



MITHRIL
RESOURCES LTD

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MITHRIL RESOURCES LIMITED – Sun Minerals Acquisition Update and COVID-19 Impact

SUN MINERALS ACQUISITION UPDATE

Mithril Resources Limited [ASX: MTH] (“Mithril” or “the Company”) is pleased to provide an update on its proposed acquisition of private exploration company Sun Minerals Pty Ltd (“Sun Minerals”) which holds an exclusive option to earn up to a 100% interest of the high-grade Copalquin Gold Silver Project located in the Sierra Madre Trend, Durango State, Western Mexico.

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, 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 is set out in Schedule A.

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, and it intends to close the entitlement offer after holding the shareholder meeting anticipated to occur in mid May 2020.

Commenting on the acquisition update , Mithril’s Non-Executive Director and Company Secretary, Adrien Wing, said:

“With the changing global economic environment, it delights me to advise that both parties in the Transaction continue to show a willingness to work together now and into the future by agreeing to vary the Share Sale Agreement. The updated and agreed changes provides the Company with the ability to



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complete the Transaction and proceed with the strategy to acquire a transformative gold/silver project such as Copalquin."

COVID-19 IMPACT

The safety of our team remains paramount while we continue to monitor and observe the various government guidelines that may affect Company activities. The Sun Minerals Mexico based team, including the Exploration Manager and Project Manager are not currently impacted by local COVID-19 travel and working restrictions and thus are prepared to continue to execute the Company's exploration work program subject to completion of the Transaction. Inbound travel by expatriate personnel to Mexico has been temporarily suspended.

Mithril expects to lodge with ASX the documents associated with the entitlement offer shortly following this announcement.

Released with the authority of the Board.

Regards,

Adrien Wing

Non-Executive Director and Company Secretary
Mithril Resources Limited



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SCHEDULE A

Summary of Key Variations to the Share Sale Agreement

The entitlement offer has been varied such that the price per new share being reduced from \$0.01 (1 cent) to \$0.005 (0.5 cents), the maximum raising amount being reduced from approximately \$4.9 million to approximately \$2.45 million and the amount to be raised under the entitlement offer for the Transaction to proceed being set at \$1.5 million.

The consideration shares to be issued to the Sun Minerals vendors collectively being equal to 40% of the share capital of the Company following issue of the new shares under the Offer, the consideration shares to the Sun Minerals vendors and assuming the issue of 30,000,000 shares to Compania Minera Copalquin S.A de C.V ("CMC"). This reflects the percentage interest the Sun Minerals vendors would have collectively held under the Transaction as previously constituted, however the changes to the maximum and minimum entitlement offer amounts necessitates flexibility in the number of consideration shares to be issued, and the timing of the issue of those shares.

The market capitalisation milestone for conversion of performance rights to be issued to current and incoming directors and management being reduced from \$50 million to \$40 million. The Company will seek shareholder approval to issue performance rights to those parties and in the amounts as approved by shareholders on 12 February 2020 with the varied milestone. The terms of performance rights otherwise remain the same. The Company has agreed with those recipients of performance rights on 17 February 2020 that the performance rights they currently hold will lapse upon issue of the performance rights for which shareholder approval is being sought.

The capacity of CMC to elect to receive the US\$10 million payment if the Company elects to exercise the right to acquire a 100% interest in Copalquin in shares has had the \$0.01 (1 cent) "floor" price removed. Accordingly, if CMC makes an election to receive the US\$10 million payment in shares, the price per share shall be a 10% discount to a VWAP calculated at the time of exercise.