

ASX RELEASE – 21 February 2020

New exploration partner for the Billy Hills Zinc Project

Mithril Resources Limited (ASX: MTH) (“Mithril”) is pleased to advise that it has executed a binding Farm In Heads of Agreement (the “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 (*Figure 1*) 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*).

Commenting on the agreement, Mithril’s Managing Director Mr David Hutton said:

“I am delighted to have a company of CBH’s calibre partner with Mithril to explore the Billy Hills Project. Introducing a farm in partner for Billy Hills is consistent with our strategy of introducing exploration partners to all of our Australian projects to allow the Company to focus resources on its new Copalquin Gold Silver Project in Mexico.”

Released with the authority of the Board.

Regards,



Adrien Wing

Non-Executive Director and Company Secretary
Mithril Resources Limited

Key Terms of the Farm In Heads of Agreement between Mithril Resources and CBH Resources Limited

- The Agreement is conditional upon Mithril obtaining a Heritage Clearance to drill the Firetail Prospect and CBH obtaining FIRB approval within 90 days of executing the Agreement.
- CBH can earn up to an 80% interest in the project tenements by completing expenditure of A\$4M over 5 years as follows:
 - Stage 1 – CBH to pay for up to \$180K of eligible expenditure within initial 12 months to earn 20%,
 - Stage 2 – CBH can elect to spend a further \$870K of eligible expenditure within a further 12 months to earn a further 20% (\$1.05M for 40%),
 - Stage 3 – CBH can elect to spend a further \$950K of eligible expenditure within a further 12 months to earn a further 20% (\$2M for 60%),
 - At end Stage 3, Mithril can elect to contribute on a pro-rata basis (i.e. MTH – 40% / CBH – 60%).
 - Stage 4 - If Mithril elects not to contribute, CBH can elect to spend a further \$2M of eligible expenditure within a further 24 months to earn a further 20%. (In total \$4M over 5 years for 80%).
- Joint Venture – a joint venture can be formed at the end of each stage if CBH elects not to continue to the next Stage of the Farm In. Both parties would then contribute on a pro-rata basis or dilute according to an industry standard formula.
- Until a joint venture is formed, Mithril shall be the operator of the project with responsibility of preparing budgets and exploration programmes for CBH approval via an Operating Committee (comprising members from both companies). Once approved Mithril will issue cash calls to CBH for the amount of the approved exploration program prior to the program commencing.
- Dilution – standard dilution provisions apply and if a participant's interest reduces to 10% or less, they are deemed to have withdrawn with a 1.5% Net Smelter Royalty

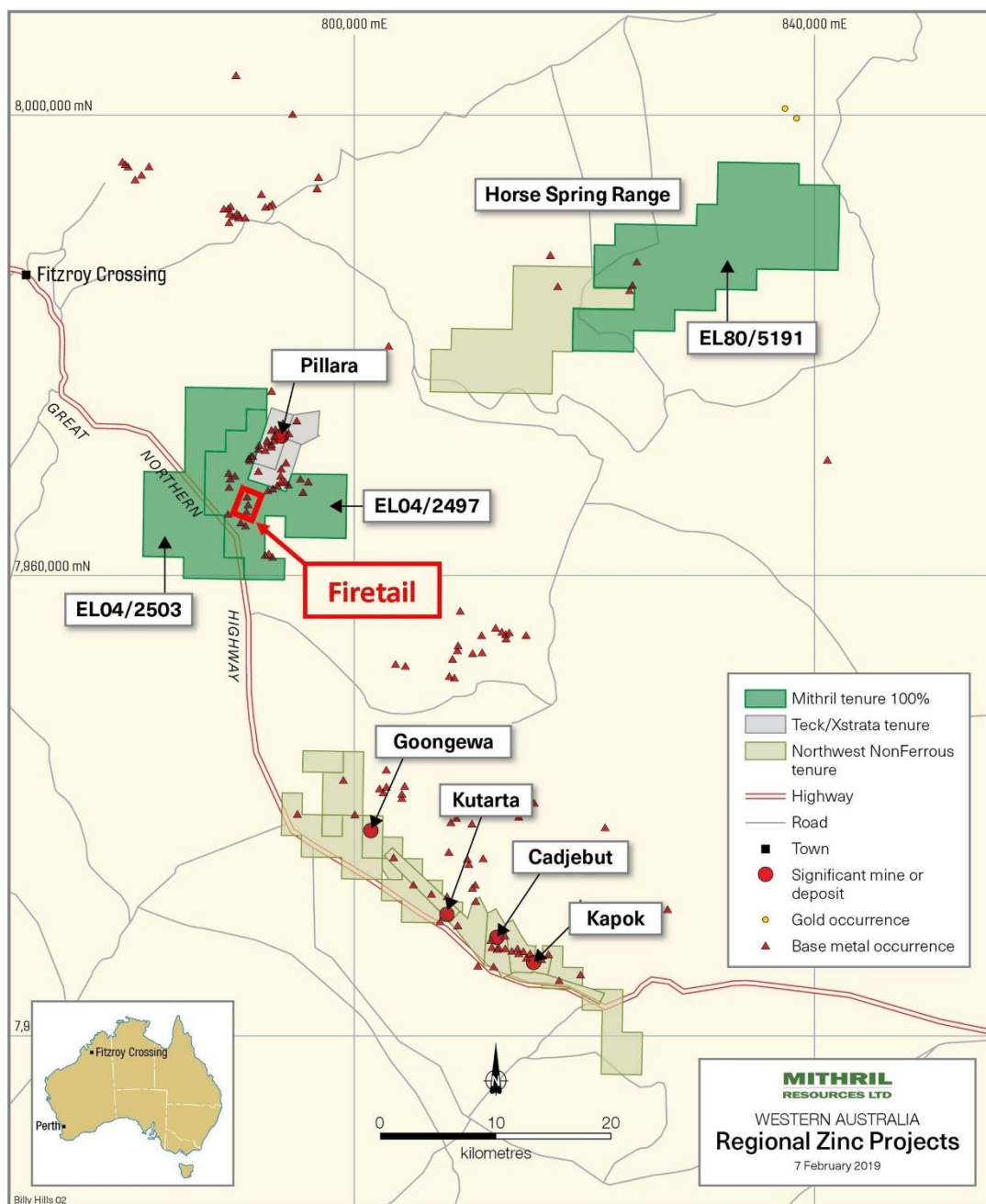


Figure 1: Billy Hills Project Location