

Mithril to drill priority gold targets at Lignum Dam

- Auger geochemical sampling highlights five targets (four gold and one nickel) for drilling in late November
- Drilling to be funded from current SPP which closes 5pm Friday 28th October 2016.
- Targets characterised by coherent surface geochemical anomalies over prospective rocktypes along strike from the Lindsay's Gold Mining Centre
- Targets include the Forty Flats prospect where resampling of historic drillhole 1 metre spoils returned up to 4.22g/t gold
- Target generation ongoing with further gold and nickel targets emerging

Mithril Resources Ltd (ASX: MTH) is pleased to advise five targets at the 100% owned Lignum Dam Project (located 50 kilometres north-northeast of Kalgoorlie Western Australia - *Figure 1*) have been prioritised for drill testing following the receipt of positive results from a recently completed auger geochemical sampling program.

Mithril plans to test the targets with an aircore drilling program (approximately 3,000 metres) in late November 2016 using proceeds from the current Share Purchase Plan which closes at 5pm tomorrow (Friday 28th October 2016).

All targets are drill ready with statutory approvals received and the successful completion of Heritage Clearance Surveys this week.

The drill targets (*Figures 2 - 4*) are characterised by coherent auger gold geochemical anomalies (*typically 2-4 x background values*) that occur within areas of residual soil cover over prospective mafic and felsic rocktypes.

Significantly the targets lie within a broader structural corridor that is interpreted from aeromagnetic and gravity data to extend from known bedrock gold mineralisation at the Lindsay's Gold mining Centre. Little, if any, effective drill testing of the targets has been previously undertaken.

Of note is the **Forty Flats Prospect** (Target C) where historic RAB drill hole FFB008 finished in 3m @ 1.40g/t gold from 17 metres with the last metre returning 2.26g/t gold in an area dominated by shallow soil and sand cover.

Inspection of remnant spoils from this hole indicates the mineralisation is associated with a shear zone comprising altered mafic schist and quartz veining. Resampling from the last metre of this hole by Mithril has returned **4.22g/t gold**.

With an area of approximately 260km², Lignum Dam covers a package of gold and nickel prospective Archaean mafic, ultramafic, and felsic rocktypes directly along strike from the Lindsay's Gold Mining Centre and the high grade Silver Swan nickel deposit.

With target generation ongoing, the targets prioritised for November drill testing are the first of many that Mithril has generated on the project, and it is anticipated that further gold (and nickel) targets will emerge as the Company's understanding of the project's geological setting and prospectivity increases.

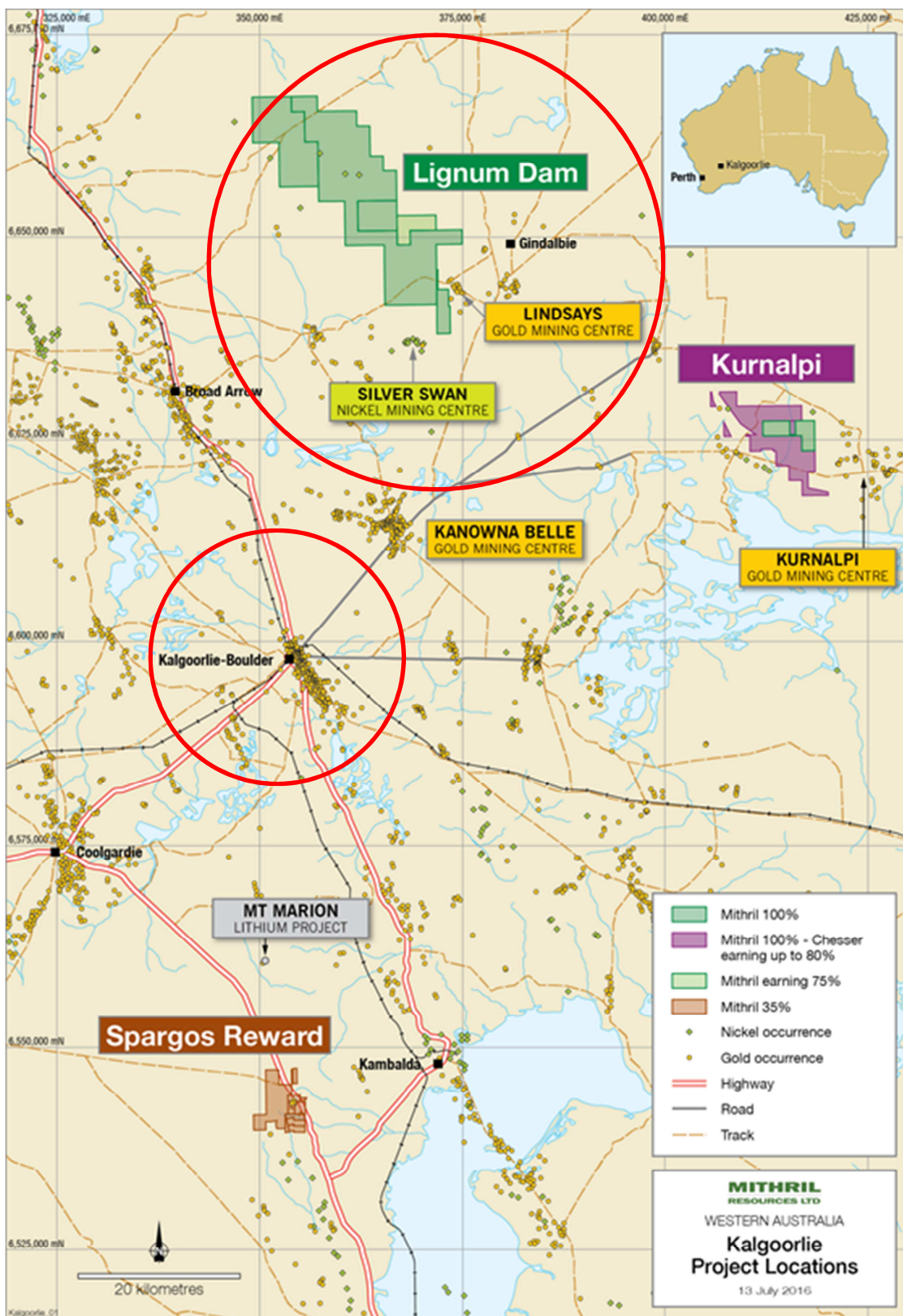


Figure 1: Kalgoorlie Project Location Plan

Drill Target Details (refer to Figures 2 - 4)

Target A is located in the south eastern corner of the project and comprises an 800 x 130 metre NNE trending gold auger geochemical anomaly (defined by the +20ppb Au contour, maximum value: 46ppb Au, average background value: 8 – 10ppb Au). The anomaly has been defined from auger geochemical samples that were collected on 200 x 100m and 200 x 50m centres throughout the target area.

The anomaly occurs within an area of soil cover and overlies a NNE trending magnetic linear feature adjacent a regional scale NNW structure interpreted from gravity data. The anomaly has not been previously drill tested with one historic east – west traverse of 400 metre spaced vertical RAB holes failing to intersect the anomaly. Mithril will test the anomaly with a traverse of close - spaced angled aircore drill holes.

Target B is located in the southern project area and comprises a series of small surface gold anomalies adjacent to a 600 x 300 metre NE trending coincident nickel – copper auger geochemical anomaly (defined by the +300ppm Ni / +50ppm Cu contour, maximum value: 1745ppm Ni / 271ppm Cu, average background value: 60ppm Ni / 30ppm Cu). The anomaly has been defined from auger geochemical samples that were collected on 200 x 100m centres throughout the target area.

The nickel – copper anomaly overlies an area of sub-cropping silica caprock material indicative of high MgO ultramafic rocktypes and as such, represents a potential nickel sulphide target. While the target has been subject to historic EM geophysical surveying, Mithril believes this work was largely ineffectual due to potential coupling issues and will test the anomaly and adjacent gold anomalies with a traverse of close - spaced angled aircore drill holes.

Target C comprises the **Forty Flats Prospect** where historic RAB drill hole FFB008 finished in 3m @ 1.40g/t gold from 17 metres with the last metre returning 2.26g/t in an area dominated by shallow soil and sand cover.

Inspection of remnant spoils from this hole indicates the mineralisation is associated with a shear zone comprising altered mafic schist and quartz veining. Resampling from the last metre of this hole by Mithril has returned **4.22g/t gold** (See ASX Announcement dated 4 August 2016).

Drillhole FFB008 is the westernmost hole on a historic drill traverse which has not been followed up. Given the resampling results and that aeromagnetic data shows that the prospect is directly along strike from Lindsay's, the Forty Flats Prospect is a high priority target. Mithril will test FFB008 with a one or more holes drilled underneath the mineralised intercept.

Target D is located within the central project area and comprises an 850 x 170 metre NE trending gold auger geochemical anomaly (defined by the +12ppb Au contour, maximum value: 20ppb Au, average background value: 5 – 7ppb Au). The anomaly lies within a broader zone of weaker gold anomalism and has been defined from historic auger geochemical samples that were collected on 400 x 200m and 200 x 100m centres throughout the target area.

The target has not been previously drill tested occurs within an area of residual soil cover overlays a NE trending fault zone within granite and felsic volcanic rocktypes adjacent to a mafic contact (interpreted from magnetic and gravity data). Mithril will test the anomaly with a traverse close - spaced angled aircore drill holes.

Target E is also located within the central project area and comprises a 600 x 200 metre EW trending gold auger geochemical anomaly (defined by the +20ppb Au contour, maximum value: 29ppb Au, average background value: 8 – 10ppb Au).

The anomaly occurs within an area of residual soil cover and overlies on an interpreted east – west mafic / ultramafic contact. The anomaly has not been previously drill tested and Mithril will test the anomaly with a traverse of close - spaced angled aircore drill holes.

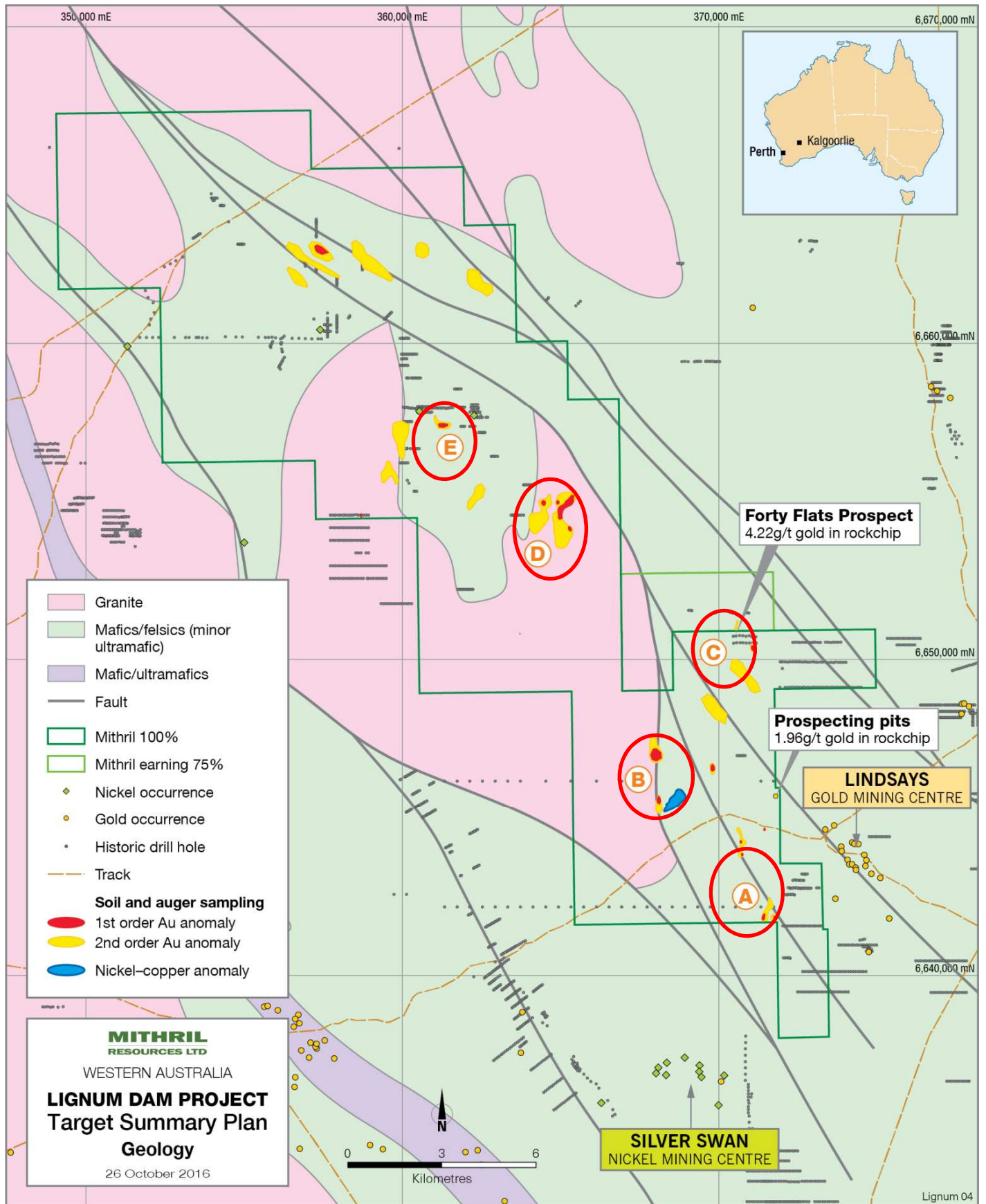


Figure 2: Lignum Dam Project Target Summary Plan showing location of priority drill targets (A – E), auger geochemical anomalies, historic drill collars and geological interpretation.

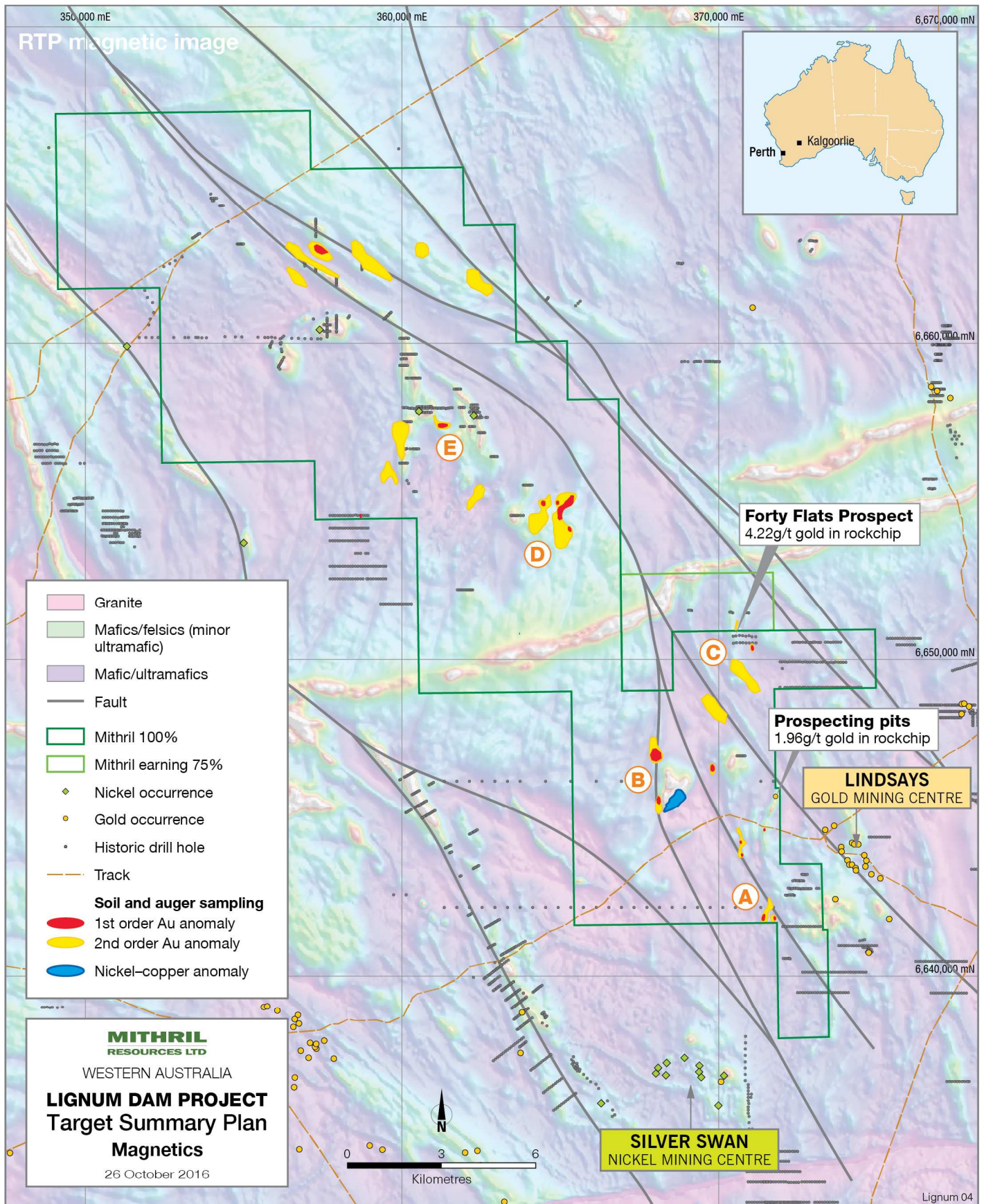


Figure 3: Lignum Dam Project Target Summary Plan showing location of priority drill targets (A – E), auger geochemical anomalies, historic drill collars and structural interpretation on a RTP magnetic image background

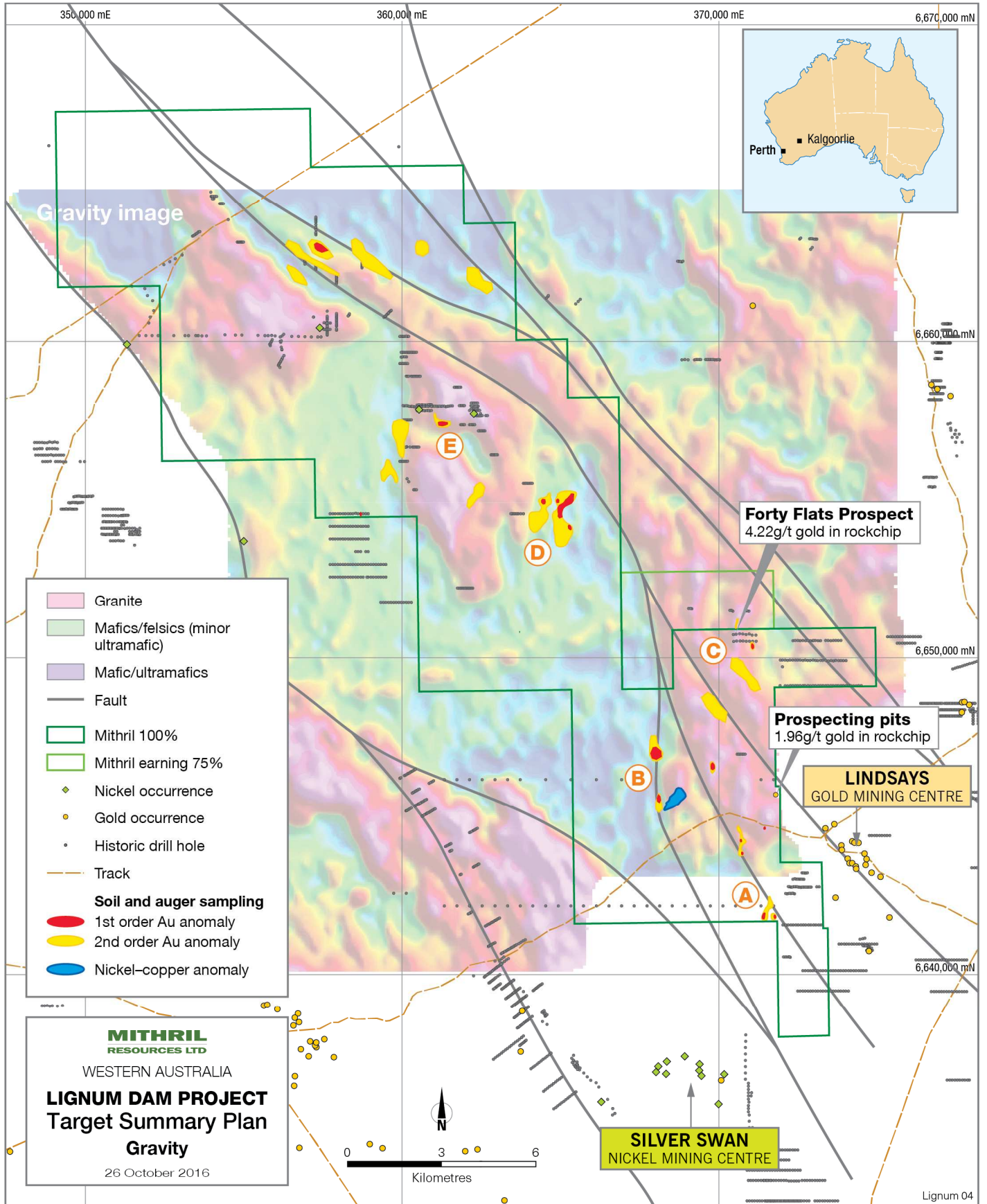


Figure 4: Lignum Dam Project Target Summary Plan showing location of priority drill targets (A – E), auger geochemical anomalies, historic drill collars and structural interpretation on a 1VD gravity image background

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<i>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.</i>	Historic surface geochemical sampling: Auger, BLEG or soil samples were typically collected on either 800 x 400m centres or 400 x 200m centres. The sampling is historic in nature and no further details are known. 2016 Mithril auger geochemical sampling was carried out on 200 x 100 metre centres with selected areas subject to infill sampling on 200 x 50 metre centres. Samples were typically between 1 and 1.5 metres vertical depth.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Each sample location (easting and northing) was collected by a handheld GPS. A brief sample description and additional comments as necessary were recorded at every sample location. All sampling protocols remained constant throughout the program.
	<i>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 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.</i>	1 – 1.5kg auger samples were collected from between 1 and 1.5 metres vertical depth and placed inside calico sample bags for transport to ALS Laboratories in Kalgoorlie, WA for sample preparation. Subsequent geochemical analysis was conducted by ALS in Perth WA. In the laboratory, auger samples were crushed and pulverised to produce a representative 25g sub-sample for analysis using Total Leach with ICP-MS finish for Au (Au-TL43; Lab Code). Selected samples were also subject to Aqua Regia digest and ICP-AES analysis for Ag, Al, As, Ba, Be, Bi, Ca, Cd, Co, Cr, Cu, Fe, Ga, K, La, Mg, Mn, Mo, Na, Ni, P, Pb, S, Sb, Sc, Sr, Th, Ti, Tl, U, V, W, and Zn (ME-ICP43; Lab Code), and ICP-MS analysis for Bi, Hg, Sb, Sn, Te, Th, Tl, U and W (ME-MS43; Lab Code).
Drilling techniques	<i>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.).</i>	Auger geochemical samples were collected from vertical depths of between 1 and 1.5 metres.
Drill sample recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	A description of each sample including its depth, colour and ground conditions was taken at the time of collection.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	The auger sampling was undertaken by experienced operators to ensure that sample recoveries were maximised and representative of the ground being sampled.
	<i>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.</i>	It is unknown 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.
Logging	<i>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.</i>	Auger samples have been described geologically but not to a level of detail suitable for Mineral Resource estimation, mining and metallurgical studies.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography</i>	Logging of auger samples is of a qualitative nature. Samples are logged for lithology and sometimes logged for colour, texture, weathering, minerals and alteration. An overall sample description and general comment on location is also included.
	<i>The total length and percentage of the relevant intersections logged.</i>	Logging was restricted to describing individual rock samples and auger samples collected for analysis.
Sub-sampling	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	Not Applicable as no core drilling was undertaken.

Criteria	JORC Code explanation	Commentary
<i>techniques and sample preparation</i>	<i>If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.</i>	Auger samples were collected from between 1 and 1.5 metres vertical depth and were dry.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The sample preparation of the samples follows industry best practice, involving oven drying (110°C) where necessary, crushing and pulverising (~90% less than 75µm).
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	Sub-sampling will only occur if the sample is >3kg. All samples submitted were <3kg so no sub sampling occurred.
	<i>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.</i>	No field duplicates were taken. All samples collected were ~1 – 3kg, and entire sample pulverized.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled</i>	Sample sizes are considered appropriate for the exploration method.
<i>Quality of assay data and laboratory tests</i>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	Aqua Regia and Total Leach methods are considered to be a total digest and are appropriate for analysing for Au and base metals.
	<i>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.</i>	Not applicable as no geophysical tools were used.
	<i>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.</i>	During the auger sampling program, blank samples and Certified Reference Materials were routinely submitted. For Multi-element analysis, each rack (40 tubes) contains one blank to monitor the purity of the reagents. Each rack contains two duplicate samples and the results are reported in a QC report at the end of the analytical report. Each rack contains two digested standards to monitor the accuracy of the method. The laboratory also conducts monthly round robin programs for fire assay gold and base metal analysis. The laboratory expects to achieve a precision and accuracy of plus or minus 10% for duplicate analyses, in-house standards and client submitted standards, when conducting routine geochemical analyses for gold and base metals. These limits apply at, or greater than, fifty times the limit of detection.
<i>Verification of sampling and assaying</i>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	Significant Results detailed in this Report have been verified by the Company's Geology Manager and Managing Director
	<i>The use of twinned holes.</i>	No twinned holes were drilled.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Handwritten data entry was used for documenting the sampling.
	<i>Discuss any adjustment to assay data</i>	None undertaken.
<i>Location of data points</i>	<i>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.</i>	Data points (rock chip sample locations, historic drill hole collars and auger sample locations) were recorded using a handheld GPS with an expected accuracy of +/- 5m. For the nature of the program completed, this level of accuracy is considered to be suitable.
	<i>Specification of the grid system used.</i>	Data points have been quoted in this Report using the MGA Zone 51 (GDA94) coordinate system.
	<i>Quality and adequacy of topographic control.</i>	Level of topographic control offered by the handheld GPS was considered sufficient for the work undertaken.
<i>Data</i>	<i>Data spacing for reporting of Exploration Results.</i>	.The auger samples were collect on either 200 x 100m centres or

Criteria	JORC Code explanation	Commentary
<i>spacing and distribution</i>		200 x 50m centres over previously defined surface geochemical anomalies.
	<i>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.</i>	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).
	<i>Whether sample compositing has been applied.</i>	No composite sampling has been applied.
<i>Orientation of data in relation to geological structure</i>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Auger samples were collected on regular spaced intervals and are considered to have achieved unbiased <i>sampling of possible structures and the extent to which this is known, considering the deposit type.</i>
	<i>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.</i>	Not Applicable as no drilling was undertaken.
<i>Sample security</i>	<i>The measures taken to ensure sample security.</i>	Samples were delivered to the laboratory immediately upon collection in the field.
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	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
<i>Mineral tenement and land tenure status</i>	<i>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.</i>	The work described in this Report was undertaken on EL27/538 which is owned by Minex (Aust) Pty Ltd – a wholly owned subsidiary of Mithril Resources Ltd. .
	<i>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.</i>	There are no known existing impediments to the tenements.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	Previous exploration has been carried out through the tenement area by a number of companies including KalNorth Gold Mines, Rox Resources, Pioneer Exploration, Hemisphere, Western Mining, Abador Gold and Normandy Exploration. Previous explorers have focussed on gold and nickel exploration.
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	Lignum Dam is prospective for Archean lode gold mineralisation associated with major shear zones within mafic – ultramafic – felsic sequences.
<i>Drill hole Information</i>	<i>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.</i>	A summary of all material information referred to in this Announcement is presented in Figures 2 to 4 of this Report.

Criteria	JORC Code explanation	Commentary
	<i>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.</i>	No information has been excluded.
Data aggregation methods	<i>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.</i>	No cut-off grades have been applied.
	<i>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.</i>	No aggregation has been applied.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents have been used.
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	The relationship between mineralisation widths and intercept lengths is unknown.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	Not known.
	<i>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').</i>	Only down hole widths have been reported. True widths are unknown.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	See Figures 1 - 4 of this Report.
Balanced reporting	<i>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.</i>	All new exploration results have been reported.
Other substantive exploration data	<i>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.</i>	All relevant data has been included within this Report.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	Aircore drilling of the targets are planned as the next step.
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	Figures 2 - 4 display areas of interest within the area.

ENDS

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Competent Persons Statement:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves 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.

The Company is actively exploring throughout two highly prospective areas of the Western Australian Goldfields, namely the Kalgoorlie District for gold, lithium and nickel deposits and the Meekatharra District for copper-nickel deposits.

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