

## Drilling underway at Lignum Dam

- 4,000 metre aircore drilling program to test five priority targets underway at Lignum Dam
- Targets characterised by coherent surface gold and / or nickel geochemical anomalies along strike from the Lindsay's Gold Mining Centre and the high-grade Silver Swan nickel deposit
- Targets include the Forty Flats prospect where resampling of historic drillhole 1 metre spoils returned up to 4.22g/t gold
- Assay results expected early January 2017

Mithril Resources Ltd (ASX: MTH) is pleased to advise that 4,000 metre aircore drilling program to test five priority targets at the 100% owned Lignum Dam Project (located 50 kilometres north-northeast of Kalgoorlie Western Australia - *Figure 1*) is underway.

The drill targets (*Figures 2*) are characterised by coherent auger gold and / or nickel geochemical anomalies (*typically 2-4 x background values*) that occur within areas of residual soil cover over prospective rocktypes (*see ASX Announcement dated 27 October 2016*).

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 and the high grade Silver Swan nickel deposit.

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 FF008 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**.

Drilling is expected to take 2 – 3 weeks to complete with assay results due by early January 2017.

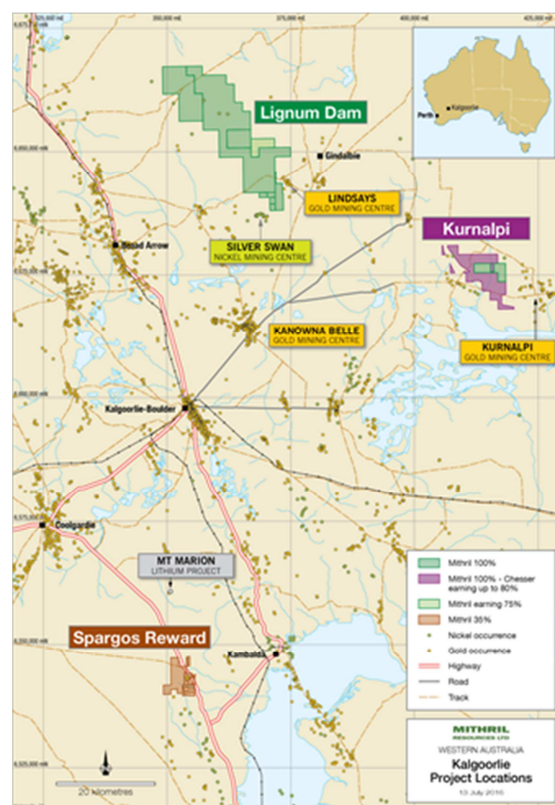
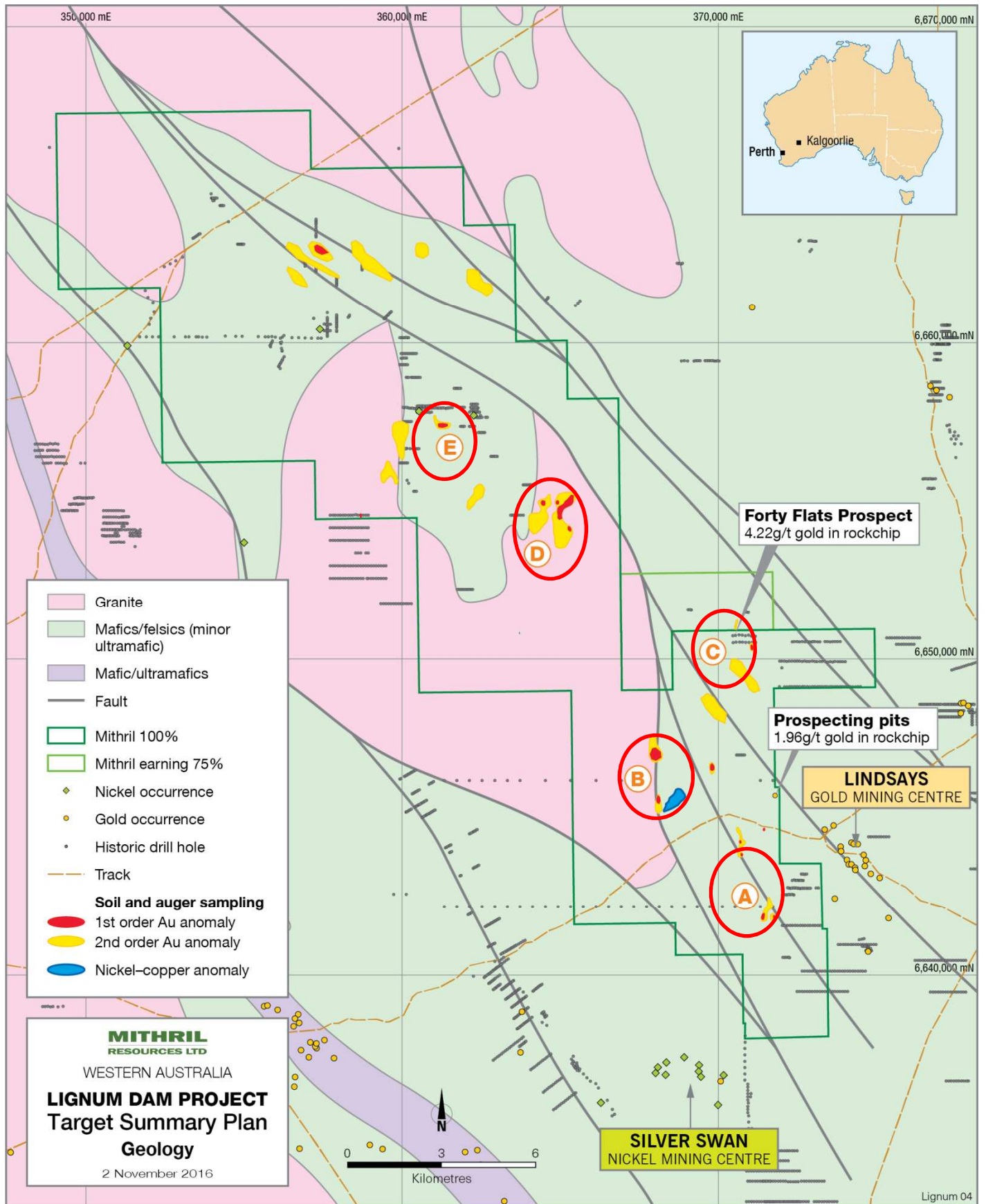


Figure 1: Kalgoorlie Projects - Location Plan



**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.**

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**For Further Information Contact:**

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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.