



DECEMBER 2021 QUARTERLY ACTIVITIES REPORT

Highlights – Copalquin Gold-Silver, Mexico

- A high-grade maiden JORC indicated and inferred mineral resource estimate (MRE) was delivered on schedule for the first drill target area of El Refugio–La Soledad in the Copalquin District, Mexico
- The maiden MRE, delivered within our first 14 months of drilling, highlights the high-quality gold and silver resource potential for the Copalquin District
 - 2,416,000 tonnes @ 4.80 g/t gold, 141 g/t silver for 373,000 oz gold plus 10,953,000 oz silver (Total 529,000 oz AuEq*) using a cut-off grade of 2.0 g/t AuEq*
 - 28.6% of the resource tonnage is classified as indicated

	Tonnes (kt)	Tonnes (kt)	Gold (g/t)	Silver (g/t)	Gold Equiv.* (g/t)	Gold (koz)	Silver (koz)	Gold Equiv.* (koz)
El Refugio	Indicated	691	5.43	114.2	7.06	121	2,538	157
	Inferred	1,447	4.63	137.1	6.59	215	6,377	307
La Soledad	Indicated	-	-	-	-	-	-	-
	Inferred	278	4.12	228.2	7.38	37	2,037	66
Total	Indicated	691	5.43	114.2	7.06	121	2,538	157
	Inferred	1,725	4.55	151.7	6.72	252	8,414	372
	TOTAL	2,416	4.80	141	6.81	373	10,953	529

*Mineral resource estimate El Refugio – La Soledad using a cut-off grade of 2.0 g/t AuEq**

Highlight drill Results received during the quarter

- 18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m, (CDH-094) including 9.30m @ 17.9 g/t gold, 482.2 g/t silver from 148.89m
- 2.00m @ 9.90 g/t gold, 122 g/t silver from 286.0m (CDH-085), including 1.00m @ 19.0 g/t gold, 209 g/t silver from 286.0m
- 12.29m @ 4.08 g/t gold, 85.2 g/t silver from 250.71m (CDH-086), including 1.50m @ 8.98 g/t gold, 137 g/t silver from 250.71m, and including 2.00m @ 15.35 g/t gold, 333 g/t silver from 258.0m
- 8.90m @ 0.97 g/t gold, 5.53 g/t silver from 252.1m (CDH-087), plus 3.00m @ 3.71 g/t gold, 79.0 g/t silver from 349.0m
- Metallurgical and mining study work commenced for El Refugio resource
- Targets expanded for the district scale Copalquin mining district 2022 exploration program

DIRECTORS

John Skeet – Managing Director & CEO
Garry Thomas – Non-Executive Director
Stephen Layton – Non-Executive Director
Claire Newstead-Sinclair – Company Secretary

MITHRIL RESOURCES LIMITED

ACN: 099 883 922
ASX: MTH

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REGISTERED OFFICE

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Highlights – Corporate

- Mithril advanced its 100% acquisition of the Copalquin Mining District mining concessions via its purchase option agreement to 25% by completing USD4m direct expenditure.
- Binding term sheet for sale of 90% interest in Limestone Well tenements. ([ASX Announcement 12 October 2021](#)) (Sale Agreement completed in January 2022 with cash proceeds of A\$500,000)
- Appointment of Ms Claire Newstead-Sinclair as Company Secretary effective 1 December 2021
- In conjunction with this appointment, the Company relocated its Registered Office and Principal Place of Business to Vistra Melbourne, Level 4, 100 Albert Road South Melbourne, VIC 3205
- Cash at bank A\$1.828m as of 31 December 2021 (excluding A\$500,000 from Limestone Well sale)
- Mexican value added tax refunds continued throughout the quarter (plus a further ~A\$180,000 received during January 2022)

Mithril Resources Ltd (ASX: MTH) (**Mithril** or the **Company**) is pleased to provide a quarterly update on activities at its Copalquin Gold Silver Project in Mexico for the period ending 31 December 2021.

El Refugio, Copalquin District, Mexico

In November 2021, the Company delivered its maiden JORC mineral resource estimate (MRE) as scheduled and meeting the expectation at this early stage in the exploration of the Copalquin Mining District. ([ASX Announcement 17 November 2021](#)). The full report can be found here - [Copalquin District – Maiden Mineral Resource Estimate](#).

The maiden MRE is high-grade gold and silver and with 28% of the MRE tonnage in the indicated category. This is an excellent result from our first 14 months of drilling and demonstrates the district potential to deliver high-quality gold and silver resources as the exploration work progresses.

The maiden MRE has Mithril on track to become a highly profitable producer of gold and silver from high-grade resources and to prove up this multi-million ounce potential precious metals mining district.

	Tonnes (kt)	Tonnes (kt)	Gold (g/t)	Silver (g/t)	Gold Equiv.* (g/t)	Gold (koz)	Silver (koz)	Gold Equiv.* (koz)
El Refugio	Indicated	691	5.43	114.2	7.06	121	2,538	157
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Table 1 - Mineral resource estimate El Refugio – La Soledad using a cut-off grade of 2.0 g/t AuEq*

Metallurgical test work and mining engineering work commenced during the quarter for the El Refugio MRE with drilling continuing to deliver expansionary intercepts beyond the MRE area.

*AuEq. = gold equivalent calculated using and gold:silver price ratio of 70:1. That is, 70 g/t silver = 1 g/t gold. The metal prices used to determine the 70:1 ratio are the cumulative average prices for 2021: gold USD1,798.34 and silver: USD25.32 (actual is 71:1) from kitco.com

In early November, ([ASX Announcement 5 November 2021](#)) assays for drill holes CDH-085 to CDH-090 plus CDH-094 were received. Holes CDH-085 to CDH-090 were drilled to complete the database for the maiden MRE. Drilling has continued at El Refugio, with a series of deeper holes and holes further to the west. On the western side of the centre ridge, the structure is stronger at depth and has continued across the valley to the next ridge with the excellent high-grade intercept from drill hole CDH-094 (**18.67m @ 9.64 g/t gold, 278.8 g/t silver** from 144.0m including **9.30m @ 17.9 g/t gold, 482.2 g/t silver** from 148.89m, plus **3.00m @ 1.88 g/t gold, 61.7 g/t silver** from 137m).

Drilling stopped mid-December 2021 for the Christmas break and recommenced early January 2022.

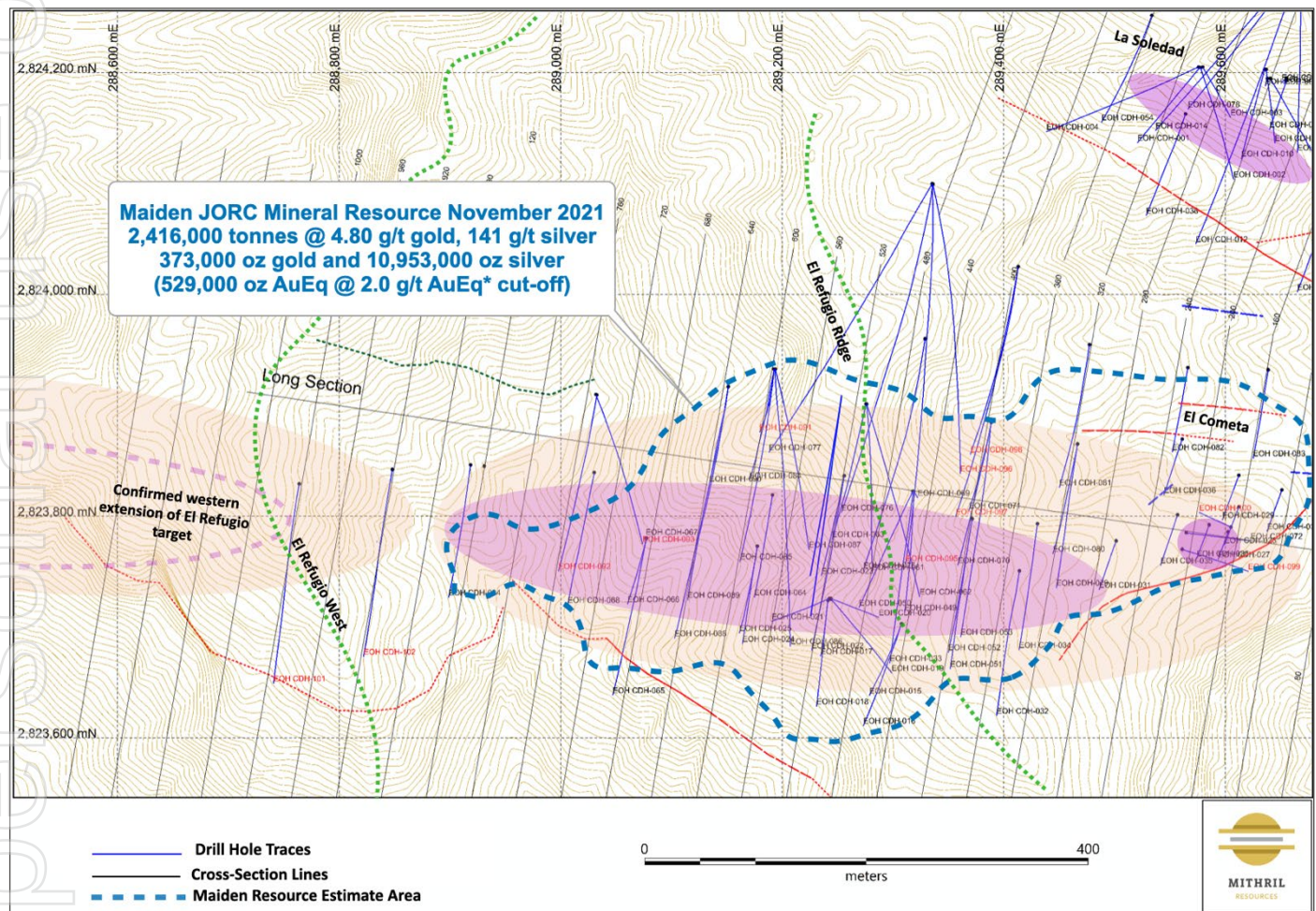


Figure 1 - Map view of the El Cometa/El Refugio drilling showing the drill traces and the Maiden JORC MRE area outline



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Billy Hills Zinc (Billy Hills)

- Mithril 100%; and
- CBH Resources Limited earning up to 80% interest by completing expenditure of A\$4M over 5 years.
- Native title clearance for the first phase of drilling has been granted, scheduled to commence Q2 2022.

Kurnalpi Project (Kurnalpi)

- Mithril 100%; and
- Carnavale Resources earning an initial 80% interest by keeping the tenements in good standing over three years and paying Mithril A\$250,000 cash.
- No work was undertaken during the quarter.

Lignum Dam Project (Lignum)

- Mithril 100%; and
- Great Boulder Resources earning up to 80% by completing expenditure of A\$1M over four years.
- Great Boulder carried out a program of auger geochemical sampling over nickel and gold prospective rock types.

Limestone Well Project (Limestone)

- Mithril 100% reducing to 10% (see below)
- In October 2021, Mithril announced the execution of a binding term sheet for the sale of 90% interest in the Limestone Well tenements to its farm-in partner, Auteco Minerals for a payment of A\$500,000 in cash. For details of the term sheet please refer to the [ASX Announcement 12 October 2021](#)

CORPORATE

In late November, the Company announced the appointment of Ms Claire Newstead-Sinclair as Company Secretary, replacing Mr Adrien Wing effective 1 December 2021 ([ASX Announcement 23 November 2021](#)).

The Board of Directors thanked Mr Adrien Wing for his significant contributions during his time with the Company. Mr Wing provided tremendous support to the Company during his earlier tenure as Director, as well as to the Board as Company Secretary.

Ms Newstead-Sinclair is a Chartered Accountant and Member of the Governance Institute of Australia at the Corporate Business Service Provider, Vistra Australia. Ms Newstead-Sinclair has been CFO and Company Secretary for several ASX listed and unlisted public and private companies in a range of industries including biotechnology, healthcare and mineral exploration.

In conjunction with this appointment the Company has relocated its Registered Office and Principal Place of Business to: Vistra Melbourne Level 4, 100 Albert Road South Melbourne, VIC 3205 Australia.

In November, Managing Director and CEO John Skeet delivered an investor presentation virtually at the Noosa Mining Conference. ([ASX Announcement 11 November 2021](#))

Other

In mid-October, the Company advised that it had increased its interest in the Copalquin mining concessions to 25%, as it progresses its 100% purchase option for the concessions. ([ASX Announcement 15 October 2021](#)).

The milestone was reached during the 3rd quarter with cumulative direct expenditure of US\$4 million on the concessions. Ten million fully paid Mithril shares was issued to the vendor, Compañia Minera Copalquin S.A. de C.V. as per the purchase option agreement. The next milestone in progress is 50% interest in the concessions via a further

US\$4 million of direct expenditure. The terms of the purchase option are detailed in the [ASX release 25 November 2019](#).

Mithril is committed to advancing its option to acquire 100% interest in the Copalquin concessions and remains fully funded to continue its expansive drill program and progress study and test work.

Also in October, a binding term sheet was executed for the sale of 90% interest in its Limestone Well tenements for cash proceeds of A\$500,000 ([ASX Announcement 12 October 2021](#)).

CASH

Cash reserves as of 31st January 2021 was A\$1.828m (excluding A\$500,000 from Limestone Well sale due Q1 2022)

Mexican value added tax refunds continued throughout the quarter (plus a further ~A\$190,000 has been received during January 2022)

RELATED PARTY PAYMENTS

In line with its obligations under ASX Listing Rule 5.3.5, Mithril Resources Limited notes that the only payments to related parties of the Company, as advised in the Appendix 5B for the period ended 31 December 2021, pertain to payments to directors for fees, salary and superannuation.

ABOUT THE COPALQUIN GOLD SILVER PROJECT

The Copalquin mining district is located in Durango State, Mexico and covers an entire mining district of 70km² containing several dozen historic gold and silver mines and workings, ten of which had notable production. The district is within the Sierra Madre Gold Silver Trend which extends north-south along the western side of Mexico and hosts many world-class gold and silver deposits.

Multiple mineralisation events, young intrusives thought to be system-driving heat sources, widespread alteration together with extensive surface vein exposures and dozens of historic mine workings, identify the Copalquin mining district as a major epithermal centre for Gold and Silver.

Mithril Resources is earning 100% interest in the Copalquin District mining concessions via a purchase option agreement detailed in ASX announcement dated 25 November 2019.

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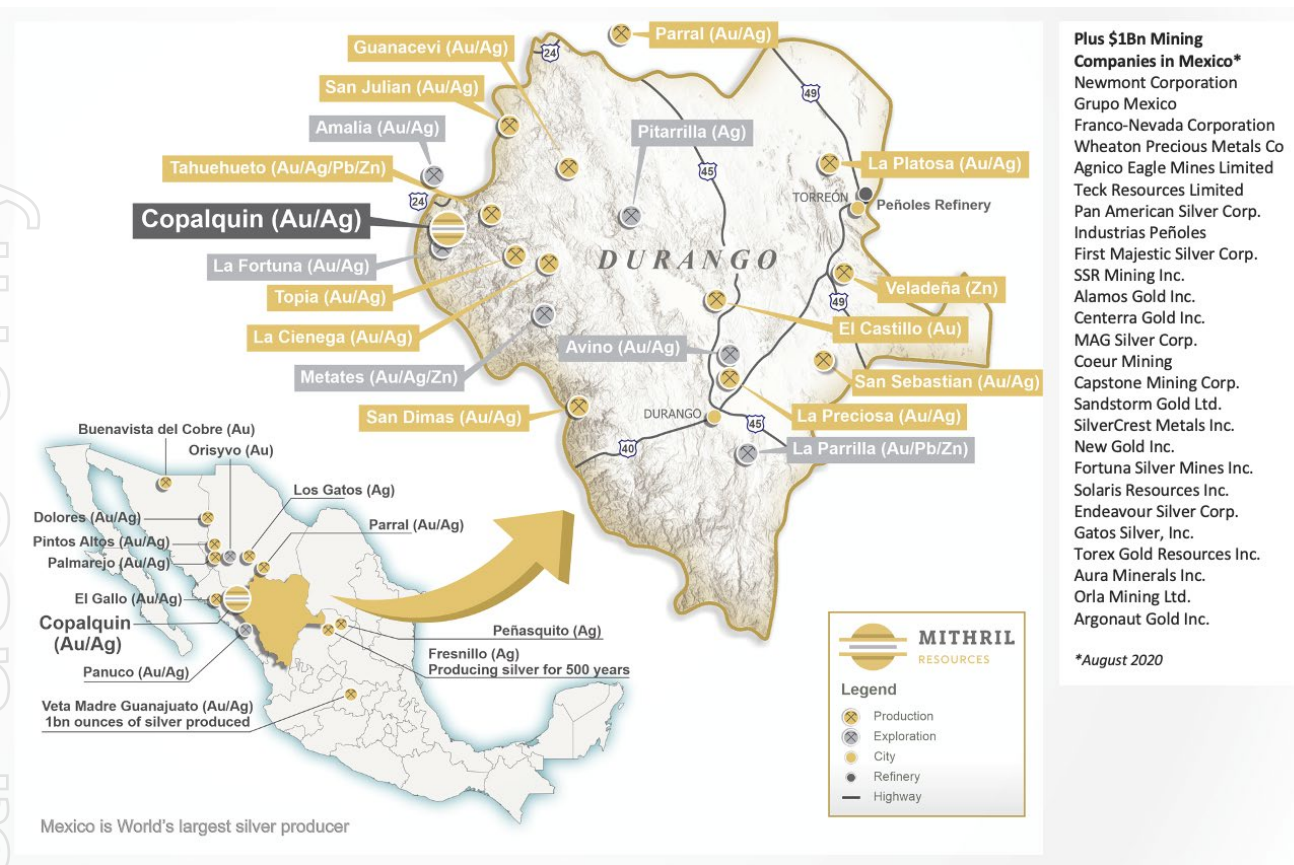


Figure 3 - Copalquin District location map with locations of mining and exploration activity within the state of Durango.

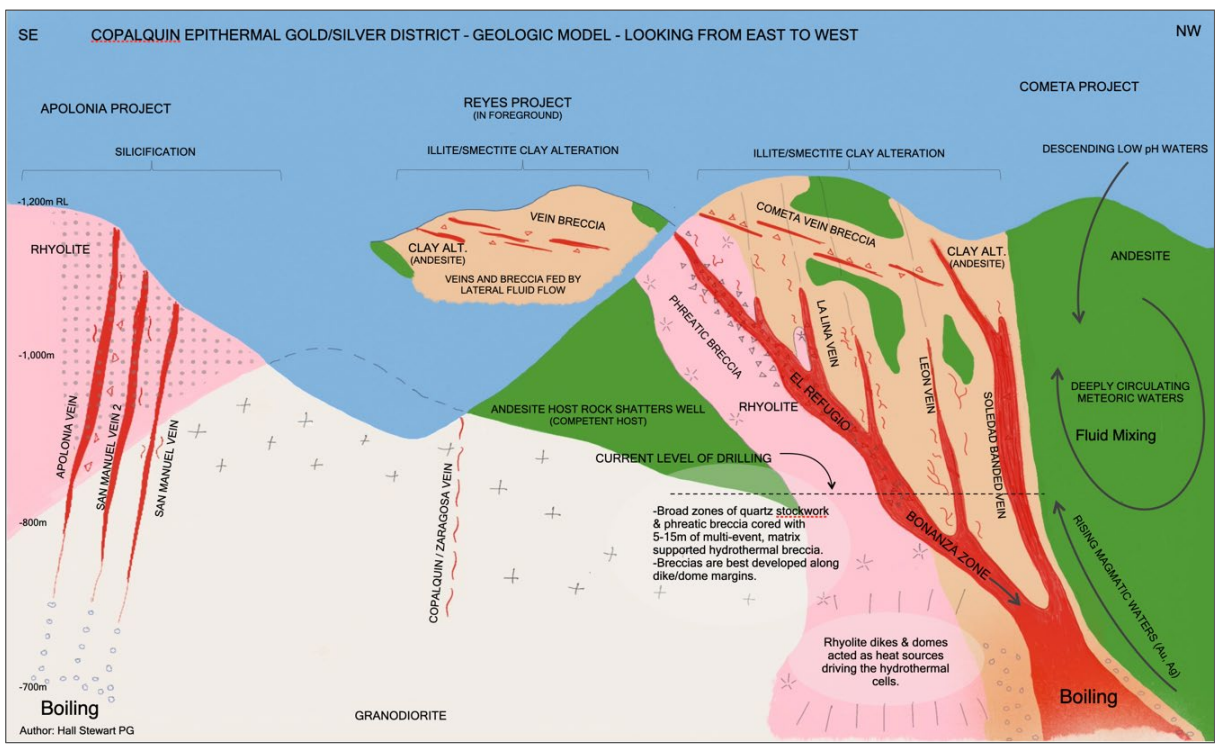


Figure 4 - Copalquin District Geologic Model for epithermal gold/silver - geologic model (author: Hall Stewart PG, Chief Geologist)

-ENDS-

Released with the authority of the Board.

For further information contact:

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Mark Flynn

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Competent Persons Statement

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 Mithril's Chief Geologist. Mr Stewart is a certified professional geologist 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.

Further details and JORC tables for exploration results in this Report are in ASX Releases listed below.

27/11/2021	<u>Maiden JORC Resource 529,000 ounces @ 6.81G/T</u>
05/11/2021	<u>Mithril Drills 9.64 G/T Gold and 278.8 G/T Silver over 18.67m</u>

Mithril Resources Limited Group

Tenement information

31 December 2021

Australian Interests:

	Tenement number	Interest owned %
Kurnalpi Area	E28/2506	100.00
Kurnalpi Area	E28/2567	100.00
Kurnalpi Area	E28/2682	100.00
Kurnalpi Area	E28/2760	100.00
Lignum Dam Area	E27/538	100.00
Lignum Dam Area	E27/582	100.00
Lignum Dam Area	E27/584	100.00
Murchison Area (Limestone Well)	E20/846	100.00 (reducing to 10%)
Murchison Area (Limestone Well)	E57/1069	100.00 (reducing to 10%)
West Kimberley Area	E04/2497	100.00
West Kimberley Area	E04/2503	100.00
West Kimberley Area	E80/5191	100.00

Mexican Operations:

Concession	Concession title number	Interest owned % ^
LA SOLEDAD	52033	25.00%
EL COMETA	164869	25.00%
SAN MANUEL	165451	25.00%
COPALQUIN	178014	25.00%
EL SOL	236130	25.00%
EL CORRAL	236131	25.00%

^Interest in the Copalquin Mining Concessions, Mexico increased to 25% October 2021

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 DECEMBER 2021

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		
	(b) development		
	(c) production		
	(d) staff costs	(67)	(137)
	(e) administration and corporate costs	(195)	(440)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	2
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	(261)	(575)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation	(1,618)	(3,619)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(1,618)	(3,619)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		3,300
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		(198)
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		3,102

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,708	2,920
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(261)	(575)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,618)	(3,619)
4.4	Net cash from / (used in) financing activities (item 3.10 above)		3,102

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	(1)	
4.6	Cash and cash equivalents at end of period	1,828	1,828

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	828	1,708
5.2	Call deposits	1,000	2,000
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)	1,828	3,708

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	81
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Amounts in 6.1 relate to Director fees and consulting services.		
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(261)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(1,618)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(1,879)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,828
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,828
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.97
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	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. Additional A\$500,000 is due from the sale the Limestone Well tenements plus ~A\$190,000 Mexican tax refund has been received in January 2022 The level of cash outflows from operating activities in the December quarter are expected to remain similar for the time being.		

8.8.2 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: The Company will rely on its existing cash resources and future capital raising (either debt and/or equity), including its ability to place securities under LR7.1 and LR7.1A to fund its current activities. The Company has a history of raising funds as required and believes further successful fundraising will be able to be completed.

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

Answer: In light of the above factors, the Company believes that it will have sufficient cash to fund its existing activities. The Company's Board and Management is focused on meeting its current objectives and confirm that it is in compliance with ASX Listing Rules, in particular, Listing Rule 3.1.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date:28 January 2022.....

Authorised by:Board of Directors.....
(Name of body or officer authorising release – see note 4)

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 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.