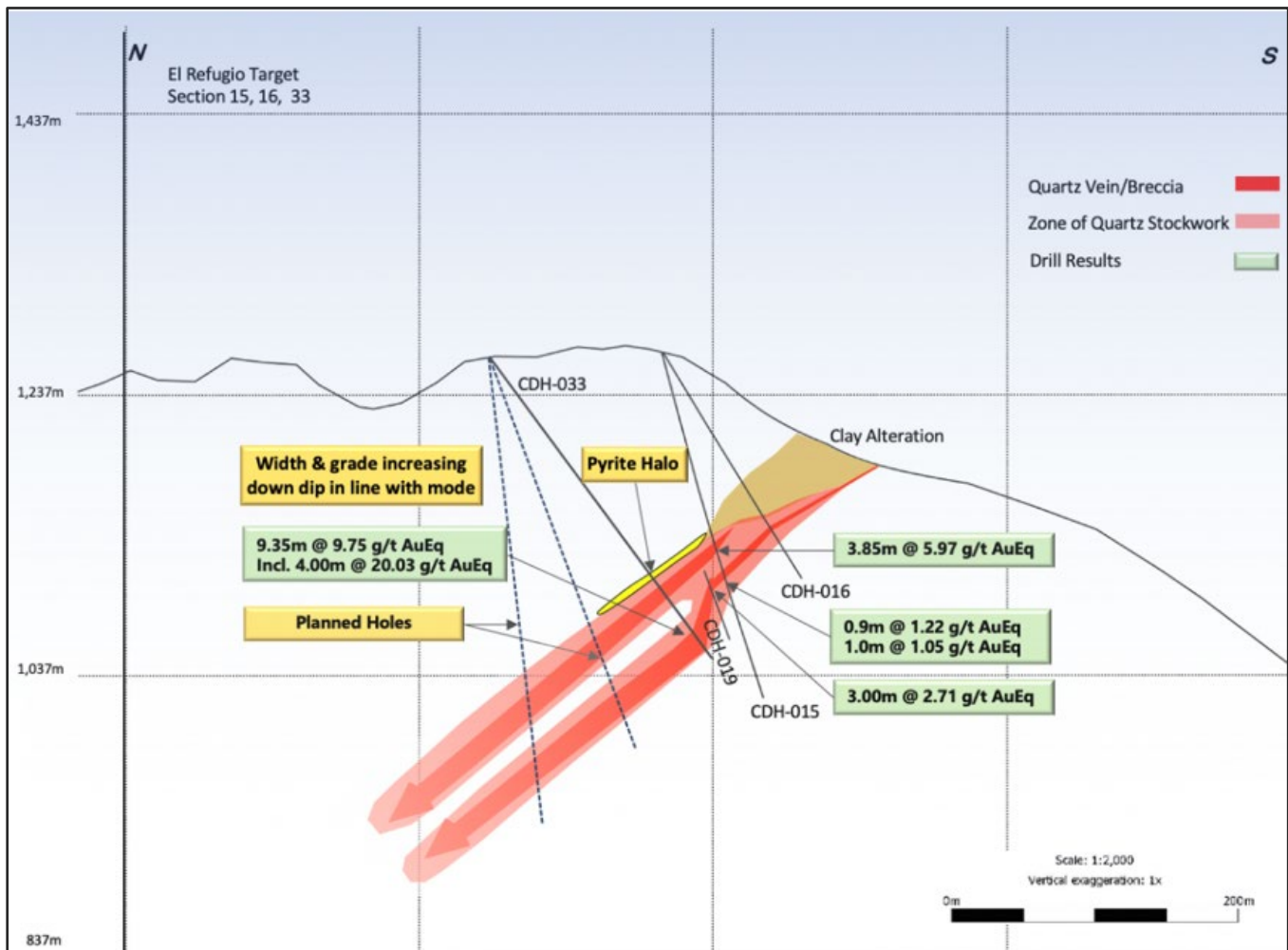


Figure 2 - Cross section at the El Refugio target where hole 33 intercepted higher grade and increased thickness at depth. Planned drill holes will test the grade and thickness deeper on the structure.

Soil Sampling Program January-February 2021

The advance in understanding of the mineral deposits at the Copalquin project has identified new early-stage prospects that will be developed towards being drill ready in 2021. These targets are ranked by the amount of information that MTH currently has on each:

El Indio – Along the northern, uphill extension of the Los Pinos ridge we have mapped multiple low-angle structures similar to El Cometa and to Los Reyes. There are multiple old mines which have not been visited and we do not know their extents. Among these old mines is the Santo Domingo mine, a tunnel about 80 meters long with a small stope up and two 3-4 meter shafts down. IMMSA reports one sample of 1m @ 2.7 g/t Au and 39 g/t Ag and a select sample of 15 cm @ 9.0 g/t Au and 371 g/t Ag. Further detailed surface mapping and mapping of the underground workings are planned for early 2021.

Refugio west – The area west of the El Refugio mine extending across two large ridges is observed to have favorable alteration. The Refugio structure is likely to extend to the west although it is thought that there is a small fault offset which moves the structure a few tens of meters to the south. Drilling has identified Refugio as a center of upwelling hydrothermal fluids and this area is immediately adjacent to the area where wide areas of brecciation have been identified. Mithril's 2020 drill camp has made the Refugio West target accessible for mapping. Before the camp was

installed it was a two hour walk to the area from the camp at Los Reyes. Geologic mapping and soil sampling are planned over this target. Soil sampling would be over a 300m x 700 m area and result in 182 samples (lines every 50m, samples every 25m on each line).

La Tasolera, Etc. – There are a number of small-scale past producing mines in the South West portion of the Mithril concession block that were visited by one of our geologists in April and May 2020. The best sample from the area was from the La Tasolera working and returned 2.77 g/t Au and 314 g/t Ag over 1.25m. The geologist recommended a follow up visit to determine how many of the small mines in the area are related to the same structure and determine whether the target should be drilled. This will be planned for the dry season (now through May 2021). The area is remote, and supplies have to be taken in by mule to support exploration and to bring out samples.

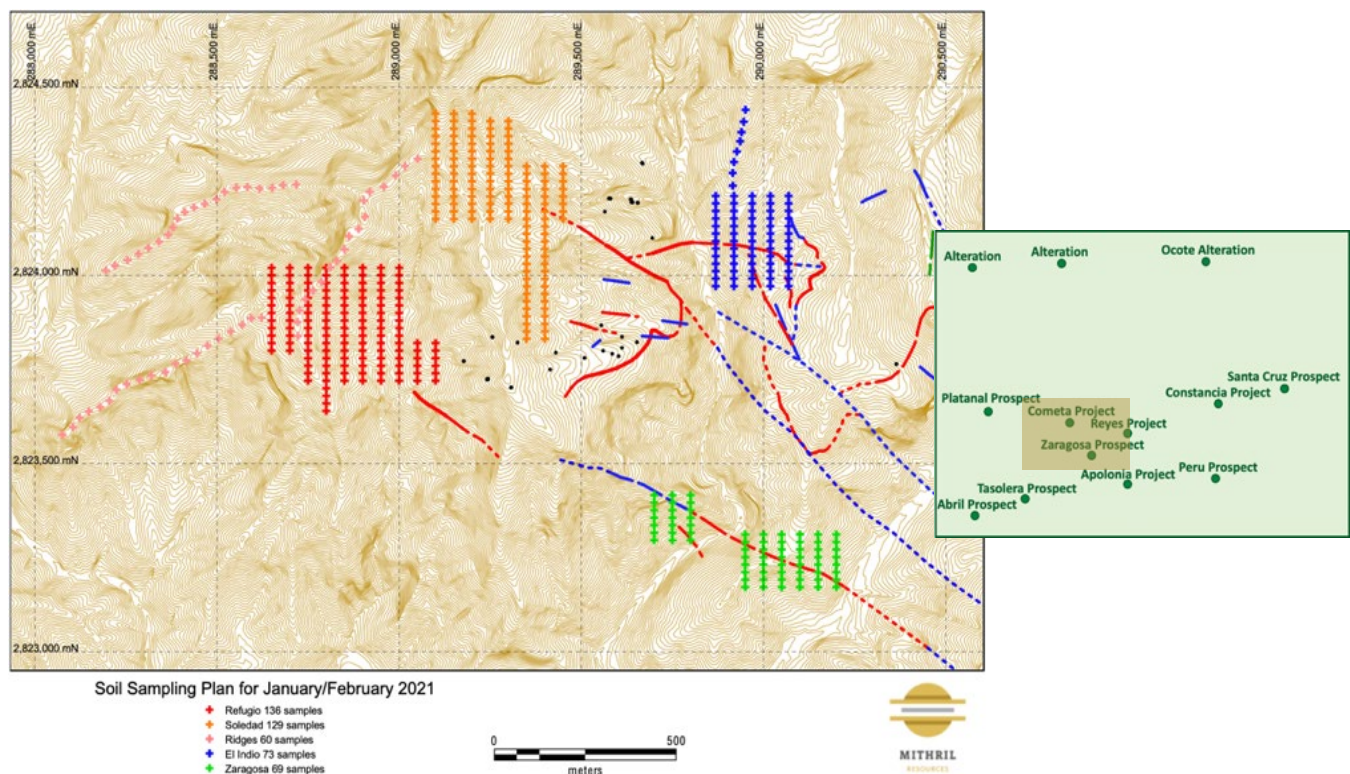


Figure 3 - Soil sampling plan for January-February 2021 covering Refugio West, Soledad West, El Indio and Zaragosa targets.

Las Brujas – Located 2km east from the San Manuel (Apolonia) target the Las Brujas structure is a low-angle fault/breccia zone developed in rhyolite ignimbrite. Samples collected by the SGM (Mexican Geological Survey) from Las Brujas have returned up to 25.2 g/t Au and 252 g/t Ag. The width of this sample is unknown, but the breccia is observed to be over 3 meters wide. Mapping at 1:2,000 scale will be planned to trace the structure along strike, locate other workings and collect samples.

El Platano – El Platano is located about 1.5 km west from the Refugio mine. The area is characterized by argillic alteration in andesite host rocks with some evidence of acid alteration (more white clay which may be kaolinite). This may represent a portion of the system very high in the epithermal zonation approaching the steam-heated zone. This is considered to be the favorable top of the system. MTH has only made one, quick visit by helicopter to the area. The El Platano area justifies further work. Two small mines, El Gallo 1 and El Gallo 2 are in the area and need to be visited. Geologic mapping and a soil sampling grid are planned for 2021.

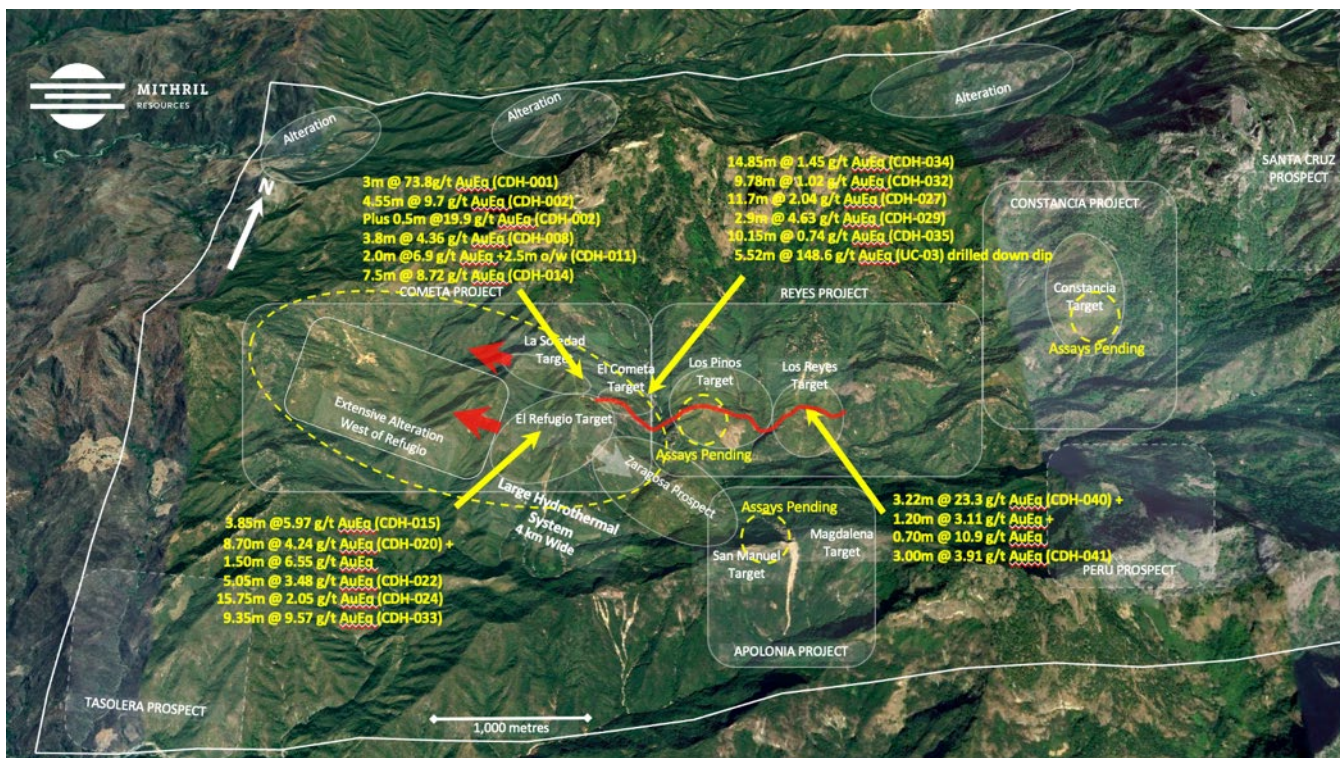


Figure 4- Projects and Prospects within the Copalquin District with drilling highlights to-date from the maiden drill program.

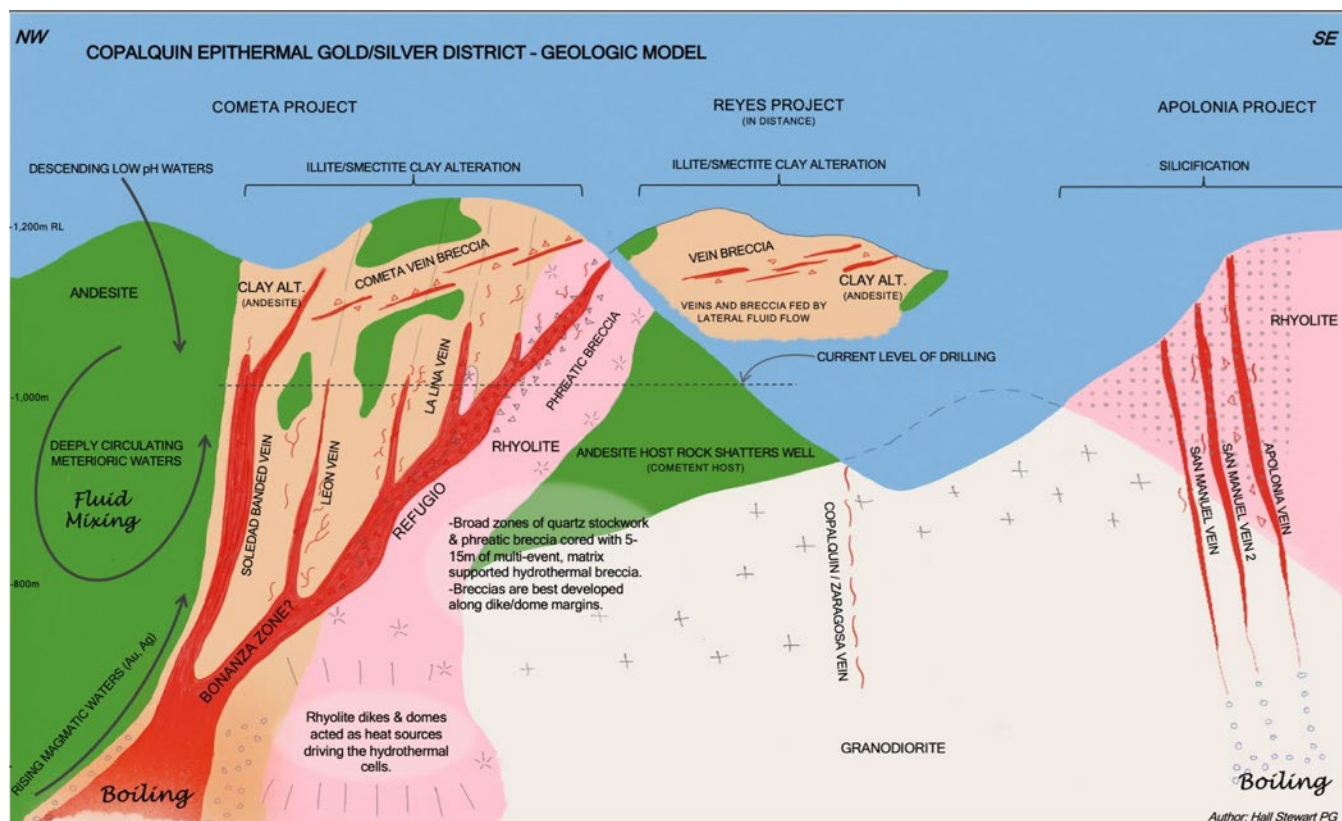


Figure 5 - Copalquin District Geologic Model for epithermal gold/silver - geologic model (author: Hall Stewart PG, Chief Geologist)

ABOUT THE COPALQUIN GOLD SILVER PROJECT

The Copalquin mining district is located in Durango State, Mexico and covers an entire mining district of 70km² containing several dozen historic gold and silver mines and workings, ten of which had notable production. The district is within the Sierra Madre Gold Silver Trend which extends north-south along the western side of Mexico and hosts many world class gold and silver deposits.

Multiple mineralisation events, young intrusives thought to be system-driving heat sources, widespread alteration together with extensive surface vein exposures and dozens of historic mine workings, identify the Copalquin mining district as a major epithermal centre for Gold and Silver.

-ENDS-

Released with the authority of the Board.

For further information contact:

John Skeet

Managing Director and CEO

jskeet@mithrilresources.com.au

+61 435 766 809

Mark Flynn

Investor Relations

mflynn@mithrilresources.com.au

+61 416 068 733

Competent Persons Statement

The information in this report that relates to sampling techniques and data, exploration results and geological interpretation has been compiled by Mr Hall Stewart who is Mithril's Chief Geologist. Mr Stewart is a certified professional geologist of the American Institute of Professional Geologists. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Stewart has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stewart consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release