

QUARTERLY REPORT FOR THE PERIOD ENDING 31 MARCH 2020

Key Points

Overview

- Transformative acquisition of private mineral exploration company Sun Minerals Pty Ltd remains on track to successfully complete by end May 2020.
- Sun Minerals holds an exclusive option to earn up to a 100% interest in the high-grade Copalquin Gold Silver Project located in the Sierra Madre Trend, Durango State, western Mexico.
- The Copalquin Project is prospective for high-grade gold and silver mineralisation where there are 32 known historic gold and silver underground mines and surface workings plus historic drill intercepts.
- Mithril's exploration partners continue to advance each of its Australian exploration assets – with results awaited from a recent program of Fixed Loop Electromagnetic (FLTEM) geophysical surveying and surface geochemical sampling over nickel sulphide targets undertaken by Carnavale Resources (CAV.ASX) at Kurnalpi.
- A new exploration partner introduced for the Billy Hills Project with a Heads of Agreement executed with CBH Resources whereby CBH can earn up to 80% interest in the project by completing expenditure of \$4M over 5 years.

Cash and Corporate

- During the Quarter, Mithril spent \$118K on exploration activities outlined in this report and at 31 March 2020 had cash reserves of \$0.10M.
- A General Meeting of shareholders to approve the Sun Minerals transaction will be held at Level 17, 500 Collins Street, Melbourne VIC 3000 on 13 May 2020 at 10:00am (Melbourne time).
- Due to restrictions applicable in Victoria as a result of COVID-19, it is not be possible to convene the Meeting physically and the Company intends to decide the outcome of voting on the resolutions in the Notice by proxy voting, submitted ahead of the Meeting.

Outlook for the next Quarter

- The Company's primary objective for the June 2020 Quarter is the successful completion of the Sun Minerals Transaction.

Overview

Notwithstanding the challenges of the global COVID-19 pandemic outbreak during the March 2020 Quarter (the “Quarter”), Mithril Resources’ (**MTH.ASX** - “Mithril” or the “Company”) continued to work towards successfully completing the transformative acquisition of private mineral exploration company Sun Minerals Pty Ltd (**Sun Minerals**).

Sun Minerals holds an exclusive option to earn up to a 100% interest in the high-grade Copalquin Gold Silver Project located in the Sierra Madre Trend, Durango State, western Mexico (*Figure 1*).

Within the Copalquin Project boundaries there are 32 known historic gold and silver underground mines and surface workings plus historic drill intercepts.

Data compilation, geological mapping and rock chip sampling undertaken by Sun Minerals over the past two years indicates that gold-silver mineralisation previously mined at Copalquin was of very high-grade (refer to the “Cautionary Statement Regarding Historical Exploration Results” on the second last page of this Quarterly Report). Mithril successfully completed its due diligence of the Copalquin Project during the December 2019 Quarter.

At the end of the March 2020 Quarter, the Company launched a capital raising in support of the Sun Minerals Transaction.

In Australia, Mithril’s exploration partners advanced a number of the Company’s other projects - namely Great Boulder Resources (**GBR.ASX**) drilled a nickel sulphide target at Lignum Dam and Carnavale Resources (**CAV.ASX**) carried out Fixed Loop EM geophysical surveying and surface geochemical sampling over a number of nickel sulphide targets at Kurnalpi.

Mithril also entered into a Heads of Agreement with CBH Resources Limited (“CBH”) whereby CBH can earn up to an 80% interest in Mithril’s Billy Hills Zinc Project by completing expenditure of A\$4M over 5 years.

Cash

During the Quarter, Mithril spent \$118K on exploration activities outlined in this report and at 31 March 2020 had cash reserves of \$0.10M.

In accordance with ASX Listing Rules Guidance Note 23, the aggregate amount of payments to related parties and their associates included in Appendix 5B item 1 totalled \$54K (being Directors’ and Company Secretary Fees), in Appendix 5B item 2 totalled \$65K (being Managing Director’s salary and superannuation payments).

Corporate

The proposed acquisition of Sun Minerals (“the Transaction”) is subject to a number of conditions precedent which have been largely satisfied. Due Diligence was satisfactorily completed on 20 December 2019, a formal Share Sale Agreement for the acquisition by Mithril of all issued share capital of Sun Minerals was executed on 24 January 2020, and shareholder approval was received at the General Meeting on 12 February 2020.

The key remaining condition precedent was the raising of a minimum A\$4.9 million under a 1:1 entitlement issue at A\$0.01 (1 cent). In light of recent market conditions resulting from the global COVID-19 pandemic,

Mithril and Sun Minerals have now formally executed a Variation to the original Share Sale Agreement whereby Sun Minerals have agreed to Mithril raising a minimum of A\$1.5 million in order to satisfy the condition precedent to the Transaction.

The consideration payable to the Sun Minerals vendors will also be reduced in the event that less than the maximum capital raising (set out below) is achieved. *A summary of the key variations to the Share Sale Agreement was set out in Schedule A of an announcement to the ASX dated 1 April 2020.*

Mithril now proposes to conduct a capital raising by way of an entitlement issue to shareholders with a record date of 6 April 2020, to be conducted on the basis of one (1) new fully paid ordinary Mithril share for every one (1) existing fully paid ordinary Mithril share held at an issue price of A\$0.005 (0.5 cent) to raise a minimum A\$1.5 million up to a maximum of A\$2.46 million (before costs).

Funds raised from the capital raising will be primarily used to complete a drill programme at Copalquin.

Having consulted with ASX, Mithril will re-seek shareholder approval for all changes within the varied Share Sale Agreement at a **Meeting of Shareholders to be held on 13 May 2020**, and it intends **to close the entitlement offer on 14 May 2020**.

Assuming Shareholder approval is received and the minimum of A\$1.5 million is raised, it is anticipated that the Transaction will successfully complete shortly thereafter, i.e. before end May 2020.

Sun Minerals has also agreed that approximately 97% of the shares issued to the Sun Vendors (as consideration for Mithril's proposed acquisition of Sun Minerals) will be voluntarily escrowed for 24 months from completion of the Transaction.

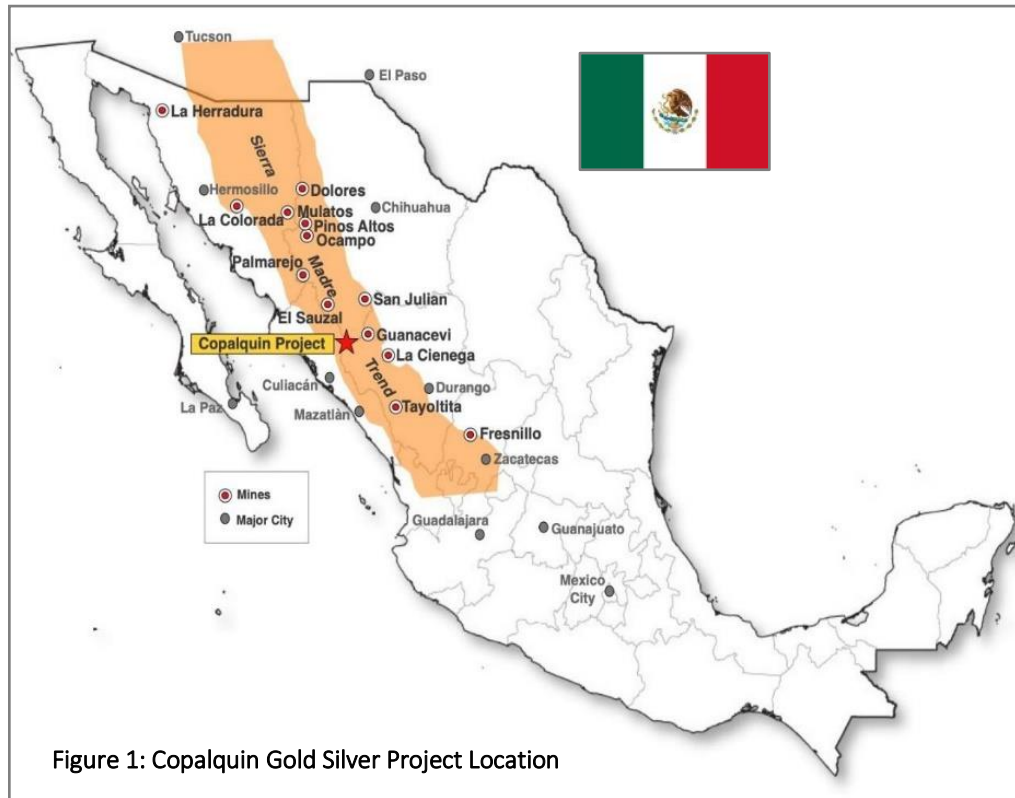
The Transaction will also be the catalyst for several Board and Management changes at Mithril.

Subject to and upon completion of the Transaction, Sun Minerals has the right to nominate an individual to be appointed as a Director (Executive Chairman) of Mithril and to nominate an individual to be appointed to a lead management role in Mithril in respect of the exploration of the Copalquin Project.

Sun Minerals has indicated that it intends to nominate Mr Dudley Leitch as the Executive Chairman of the Company upon completion of the transaction. Mr Dudley Leitch has over 40 years (10 years in Mexico) developing projects and running ASX mining/exploration companies with projects in Australia, Mexico and the USA. Mr Leitch has previously been a director or managing director of Perseverance Corporation, Mogul Mining, Valdora Minerals, Kings Minerals and Bolnisi Gold.

Mithril's current Managing Director - Mr David Hutton has served his notice of resignation with termination of his employment as Managing Director of Mithril to occur at the earlier of: 22 May 2020, being the end of the six- month notice period under Mr Hutton's employment agreement, or upon successful completion to the transaction.

Mr Hutton and Mithril have agreed that he will continue to serve as Managing Director during the notice period until the occurrence of the earliest of the above events. Mithril wishes to thank Mr Hutton for his years of service and his continued support of Mithril in respect of the exploration of its existing exploration projects and pursuit of the transaction.



Copalquin Gold Silver Project Details

The Copalquin Gold Silver Project (6 mineral concessions – 7,005 Ha) covers the entire Copalquin Mining District within the gold-silver trend of the Sierra Madre Occidental mountain range in Durango State, western Mexico. The gold silver trend is host to numerous gold and silver deposits, with multiple producing mines including; Coeur Mining’s Palmarejo, Agnico Eagles’ Pinos Altos, Goldcorp’s El Suazal Mine (now depleted), First Majestic Silver’s San Dimas mine, Fresnillo’s San Julian and La Cienega mines and the now closed Ocampo mine.

Within the Copalquin Project boundaries there are 32 known historic gold and silver underground mines and surface workings plus historic drill intercepts. Mineralisation is typically associated with low-sulfidation epithermal veining and stockworks developed within an andesitic host rock sequence.

Data compilation, geological mapping and rock chip sampling undertaken by Sun Minerals over the past two years indicates that gold-silver mineralisation previously mined at Copalquin was of very high-grade.

Readers are referred to Mithril’s ASX Announcement entitled “Transformative high-grade gold silver project acquisition” dated 25 November 2019 for further details on the historic exploration results for the project.

Sun Minerals has advised the Company that it believes that the historic drilling at Copalquin was not carried out in a systematic manner with previous campaigns hindered by logistical difficulties and overly concentrated in areas where the first favourable intercepts were encountered.

Sun Minerals has obtained all statutory permits required to undertake a systematic drilling program at Copalquin and, upon satisfactory completion of the Transaction, a diamond drilling program is planned to be undertaken.

The aim of the proposed drilling is to better understand the geological controls on mineralisation and demonstrate the potential for mineralisation beyond the limits of existing mined areas.

Importantly, Sun Minerals has strong “in-country” operating experience and has developed strong working relationships with local landowners, stakeholders, and contractors.

On 3rd April 2020, Mithril reported that the Mexican Federal Government announced a suspension of all non-essential activities in Mexico for 30 days to contain the advancement of COVID-19 virus from March 30 to April 30, 2020.

As a result of this declaration, Sun Minerals will temporarily suspend outside personnel from entering the Copalquin project area at least until April 30, 2020 to limit potential exposure of personnel and nearby communities to the virus.

Local personnel from within the Copalquin district will keep the project area secure and under care and maintenance. Sun Minerals intends to use this period to analyse recent mapping and geological data to fine tune the drill plan and plan ongoing geochemical and mapping of the Copalquin mining district.

About Mexico

Mexico has a mining history extending almost 500 years and is among the world's largest metal producers. Mexico is the largest producer of silver in the world and a top global producer of gold, copper, zinc, amongst other minerals.

With its long mining tradition, Mexico has a largely favourable environment for the industry. The geological potential remains strong. The country's terrain is one of the most tectonically active and complex in the world. Orogenesis has pushed up mountain chains all across Mexico, including the Sierra Madre Oriental, Sierra Madre Occidental and Sierra Madre del Sur. These three regions have formed some of the key metallogenic areas. Gold and silver mineralisation are commonly linked to the two belts of hydrothermal veins and gaps that stretch out underneath both sides of the Sierra Madre Occidental.

Mexico contains outstanding geological potential for mining, which contributes to making Mexico the world's fourth-largest recipient of foreign direct investment (**FDI**) for mining and the second destination of such FDI in Latin America. The majority of this FDI is directed to mining gold, copper, zinc, and uranium. According to the Mexican Mining Chamber (Cámara Minera de México or CAMIMEX), Mexico leads the world's production of silver. Mexico was the ninth-largest producer of gold and seventh-largest producer of copper in 2018.

Australian Project Update

Over the past six months, Mithril has extensively restructured its exploration portfolio with new exploration partners introduced to sole fund exploration activities on the Lignum Dam Project (Great Boulder Resources – GBR.ASX), Limestone Well Project (Auteco Minerals – AUT.ASX), and the Kurnalpi Project (Carnavale Resources – CAV.ASX).

During the Quarter, Mithril executed a new binding Farm In Heads of Agreement with CBH Resources Limited (“CBH”) whereby CBH can earn up to an 80% interest in Mithril's Billy Hills Zinc Project (EL's 04/2503, 04/2497, and 80/5191) by completing expenditure of A\$4M over 5 years.

CBH is the owner and operator of the Rasp Zinc Lead Silver Mine at Broken Hill, NSW and is a wholly owned subsidiary of Toho Zinc Co. Ltd, a Japanese company listed on the Tokyo Stock Exchange specializing in nonferrous metals refining.

The Billy Hills Zinc Project is located 25kms east of Fitzroy Crossing, WA and contains numerous high-grade zinc targets including the Firetail Prospect where rock chip samples previously collected by Mithril along a 300 metre – long subcropping zone of siliceous gossan and weathered colloform-banded sulphides, returned assay values up to 30.3% zinc, 127g/t silver and 3.0% lead (see *Mithril's ASX Announcement dated 1 July 2019*).

The Billy Hills Agreement is conditional upon Mithril obtaining a Heritage Clearance by May 2020 to drill the Firetail Prospect. Mithril has been working with the project's Traditional Owners to obtain the necessary clearance however due to the outbreak of COVID-19, all dealings with Aboriginal communities in the area have ceased for an indefinite period in order to protect the health of the local population.

As such there is a risk that the condition precedent will not be met by the required date however Mithril and CBH remain committed to the project and have agreed extend the period to satisfy the condition precedent if required.

At the Kurnalpi Project (*Mithril 100% and Carnavale Resources earning an initial 80% interest by keeping the tenements in good standing over three years and paying Mithril \$250,000 cash*), Carnavale Resources has recently undertaken a program of Fixed Loop Electromagnetic (FLTEM) geophysical surveying and surface geochemical sampling over a number of nickel sulphide targets for which the results of both programs are awaited.

At the Lignum Dam Project (*Mithril 100% and Great Boulder Resources earning up to 80% by completing expenditure of \$1M over four years*), Great Boulder Resources undertook a small Reverse Circulation drilling program (20LDCRC001, 1A, and 20LDRC002 – 341 metres) to test an area of nickel anomalism intersected in historical drilling (e.g. 4m @ 1.23% nickel from 44 metres in HMA021) at the Drumstick nickel prospect which is located within the central portion of the project on EL27/538 (*Figure 2*).

20LDRC001A intersected 12m @ 0.35% nickel from 64 metres at the base of weathering above a sequence of serpentinised ultramafic rock.

20LDRC002 was collared 140 metres to the northwest of 20LDRC001A to test an interpreted ultramafic - wall rock contact. Drilling predominantly intersected serpentinised ultramafic interfingering with felsic intrusions before reaching a barren ultramafic - granite contact at 131 metres. Minor nickel anomalism (i.e. - 8m @ 0.20% nickel from 40 metres) was intersected at the base of weathering.

Refer to required JORC Information for the drilling at the rear of this Report.

Great Boulder Resources will continue to evaluate other nickel prospects within the project as well as generating new datasets to assist with the geological understanding of the project's ultramafic units. The company considers Lignum Dam to be also under-explored for gold mineralisation, and further generative work will be undertaken to develop this hypothesis.

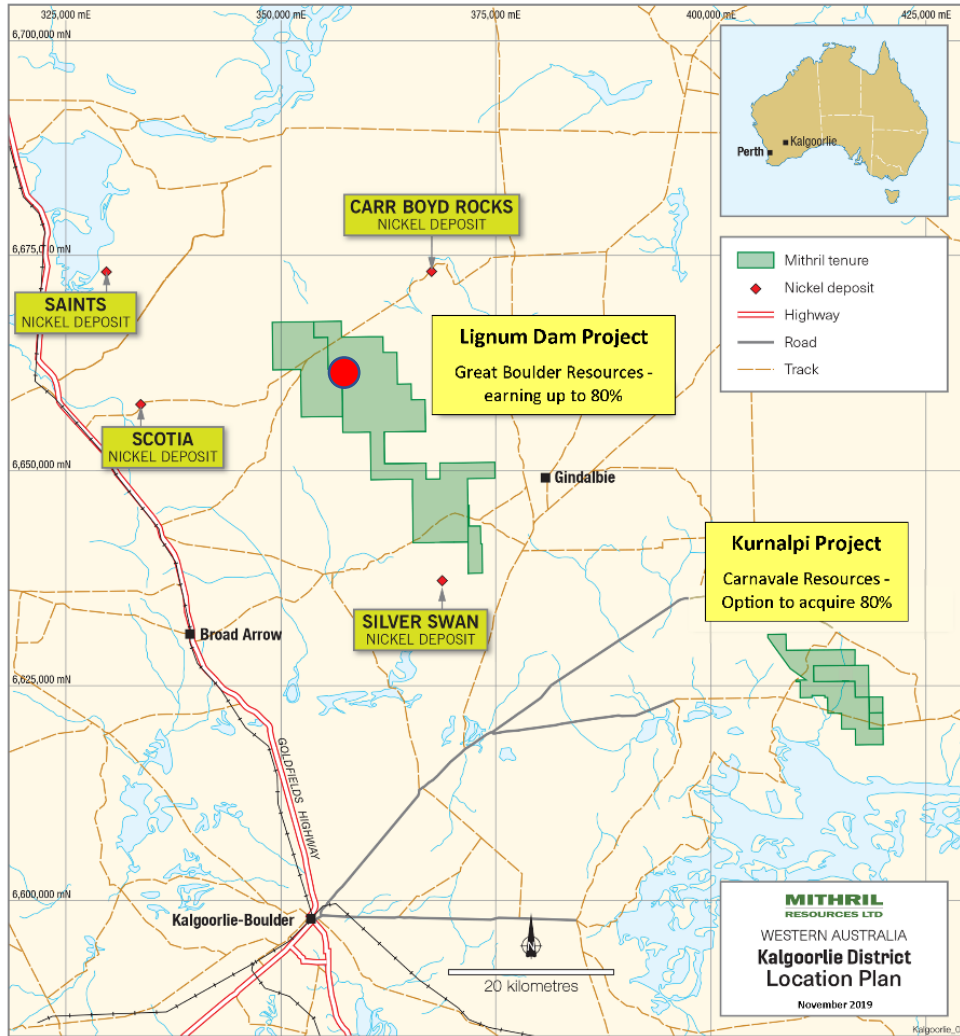


Figure 2: Lignum Drill Location (red circle)

At Limestone Well, Auteco Minerals can earn up to an 80% interest in the project by completing exploration expenditure of \$2.5 million over five years.

An asset review of the Limestone Well project is in progress with further exploration activities to be potentially executed through alternate funding opportunities or other transactions. Further RC drilling is proposed to follow up on intersections of significant Vanadium-Titanium results from maiden drilling in 2019, which include:

- **20m @ 0.48% V₂O₅ & 6.5% TiO₂** from 12m and a second zone of **72m @ 0.46% V₂O₅ & 8.6% TiO₂** from 52m (including: **16m @ 0.70% V₂O₅**)
- **12m @ 0.72% V₂O₅ & 8.5% TiO₂** from 12m a second zone of **24m @ 0.50% V₂O₅ & 6.2% TiO₂** from 48m and a third zone to end of hole of **56m @ 0.46% V₂O₅ & 6.1% TiO₂** from 164m
- **20m @ 0.50% V₂O₅ & 6.5% TiO₂** from 64m and a second zone of **116m @ 0.36% V₂O₅ & 11.0% TiO₂** from 104m to end of hole.

More background on the regional targets are available in the Auteco's ASX announcement dated 14 October 2019.

Outlook for the next Quarter

The Company's primary objective for the June 2020 Quarter is the successful completion of the Sun Minerals Transaction.

A General Meeting of shareholders to approve the Sun Minerals transaction will be held at Level 17, 500 Collins Street, Melbourne VIC 3000 on 13 May 2020 at 10:00am (Melbourne time).

Due to restrictions applicable in Victoria as a result of COVID-19, it is not possible to convene the Meeting physically and the Company intends to decide the outcome of voting on the resolutions in the Notice by proxy voting, submitted ahead of the Meeting.

Released with the authority of the Board.

Regards,



Adrien Wing

Non-Executive Director and Company Secretary
Mithril Resources Limited

March 2020 Quarter ASX Announcements

The following announcements were lodged with the ASX during and 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.

- Notice of General Meeting and Proxy Form - 09 April 2020
 - COVID-19 UPDATE - 03 April 2020
 - Rights Issue - Letter to ineligible shareholders - 02 April 2020
 - Proposed Issue of Securities - 01 April 2020
 - Non-renounceable rights issue offer document - 01 April 2020
 - MTH Cleansing Notice under s708A(2)(F) - 01 April 2020
 - Sun Minerals Acquisition Update and COVID-19 Impact - 01 April 2020
 - Half Year Report December 2019 - 06 March 2020
 - New exploration partner for the Billy Hills Zinc Project - 21 February 2020
 - Sun Minerals vendors elect to voluntary escrow period - 17 February 2020
 - Mithril Resources - Amended Constitution - 17 February 2020
 - Results of Meeting - 12 February 2020
 - December 2019 Quarterly Activities and Cash Flow Report - 28 January 2020
 - Sun Minerals Acquisition Update - 24 January 2020
 - Notice of General Meeting / Proxy Form - Sun Minerals Transaction - 10 January 2020
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JORC Information – Lignum Dam Project Drilling

Drilling Specifications

Hole ID	Easting	Northing	RL	Depth	Dip	Azimuth	Intercept
HMAC021	357,540	6,660,587	428	74	-60	270	4m @ 1.23% Ni from 44 metres
20LDRC001	357,567	6,660,526	428	41	-60	320	Abandoned
20LDRC001A	357,563	6,660,529	428	150	-60	320	12m @ 0.35% Ni from 64 metres
20LDRC002	357,472	6,660,636	428	150	-60	320	8m @ 0.20% Ni from 40 metres

Appendix 2 - JORC Code, 2012 Edition Table 1

The following table relates to exploration activities undertaken at the Whiteheads Gold Project.

Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections.)

Criteria	Commentary
Sampling techniques	RC samples were collected over 1m intervals using a cyclone splitter with a 25% split being captured in a numbered calico bag and the bulk remaining sample being placed on rows on the ground. Samples were then composited into 4m composites using a scoop from the bulk sample or the 1m calico sample was taken for areas of interest. The sampling techniques used are deemed appropriate for the style of exploration.
Drilling techniques	Drilling was undertaken by Blue Spec Drilling. Industry standard Reverse Circulation methods and equipment were utilised.
Drill sample recovery	Sample recovery data is noted in geological comments as part of the logging process. Sample condition has been logged for every geological interval as part of the logging process. No quantitative twinned drilling analysis has been undertaken.
Logging	Geological logging of drilling followed established company procedures. Qualitative logging of samples includes lithology, mineralogy, alteration, veining and weathering. Abundant geological comments supplement logged intervals.
Sub-sampling techniques and sample preparation	1m cyclone splits and 4m composite samples were taken in the field. Samples were prepared and analysed at Intertek Genalysis in Perth. Samples were pulverized so that each sample had a nominal 85% passing 75 microns. A 4-acid digest (HNO ₃ -HBr-HF-HCl) and ICP-OES analysis (Intertek method 4A/OE33) was used for 33 multi-elements. All samples were analysed for Au by fire assay using Intertek method FA50/OE. Selected intervals and BOH samples were analysed using method 4A/MS48 which produces results for 48 elements including Ni, Cu and Co.
Quality of assay data and laboratory tests	All samples were assayed by industry standard techniques.
Verification of sampling and assaying	The standard GBR protocol was followed for insertion of standards and blanks. No QAQC problems were

	identified in the results. No twinned drilling has been undertaken.
Data spacing and distribution	Drill holes were spaced as described in the collar details table above. The spacing and location of data is currently only being considered for exploration purposes.
Orientation of data in relation to geological structure	Drilling is dominantly perpendicular to regional geological trends where interpreted and practical. Drill holes were drilled perpendicular to an interpreted ultramafic-granite contact as interpreted from aeromagnetic data. The spacing and location of the data is currently only being considered for exploration purposes.
Sample security	GBR personnel were responsible for delivery of samples from the drill site to the assay laboratory.
Audits or reviews	None completed.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	Commentary
Mineral tenement and land tenure status	<p>Exploration by Great Boulder was undertaken solely on E27/538 which forms part of the Lignum Dam Joint Venture entered into by Great Boulder and Mithril Resources on the 9th September 2019. The key commercial terms of the agreement are:</p> <ul style="list-style-type: none"> · Great Boulder has the right to earn an 80% interest in the project in a two-stage farm-in. · Stage 1 takes the Company to 51% ownership by spending a minimum of \$400,000 on exploration over two years. · Stage 2 takes the Company to 80% by spending an additional \$600,000 over the next two years. · Mithril's 20% interest remains free-carried to a decision to mine. <p>The Company has a minimum exploration commitment of \$120,000 if it decides not to proceed with the farm-in.</p>
Exploration done by other parties	<p>Prior to Mithril acquiring the project, exploration has been carried out through the EL27/538 tenement area by a number of companies including KalNorth Gold Mines, Rox Resources, Pioneer Exploration, Hemisphere, Western Mining, North Limited and Normandy Exploration. Exploration has been dominantly undertaken for nickel with lesser gold and base metal exploration.</p> <p>At the Drumstick prospect, Hemisphere Resources previously reported an intersection of 2m @ 1.55% Ni within aircore drilling. While these intersections most likely represent lateritic enrichment, thicker intersections and grades may indicate a thicker basal channel in a komatiite flow. Critically the NW ultramafic contact had not been previously tested, with HMA021 the nearest drill hole.</p>
Geology	<p>The project area straddles the Gindalbie Domain of the Kurnalpi Terrane and the Boorara Domain of the Kalgoorlie terrane in the Eastern Goldfields Super terrane (EGS). The majority of the project area is</p>

	covered by sheetwash, sandplain and colluvial and alluvial deposits. Deeply weathered Archean granite underlies the western part of the project area, whilst the remainder of the area is underlain by a variety of metamorphosed Archean felsic and mafic- ultramafic igneous and sedimentary rock. Lithologies identified in outcrop include metamorphosed basalt, gabbro, pyroxenite, peridotite, dacite and chert and amphibolite. The Archean rocks are intruded by easterly-northeasterly trending dolerite-gabbro dykes of Proterozoic age but these are largely interpreted from the magnetics.
<i>Drill hole Information</i>	A list of the drill hole coordinates, orientations and metrics are provided as an appended table.
<i>Data aggregation methods</i>	No grade truncations were applied to these exploration results. No metal equivalents are used.
<i>Relationship between mineralisation widths and intercept lengths</i>	The orientation of structures and mineralisation is not known with certainty, but majority of the drilling was conducted using appropriate perpendicular orientations for interpreted lithological contacts. A list of the drill holes and orientations is provided as an appended table.
<i>Diagrams</i>	Refer to figures in announcement.
<i>Balanced reporting</i>	This announcement is a summary of all work on Ni-Cu sulphide mineralization completed to date.
<i>Other substantive exploration data</i>	All relevant data has been included within this Report.
<i>Further work</i>	No further work is currently planned based on the result of this program.

For Further Information Contact:

Mithril Resources Ltd

**Adrien Wing
Non-Executive Director and
Company Secretary**

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mflynn@mithrilresources.com.au
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Competent Persons Statement:

Copalquin Gold Silver Project

The information in this report that relates to sampling techniques and data, exploration results and geological interpretation has been compiled by Mr Hall Stewart who is a director of Sun Minerals Pty Ltd. Mr Stewart is a member of the American Institute of Professional Geologists. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Stewart has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stewart consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Cautionary Statement Regarding Historic Exploration Results

- **The Exploration Results reported in this release have not been reported in accordance with the JORC Code 2012;**
- **a Competent Person has not done sufficient work to disclose the Exploration Results in accordance with the JORC Code 2012;**
- **it is possible that following further evaluation and/or exploration work that the confidence in the prior reported Exploration Results may be reduced when reported under the JORC Code 2012;**
- **nothing has come to the attention of Mithril Resources or the Competent Person that causes it to question the accuracy or reliability of the historic Exploration Results; but**
- **Mithril Resources has not independently validated the historic Exploration Results and therefore is not to be regarded as reporting, adopting or endorsing those results.**

Mr Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Australian Projects

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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

MITHRIL RESOURCES LIMITED

ABN

30 099 883 922

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12	12
1.2 Payments for		
(a) exploration & evaluation (if expensed)		
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(141)	(417)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(129)	(405)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities		
(b) tenements		(150)
(c) property, plant and equipment		
(d) exploration & evaluation (if capitalised)	(118)	(284)
(e) investments		
(f) other non-current assets		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) 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	(118)	(434)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		340
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(2)	(26)
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	(2)	314

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	355	631
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(129)	(405)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(118)	(434)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	314

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	106	106

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	101	350
5.2	Call deposits	5	5
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)	106	355

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1. (Directors Fees / Co. Sec Fees)
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2. (Managing Director salary / SGL)

Current quarter \$A'000
54
65

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities		
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(129)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(118)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(247)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	106
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	106
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.4
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	

Answer: Yes. Mithril has recently entered into a transaction to acquire private mineral explorer Sun Minerals which holds an which holds an exclusive option to earn up to a 100% interest over the Copalquin Gold Silver Project in western Mexico.

As part of the transaction, Mithril is currently conducting a capital raising by way of an entitlement issue to Eligible Shareholders (Record Date of 6 April 2020) to raise approximately A\$2.45 million (before costs). The entitlement issue is planned to close on 14 May 2020 and funds raised from the capital raising will be primarily used to complete a drill programme at Copalquin and to continue work on the Company's existing projects.

Refer to Mithril's ASX Announcements dated 1 April 2020 for further information.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes – on the basis that the proposed capital raising discussed in Question 2 above will be successful.

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.



David Hutton, Managing Director

Date: 24 April 2020

Authorised for release by the Board of Mithril Resources Ltd

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and*

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Recommendations, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

**Changes in Interests in Mining Tenements
For Quarter Ended 31 March 2020**

	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	No changes	100%	0%
6.2	Interests in mining tenements acquired or increased	No changes	0%	0%

ASX Additional Information

List of mining tenements

Tenement No	Project Area	Area (km ²)	Company Interest
Northern Territory			
EL26942	East Arunta Area	214.29	100%
EL24253	East Arunta Area	130.59	33.3%
Western Australia			
E28/2506	Kurnalpi Area	54.47	100%
E28/2567	Kurnalpi Area	13.6	100%
E28/2682	Kurnalpi Area	2.95	100%
E28/2760	Kurnalpi Area	2.95	100%
E27/538	Lignum Dam Area	171.66	100%
E27/582	Lignum Dam Area	35.58	100%
E27/584	Lignum Dam Area	8.69	100%
E20/846	Murchison Area	94.51	100%
E57/1069	Murchison Area	6.09	100%
E04/2497	West Kimberley Area	94.35	100%
E04/2503	West Kimberley Area	87.84	100%
E80/5191	West Kimberley Area	195.46	100%