

Key Points

Lignum Dam Project (Gold)

- Lignum Dam lies along strike from the Lindsay's Gold Mining Centre and the high-grade Silver Swan Nickel Deposit.
- Infill auger geochemical sampling conducted over multiple gold targets with results awaited.
- Targets characterised by anomalous surface geochemistry over prospective rocktypes and / or existing bedrock gold mineralisation in historic drilling.
- The new sampling data will be used to plan follow-up Aircore drilling scheduled for the December 2016 Quarter.

Coompana (Nickel - Copper)

- OZ Minerals Limited (ASX: OZL) and Mithril exploring South Australia's far western Coompana Province for magmatic nickel – copper - PGE deposits.
- Target generation underway following grant of seven Exploration Licences.

Duffy Well (Gold)

- Doray Minerals' (ASX: DRM) 3,500 metre Aircore drilling program underway subsequent to the Quarter with final analytical results due late November 2016.

Kurnalpi (Gold / Nickel)

- Auger geochemical sampling and EM geophysics undertaken by Chesser Resources (ASX: CHZ) at the end of Quarter with results awaited.

Exploration Outlook

- Drill testing of the Company's Lignum Dam gold targets, as well as continuation of Coompana target generation activities on will be the Company's primary focus for the December 2016 Quarter.

Corporate and Cash

- Cash reserves of \$0.39M at 30 September 2016
- Share Purchase Plan underway providing eligible shareholders with the opportunity to subscribe for up to \$15,000 worth of new shares at \$0.005 (0.5 cents) per share

Exploration Overview

Mithril Resources (“Mithril”) and its joint venture partners are exploring for gold, nickel and lithium throughout the Kalgoorlie and Meekatharra Districts of Western Australia, and nickel-copper-PGE’s throughout the Coompana Province of South Australia (*Figure 1*).

During the September 2016 Quarter (the “Quarter”) Mithril identified new gold and nickel sulphide targets at Lignum Dam and Grey Dam South (*Kalgoorlie*) and commenced target generation activities at Coompana.

Doray Minerals (ASX: DRM), Mithril’s gold exploration partner at Duffy Well (*Meekatharra*) completed preparations for a 3,500 metre Aircore drilling program which commenced subsequent to the end of the Quarter, and Chesser Resources (ASX: CHZ) carried out gold and nickel field exploration activities at Kurnalpi (*Kalgoorlie*).

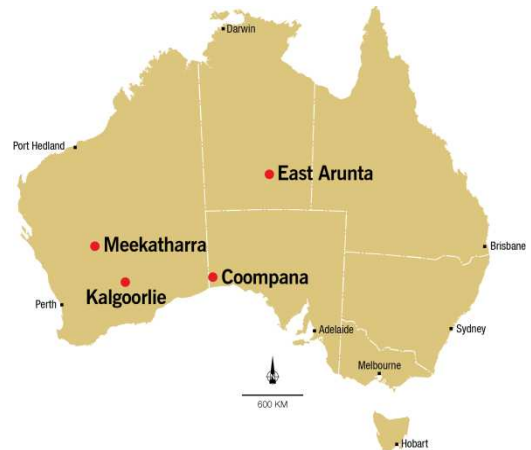


Figure 1: Project Location Plan

Corporate

During the Quarter, the Company spent \$0.15M on its exploration activities outlined in this report and at 30 September 2016, the Company had cash reserves of \$0.39M.

At the end of the Quarter, Mithril announced a capital raising by way of a Share Purchase Plan (“SPP”) at an issue price of \$0.005 (0.5 cents). Under the SPP, a maximum of 170,063,720 shares will be issued to raise up to \$0.85M.

Funds raised will be used to drill priority gold targets at the Lignum Dam Gold Project, fund ongoing target generation activities and for working capital purposes.

Lignum Dam Project (Gold)

(Mithril 100%)

Multiple gold targets were identified at Lignum Dam (*located 50 kilometres north-northeast of Kalgoorlie, WA - Figures 1 and 2*) during the Quarter for drill testing. At the end of Quarter, Mithril conducted infill auger geochemical sampling over the targets with results awaited at the time of writing. The new sampling data will be used to plan follow-up Aircore drilling scheduled for the December 2016 Quarter.

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.

The gold targets (A – G on *Figure 3*) are characterised by historic surface gold geochemical anomalies (*typically 2-3 x background values*) that occur within areas of residual soil cover over prospective mafic and felsic rocktypes interpreted from aeromagnetic data. Little if any effective drill testing of the anomalies has previously been undertaken.

Typically the historic anomalies have been generated from wide spaced BLEG, soil or auger sampling (400 – 800 metre spaced lines) and as such infill auger geochemical sampling is required to better define specific drill hole locations.

Of note is the Forty Flats Prospect (Target B) where historic 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.

Drillhole FFB008 is the westernmost hole on a historic drill traverse which has not been followed up. Given the positive 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.

To increase its landholding in the Forty Flats area, Mithril has executed a Letter Agreement with Lawson Gold Limited (**ASX: LSN**) whereby Mithril can earn a 75% interest in their EL27/510 which lies adjacent to Forty Flats (Figures 2 and 3) by completing exploration expenditure of \$250,000 over 3 years.

Coompana Project (Nickel-Copper-PGE's)

(OZ Minerals / Mithril)

OZ Minerals ("OZ Minerals" - **ASX: OZL**) and Mithril are exploring seven exploration licences (EL's 5837 to 5843 - 6,435km² Figure 4) in South Australia's far western Coompana Province for magmatic nickel – copper sulphide deposits under the terms of a Heads of Agreement whereby Mithril will undertake a target generation exercise at Coompana in the first instance, with a view to identifying potential drill targets on the tenements. OZ Minerals will invest \$250,000 as part of the stage one targeting.

If Mithril identifies drill targets which are acceptable to both parties, then negotiations will advance to a formal joint venture to undertake the exploration, at which point Mithril can elect to earn a 20% interest in the project by funding \$400,000 of a \$2M drilling program with the balance funded by OZ Minerals.

If the partnership extends to the drill testing phase, OZ Minerals will assist Mithril Resources to undertake a capital raising in support of the program.

During the Quarter, Mithril also commenced desktop target generation activities on the Coompana licences following their grant by the South Australian Government on 31 August 2016. Target generation activities will largely comprise interpretation of existing geological and geophysical datasets and review of gravity data that the South Australia Department of State Development is planning to acquire throughout the Coompana Province in late 2016.

During the Quarter representatives from Mithril and OZ Minerals held an introductory meeting with the Board of Directors of the Far West Coast Aboriginal Corporation (FWCAC). The Far West Coast Aboriginal Corporation RNTBC administers land on behalf of the Far West Coast Native Title Claim Group, which includes the Mirning, Wirangu and Kokatha peoples with the Court recognising that many members were affiliated with more than one group. Their native title rights and interests were first recognised in the *Far West Coast* Native Title determinations of 2013.

Spargos Reward Project (Gold / Lithium)

(Mithril 35%, Corona Minerals 65%)

Spargos Reward is located 18 kilometres south of Neometals Ltd.'s (**ASX: NMT**) Mt Marion Lithium Project (*approximately 55 km south of Kalgoorlie, Western Australia – Figures 1 and 2*) and is prospective for both gold and lithium mineralisation.

No field work was undertaken during the Quarter.

Corona Minerals are exploring the Project under the terms of the Spargos Reward Tenement Sale and Joint Venture Agreements whereby:

- Corona has earned a 65% interest in the Project tenements by paying Mithril \$100,000 cash, and completing exploration expenditure of A\$150,000 by 11 May 2016,
- Corona has elected to earn a further 20% equity (for a total of 85%) by sole funding exploration through to the completion of a Positive Scoping Study on a 2012 JORC Code Compliant Mineral Resource.

The Spargos Reward Project comprises P15/4876-4883, 4886, 5763, 5791, and E15/1423. Minotaur Exploration Ltd (**ASX: MEP**) holds the nickel rights to P15/4876-4883, and 4886 which are excluded from the joint venture agreement on all other metals.

Duffy Well Project (Gold)

(Mithril 100%, Doray Minerals earning an initial 51% and operating)

At Duffy Well, Doray Minerals Limited ("Doray" – **ASX: DRM**) is earning an initial 51% interest in Mithril's Duffy Well Project by completing expenditure of \$300,000 within two years (by 3 November 2017) and can elect to earn an additional 34% interest by completing further expenditure of \$200,000 within another one year (in total 85% by spending \$500,000 over three years).

Duffy Well (EL51/1649) is located 30 kilometres east of Meekatharra WA (*Figures 1 and 5*) and covers the interpreted southern extension of the Gnaweeda Greenstone Belt where Doray has intersected high-grade gold mineralisation in RC drilling at the Turnberry Prospect including **3m @ 10.1g/t gold** from 149 metres, **5m @ 17.4g/t gold** from 71 metres, and **4m @ 17.9g/t gold** from 45 metres (*Doray ASX Announcement dated 11 June 2015*).

Previous exploration throughout the project area has comprised reconnaissance RAB and aircore drill traverses with little or no follow-up. Mithril's review of Duffy Well has identified two gold targets for initial follow-up.

Lying within the northern and central portions of the project, both targets are characterised by zones of structural complexity within favourable greenstone rocktypes and coincident combined bedrock gold (+50ppb) and arsenic (+100ppm) anomalism within wide-spaced drillholes.

During the Quarter, Doray completed a Heritage Survey and line pegging ahead of a 3,500 metre Aircore drilling program to test multiple gold targets which commenced mid – October 2016.

It is anticipated that drilling will be completed by late October with final analytical results due late November 2016.

Kurnalpi Project (Gold / Nickel)

(Mithril 100%, Chesser Resources earning an initial 51% and operating)

At Kurnalpi, Chesser Resources Limited ("Chesser" – **ASX: CHZ**) is earning an initial 51% interest in Mithril's Kurnalpi Project by completing expenditure of \$150,000 within two years (by 5 November 2017) and can elect to earn an additional 29% interest by completing further expenditure of \$100,000 within another two years (in total 80% by spending \$250,000 over four years).

The Kurnalpi Project tenements (EL28/2506 and PL28/1271 - *located 60 kilometres north east of Kalgoorlie, WA - Figures 1 and 2*) cover Archaen ultramafic / mafic sequences prospective for both lode gold and nickel sulphide mineralisation.

At the end of Quarter, Chesser conducted a small program of auger geochemical sampling and EM geophysics over a gold and separate nickel sulphide target that had been identified from a review of historical exploration data. At the time of writing, the results of the work were awaited.

Grey Dam South (Nickel)

(Mithril 100%)

Grey Dam South is located at Kurnalpi immediately south of the Grey Dam Nickel Laterite Resource (14.5Mt @ 0.7% nickel – KalNorth Gold Mines ASX Announcement dated 25 October 2013) (*approximately 65 kilometres north east of Kalgoorlie, WA - Figures 1 and 2*) covers Archaen ultramafic / mafic sequences prospective for nickel sulphide mineralisation.

During the Quarter, Mithril conducted a small geological mapping programme which confirmed the presence of favourable high MgO ultramafic rocktypes at Grey Dam South.

Nanadie Well Project (Copper-Nickel-PGE's)

(Mithril 100% and earning up to 75%)

Nanadie Well is located 80 kilometres south east of Meekatharra, Western Australia (*Figures 1 and 5*) and hosts the Nanadie Well Copper Deposit where a 2004 JORC Code Compliant Inferred Resource of 36.07Mt @ 0.42% copper (151,506 tonnes copper) was estimated by Intermin Resources Limited (**ASX: IRC**) in September 2013 (*refer ASX announcement dated 19 September 2013*) and the Stark copper-nickel-PGE prospect.

Copper-nickel-PGE mineralisation at Stark remains open in all directions and further drilling is required in particular to test a downhole EM off-hole conductor (modelled conductance up to 6,000S) approximately 150 metres beneath existing massive copper and nickel sulphides.

No field work was undertaken during the Quarter.

The Stark prospect and the Nanadie Well Deposit, lie on tenements subject to a Farmin and Joint Venture Agreement (Nanadie Well Joint Venture) with Intermin.

Under the terms of the joint venture, Mithril can earn a 60% interest in the project tenements by completing expenditure of \$2M by 14 April 2019, and an additional 15% by completing further expenditure of \$2M over a further 2 years (*in total \$4M over 6 years for 75% - see ASX Announcement dated 6 December 2013*).

Leaky Bore (Lithium)

(Mithril 100%)

Located immediately east of Alice Springs (*Figure 1*) in the East Arunta Province of the Northern Territory, the project comprises the Leaky Bore tenement (EL26942) which contains the Basil Copper Deposit (2004 JORC Code Compliant Inferred Resource of 26.5Mt @ 0.57%Cu, 0.05%Co - see ASX Announcement dated 21 March 2012), a number of undrilled copper and nickel sulphide targets, and multiple outcropping pegmatite bodies.

Apart from rehabilitation of former work site activities, no field work was undertaken during the Quarter.

Exploration Outlook

Drill testing of the Company's Lignum Dam gold targets, as well as continuation of Coompana target generation activities on will be the Company's primary focus for the December 2016 Quarter.

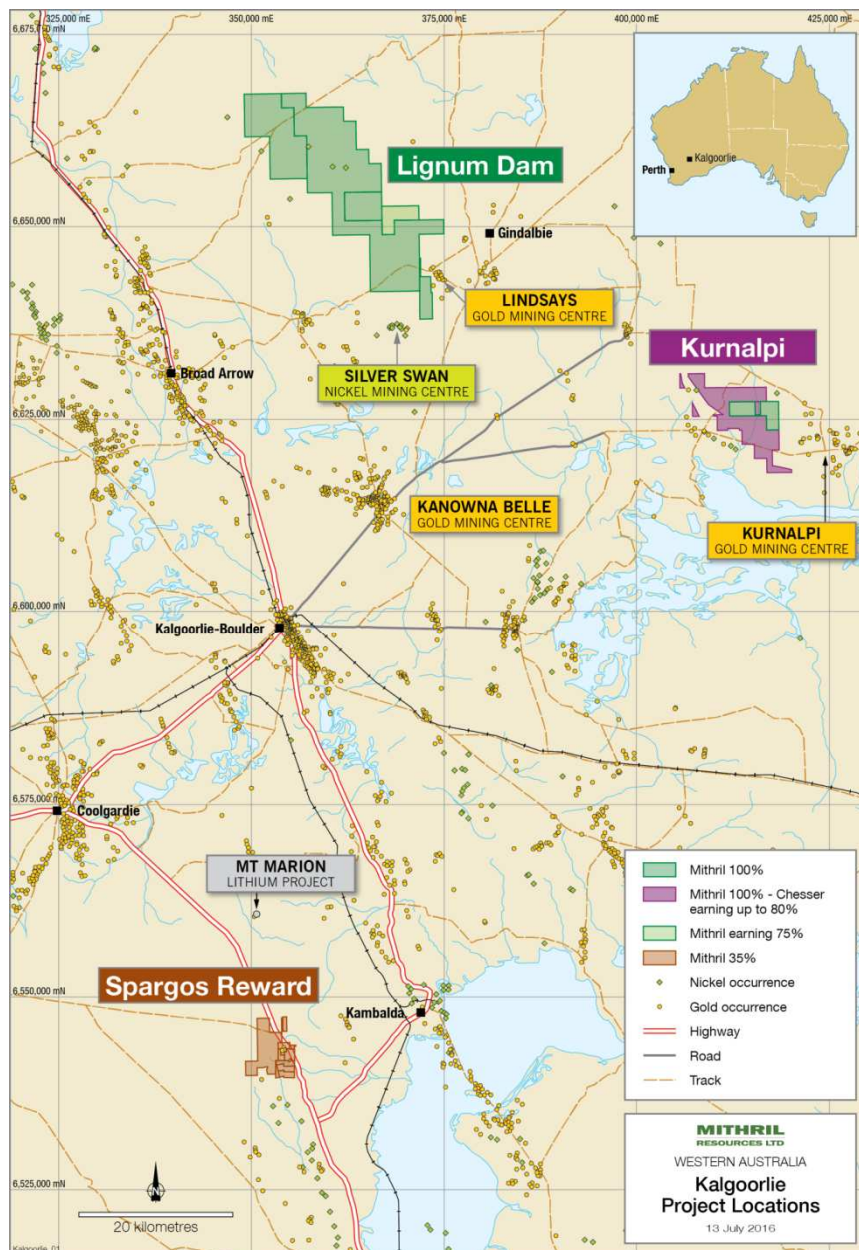


Figure 2: Kalgoorlie Project Locations

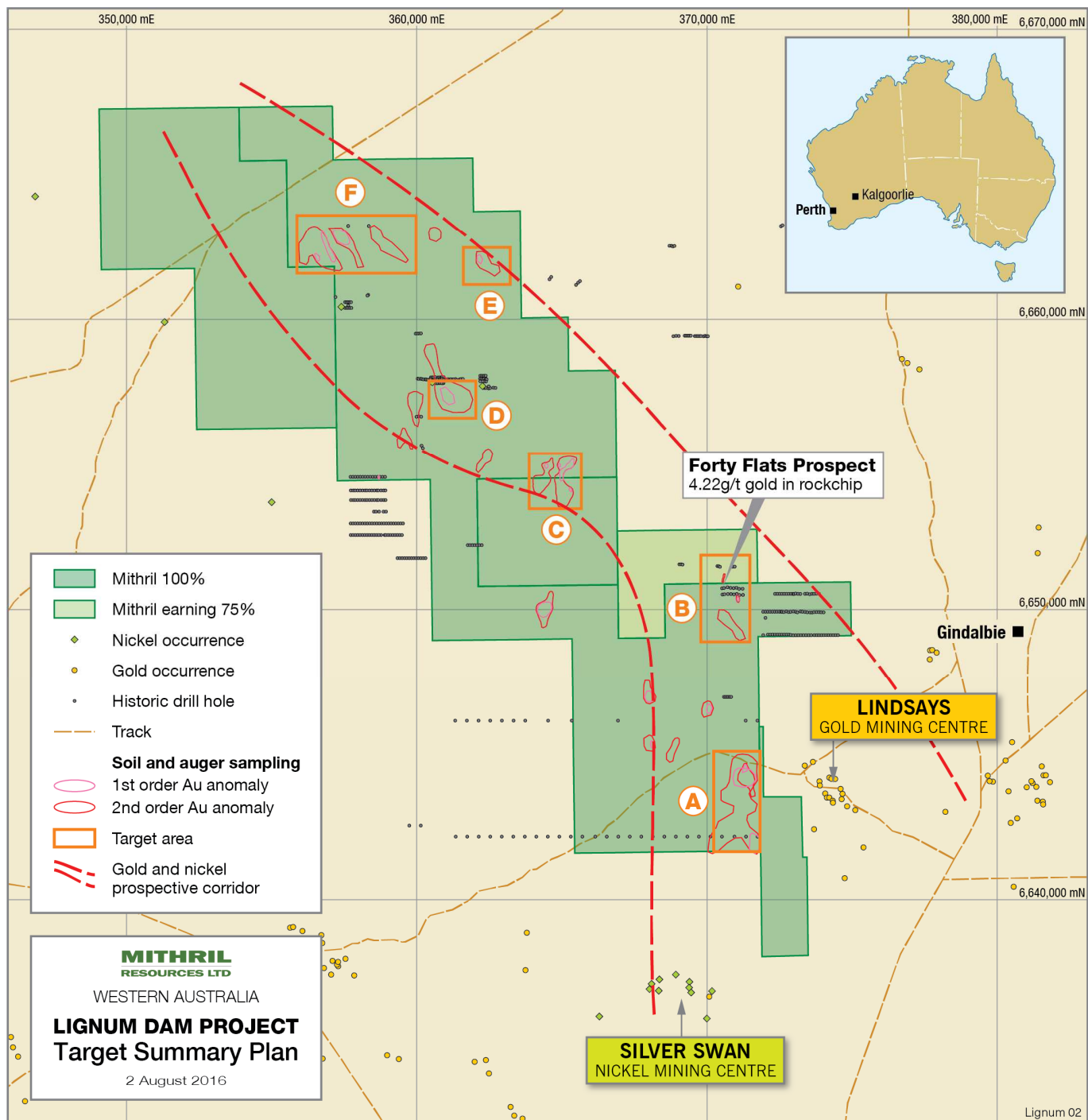


Figure 3: Lignum Dam Gold Targets

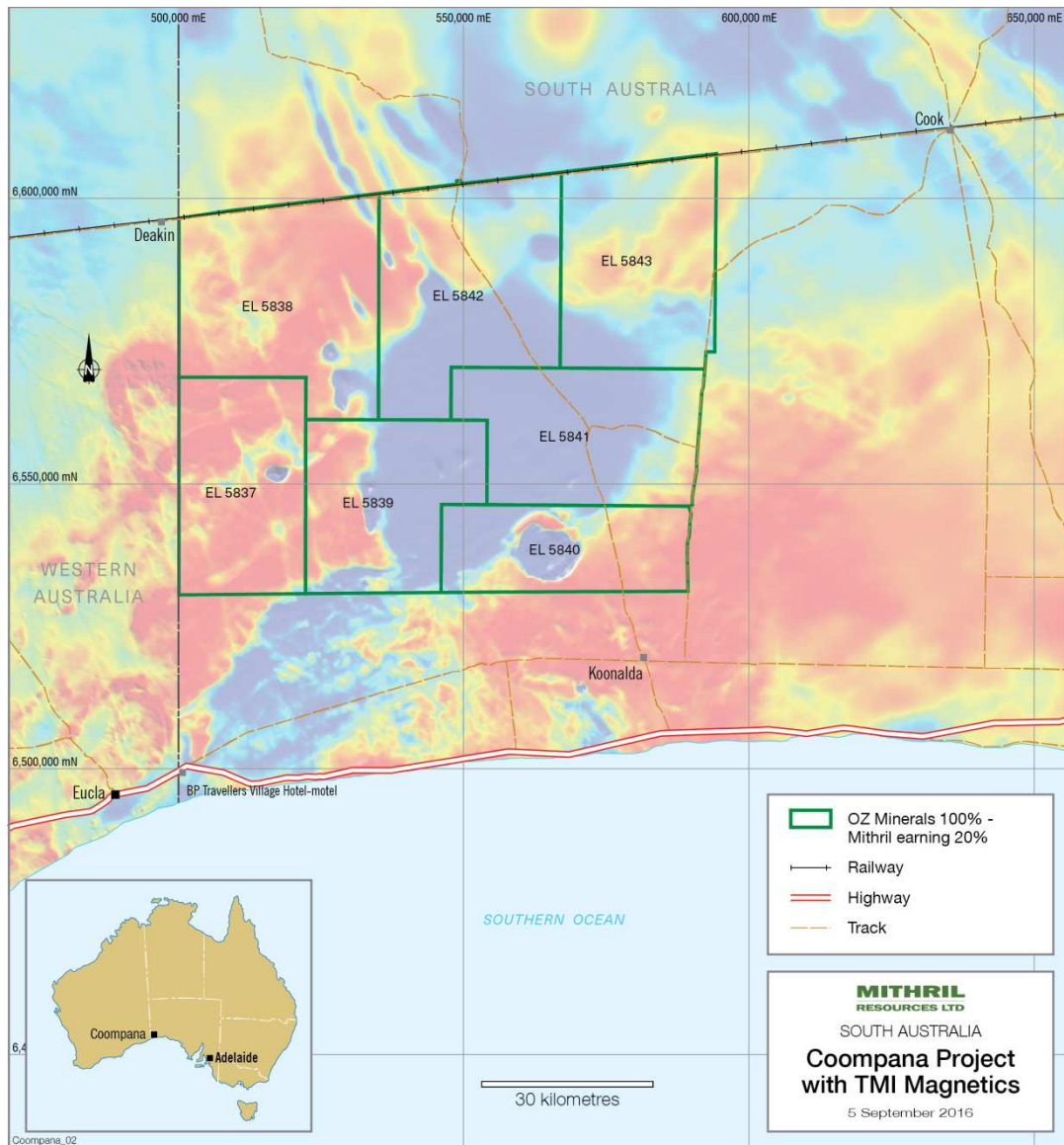


Figure 4: Coompana Project Location on aeromagnetics background

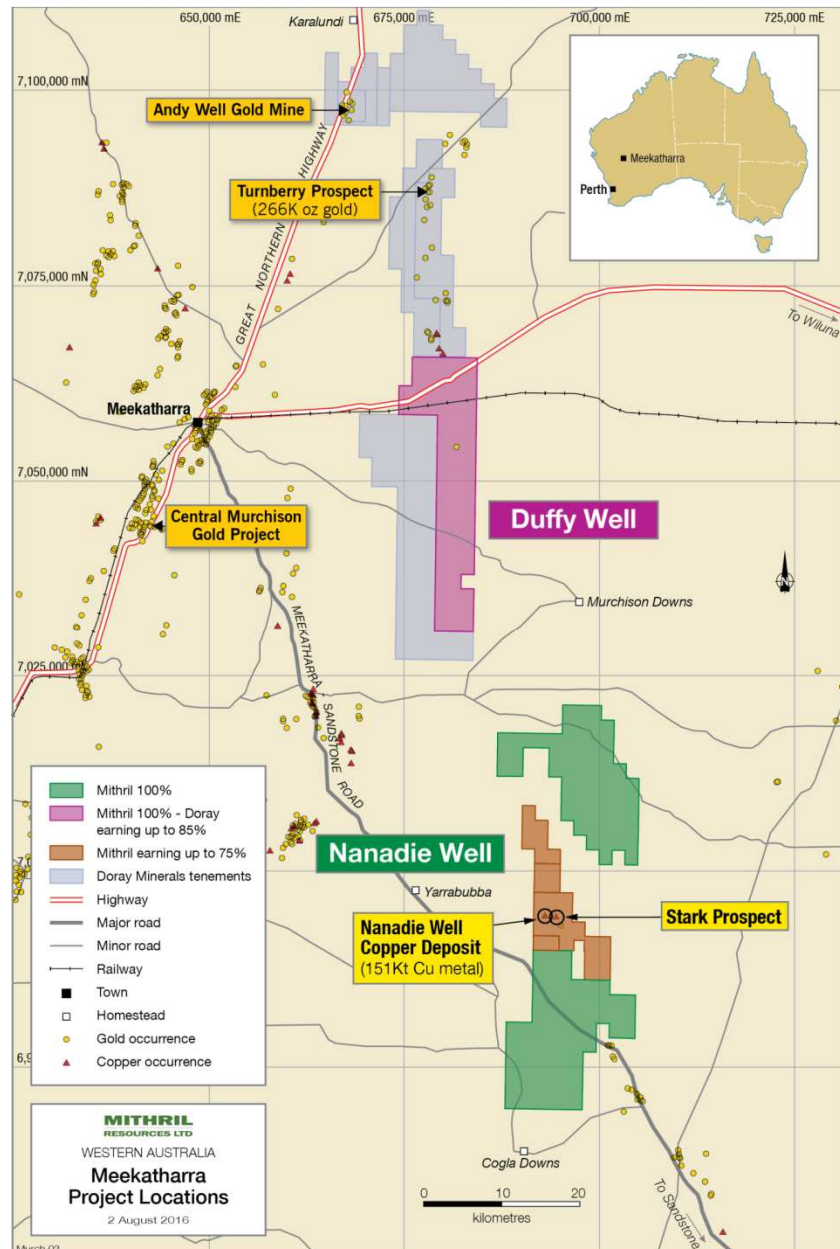


Figure 5: Meekatharra Project Locations

Notes Specific – September 2016 Quarter ASX Announcements

The following announcements were lodged with the ASX during, and immediately subsequent to the Quarter. Further details (including JORC 2012 Code Reporting Tables, where applicable) for each of the sections outlined above can be found in the announcements.

- Gold Exploration Update - 29.09.2016
- Coompana Province target generation commences - 01.09.2016
- Doray to drill gold targets at Duffy Well JV - 15.08.2016
- Fieldwork confirms priority gold targets at Lignum Dam - 04.08.2016
- Company Exploration Update August 2016 - 01.08.2016

Notes Specific – Basil Copper Cobalt Deposit

The Basil Copper Deposit Inferred Mineral Resource of 26.5Mt @ 0.57% copper, 0.05% cobalt has been calculated using a 0.3% copper cut-off grade. The Resource is composed of both interpolated and extrapolated resources and has been reported in accordance with the JORC Code (2004) and JORC/ASX Companies Update Number 03/07.

It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Refer to ASX Announcement dated 21 March 2012 for further information.

Notes Specific – Nanadie Well Copper Deposit

Also refer to Intermin Resources' ASX Announcement "Initial Resource Estimate for the Nanadie Well Cu-Au Project" dated 19 September 2013.

| Nanadie Well Inferred Resource | | | | | |
|--------------------------------|-------------|----------|----------|----------------------------|-------------------------|
| 2004 JORC Code Classification | Tonnes (Mt) | Copper % | Gold ppm | Contained Copper metal (t) | Contained gold (ounces) |
| Inferred | 36.07 | 0.42 | 0.064 | 151,506 | 74,233 |

The information pertaining to the Nanadie Well Copper Deposit Inferred Resource was prepared and first disclosed by Intermin Resources under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

ENDS

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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.

The information in this report that relates to the Nanadie Well Copper Deposit is based on information compiled by Mr David O'Farrell, who is a Competent Person, and a Member of The Australasian Institute of Mining and Metallurgy. Mr Hutton is a full-time employee of Intermin Resources Ltd.

Mr O'Farrell 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 O'Farrell 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.