

Mithril Resources Limited

ABN 30 099 883 922

Half-Year Report - 31 December 2021

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Mithril Resources Limited
Corporate directory
31 December 2021

Directors

Mr Garry Thomas (Non-Executive Director)
Mr John Skeet (Managing Director)
Mr Stephen Layton (Non-Executive Director)

Company secretary

Ms Claire Newstead-Sinclair

Registered office

Vistra Melbourne
Level 4
100 Albert Road
SOUTH MELBOURNE VIC 3205

Principal place of business

Vistra Melbourne
Level 4
100 Albert Road
SOUTH MELBOURNE VIC 3205

Share register

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
ADELAIDE SA 5000

Auditor

Nexia Melbourne Audit Pty Ltd
Level 12, 31 Queen Street
MELBOURNE VIC 3000

Solicitors

Quinert Rodda & Associates
Level 6, 400 Collins Street
MELBOURNE VIC 3000

Bankers

National Australia Bank
800 Bourke Street
MELBOURNE VIC 3008

Stock exchange listing

Mithril Resources Limited shares are listed on the Australian Securities Exchange
(ASX code: MTH)

Website

www.mithrilresources.com.au

Mithril Resources Limited
Directors' report
31 December 2021

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Mithril Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2021.

Directors

The following persons were directors of Mithril Resources Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

John Skeet
Stephen Layton
Garry Thomas
Dudley Leitch (resigned 7 July 2021)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- to carry out exploration of mineral tenements, both on a joint venture basis and in its own right;
- to continue to seek extensions of areas held and to seek out new areas with mineral potential; and
- to evaluate results achieved through surface sampling, drilling and geophysical surveys carried out.

There has been no significant changes in the nature of those activities during the half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$447,748 (31 December 2020: \$1,198,987). Refer to page 3 for detailed comments on operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Events after the reporting period

No matters or circumstances have arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors:



John Skeet
Managing Director

15th March 2022
Melbourne

DECEMBER 2021 HALF YEARLY 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 half year

- 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
- 8.85m @ 7.2 g/t gold, 335 g/t silver from 312.15m (CDH-084), including 2.50m @ 18.22 g/t gold, 583 g/t silver from 317.0m, plus 2.10m @ 2.05 g/t gold, 73.6 g/t silver from 324.9m, plus 1.00m @ 1.16 g/t gold, 36.0 g/t silver from 394.0m

- **High-grade intercepts in CDH-079 and CDH-080 extended the El Refugio high-grade gold-silver 'clavo' 80m further east:**
 - **12.4m @ 7.60 g/t gold, 332 g/t silver** from 86.6m (**CDH-079**), including **4.19m @ 18.1 g/t gold, 810 g/t silver** from 90.0m.
 - **6.11m @ 5.08 g/t gold, 197 g/t silver** from 112.19m (**CDH-080**), including **2.30m @ 9.47 g/t gold, 399 g/t silver** from 116.0m.
- **Bonanza grade intercept in CDH-077 extended the El Refugio high-grade gold-silver 'clavo' 160m further down dip:**
 - **8.26m @ 80.3 g/t gold, 705 g/t silver** from 468.34m (**CDH-077**), including **6.26m @ 106 g/t gold, 913 g/t silver** from 468.34m, including **0.77m @ 837 g/t gold, 6,680 g/t silver** from 471.63m
- **Continued development of the El Refugio 'clavo' with further high-grade intercepted:**
 - **2.70m @ 13.8 g/t gold, 82.9 g/t silver** from 300.3m (**CDH-075**), plus **4.25m @ 10.9 g/t gold, 364 g/t silver** from 307.05m, including **2.65m @ 16.3 g/t gold, 414 g/t silver** from 315.0m, plus **2.00m @ 1.02 g/t gold, 17.5 g/t silver** from 315.0m, plus **4.50m @ 0.84 g/t gold, 34.8 g/t silver** from 358.5m
- **Metallurgical and mining study work commenced for El Refugio resource**
- **Targets expanded for the district scale Copalquin mining district 2022 exploration program**

Highlights – Corporate

- **Appointment of Ms Claire Newstead-Sinclair as Company Secretary effective 1 December 2021**
- **A\$3.3m share placement (before costs) at A\$0.015 per share**
- **Binding term sheet for sale of 90% interest in Limestone Well tenements. Sale Agreement to be completed next quarter with cash proceeds of A\$500,000 ([ASX Announcement 12 October 2021](#))**
- **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 half year (plus a further ~A\$180,000 received during January 2022)**

Mithril Resources Ltd (ASX: MTH) (**Mithril** or the **Company**) is pleased to provide the half yearly activities report for its Copalquin Gold Silver Project in Mexico for the period ending 31 December 2021.

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 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
	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	

Table 1 Mineral resource estimate El Refugio – La Soledad using a cut-off grade of 2.0 g/t AuEq*

*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

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.

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.

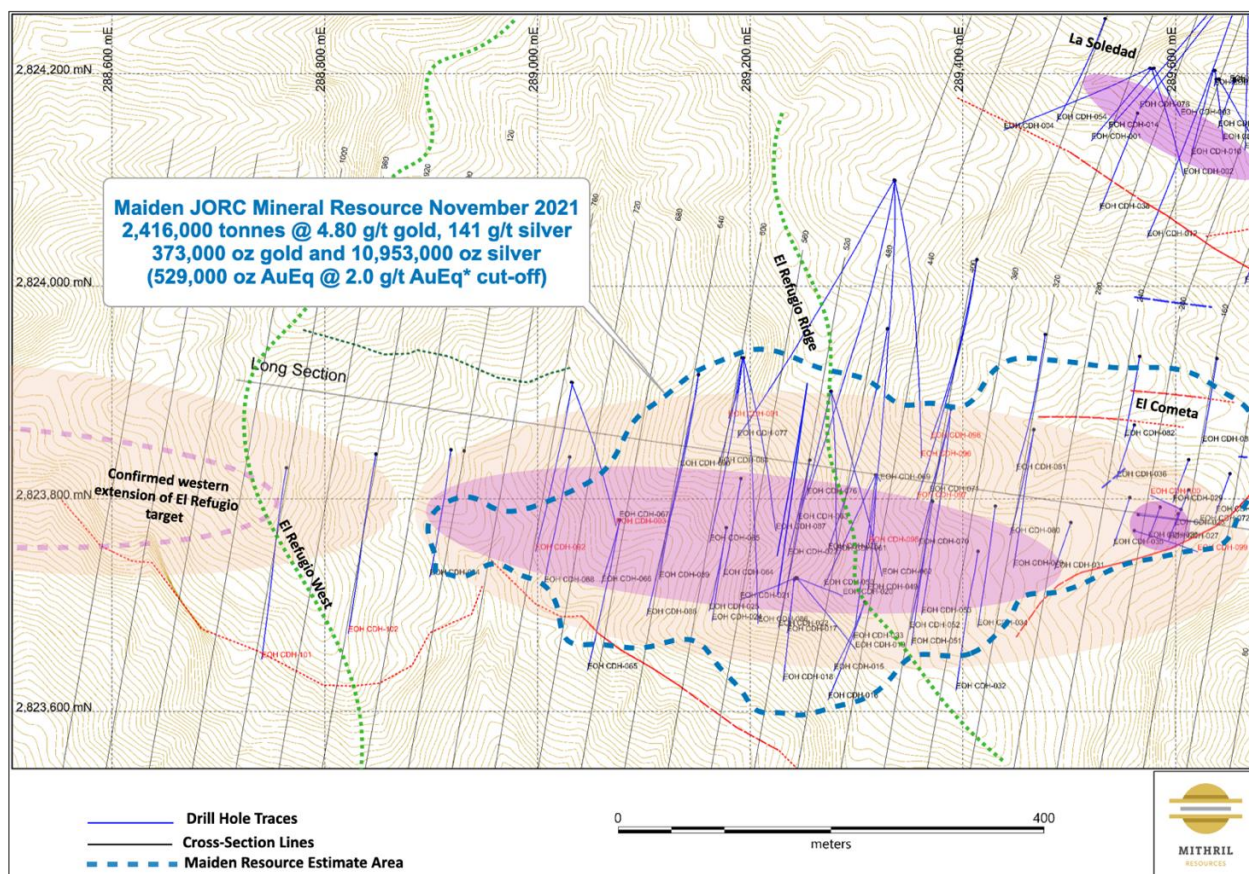


Figure 1 - Map view of the El Cometa/El Refugio drilling showing the drill traces and the Maiden JORC MRE area outline

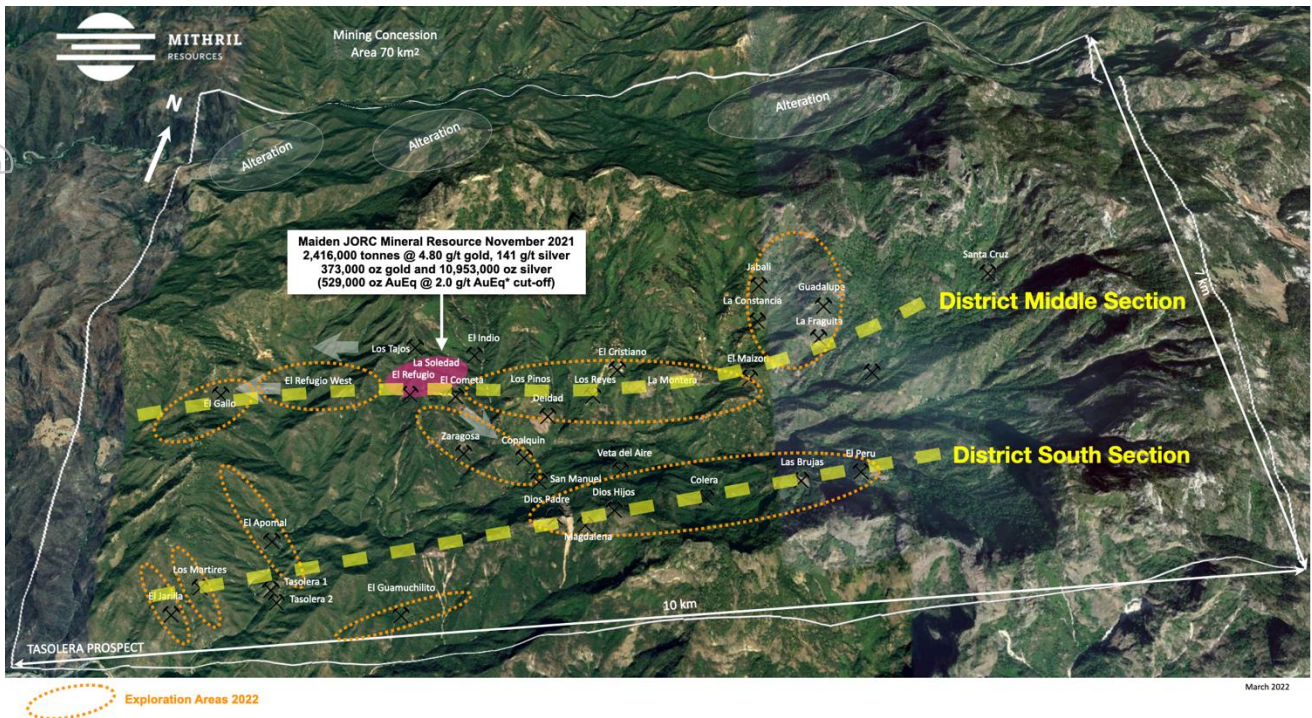


Figure 2 - Copalquin 70km² concession area showing exploration target areas and locations of the schematic long sections shown below in Figure 3 and Figure 4.

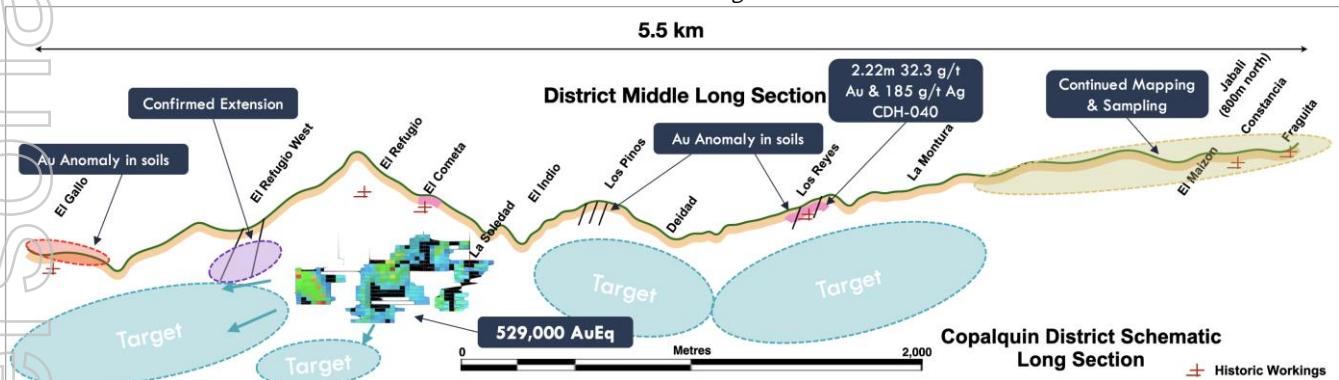


Figure 3 - Schematic long section of the Copalquin District middle mineralised trend which includes the maiden JORC resource at El Refugio/La Soledad.

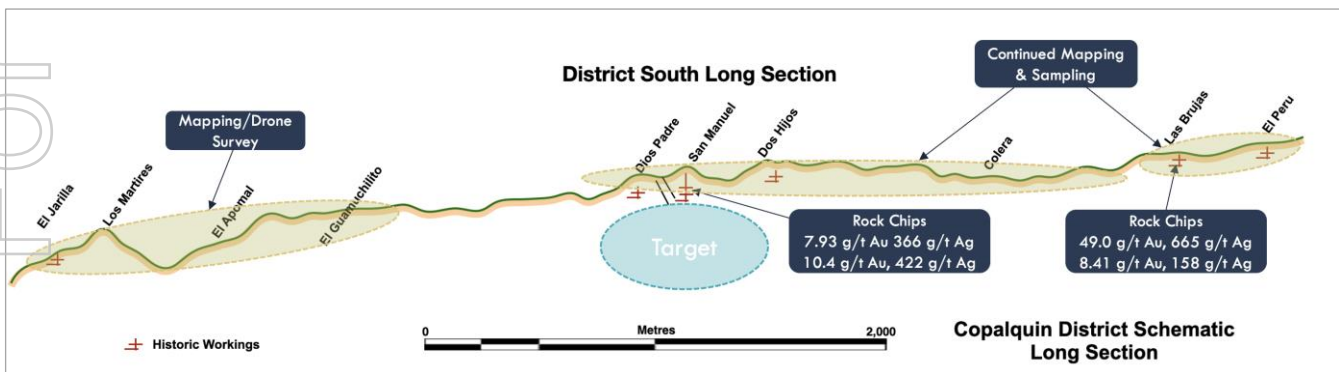


Figure 4 - Schematic long section of the Copalquin District south mineralised trend.

Copalquin District Exploration

With November to June being the best time to conduct field programs at Copalquin (due to the dry weather and low vegetation cover) soil sampling, mapping and rock chip sample programs commenced on several of the target areas in the district where there are known historic mines and workings (shown by the orange ellipses in Figure 2 above). The program of work will continue in the first half of 2022 as we continue to evaluate and rank the multiple drill targets in the district.

Australian Projects

To ensure the Company maintains its focus on the Copalquin Gold Silver Project, Mithril has exploration partners to farm-in, sole fund and operate exploration activities on its Australian assets. These include:

- Great Boulder Resources (GBR.ASX) at the Lignum Dam Project;
- Auteco Minerals (AUT.ASX) at the Limestone Well Project;
- Carnavale Resources (CAV.ASX) at the Kurnalpi Project; and
- CBH Resources Limited ("CBH") at the Billy Hills Zinc Project.

Having farm-in exploration partners solely fund all exploration costs, ensures that the Mithril tenements are kept in good standing for the duration of the respective partnership agreements with the potential to benefit from prospectivity and exploration upside.

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*](#)).

Mithril Resources Limited
Review of Operations
31 December 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, Compañía 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 December 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).

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.

Within 15 months of drilling in the Copalquin District, Mithril delivered a maiden JORC mineral resource estimate demonstrating the high-grade gold and silver resource potential for the district. This maiden resource is detailed below.

- **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

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	Inferred	278	4.12	228.2	7.38	37	2,037	66
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	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

Table 2 - Mineral resource estimate El Refugio – La Soledad using a cut-off grade of 2.0 g/t AuEq*

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.

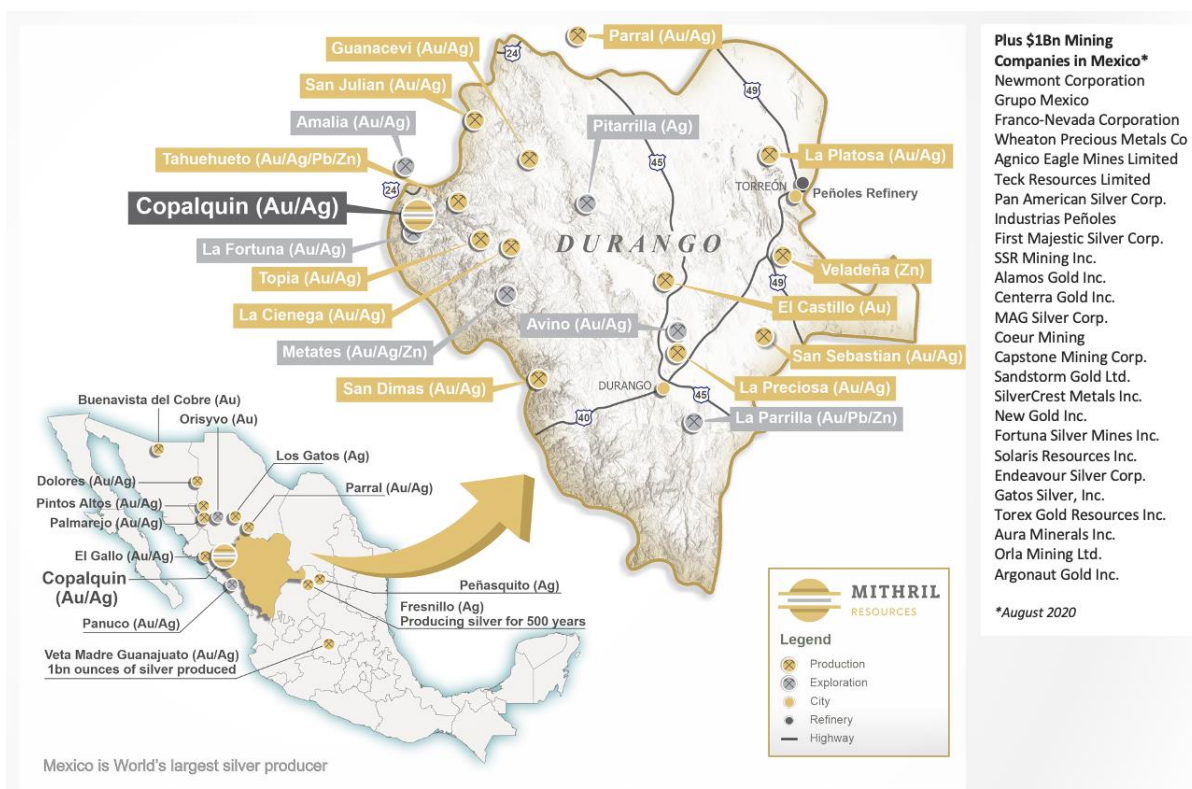


Figure 5 - Copalquin District location map with locations of mining and exploration activity within the state of Durango

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 ASX has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF MITHRIL RESOURCES
LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2021 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



Nexia Melbourne Audit Pty Ltd
Melbourne

Dated this 15th day of March 2022



Ben Bester
Director

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Mithril Resources Limited

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General information

The financial statements cover Mithril Resources Limited as a consolidated entity consisting of Mithril Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Mithril Resources Limited's functional and presentation currency.

Mithril Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Vistra Melbourne
Level 4
100 Albert Road
South Melbourne VIC 3205

Principal place of business

Vistra Melbourne
Level 4
100 Albert Road
South Melbourne VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Mithril Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	31 Dec 2020 \$
Revenue from continuing operations	3	20,901	53,663
Expenses			
Administration expenses		(290,496)	(398,547)
Share based payments remuneration		-	(643,333)
Employee benefits expense		(159,636)	(202,566)
Depreciation and amortisation expense		(18,517)	(8,204)
Loss before income tax expense from continuing operations		(447,748)	(1,198,987)
Income tax expense		-	-
Loss after income tax expense for the half-year		(447,748)	(1,198,987)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(46,323)	61,935
Other comprehensive income for the half-year, net of tax		(46,323)	61,935
Total comprehensive income for the half-year		<u>(494,071)</u>	<u>(1,137,052)</u>
		Cents	Cents
Earnings per share attributable to the owners of Mithril Resources Limited			
Basic earnings per share		(0.02)	(0.06)
Diluted earnings per share		(0.02)	(0.06)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mithril Resources Limited
Consolidated statement of financial position
As at 31 December 2021

	Note	Consolidated 31 Dec 2021 \$	30 Jun 2021 \$
Assets			
Current assets			
Cash and cash equivalents		1,827,837	2,920,481
Trade and other receivables		879,715	767,371
Prepayments		137,862	21,065
Non-current asset held for sale	4	229,912	-
Total current assets		<u>3,075,326</u>	<u>3,708,917</u>
Non-current assets			
Trade and other receivables		1,006	1,005
Exploration and evaluation	4	21,232,193	18,074,143
Total non-current assets		<u>21,233,199</u>	<u>18,075,148</u>
Total assets		<u>24,308,525</u>	<u>21,784,065</u>
Liabilities			
Current liabilities			
Trade and other payables		586,531	804,474
Employee benefits		6,986	17,562
Total current liabilities		<u>593,517</u>	<u>822,036</u>
Total liabilities		<u>593,517</u>	<u>822,036</u>
Net assets		<u><u>23,715,008</u></u>	<u><u>20,962,029</u></u>
Equity			
Issued capital	5	61,534,789	58,287,739
Reserves		2,519,253	2,565,576
Accumulated losses		(40,339,034)	(39,891,286)
Total equity		<u><u>23,715,008</u></u>	<u><u>20,962,029</u></u>

The above statement of financial position should be read in conjunction with the accompanying notes

Mithril Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2021

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	58,287,739	2,565,576	(39,891,286)	20,962,029
Loss after income tax expense for the half-year	-	-	(447,748)	(447,748)
Other comprehensive income for the half-year, net of tax	-	(46,323)	-	(46,323)
Total comprehensive income for the half-year	-	(46,323)	(447,748)	(494,071)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	3,450,000	-	-	3,450,000
Transaction costs	(202,950)	-	-	(202,950)
Balance at 31 December 2021	<u>61,534,789</u>	<u>2,519,253</u>	<u>(40,339,034)</u>	<u>23,715,008</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	50,264,467	1,656,763	(38,202,668)	13,718,562
Loss after income tax expense for the half-year	-	-	(1,198,987)	(1,198,987)
Other comprehensive income for the half-year, net of tax	-	61,935	-	61,935
Total comprehensive income for the half-year	-	61,935	(1,198,987)	(1,137,052)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	3,530,000	-	-	3,530,000
Capital raising costs	(199,228)	-	-	(199,228)
Share-based payments	-	643,333	-	643,333
Balance at 31 December 2020	<u>53,595,239</u>	<u>2,362,031</u>	<u>(39,401,655)</u>	<u>16,555,615</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mithril Resources Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2021

	Note	Consolidated	Consolidated
		31 Dec 2021	31 Dec 2020
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(547,667)	(961,426)
Interest received		1,549	1,853
Other revenue		-	63,406
		<u> </u>	<u> </u>
Net cash (used in) operating activities		(546,118)	(896,167)
Cash flows from investing activities			
Payments for exploration assets – intangibles		(3,613,991)	(2,534,506)
Payments for exploration assets – tangibles		(33,120)	(53,811)
		<u> </u>	<u> </u>
Net cash (used in) investing activities		(3,647,111)	(2,588,317)
Cash flows from financing activities			
Proceeds from issue of shares		3,300,000	3,530,000
Share issue transaction costs		(198,000)	(199,228)
		<u> </u>	<u> </u>
Net cash provided by financing activities		3,102,000	3,330,772
Net increase/(decrease) in cash and cash equivalents		(1,091,229)	(153,712)
Cash and cash equivalents at the beginning of the financial year		2,920,481	1,187,589
Effects of exchange rate changes on cash and cash equivalents		(1,415)	1,650
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year		<u>1,827,837</u>	<u>1,035,527</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange listing rules.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the consolidated entity incurred a net loss of \$447,748 and a net cash outflow from operating and investing activities of \$4,193,229 during the period ended 31 December 2021.

The consolidated entity continues to be economically dependent on the generation of cashflow from the raising of additional capital as and when required for the continued operations including the exploration program and the provision of working capital.

Notwithstanding this, the Directors are satisfied that the consolidated entity will have sufficient cash resources to meet its working capital requirements in the future. The Directors have reviewed the cashflow forecasts and believe that for a period in excess of 12 months from the date of signature of the financial report, the consolidated entity has the ability to meet its debts as and when they fall due.

The consolidated entity's ability to continue as a going concern is contingent upon generation of cashflow from successfully raising additional capital. If sufficient additional funds are not raised, the going concern basis may not be appropriate, with the result that the consolidated entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The consolidated entity continues to receive strong interest and support from professional investors in its capital raisings.

No allowance for such circumstances has been made in the financial report.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in the geographical locations of the exploration activities: Mexico and Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The acquisition of the Copalquin Gold Silver project in Durango, Mexico during May 2020 constituted a separately identifiable operating segment.

Operating segment information

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 31 Dec 2021			
Revenue			
Other revenue	19,534	-	19,534
Interest revenue	-	1,367	1,367
Total revenue			<u>20,901</u>
Loss before income tax expense	<u>(85,781)</u>	<u>(361,967)</u>	<u>(447,748)</u>
Income tax expense			-
Loss after income tax expense			<u>(447,748)</u>
Assets			
Segment assets	<u>21,146,778</u>	<u>3,161,747</u>	24,308,525
Liabilities			
Segment liabilities	<u>(510,976)</u>	<u>(82,541)</u>	(593,517)
Consolidated - 31 Dec 2020			
Revenue			
Other revenue	1,108	50,236	51,344
Interest revenue	-	2,319	2,319
Total revenue			<u>53,663</u>
Loss before income tax expense	<u>(34,013)</u>	<u>(1,164,974)</u>	<u>(1,198,987)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,198,987)</u>
Assets			
Segment assets	<u>14,659,052</u>	<u>2,164,643</u>	16,823,695
Liabilities			
Segment liabilities	<u>(141,467)</u>	<u>(126,613)</u>	(268,080)

Note 3. Revenue

	Consolidated	
	31 Dec 2021	31 Dec 2020
	\$	\$
<i>Other revenue</i>		
Government COVID-19 stimulus	-	49,817
Other revenue	20,901	3,846
	<u>20,901</u>	<u>53,663</u>

Note 4. Exploration and evaluation

	Consolidated	
	31 Dec 2021	30 Jun 2021
	\$	\$
Exploration and evaluation - tangible	<u>220,572</u>	<u>208,952</u>
Opening balances	208,952	
Additions	30,137	
Less: Depreciation	<u>(18,517)</u>	
	<u>220,572</u>	
Exploration and evaluation - intangibles	<u>21,241,533</u>	<u>17,865,191</u>
Opening balances	17,865,191	
Additions	3,376,342	
Less tenement assets held for sale (i)	<u>(229,912)</u>	
	<u>21,011,621</u>	
Total	<u>21,232,193</u>	

(i) 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.

Note 5. Equity - issued capital

	Consolidated			
	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>2,580,233,041</u>	<u>2,350,233,041</u>	<u>61,534,789</u>	<u>58,287,739</u>

Movements in ordinary share capital

Details		Shares	Issue price	\$
Balance	1 July 2021	2,350,233,041		58,287,739
Issue of shares - placement		220,000,000	\$0.015	3,300,000
Increase in Copalquin project, Mexico		10,000,000	\$0.015	150,000
Capital raising costs				<u>(202,950)</u>
Balance	31 December 2021	<u>2,580,233,041</u>		<u>61,534,789</u>

Note 6. Events after the reporting period

No matters or circumstances have arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Mithril Resources Limited
Directors' declaration
31 December 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Skeet
Managing Director

15th March 2022
Melbourne

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mithril Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Mithril Resources Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2021, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mithril Resources Limited does not comply with the *Corporations Act 2001* including:

- i) giving a true and fair view of Mithril Resources Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company, as at the date of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Company incurred a net loss of \$447,748 (2020: \$1,198,987) and a net cash outflow from operating and investing activities of \$4,193,229 (2020: \$3,484,484) during the period ended 31 December 2021. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 15th day of March 2022

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