

Key Points

Billy Hills (Zinc)

- Targeting large scale zinc + lead + silver deposits similar to the nearby Pillara deposit
- Four initial targets characterised by elevated rock chip results up to 14.24% zinc + lead, an untested IP geophysical anomaly and broad zones of bedrock anomalism in historic drill intercepts prioritised for follow-up

Kurnalpi (Nickel)

- A new copper-cobalt target identified with 1.46% copper, 1.12% cobalt returned from sampling of historic drill spoils on a newly acquired tenement at southern end of project

Bangemall (Copper, Lead, Zinc)

- Multiple targets identified along strike from the Abra Deposit
- Prospectivity highlighted by airborne EM (GEOTEM) anomalies with overlapping anomalous surface geochemistry, and / or zones of copper and zinc in historic drill holes

Corporate

- Mithril entered into a new Vanadium Joint Venture with Monax Mining Ltd (Monax) at Limestone Well, whereby Monax can earn 80% by completing exploration expenditure of \$2.5M over 5 years.
- Limestone Well lies directly north along strike from the Barrambie Titanium Vanadium Deposit (2012 JORC Inferred + Indicated Resource of 280.1Mt @ 9.18%TiO₂ and 0.44%V₂O₅)

Exploration Plan for next Quarter

- Execution of a Heritage Protection Agreement for the Billy Hills Project,
- Continuation of target generation activities for the Billy Hills, Bangemall and Duffy Well Projects, and
- Aircore drilling at Limestone Well (funded by Monax)

Exploration Overview

Mithril Resources (**ASX: MTH** - “Mithril”) and its exploration partners are exploring for a range of high-value commodities throughout the Meekatharra, West Kimberley and Kalgoorlie Districts of Western Australia (*Figure 1*).

During the September 2018 Quarter (the “Quarter”) Mithril prioritised four zinc targets for follow-up and commenced negotiation on a Heritage Protection Agreement at **Billy Hills**, identified a new copper-cobalt target at **Kurnalpi**, and identified multiple copper – lead - zinc targets at the new **Bangemall** Project which lies along strike from the Abra Deposit within the same host rocks.

Mithril has also commenced gold target generation activities at **Duffy Well** and entered into a Vanadium Joint Venture with Monax Mining Ltd (MOX.ASX) at **Limestone Well**.

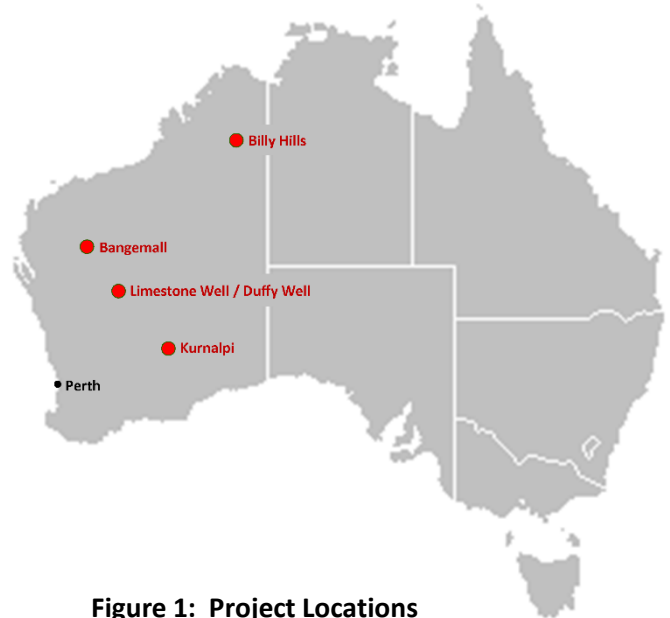


Figure 1: Project Locations

Billy Hills (Zinc)

(Mithril 100%)

During the Quarter, two tenements (EL’s 04/2497 and 2503) at Billy Hills (located adjacent to the former Pillara Zinc Mine, 25 kms southeast of Fitzroy Crossing in the West Kimberley region of Western Australia – *Figure 2*) were granted and four initial targets have been prioritised for field follow-up.

At Billy Hills, Mithril is targeting large scale zinc + lead + silver deposits within NNE – NNW orientated fault zones immediately along strike from elevated rock chip samples and historic drill intercepts.

The targets are under-explored with the bulk of historic drilling and geophysical testing carried out on the adjacent Pillara Mine Lease (ML04/118). Pillara had a pre-mine resource of 18.05 million tonnes at 7.7% Zn and 2.4% Pb and produced 10.3 Mt @ 6.9% Zn, 2.3% Pb from June 1997 to October 2003 (*See Mithril’s ASX Announcement dated 21 August 2017*).

Mithril plans to follow-up the targets with a combination of geophysics (Induced Polarisation – “IP”) and diamond drilling and the Company is currently negotiating a Heritage Protection Agreement with the Gooniyandi Aboriginal

Corporation (the Registered Native Title Claimants for the project area) to establish protocols for on-ground exploration activities.

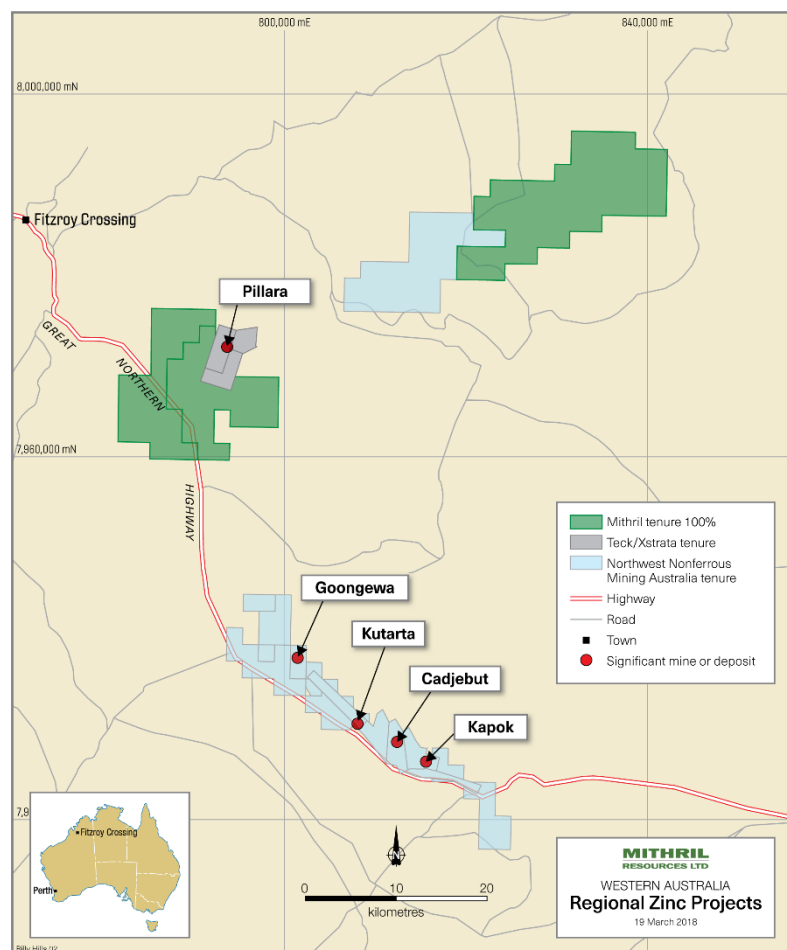


Figure 2: Billy Hills Location Plan

Kurnalpi (Nickel)

(Mithril 100%)

Work undertaken during the Quarter at Kurnalpi (*located 70 kms north east of Kalgoorlie, WA - Figure 3*) has identified highly anomalous copper-cobalt within a new target position and strengthened Mithril's understanding of the project's nickel sulphide prospectivity.

The main nickel sulphide horizon remains untested with drilling undertaken during the Quarter unable to reach target depth due to unfavourable ground conditions.

Strongly anomalous levels of nickel +/- cobalt and copper in a number of wide-spaced shallow RAB / aircore drilling undertaken in the mid 1990's highlights the potential of the project's southern area, i.e.;

- 20m @ 0.69% nickel, 0.07% cobalt from 32 metres in KURA50 including 8m @ 0.96% nickel, 0.09% cobalt from 36 metres, and
- 8m @ 0.07% nickel, 0.02% cobalt, 0.15% copper from 28 metres in KURA99 (intercept at end of hole).

A grab sample of remnant drill spoils for the KURA99 intercept returned 1.46% copper and 1.12% cobalt. The mineralisation is hosted by weakly weathered sheared carbonaceous metasediments and doesn't appear to be related to ultramafic rock types. This suggests the Kurnalpi Project has potential for other mineralisation styles areas well as nickel sulphides.

The copper – cobalt target is a newly recognised exploration opportunity given that the KURA99 drill hole lies on a tenement (EL28/2760) that was only recently applied for and further sampling is required as soon as possible.

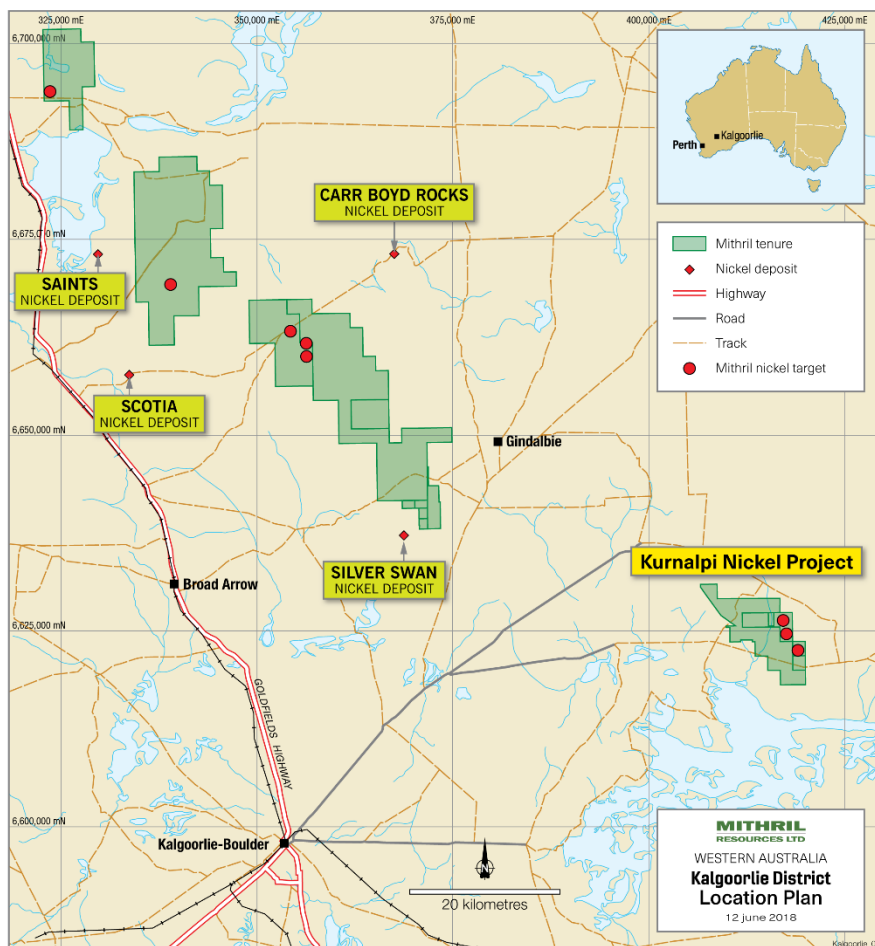


Figure 3: Kurnalpi Location Plan

Bangemall (Copper, Lead, Zinc)

(Mithril 100%)

During the Quarter, multiple targets were prioritised for follow-up on the project which is located west of Galena Mining Limited's Abra Deposit within a similar geological setting approximately 250 kms north west of Meekatharra, WA - *Figures 1 and 4*.

The Project (EL's 09/2315 and 52/3644 - 710km²) covers a portion of the interpreted western extension of the Lyons River Fault Zone, a large regional scale structure that is an interpreted control to the mineralisation at Abra 100 kms to the east, within an area of similar Proterozoic sediments that host the Abra deposit (*Figure 5*).

A 2012 JORC Code Compliant Indicated and Inferred Resource of 36.6Mt @ 7.3% lead, 18g/t silver has been recently estimated for the Abra Deposit (*see ASX Announcement by Galena Mining Limited dated 14 March 2018*).

At Bangemall, Mithril is targeting large scale copper, lead and zinc deposits and has now identified multiple targets that are typically characterised by airborne EM (GEOTEM) anomalies with overlapping or adjacent anomalous surface geochemistry, and / or zones of copper and zinc mineralisation within historic drill holes.

Of note is the Belang Bore target on EL52/3644 where a large (~5 kms x 5 kms) barium, manganese, cobalt and lead stream sediment anomaly overlies several late time GEOTEM anomalies. Belang Bore lies within an area of shallow cover and these targets have not been previously drill tested.

The geochemical association seen at Belang Bore is consistent with that typically seen above large scale sedimentary exhalative ("SEDEX") base metal deposits globally.

The potential of the Project to host a large base metal deposit is also reinforced by historic surface rock chip sampling and wide spaced drilling undertaken on EL09/2315, some of which has returned strong indications of copper and zinc mineralisation;

- Rock chip samples with individual assay values up to 17.5% copper, 2.4% lead, 3.70% zinc, and 120ppm silver
- Drilling - 48m @ 0.27% zinc from 54 metres in ISBD1, 5m @ 0.59% zinc from 130 metres in ISBD2, 21m @ 0.35% zinc from 315 metres in ISBD3 and 10m @ 0.68% zinc from 34m in RC99MC06.

Mithril will continue with target generation activities on the Project ahead of tenement grant which is expected early next year.

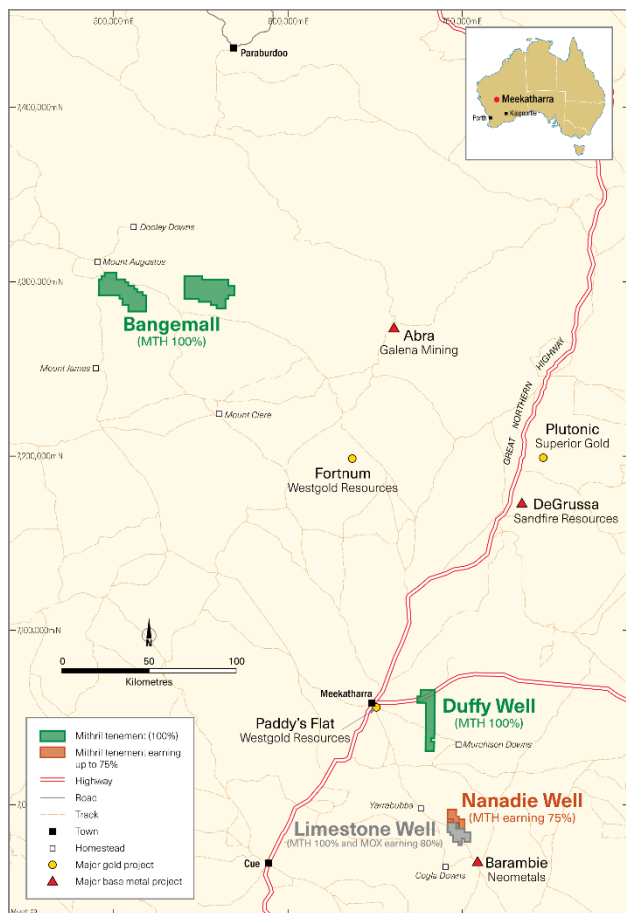
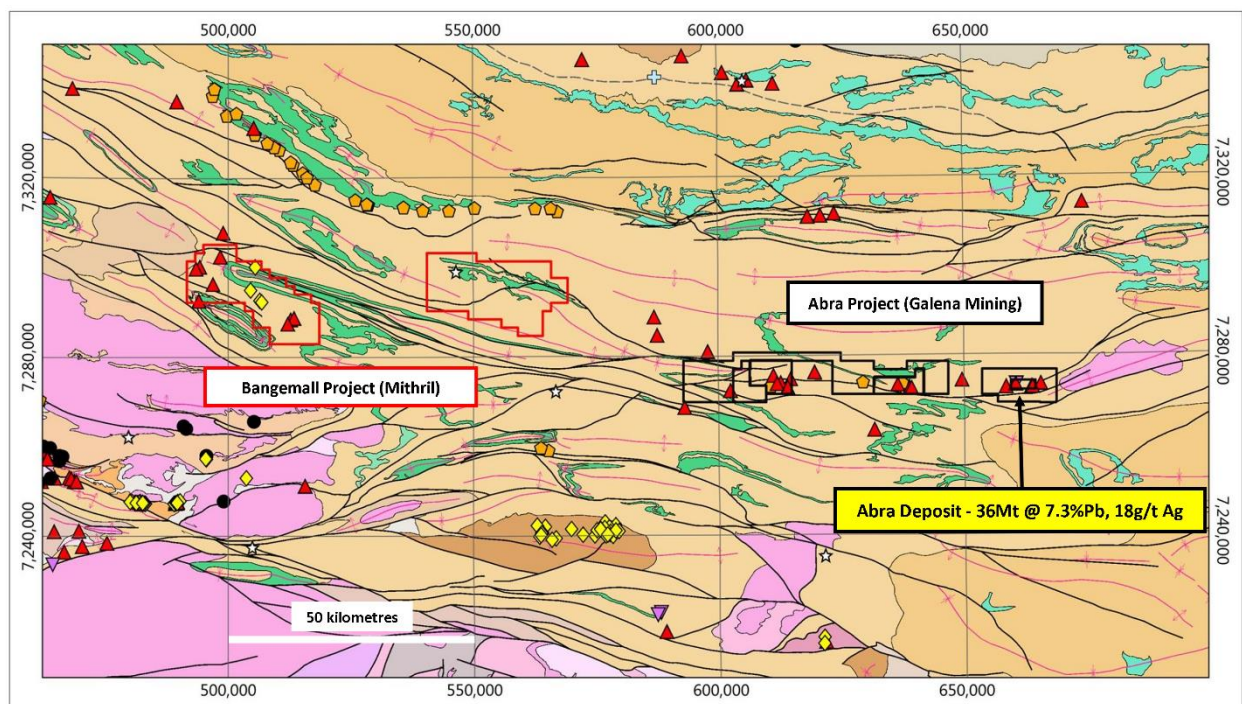


Figure 4 (left): Meekatharra District Location Plan

Figure 5 (below): Bangemall Project regional geology plan showing location of the Abra Deposit. Geological colours are as follows: green (mafic), brown (sediments), and pink (granite).



Limestone Well (Vanadium)

(Mithril 100% and Monax Mining earning up to 80%)

Mithril has entered a Farm-in and Joint Venture Agreement with Monax whereby Monax can to earn up to an 80% interest in Mithril's Limestone Well tenements (EL's 20/846 and 51/1069) by completing exploration expenditure of \$2.5M over 5 years.

The Limestone Well tenements (*located 90 kilometres southeast of Meekatharra, WA – Figures 1 and 4*) lie immediately along strike from the Barrambie Titanium Vanadium Deposit (2012 JORC Inferred + Indicated Resource of 280.1Mt @ 9.18%TiO₂ and 0.44%V₂O₅ - Neometals Limited ASX Announcement dated 17 April 2018).

At Barrambie, the mineralisation occurs within a series of magnetite – bearing mafic rocks (anorthosite and gabbro) which can be traced in regional magnetics for 10's of kilometres strike both north and south of the deposit, including onto Limestone Well.

At the time of writing Monax was undertaking soil sampling and geological mapping at Limestone Well ahead of reconnaissance aircore drilling planned for the December 2018 Quarter.

Duffy Well (Gold)

(Mithril 100%)

Duffy Well lies north of the Limestone Well JV tenements (*30 kilometres east of Meekatharra WA – Figures 1 and 4*) and covers the southern extension of the Gnaweeda Greenstone Belt which hosts the Turnberry Gold Deposit (Indicated and Inferred Resources of 5.5Mt @ 1.8g/t for 322,000 contained ounces - see Doray Minerals ASX Announcement dated 9 June 2017).

The project contains a number of gold targets characterised by zones of structural complexity with coincident bedrock gold (+50ppb) and arsenic (+100ppm) anomalism within wide-spaced historic aircore drill holes which have not been adequately tested by previous explorers.

During the Quarter Mithril commenced a review of the project to determine future work programs.

Other Projects

No work was undertaken during the Quarter on the following projects:

- Leaky Bore (Mithril 100%),
- Coompana (Mithril right to earn 20% / OZ Minerals 100%),
- Lignum Dam (Mithril 100%),
- Nanadie Well JV (Mithril earning up to 75%), and
- Spargos Reward (Mithril 35%, Corona Minerals 65%)

Exploration Plan for next Quarter

- Execution of a Heritage Protection Agreement for the Billy Hills Project,
- Continuation of target generation activities for the Billy Hills, Bangemall and Duffy Well Projects, and
- Aircore drilling at Limestone Well funded by Monax

Corporate

During the Quarter, Mithril entered into a new Vanadium Joint Venture with Monax Mining Ltd at Limestone Well, whereby Monax can earn 80% by completing exploration expenditure of \$2.5M over 5 years and spent \$0.13M on the exploration activities outlined in this Report. The Company had cash reserves of \$0.53M at 30 September 2018.

Notes Specific

September 2018 Quarter ASX Announcements

The following announcements were lodged with the ASX during 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 listed below.

- Mithril Resources Annual Report 2018 - 26 September 2018
- Appendix 4G and 2018 Corporate Governance Statements - 26 September 2018
- Results of Meeting - 20 September 2018
- New Bangemall Base Metal Project - 18 September 2018
- Billy Hills Zinc Project Underway - 12 September 2018
- Kurnalpi Nickel Project Update - 10 September 2018
- Meekatharra Vanadium Joint Venture - 20 August 2018
- EGM Proxy Form - 17 August 2018
- Kurnalpi Nickel Drilling Underway - 31 July 2018

ENDS

For Further Information Contact:

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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.

About Mithril Resources Ltd:

Mithril Resources Ltd (MTH:AX) is an Australian resources company whose objective is the creation of shareholder wealth through the discovery of mineral deposits.

The Company and its exploration partners are actively exploring throughout the Kalgoorlie, West Kimberley and Murchison Districts of Western Australia for economic nickel, copper, zinc, and vanadium deposits.

In the Kalgoorlie District, Mithril is exploring for nickel on the Kurnalpi, and Lignum Dam Projects which lie along strike from, or adjacent to previously mined high-grade nickel at the Silver Swan and Scotia Nickel Deposits.

In the West Kimberley, Mithril is exploring for zinc on the Billy Hills Project which lies adjacent to the previously mined Pillara Zinc Deposit.

In the Murchison, Mithril is exploring for copper, nickel and zinc mineralisation on the Nanadie Well Project and for copper, lead and zinc on the Bangemall Base Metal Project. Mithril's exploration partner – Monax Mining Ltd is also exploring for vanadium on the Limestone Well tenements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

MITHRIL RESOURCES LIMITED

ABN

30 099 883 922

Quarter ended ("current quarter")

30 September 2018

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|----------------------------|---------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (127) | (127) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | | |
| (e) administration and corporate costs | (207) | (207) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 1 | 1 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | | |
| 1.8 Other (provide details if material)* | - | - |
| 1.9 Net cash from / (used in) operating activities | (333) | (333) |

*Contributions received from JV partners

| | | |
|--|---|---|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | - | - |
| (b) tenements (see item 10) | - | - |
| (c) investments | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|---|---|------------------------------------|--|
| | (d) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) property, plant and equipment | - | - |
| | (b) tenements (see item 10) | - | - |
| | (c) investments | - | - |
| | (d) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| 2.6 | Net cash from / (used in) investing activities | - | - |

| | | | |
|-------------|--|----------|----------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | - | - |
| 3.2 | Proceeds from issue of convertible notes | - | - |
| 3.3 | Proceeds from exercise of share options | - | - |
| 3.4 | Transaction costs related to issues of shares, convertible notes or options* | - | - |
| 3.5 | Proceeds from borrowings | - | - |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (provide details if material) | - | - |
| 3.10 | Net cash from / (used in) financing activities | - | - |

| | | | |
|-----------|--|-------|-------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 864 | 864 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (333) | (333) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (3 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 531 | 531 |

| 5. | Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | Current quarter \$A'000 | Previous quarter \$A'000 |
|-----|--|----------------------------|-----------------------------|
| 5.1 | Bank balances | 499 | 832 |
| 5.2 | Call deposits | 32 | 32 |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (provide details) | | |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 531 | 481 |

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

75

-

Director's remuneration

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

| 8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i> | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|--|
| 8.1 Loan facilities | - | - |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | - | - |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. | | |

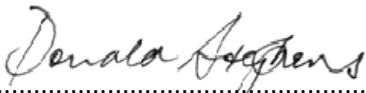
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| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 30 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | |
| 9.5 Administration and corporate costs | 208 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows | 238 |

| 10. Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|--|--|---------------------------|---|---|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced | | Refer Appendix 1 | | |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased | | Refer Appendix 1 | | |

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
.....
(Company secretary)

Date: 30 October 2018

Print name: Donald Stephens

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.