

Key Points

Kurnalpi (Nickel-Cobalt)

- New target identified from review of historic drilling data with strong nickel-cobalt intercepts;
 - 42m @ 1.25% nickel, 0.07% cobalt from 24 metres including 6m @ 1.78% nickel, 0.20% cobalt from 28 metres, and
 - 19m @ 1.08% nickel, 0.07% cobalt from 33 metres including 6m @ 1.17% nickel, 0.11% cobalt from 35 metres
- EM geophysics currently underway with drilling to follow

Billy Hills (Zinc)

- New target zone identified which includes significant historic drill intersections and gossan along strike from drill intercepts of more than 10% zinc + lead at the Pillara West Prospect
- Target generation continuing ahead of field work planned for mid-2018

Southern Target Area (Copper, Zinc)

- Previously unexplored 13km long target zone extending along strike from known copper and zinc mineralisation
- EM geophysics planned for early February 2018

Corporate and Cash

- Cash reserves of \$0.90M at 31 December 2017.

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, and the Coompana Province of South Australia (*Figure 1*).

During the December 2017 Quarter (the “Quarter”) Mithril identified three priority targets on its 100% - owned tenements that will be the focus for March 2018 Quarter exploration activities;

- high-grade nickel-cobalt drill intercepts at **Kurnalpi**,
- multiple untested zinc drill intercepts at **Billy Hills**, and
- copper-zinc prospective rock sequences at the **Southern Target Area**.

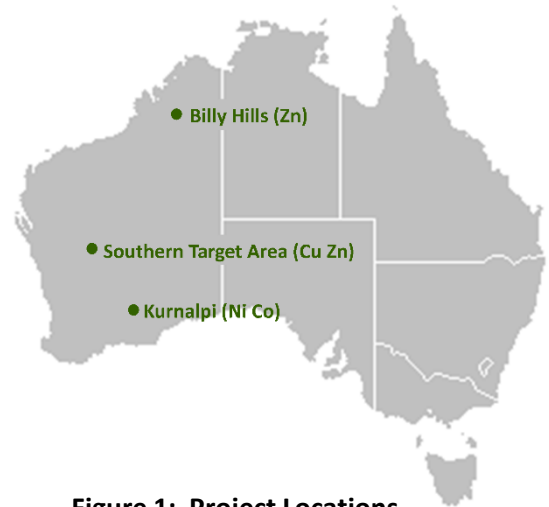


Figure 1: Project Locations

Corporate

During the Quarter, the Company spent \$0.18M on the exploration activities outlined in this Report and at 31 December 2017, the Company had cash reserves of \$0.90M. At the end of the Quarter, the Company raised \$0.64M (before costs) through a Placement to sophisticated investors to expedite drilling and other exploration activities at the Kurnalpi nickel-cobalt target and for working capital.

The Company also undertook a Share Consolidation (1 new share for every 10 existing shares) during the Quarter.

Upon completion of the Consolidation and Placement the Company had 123,311,266 ordinary Shares and 4,195,000 unlisted Options on issue.

Kurnalpi (Nickel - Cobalt)

(Mithril 100%)

A review of historic drilling data has identified a new high-grade nickel-cobalt target at Kurnalpi, approximately 70 kms east of Kalgoorlie, WA (*Figure 1*).

On the tenement, historic drilling (predominantly aircore) carried out on nominal 80 x 80 metre centres over a linear magnetic anomaly intersected strong nickel-cobalt intercepts over an area 250 metres wide by 600 metres strike within weathered ultramafic rocks, including (*Figure 2*);

- 42m @ 1.25% nickel, 0.07% cobalt from 24 metres in KURC22 *including 6m @ 1.78% nickel, 0.20% cobalt from 28 metres*,
- 10m @ 0.70% nickel, 0.11% cobalt from 30 metres in KURA38 *including 3m @ 0.92% nickel, 0.21% cobalt from 34 metres*,
- 8m @ 0.58% nickel, 0.20% cobalt from 24 metres in KURA400,
- 12m @ 0.76% nickel, 0.10% cobalt from 36 metres in KURA406, and
- 19m @ 1.08% nickel, 0.07% cobalt from 33 metres in KURA42 *including 6m @ 1.17% nickel, 0.11% cobalt from 35 metres*.

Maximum values from any one single sample are 2.04% nickel (2 metre composite sample in KURC22), 0.33% cobalt (4 metre composite sample in KURA400) and 0.28% copper (2 metre composite sample in KURC42). The presence of elevated copper may be indicative of nickel sulphide mineralisation within the target area.

Subsequent to the end of the Quarter, an EM geophysical survey had commenced over the target with drilling to follow.

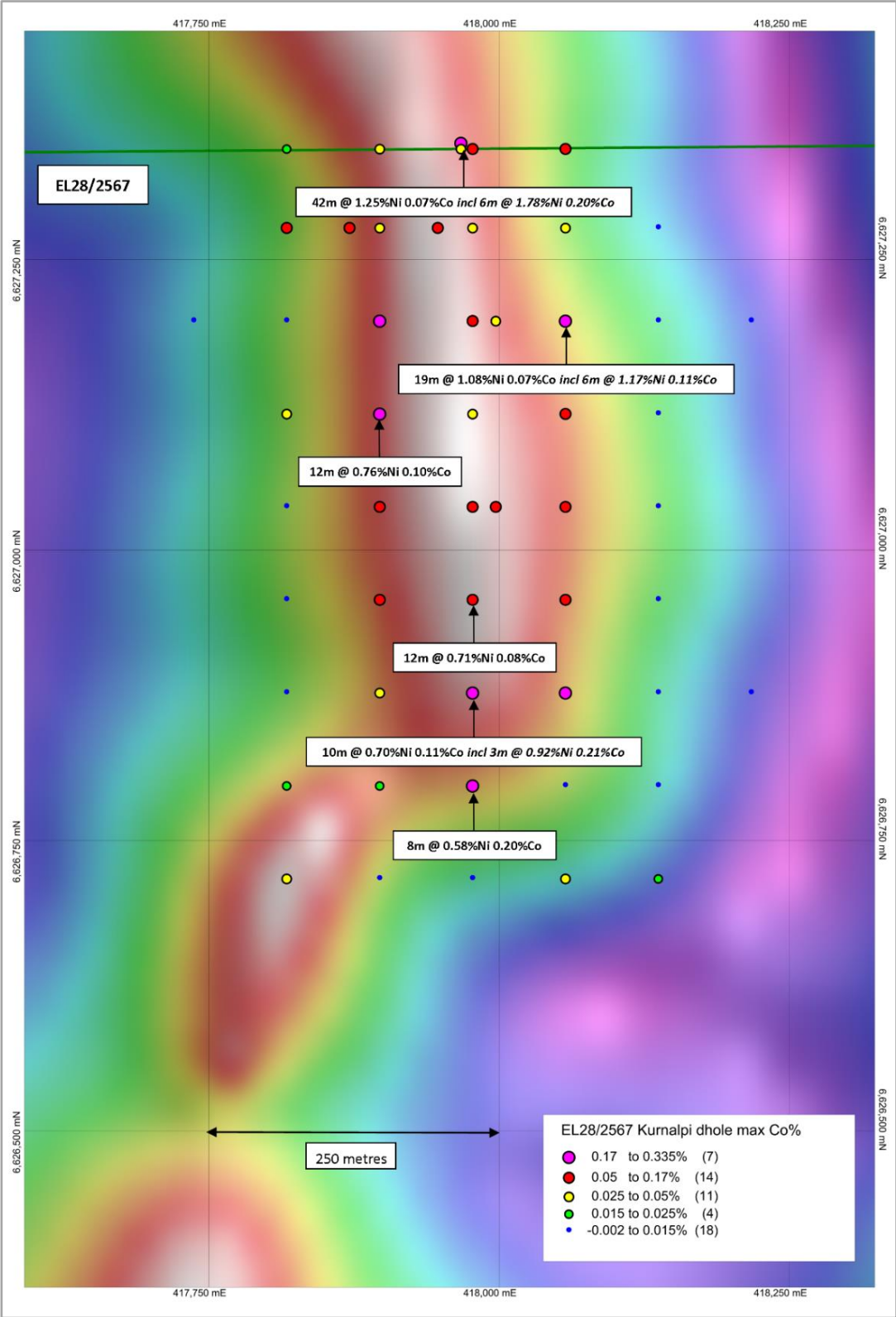


Figure 2: Kurnalpi nickel-cobalt target drill hole collars colour coded by maximum downhole cobalt %. Background image is RTP tilt NE shade magnetics.

Billy Hills (Zinc)

(Mithril 100%)

A review of historic drilling data has identified a major new target zone at Billy Hills which adjoins the Pillara Zinc Mine (located 25 kms southeast of Fitzroy Crossing in the West Kimberley region of Western Australia - *Figure 1*).

The target zone includes significant historic drill intersections and a 1.2-kilometre-long gossan (Snake Bore Prospect), directly along strike from previous drill intercepts of more than 10% zinc + lead over multiple metres at the Pillara West Prospect, adjacent to Mithril's tenement holding (*Figure 3*).

The zone also coincides with a poorly drill tested linear gravity feature that defines the western edge of the rock sequence that hosts the Pillara deposit (pre-mine resource of 18.05Mt @ 7.7% zinc and 2.4% lead – *see Mithril ASX Announcement dated 21 August 2017*) and can be seen in geophysical data for over 12 kilometres within Mithril's tenements.

Pillara West

The Pillara West prospect is located on the Pillara Mine Lease (M04/118) 300 - 500 metres west of existing underground workings at Pillara and 300 metres from Mithril's tenement boundary. The prospect was discovered in 2006 by Lennard Shelf Pty Ltd, the owners of the mine who conducted multiple drilling programs at Pillara West right up to the mine's closure in 2008.

Mineralisation at Pillara West occurs within a 500-metre long shallow-dipping zone of mineralised (zinc-lead-marcasite-calcite) rubble limestone breccias and veining, drilling of which has returned multiple intercepts including;

- 15.8m @ 6.80% zinc, 3.05% lead, 30g/t silver from 399.8 metres in PD785 *including 3.3m @ 11.10% zinc, 5.30% lead, 66g/t silver,*
- 19.1m @ 7.60% zinc, 2.10% lead, 17g/t silver from 385.4 metres in PDD796 *including 11.9m @ 10.40% zinc, 3.20% lead, 25g/t silver, and*
- 11.0m @ 8.20% zinc, 8.80% lead, 26g/t silver from 347.0 metres in PD802 *including 4.0m @ 11.80% zinc, 17.20% lead, 45g/t silver.*

Step-out diamond drilling west of the initial discovery intersected further broad zones of mineralisation **on ground now covered by Mithril's tenement holdings** including;

- 14.90m @ 0.90% zinc, 0.14% lead, 2g/t silver from 315.20 metres in PD817 *including 0.6m @ 9.20% zinc, 1.75% lead, 4g/t silver,*
- 16.00m @ 2.12% zinc, 0.03% lead, 3g/t silver from 341.10 metres in PD817 *including 1.2m @ 8.79% zinc, 0.07% lead, 4g/t silver,*
- 32.20m @ 1.89% zinc, 0.33% lead, 3g/t silver from 524.00 metres in PD817 *including 7.30m @ 3.33% zinc, 0.55% lead, 3g/t silver,*
- 23.80m @ 0.79% zinc, 0.02% lead, 2g/t silver from 500.70 metres in PD830 *including 5.8m @ 1.30% zinc, 0.13% lead, 3g/t silver, and*
- 20.50m @ 1.07% zinc, 0.03% lead, 1g/t silver from 325.70 metres in PD831 *including 3.0m @ 3.12% zinc, 0.09% lead, 1g/t silver.*

Pillara West remains open in all directions and lies within the gravity feature which extends to the Snake Bore prospect 5 kilometres to the southwest.

Snake Bore

Discovered by Amax Exploration (Australia) in 1972, the Snake Bore prospect comprises a 1.2-kilometre-long gossanous zone, drilling of which has returned broad zones of anomalous zinc mineralisation; 24m @ 0.33% zinc, 0.06% lead from 12 metres in SP3, 29m @ 0.45% zinc, 0.19% lead from 11 metres in SP4, and 9m @ 0.47% zinc, 0.07% lead from 6 metres in SP4a.

When the historic drill results are interpreted in the context of the more recent Pillara West discovery (where mineralisation extends for hundreds of metres down dip from near surface intercepts), Snake Bore is a high priority for follow-up as the prospect does not appear to have been drilled at depth.

Next Steps

Target generation activities are continuing ahead of field work commencement which is planned for mid-2018 when the project tenements are expected to be granted.

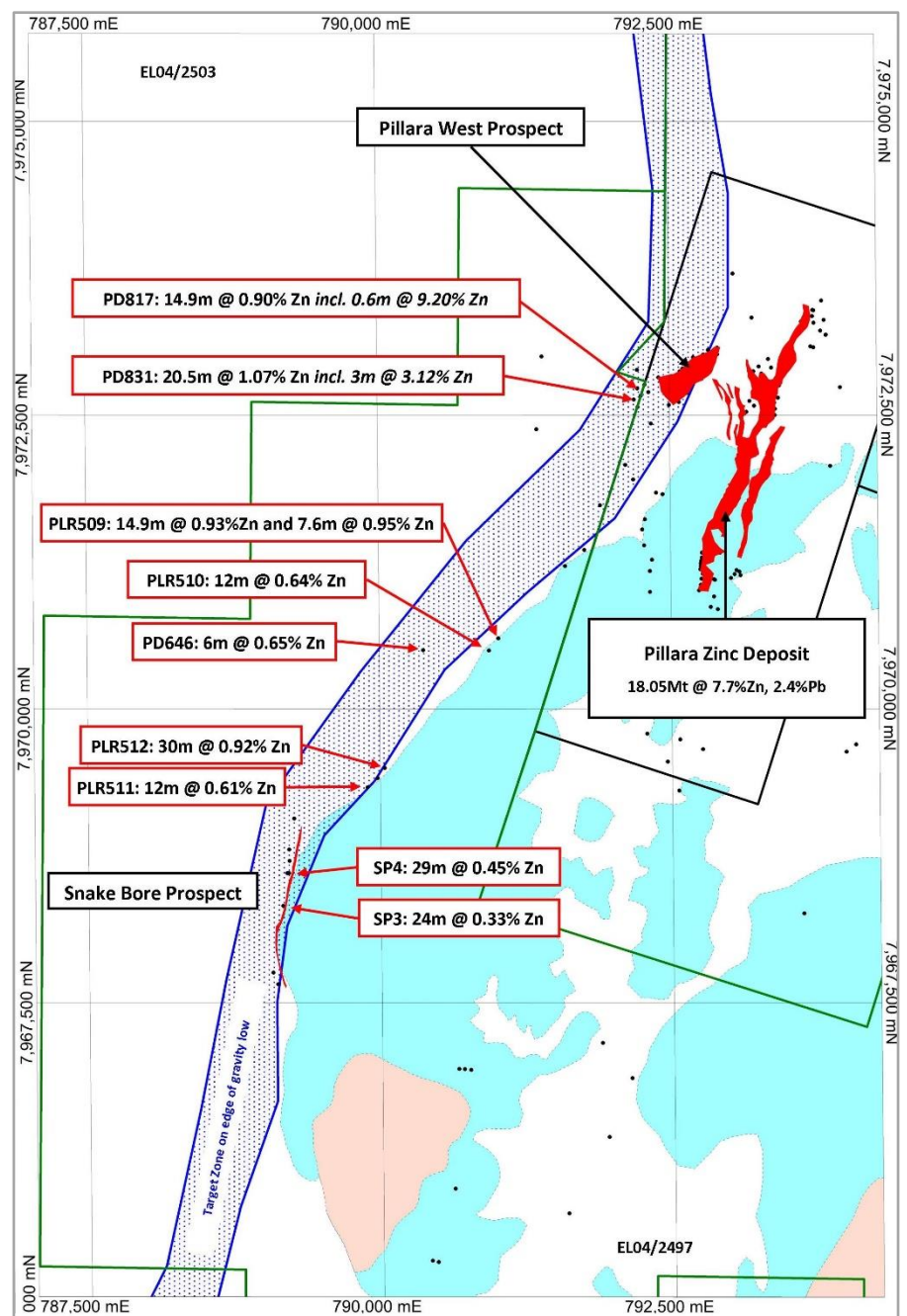


Figure 3: Location of Pillara Deposit, Pillara West and Snake Bore Prospects, target zone and drill intercepts. Drill hole collars shown as black dots. 2.5 km grid squares.

Southern Target Area (Copper, Zinc)

(Mithril 100%)

Located 85 kms southeast of Meekatharra, WA (Figure 1), the previously unexplored Southern Target Area covers a series of discrete linear magnetic features that extend for 13 kilometres along strike to the south from existing mineralisation at the Nanadie Well Copper Deposit, Sandman Zinc Prospect and Stark Copper Prospect under a thin soil veneer (Figure 4).

An EM geophysical survey testing the Southern Target Area is due to commence early in the March 2018 Quarter.

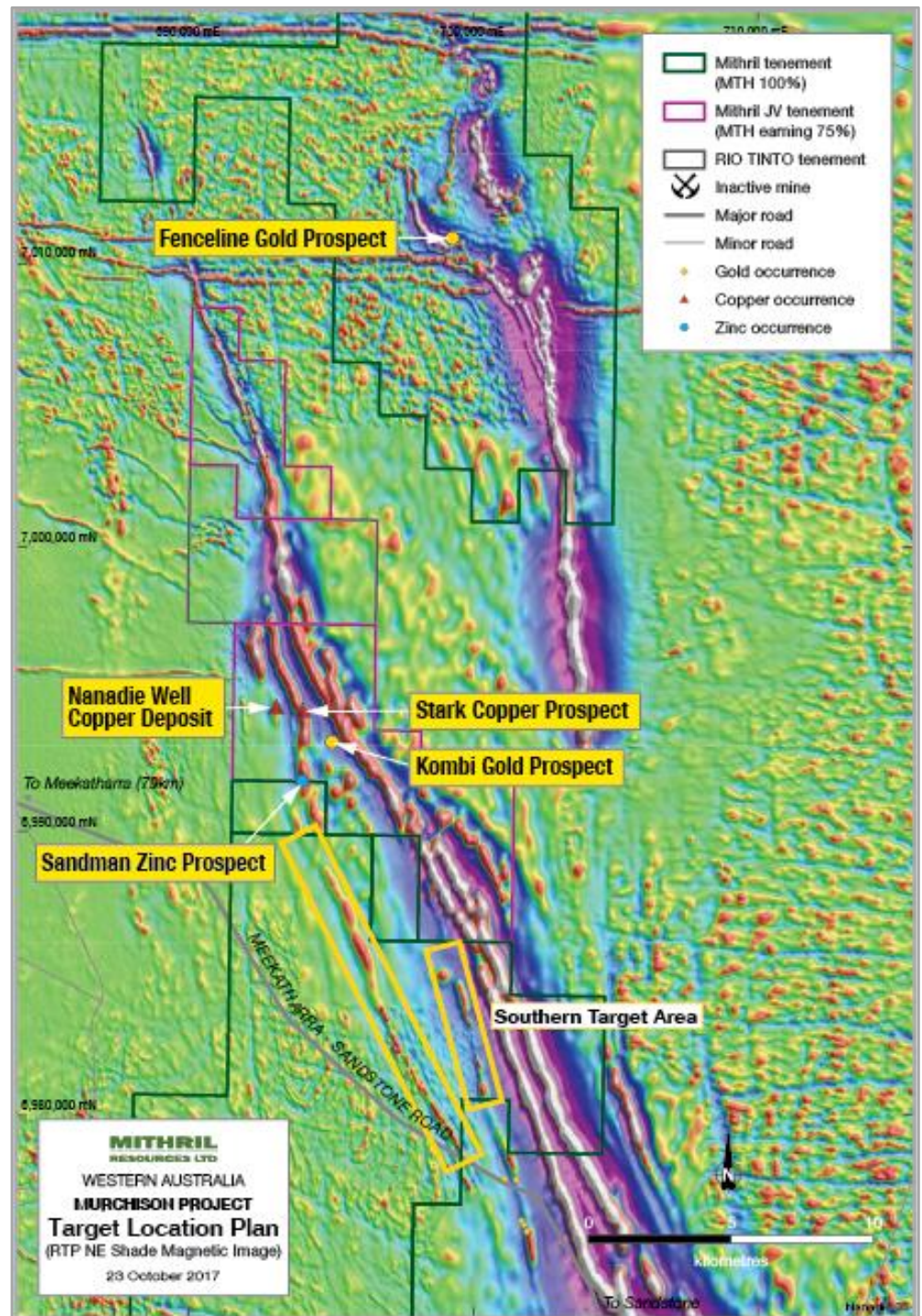


Figure 4: Location of the Southern Target Area in relation to Nanadie Well, Stark and Sandman prospects.

Murchison Project (Gold)

(Mithril 100% and earning up to 75%)

Drilling undertaken during the Quarter as a further test of the Kombi Gold Prospect and as an initial test of the Fenceline Gold Prospect (located approximately 55 kms south east of Meekatharra, WA) returned anomalous gold (e.g. 4m @ 0.95g/t gold from 28 metres, 4m @ 0.29g/t gold from 52 metres, and 4m @ 0.17g/t gold from 20 metres) within favourable structural zones at both locations.

The drilling highlights the gold-prospectivity of the area and Mithril is currently evaluating all drilling data to determine next steps for the project.

Kombi lies on a tenement subject to a Farmin and Joint Venture Agreement with Intermin Resources Limited (**ASX: IRC**) whereby Mithril can earn a 60% interest by completing expenditure of \$2M by 14 April 2019 (approximately \$1.31M spent to date). Mithril can earn an additional 15% by completing further expenditure of \$2M over a further 2 years. The Fenceline Gold Prospect lies on a tenement that is 100% - owned by Mithril Resources.

Other Projects

Rehabilitation of historic drill sites was undertaken during the Quarter on the Lignum Dam Project (Mithril 100%) which is located 55 kms north of Kalgoorlie, WA.

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

- Leaky Bore (Mithril 100%),
- Coompana (Mithril right to earn 20% / OZ Minerals 100%),
- Spargos Reward (Mithril 35%, Corona Minerals 65%)
- Duffy Well (Mithril 100% - Doray Minerals earning an initial 51% and operating), and
- Kurnalpi Chesser JV (Mithril 100% - Chesser Resources earning an initial 50% and operating).

Exploration Plan for next Quarter

- EM geophysical surveying and drilling at Kurnalpi
- EM geophysical surveying of the Southern Target Area
- Continuation of target generation activities for the Billy Hills Zinc Project

Notes Specific – December 2017 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 listed below.

- Kurnalpi nickel-cobalt exploration update - 11.01.2018
- Successful Placement to underpin nickel-cobalt exploration - 20.12.2017
- New zinc target at Billy Hills - 18.12.2017
- High-grade nickel cobalt at Kurnalpi - 12.12.2017
- Exploration Update - 08.12.2017
- Gold drilling underway at Kombi and Fenceline - 14.11.2017
- High-grade gold drilling at Kombi and Fenceline - 06.11.2017

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.

The Company is actively exploring throughout the Western Australian Goldfields and Kimberley Districts for economic nickel, cobalt, copper, zinc and gold.

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

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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(179)	(457)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(142)	(270)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	6
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	(319)	(721)

*Contributions received from JV partners

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(4)
(b) tenements (see item 10)		
(c) investments		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	(d) other non-current assets		
	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	-	(4)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	590	844
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	(16)	(37)
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	574	807

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	645	818
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(319)	(721)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(4)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	574	807

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	900	900

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	868	363
5.2	Call deposits	32	282
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)	900	645

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	92
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	
Director's remuneration		

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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.		

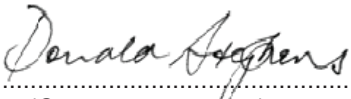
--

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250
9.2 Development	-
9.3 Production	-
9.4 Staff costs	79
9.5 Administration and corporate costs	95
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	424

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: 22 January 2018

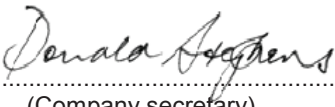
Print name: Donald Stephens

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.

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: 22 January 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.

**Changes in Interests in Mining Tenements
For Quarter Ended 31 December 2017**

		Tenement Reference	Nature of Interest	Interest at the beginning of Quarter	Interest at the end of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			0%	0%
6.2	Interests in mining tenements acquired or increased	E28/2682	Exploration Licence granted effective 6 October 2017 (Grey Dam, Five Mile Dam, WA).	0%	100%
		E04/2503	Exploration Licence application effective 29 November 2017 (West Kimberley, West Billy Hills, WA).	0%	0%

ASX Additional Information

List of mining tenements

Tenement No	Project	Area (km2)	Company Interest
EL26942	East Arunta Area	214.29	100%
EL24253	East Arunta Area	213.62	33.3%
E28/2567	Kurnalpi Area	14.77	100%
E28/2682	Kurnalpi Area	2.95	100%
E28/2506	Kurnalpi Area	51.85	100%
P28/1271	Kurnalpi Area	1.17	100%
E27/538	Lignum Dam Area	171.66	100%
E27/576	Lignum Dam Area	17.78	100%
E27/582	Lignum Dam Area	59.31	100%
E27/584	Lignum Dam Area	8.69	100%
P27/2283	Lignum Dam Area	1.42	100%
P27/2284	Lignum Dam Area	1.62	100%
P27/2285	Lignum Dam Area	1.62	100%
P27/2286	Lignum Dam Area	1.47	100%
E20/846	Murchison Area	207.22	100%
E51/1615	Murchison Area	183.32	100%
E51/1649	Murchison Area	202.23	100%
E57/1069 *	Murchison Area	6.09	0%
E15/1423	West Kambalda Area	23.47	35%
M15/1828	West Kambalda Area	10.13	35%
P15/5791	West Kambalda Area	0.24	35%
E04/2497 *	West Kimberley Area	94.35	0%
E04/2503 *	West Kimberley Area	87.84	0%

* In application stage