

Mithril Resources Ltd

ABN 30 099 883 922

Consolidated Financial Statements

For the Year Ended 30 June 2017

Contents

For the Year Ended 30 June 2017

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Mithril Resources Ltd
ABN 30 099 883 922

Corporate Information

30 June 2017

Directors

Mr Graham Ascough (Chairman, Non-Executive Director)
Mr David Hutton (Managing Director)
Mr Donald Stephens (Non-Executive Director)

Company Secretary

Mr Donald Stephens

Registered Office

C/- HLB Mann Judd (SA) Pty Ltd
169 Fullarton Road
DULWICH SA 5065

Principal Place of Business

22B Beulah Road
NORWOOD SA 5067

Share Registry

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

Legal Advisors

O'Loughlins Lawyers
Level 2, 99 Frome Street
ADELAIDE SA 5000

Bankers

Bank of South Australia
97 King William Street
ADELAIDE SA 5000

Auditors

Grant Thornton Audit Pty Ltd
Level 3, 170 Frome Street
ADELAIDE SA 5000

Chairman's Report

30 June 2017

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2017 Financial Report for Mithril Resources Limited ('Mithril' or 'Company').

During the year under review the company continued its focus on the Murchison Project where drilling was undertaken at the Nanadie Well Copper Deposit and the adjacent Stark Copper Prospect. Significant copper mineralisation was intersected at both prospects providing further confirmation that the area is host to two large copper mineralised systems less than 1km apart that remain open at depth and along strike. Prospecting and sampling on the Murchison Project also identified two new gold prospects, Fenceline and Kombi which are a priority for follow up and will be the focus for future exploration in the area.

In addition to our efforts at Murchison, Mithril's exploration partners carried out aircore drilling for gold at Duffy Well, estimated a new JORC Mineral Resource at Spargos Reward and identified a new gold target at Kurnalpi.

Also, a scientific drilling program was undertaken at Coompana by the Geological Survey of South Australia together with Geoscience Australia. Coompana is an underexplored region in the far southwest corner of South Australia, and Mithril has an agreement with OZ Minerals Limited to assess this area for magmatic nickel – copper deposits.

To support our exploration activities, the Company raised \$0.54M via a Share Purchase Plan and an additional \$0.80M through a Share Placement pursuant to Section 708 of Corporations Act during the year. New shares were issued at a price of \$0.005 (0.5 cents) for both the SPP and Placement. It was very pleasing to see that the Capital Raisings were well supported by a number of existing shareholders as well as new investors.

Unfortunately, our share price has not reflected the hard work, success and dedication of our exploration team and I believe that this is largely due to the prevailing negative market conditions towards junior explorers. I assure you we are working as hard as possible to provide value to our shareholders, and to ensure we maximise in-ground expenditure we have maintained low overheads and adopted a number of measures to reduce running costs and increase efficiency.

I would like to take this opportunity to express my thanks to my fellow directors, management and staff for their dedication and work during the past 12 months. We are committed to progressing the Company and advancing our projects towards discovery for the benefit of all shareholders.

I also take this opportunity to thank all shareholders for your continued support of Mithril.



Graham Ascough
Chairman

Directors' Report

30 June 2017

Your directors submit their report for the year ended 30 June 2017.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

Mr Graham Ascough	Non-Executive Chairman
Mr David Hutton	Managing Director
Mr Donald Stephens	Non-Executive Director

Names, qualifications, experience and special responsibilities

Graham Ascough, BSc, PGeo (Non-Executive Chairman)

Graham Ascough is a senior resources executive with more than 25 years of industry experience evaluating mineral projects and resources in Australia and overseas. He has had broad industry involvement ranging from playing a leading role in setting the strategic direction for significant country-wide exploration programmes to working directly with mining and exploration companies.

Mr Ascough is a geophysicist by training and was the Managing Director of Mithril Resources Ltd from October 2006 until June 2012. Prior to joining Mithril in 2006, Mr Ascough was the Australian Manager of Nickel and PGM Exploration at the major Canadian resources house, Falconbridge Ltd (acquired by Xstrata Plc in 2006).

Mr Ascough is also Chairman of ASX listed Musgrave Minerals Ltd, PNX Metals Ltd and Sunstone Metals Ltd (formerly Avalon Minerals Ltd). He is a member of the Australian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada.

David Hutton, BSc, (Managing Director)

David Hutton is a geologist who has spent the last 24 years working in both exploration and mining throughout Australia and overseas. After graduation, he spent 7 years with the MIM Group before joining Forresteria Gold NL / LionOre Australia, where he was involved in gold exploration throughout the WA Goldfields. He worked at Western Metals as Chief Geologist of the Lennard Shelf Operations prior to rejoining LionOre Australia where he was responsible for management of the East Kimberley Nickel Joint Venture. Prior to commencing with Mithril Resources Ltd in June 2012, David worked at Breakaway Resources where he was most recently Managing Director from May 2010 to June 2012.

David is a Fellow of the AusIMM and a Member of the AIG.

Donald Stephens, BA(Acc), FCA (Non-Executive Director)

Donald Stephens is a Chartered Accountant and corporate adviser with over 30 years of experience in the accounting industry, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a director of Petrathem Ltd, Gooroo Ventures Ltd, Lawson Gold Ltd and is company secretary to Highfield Resources Ltd, Duxton Water Ltd and Petrathem Ltd. In the last 3 years he has been a Director of Papyrus Australia Limited and RHS Ltd (formerly Reproductive Health Science Ltd).

He holds other public company secretarial positions and directorships with private companies and provides corporate advisory services to a wide range of organisations. He is also the company secretary and is a member of the Company's audit committee.

Directors' Report

30 June 2017

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the directors in the shares and options of Mithril Resources Ltd were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
David Hutton	8,962,272	6,000,000
Graham Ascough	17,823,905	-
Donald Stephens	11,416,762	-

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

PRINCIPAL ACTIVITIES

The principal activities of the Company and consolidated entities ('the Group') during the financial year were:

- to carry out exploration of mineral tenements, both on a joint venture basis and by the Group 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 during the year.

There have been no significant changes in the nature of those activities during the year.

OPERATING RESULTS

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$787,602 [2016: Loss \$2,780,897].

REVIEW OF OPERATIONS

Mithril's activities for the Financial Year ending 30 June 2017 (the "year") comprised diamond drilling of copper mineralisation and the identification of two new gold prospects at the Murchison Project as well as aircore and RC drilling for gold and nickel mineralisation at Lignum Dam.

Mithril's exploration partners carried out aircore drilling for gold at Duffy Well, estimated a new JORC Mineral Resource at Spargos Reward and identified a new gold target at Kurnalpi. The Geological Survey of South Australia (GSSA) together with Geoscience Australia (GA) commenced a scientific drilling program at Coompana where Mithril and Oz Minerals are assessing the nickel and copper potential of the region.

Corporate

During the Year, the Company spent \$0.64M on its exploration activities and at 30 June 2017 the Company had cash reserves of \$0.82M.

The Company raised \$0.54M via a Share Purchase Plan and an additional \$0.80M through a Share Placement pursuant to Section 708 of Corporations Act (Cth). New shares were issued at a price of \$0.005 (0.5 cents) for both the SPP and Placement. 10M unlisted Broker Options exercisable at \$0.01 (1 cent) and expiring on 31 December 2020 were also issued as part of the Placement.

Following the Capital Raisings, Mithril had 848,103,831 fully paid ordinary shares on issue.

Murchison Project (Copper / Gold)

(Mithril 100% on 2 tenements and earning up to 75% on 3 others)

Diamond drilling undertaken at the Nanadie Well Copper Deposit and the adjacent Stark Copper Prospect (*located 80 kilometres south east of Meekatharra, WA*) returned the following results:

Directors' Report

30 June 2017

- 4.90m @ 1.80% copper, 0.25g/t gold from 88.40 metres, within a broader intercept of 127.75m @ 0.40% copper, 0.11g/t gold from 42.80 metres (Nanadie Well), and
- 5.40m @ 1.25% copper, 0.26% nickel, 1.21g/t (gold + platinum + palladium "3PGE's") from 257.70 metres within a broader intercept of 30.40m @ 0.52% copper, 0.13% nickel, 0.36g/t 3PGE's from 248.50 metres (Stark).

The results reinforce their status as two large copper mineralised systems less than 1km apart that remain open in all directions particularly to the south where a 13 kilometre target zone of untested magnetic anomalies exist.

Two new gold prospects were also identified during the Year, Fenceline and Kombi.

At the Fenceline Prospect, a zone of sub-cropping ferruginous and brecciated quartz veining has been mapped and sampled over approximately 120 metres strike length with rock chip results ranging from 0.43 g/t gold to 8.22g/t gold. The zone, which has never been drilled, remains open along strike to the south east.

At the Kombi Prospect historic underground workings (rock chip sampling results ranging from 0.27 g/t gold to 271 g/t gold) and an adjacent soil anomaly have not been effectively drill tested with only wide spaced shallow RC drilling (less than 25 metres vertical depth) previously undertaken.

Fenceline, Kombi and the southern magnetic anomalies are a priority for follow up and will be the focus for future exploration in this project area.

A 2004 JORC Code Compliant Inferred Resource of 36.07Mt @ 0.42% copper, 0.064 g/t gold - 151,506 tonnes copper and 74,233 ounces gold was estimated by Intermin Resources Limited (ASX: IRC) in 2013 for the Nanadie Well Copper Deposit (see *Intermin's ASX Announcement "Initial Resource Estimate for the Nanadie Well Cu-Au Project" dated 19 September 2013*).

The Nanadie Well Deposit, Stark Copper Prospect and Kombi Gold Prospect lie on tenements subject to a Farmin and Joint Venture Agreement (Nanadie Well Joint Venture) with Intermin. Under the terms of the joint venture, Mithril can earn a 60% interest in the tenements by completing expenditure of \$2M by 14 April 2019, and an additional 15% by completing further expenditure of \$2M over a further 2 years. Fenceline and the southern magnetic targets lie on tenements 100% owned by Mithril Resources.

Lignum Dam Project (Gold/Nickel) **(Mithril 100%)**

Aircore and RC drilling at the Mexi Nickel Prospect (located 50 kilometres north-northeast of Kalgoorlie, WA) intersected a broad zone of strongly weathered ultramafic - sampling of which returned up to 40m @ 0.46% nickel, 305ppm copper, 354ppm cobalt and 66ppb PGE's from surface.

With an area of approximately 260km², Lignum Dam covers a package of gold and nickel prospective Archaean mafic, ultramafic, and felsic rocktypes directly along strike from the Lindsay's Gold Mining Centre and the high grade Silver Swan nickel deposit.

Duffy Well Project (Gold) **(Mithril 100%, Doray Minerals earning up to 85% and operating)**

Doray Minerals Limited (ASX: DRM) is earning up to an 85% interest in the project (located 30 kilometres east of Meekatharra, WA) by completing exploration expenditure of \$500,000 over 3 years.

Aircore drilling undertaken during the year to test multiple gold targets returned minor gold anomalism (maximum 0.06ppm gold).

Spargos Reward Project (Gold / Lithium) **(Mithril 35%, Corona Minerals 65%)**

During the year, a 2012 JORC Code Compliant Indicated and Inferred Mineral Resource of 1.01Mt @ 3.9g/t gold was estimated for the Spargos Reward Gold Deposit (located 55km south of Kalgoorlie, WA) by independent mining consultants Al Maynard and Associates Pty Ltd (AM&A) on behalf of Corona Minerals.

At Spargos Reward, Corona has earned a 65% interest in the Project and elected to earn a further 20% equity (for a total of 85%) by sole funding expenditure through to the completion of a Positive Scoping Study on a 2012

Directors' Report

30 June 2017

JORC Code Compliant Mineral Resource.

Kurnalpi Project (Gold / Nickel)

(Mithril 100%, Chesser Resources earning up to 80% and operating)

Chesser Resources Limited (ASX: CHZ) is earning an up to an 80% interest in the project (*located 60 kilometres north east of Kalgoorlie, WA*) by completing expenditure of \$250,000 over 4 years.

Auger geochemical sampling undertaken during the Year identified a number of new surface gold anomalies that will be the focus of Chesser's ongoing exploration.

Coompana Project (Nickel-Copper-PGE's)

(OZ Minerals / Mithril)

Mithril and OZ Minerals Limited (ASX: OZL) are assessing Coompana for magmatic nickel – copper deposits, with OZ Minerals having over 6,000km² of granted tenements in the area and in which, Mithril has a right to earn a 20% interest.

The Geological Survey of South Australia (GSSA) and Geoscience Australia (GA) scientific drilling program announced post the end of the Quarter will provide valuable information about the geology and prospectivity of the Coompana region and will assist in our desktop assessments.

OTHER PROJECTS

No field work was undertaken on the Leaky Bore Project or Grey Dam South Project (both Mithril – 100%).

COMPETENT PERSONS STATEMENT

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.

The information in this report that relates to the Spargos Reward Mineral Resource is based on information compiled by Phillip Jones and Allen Maynard, both Competent Persons who are Members or Fellows of The Australasian Institute of Geology. Mr Jones and Maynard have 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 Jones and Maynard consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

30 June 2017

RISK MANAGEMENT

The Group takes a proactive approach to risk management. The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the board.

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses the Group's vision, mission and strategy statements, designed to meet stakeholder's needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non financial nature.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs during the period.

EVENTS ARISING SINCE THE END OF THE REPORTING DATE

On 28 August 2017, the Company announced it had received firm commitments to raise \$254,431 (before costs) through a share placement. The proceeds of the share placement will be used to expedite drill testing of the Kombi Gold Prospect and Fenceline Gold Prospect and provide for working capital. The placement would comprise 127,215,574 fully paid ordinary shares at issue price of \$0.002 (0.2 cents) per share. 10 million Broker Options exercisable at \$0.01 (1 cent) expiring on 31 December 2020 were also to be issued subjected to Shareholder approval.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group expects to maintain the present status and level of operations and therefore there are no likely developments in the Group's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the year under review the majority of work carried out was in the Northern Territory and Western Australia and the Group followed procedures and pursued objectives in line with guidelines published by the Northern Territory/Western Australian Governments. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable wherever it explores.

The Group is committed to minimising environmental impacts during all phases of exploration, development and production through a best practice environmental approach. The Group shares responsibility for protecting the environment for the present and the future. It believes that carefully managed exploration programs should have little or no long-lasting impact on the environment and the company has formed a best practice policy for the management of its exploration programs. The Group properly monitors and adheres to this approach and there were no environmental incidents to report for the year under review. Furthermore, the Group is in compliance with the state and/or commonwealth environmental laws for the jurisdictions in which it operates.

Directors' Report**30 June 2017****OCCUPATIONAL HEALTH, SAFETY AND WELFARE**

In running its business, Mithril aims to protect the health, safety and welfare of employees, contractors and guests. In the reporting period the Group experienced no medical aid incidents. The Group reviews its OHS&W policy at regular intervals to ensure a high standard of OHS&W, and to reflect best practice in injury and accident prevention.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Group has indemnified (fully insured) each director and the secretary of the Group for a premium of \$9,907. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Group or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behavior and accountability, the Directors of Mithril Resources Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Mithril Resources is in compliance to the extent possible with those guidelines, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company.

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website: www.mithrilresources.com.au/corporategovernance

SHARE OPTIONS**Unissued Shares**

At the date of this report, the following options to acquire ordinary shares in the Company were on issue:

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2016	Issued during the year	Balance at 30 June 2017
31/07/2012	30/07/2017	\$0.10	700,000	-	700,000
29/11/2012	28/11/2017	\$0.10	1,000,000	-	1,000,000
29/11/2012	28/11/2017	\$0.15	1,000,000	-	1,000,000
22/07/2013	21/07/2018	\$0.05	1,050,000	-	1,050,000
20/06/2014	19/06/2019	\$0.015	1,400,000	-	1,400,000
21/04/2017	21/04/2019	\$0.005	6,500,000	-	6,500,000
22/06/2017	31/12/2020	\$0.01	-	13,000,000	13,000,000
22/06/2017	22/06/2022	\$0.01	-	3,000,000	3,000,000
			11,650,000	16,000,000	27,650,000

Cancellation of Options

During the financial year no options were cancelled and/or lapsed due to not being exercised within the given exercise period.

Directors' Report

30 June 2017

Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2017 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Introduction

The remuneration report details the remuneration arrangements for key management personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent. These are as follows:

Mr Graham Ascough	Chairman
Mr David Hutton	Managing Director
Mr Donald Stephens	Non-Executive Director
Mr Jim McKinnon-Matthews	General Manager - Geology

Remuneration philosophy

The board is responsible for determining remuneration policies applicable to directors and senior executives of the Group. The broad policy is to ensure that remuneration properly reflects the individuals' duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience. At the time of determining remuneration consideration is given by the board to the Group's financial performance.

Employment contracts

The employment conditions of the Managing Director, Mr David Hutton, are formalised in a contract of employment. Mr Hutton commenced employment on 18th June 2012 and his current gross salary, inclusive of 9.5% superannuation guarantee, is \$274,620. The Company or the employee may terminate the employment contract without cause by providing 6 months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager-Geology, Mr Jim McKinnon-Matthews, are formalised in a contract of employment. Mr McKinnon-Matthews commenced employment on 13 January 2003 and his current gross salary, inclusive of superannuation guarantee, is \$129,441. The Company or the employee may terminate the employment contract without cause by providing three (3) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Key management personnel remuneration and equity holdings

The board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The non-executive Directors and other executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Company share option scheme. Options are valued using the Black-Scholes methodology.

Directors' Report

30 June 2017

The board policy is to remunerate non-executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

There is no direct relationship between the remuneration policy and the entities performance.

Voting and comments made at the company's 2016 Annual General Meeting

Mithril Resources Ltd received more than 97.22% of 'yes' votes on its remuneration report for the 2016 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial and the previous financial years:

Item	2017	2016
Loss per share (cents)	(0.11)	(0.62)
Share price – at 30 June	\$0.003	\$0.006
Share price – High for the year ended 30 June	\$0.009	\$0.018
Share price – low for the year ended 30 June	\$0.003	\$0.003

Remuneration details for the year ended 30 June 2017

Details of the nature and amount of each element of the remuneration of each Director and KMP of the Group are as follows:

Employees	Year	Short-term benefits Salary & Fees	Post- employment Superannuation	Share-based payments Options ¹	Shares ³	Total	Performance related (%)
Executive Directors							
David Hutton	2017	243,854	23,166	7,600	-	274,620	0%
	2016	183,825	17,463	-	-	201,288	0%
Non-Executive Directors							
Graham Ascough ²	2017	29,565	-	-	43,334	72,899	0%
	2016	39,420	-	-	-	39,420	0%
Donald Stephens ²	2017	18,900	1,766	-	30,334	51,000	0%
	2016	25,200	2,394	-	-	27,594	0%
Other KMP							
Jim McKinnon-Matthews	2017	114,741	10,900	3,800	-	129,441	0%
	2016	111,335	10,577	-	-	121,912	0%
Total	2017	407,060	35,832	11,400	73,668	572,960	
	2016	359,780	30,434	-	-	390,214	

1. Share-based payments remuneration relates to amortisation of the fair value of options granted. This aspect of remuneration is a non-cash benefit.
2. Salaries and fees paid to Messrs. Ascough and Stephens were reduced and deferred during the financial year ended 30 June 2017, therefore the aforementioned directors received no directors' fees during the year.
3. Shares issued to Messrs. Ascough and Stephens were in lieu of unpaid directors fees from prior periods.

Directors' Report

30 June 2017

Shareholdings of Directors and Key Management Personnel

The number of ordinary shares in the Company held during the financial year by Directors and KMP of the Group, including their personally related parties, is set out below.

2017	Balance at start of year	Granted as remuneration	Acquired / (Disposed)	Held at the end of reporting period
Directors				
David Hutton	5,962,275	-	3,000,000	8,962,275
Graham Ascough	8,633,334	6,190,571	3,000,000	17,823,905
Donald Stephens	4,083,334	4,333,428	3,000,000	11,416,762
Key Management				
Jim McKinnon- Matthews	800,000	-	-	800,000
	19,478,943	10,523,999	9,000,000	39,002,942

Option holdings of Directors and Key Management Personnel

The number of options over ordinary shares in the Company held during the financial year by each Director and specified KMP of the Group, including their personally related parties, are set out below:

2017	Balance at start of year	Granted as remuneration	Exercised	Other changes	Vested and exercisable at the end of the reporting period	Held at the end of reporting period
Directors						
David Hutton	2,000,000	4,000,000	-	-	6,000,000	6,000,000
Graham Ascough	-	-	-	-	-	-
Donald Stephens	-	-	-	-	-	-
Key Management						
Jim McKinnon- Matthews	2,250,000	2,000,000	-	-	4,250,000	4,250,000
	4,250,000	6,000,000	-	-	10,250,000	10,250,000

The Company has not used remuneration consultants.

End of Remuneration Report (audited).

DIRECTORS MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Director's Meetings		Audit Committee	
Number of meetings held	5		2	
Number of meetings attended:	Eligible	Attended	Eligible	Attended
David Hutton	5	5	2	2
Graham Ascough	5	5	2	2
Donald Stephens	5	5	2	2

Members acting on the audit committee of the board are:

Graham Ascough	Non-executive Director
David Hutton	Non-executive Director
Donald Stephens	Non-executive Director/ Company Secretary

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Mithril Resources Ltd

ABN 30 099 883 922

Directors' Report

30 June 2017

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton Audit Pty Ltd, in its capacity as auditor for Mithril Resources Ltd, has not provided any non-audit services throughout the reporting year. The auditor's independence declaration for the year ended 30 June 2017 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'David Hutton', with a stylized flourish at the end.

Mr David Hutton
Managing Director

Dated this 12 day of September 2017

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration To the Directors of Mithril Resources Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Mithril Resources Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner - Audit & Assurance

Adelaide, 12 September 2017

Grant Thornton Audit Pty Ltd ACN 130 913 594
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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2017**

		Consolidated	
		2017	2016
	Note	\$	\$
Revenue	5(a)	33,248	44,698
Other income	5(b)	779	21,387
Impairment of exploration assets	5(c)	(272,498)	(2,063,970)
Employee benefits expense	5(c)	(292,725)	(196,124)
Depreciation expense	5(c)	(5,389)	(35,181)
Finance costs		(727)	(3,283)
Share-based payments expense		-	(45,500)
Impairment of available-for-sale investments	5(c)	-	(235,173)
Other expenses	5(c)	(244,695)	(255,143)
Loss before income tax expense		(782,007)	(2,768,289)
Income tax expense	6	(5,595)	(12,608)
Total loss for the year		(787,602)	(2,780,897)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified to profit or loss when specific conditions are met			
Net fair value movements for available-for-sale financial assets		-	35,000
Other comprehensive income for the year, net of tax		-	35,000
Total comprehensive income for the year		(787,602)	(2,745,897)
Earnings per share			
Basic earnings per share (cents)	7	(0.11)	(0.62)
Diluted earnings per share (cents)	7	(0.11)	(0.62)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As At 30 June 2017

		Consolidated	
		2017	2016
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	818,055	628,298
Trade and other receivables	9	-	12,788
Other assets	10	16,921	-
TOTAL CURRENT ASSETS		834,976	641,086
NON-CURRENT ASSETS			
Plant and equipment	12	19,829	22,656
Exploration and evaluation assets	13	1,632,001	1,270,163
TOTAL NON-CURRENT ASSETS		1,651,830	1,292,819
TOTAL ASSETS		2,486,806	1,933,905
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	109,140	124,271
Employee benefits	15	35,188	41,045
TOTAL CURRENT LIABILITIES		144,328	165,316
NON-CURRENT LIABILITIES			
Employee benefits	15	26,717	16,147
TOTAL NON-CURRENT LIABILITIES		26,717	16,147
TOTAL LIABILITIES		171,045	181,463
NET ASSETS		2,315,761	1,752,442
EQUITY			
Issued capital	17	34,824,778	33,531,257
Reserves	18	215,400	158,000
Accumulated losses	19	(32,724,417)	(31,936,815)
TOTAL EQUITY		2,315,761	1,752,442

The accompanying notes form part of these financial statements.

Mithril Resources Ltd

ABN 30 099 883 922

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2017

		Consolidated				
		Issued Capital	Accumulated Losses	Share Option Reserve	Available-for-Sale Revaluation Reserve	Total
	Note	\$	\$	\$	\$	\$
Balance at 1 July 2016		33,531,257	(31,936,815)	158,000	-	1,752,442
Net profit/(loss) for the year	19	-	(787,602)	-	-	(787,602)
Total comprehensive income for the year		-	(787,602)	-	-	(787,602)
Transactions with owners in their capacity as owners						
Share based payment transactions	17, 18	73,668	-	57,400	-	131,068
Share issues via placement	17	1,353,504	-	-	-	1,353,504
Transaction costs (net of tax effect)		(133,651)	-	-	-	(133,651)
Balance at 30 June 2017		34,824,778	(32,724,417)	215,400	-	2,315,761
Balance at 1 July 2015		32,879,698	(30,847,508)	1,804,090	(35,000)	3,801,280
Net profit/(loss) for the year	19	-	(2,780,897)	-	-	(2,780,897)
Net fair value movements for available-for-sale financial assets		-	-	-	35,000	35,000
Total comprehensive income for the year		-	(2,780,897)	-	35,000	(2,745,897)
Transactions with owners in their capacity as owners						
Share based payment transactions	17	-	-	45,500	-	45,500
Share issue via rights issue on	17	692,300	-	-	-	692,300
Transaction costs (net of tax effect)		(40,741)	-	-	-	(40,741)
Transfer to accumulated losses from share option reserve	18, 19	-	1,691,590	(1,691,590)	-	-
Balance at 30 June 2016		33,531,257	(31,936,815)	158,000	-	1,752,442

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

	Consolidated	
	2017	2016
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(477,495)	(451,234)
Interest received	6,293	6,863
Finance costs	(727)	(3,283)
Net cash (used in) provided by operating activities	(471,929)	(447,654)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	43,750
Proceeds from sale of available-for-sale investment	-	261,027
Purchase of plant and equipment	(2,562)	(1,733)
Payments for exploration activities	(634,336)	(563,560)
Proceeds from sale of tenements	-	100,000
Receipts from JV partners	38,326	54,104
Net cash used in investing activities	(598,572)	(106,412)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	1,353,504	692,300
Payment of transaction costs	(93,246)	(53,349)
Net cash provided by (used in) financing activities	1,260,258	638,951
Net (decrease) increase in cash and cash equivalents held	189,757	84,885
Cash and cash equivalents at beginning of year	628,298	543,413
Cash and cash equivalents at end of financial year	818,055	628,298

Notes to the Financial Statements

For the Year Ended 30 June 2017

This consolidated financial report covers the consolidated financial statements and notes of Mithril Resources Ltd ('the Company') as an individual entity and the consolidated Group comprising Mithril Resources Ltd and its Controlled Entities ('the Group'). Mithril Resources Ltd is a listed public Company incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The separate consolidated financial statements and notes of the parent entity, Mithril Resources Ltd, have not been presented within this consolidated financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity summary is included in Note 27.

The financial report was authorised for issue by the Directors on 12 September 2017.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

These financial statements and associated notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end. A list of controlled entities is contained in Note 23 to the financial statements.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

Joint Arrangements

AASB 11 *Joint Arrangements* defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Mithril Resources Ltd has determined that it has both joint ventures and joint operations.

Joint operations: In relation to its joint venture operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Mithril Resources Ltd has recognised:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

All revenue is stated net of the amount of goods and services tax (GST).

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(b) Revenue and other income

Administration fees

Administration fees are recognised on an accruals basis when the Group is entitled to it.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Research and development grants are recognised as an income tax benefit in the consolidated statement of profit or loss and other comprehensive income when they are received.

(c) Finance costs

Finance costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other finance costs are recognised in income in the period in which they are incurred.

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the consolidated statement of financial position.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(f) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(g) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially using trade date accounting, i.e. on the date that Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Classification and subsequent measurement

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the consolidated statement of profit or loss and other comprehensive income in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Any held-to-maturity investments held by the Group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, which include any financial assets not included in the above categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(g) Financial instruments

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability, extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(h) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(h) Income Tax

year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

Tax consolidation

Mithril Resources Ltd and its wholly owned Australian resident entities are part of a tax consolidated group under the tax consolidation legislation as of 1 July 2007.

The head entity within the tax-consolidated group is Mithril Resources Ltd. Mithril Resources Ltd and each of its wholly-owned controlled entities recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Mithril Resources Ltd recognises the entire tax-consolidated group's retained tax losses.

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the consolidated statement of financial position.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(i) Goods and Services Tax (GST)

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a reducing balance basis over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	10 - 40%
Motor Vehicles	22.5%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of profit or loss and other comprehensive income.

(k) Impairment of non-financial assets

At the end of each reporting period the Group determines whether there is any evidence of impairment for its non-financial assets.

Where this indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(k) Impairment of non-financial assets

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(l) Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. As the asset is not available for use it is not depreciated or amortised.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in property, plant and equipment and depreciated accordingly. The value of the provision is progressively increased over time as the effect of discounting unwinds, creating an expense which is recognised in finance costs. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology discounted to their present value.

Any changes in the estimates for the costs are accounted on a prospective basis in the consolidated statement of profit or loss and other comprehensive income. In determining the costs of site restoration, there is an uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

(m) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(n) Provisions

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

(o) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Other long-term employee benefits

The Company's liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the consolidated statement of financial position if the Company does not have an unconditional right to defer settlement for at least twelve (12) months after the reporting period, irrespective of when the actual settlement is expected to take place.

(p) Equity-settled compensation

The Group provides benefits to employees of the Group in the form of share-based payments, whereby employees receive options incentives (equity-settled transactions).

There is currently one plan in place to provide these benefits, the Employee Share Option Plan (ESOP) which provides benefits to directors and employees.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they were granted. The fair value is determined using the Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, together with a corresponding increase in the share option reserve, when the options are issued. However, where options have vesting terms attached, the cost of the transaction is amortised over the vesting period.

Upon the exercise of options, the balance of share based payments reserve relating to those options is transferred to issued capital.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(r) Earnings per share

The Group presents basic and diluted earnings per share information for its ordinary shares.

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2017 and 2016.

(s) Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$787,602 (2016: \$2,780,897) and a net cash outflow from operating and investing activities of \$1,070,501 (2016: \$554,066) during the year ended 30 June 2017. The Group continues to be economically dependent on the generation of cashflow from the business and/ or raising additional capital as and when required for the continued operations including the exploration program and the provision of working capital.

The Group's ability to continue as a going concern is contingent upon generation of cashflow from its business and/ or successfully raising additional capital. If sufficient cash flow is not generated and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Group 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. No allowance for such circumstances has been made in the financial report.

(t) Adoption of new and revised accounting standards

There were no material new and revised standards which were effective for annual periods beginning on or after 1 July 2016 that were adopted by the group.

(u) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies

(u) New Accounting Standards and Interpretations

Standard Name	Effective date for Group (annual reporting periods beginning on or after)	Nature of change	Likely Impact
AASB 9 Financial Instruments	1 January 2018	This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting. Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 16 Leases	1 January 2018	AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.	When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements
AASB 2016-2 Disclosure Initiative – Amendment to AASB 107	1 January 2017	This standard amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.	When these amendments are first adopted for the year ending 30 June 2018, there will be no material impact on the financial statements.
AASB 2016-5 Amendments to Australian Accounting Standards - Classification and Measurement of Sharebased Payment Transactions	1 January 2018	This Standard amends AASB 2 Share-based Payment to address: -The accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; -The classification of share-based payment transactions with a net settlement feature for withholding tax obligations; and -The accounting for a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.	When these amendments are first adopted for the year ending 30 June 2019, there will be no material impact on the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

3 Critical Accounting Estimates and Judgements

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key judgements - capitalisation of exploration and evaluation expenditure

The Group's policy for exploration and evaluation is discussed in Note 2(l). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the consolidated statement of profit or loss and other comprehensive income.

4 Operating Segments

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and has concluded at this time that there are no separately identifiable segments.

Notes to the Financial Statements

For the Year Ended 30 June 2017

5 Revenue and expenses

(a) Revenue

	Consolidated	
	2017	2016
	\$	\$
Administration fees	25,538	37,965
Bank interest received or receivable	7,710	6,733
Total revenue	33,248	44,698

(b) Other income

Other income	779	1,280
Net gains on disposal of property, plant and equipment	-	20,107
Total other income	779	21,387

Notes to the Financial Statements

For the Year Ended 30 June 2017

5 Revenue and expenses

(c) Expenses

	Consolidated	
	2017	2016
	\$	\$
Impairment of Non-Current Assets		
Capitalised tenement costs written off	272,498	2,063,970
Depreciation of Non-Current Assets		
Plant and equipment	5,389	35,181
Employee Benefits Expense		
Wages, salaries, directors fees & other remuneration expenses	367,818	462,902
Superannuation	37,933	38,467
Transfer to annual leave provision	(3,934)	(9,701)
Transfer from/(to) long service leave provision	8,647	(61,218)
Share-based payments expense	85,068	-
Transfer (to) exploration assets	(202,807)	(234,326)
Total employee benefits expense	292,725	196,124
Other Expenses from Ordinary Activities		
Secretarial, professional and consultancy	101,597	46,054
Occupancy costs	75,232	106,338
Share register maintenance	20,515	19,888
Insurance costs	7,592	29,357
Promotion and advertising	10,044	5,896
Employee taxes and levies	958	2,260
Service charges	13,811	16,089
Securities exchange fees	29,812	27,399
Travel expenses	1,531	6,781
Conferences	3,690	1,145
Audit fees	26,997	29,169
Legal fees	12,528	1,783
Other expenses	21,016	60,864
Transfer (to) exploration assets	(80,628)	(97,880)
Total other expenses from ordinary activities	244,695	255,143
Impairment of Available-for-Sale Investments		
Impairment of investment in Musgrave Minerals Ltd	-	235,173
Total impairment of available-for-sale investments	-	235,173

Notes to the Financial Statements

For the Year Ended 30 June 2017

6 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	Consolidated	
	2017	2016
	\$	\$
Current tax expense		
Current income tax charge/(benefit)	5,595	12,608
Total income tax expense/(benefit)	5,595	12,608

(b) Reconciliation of income tax to accounting profit/(loss):

Accounting loss before income tax	(782,007)	(2,768,289)
Group's statutory income tax rate	30%	30%
	(234,602)	(830,487)

Add:

Tax effect of:

- expenditure not allowable for income tax purposes	98,697	661,881
- other deductible items	(198,102)	150,793
- tax portion of share issue costs	5,595	12,608
	(328,412)	(5,205)

Less:

Tax effect of:

- tax losses not recognised due to not meeting recognition criteria	334,007	17,813
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Income tax expense

5,595 **12,608**

The Company has tax losses arising in Australia of \$31,772,031 (2016: \$31,166,621) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

No deferred tax asset has been recognised because it is not likely future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.

(c) Tax Consolidation

Mithril Resources Ltd and its wholly-owned Australian resident entities have implemented a tax consolidated group under the tax consolidation legislation as of 1 July 2007. The Australian Taxation Office has been notified of the decision. The accounting policy relating to the implementation of the tax consolidation legislation is set out in Note 2(h).

Notes to the Financial Statements

For the Year Ended 30 June 2017

7 Earnings per Share

Basic earnings per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

(a) Reconciliation of earnings to profit or loss from continuing operations

	Consolidated	
	2017	2016
	\$	\$
Net loss attributable to ordinary equity holders of the parent	(787,602)	(2,745,897)
Losses used to calculate basic EPS from continuing operations	(787,602)	(2,745,897)
Losses used in the calculation of dilutive EPS from continuing operations	(787,602)	(2,745,897)

(b) Losses used to calculate overall earnings per share

Losses used to calculate overall earnings per share	(787,602)	(2,745,897)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	694,190,415	445,876,160
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	694,190,415	445,876,160

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2017 or 2016.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2017

8 Cash and cash equivalents

	Note	Consolidated	
		2017	2016
		\$	\$
Cash at bank and in hand		308,055	498,298
Short-term bank deposits		510,000	130,000
Total cash and cash equivalents		818,055	628,298

Cash at bank earns interest at floating rates based on daily bank deposit rates.

\$150,000 of short-term deposits acts as security for visa cards and the billflex facility.

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

9 Trade and other receivables

CURRENT			
Trade receivables	9(a)	-	12,788
Total current trade and other receivables		-	12,788

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in 2017 or 2016 and no receivables are past due at balance date.

10 Other assets

CURRENT			
Prepayments		14,902	-
Accrued income		2,019	-
Total current other assets		16,921	-

Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Other financial assets

Available-for-sale financial assets comprise:

	Consolidated	
	2017	2016
	\$	\$
NON-CURRENT		
Listed investments, at fair value		
- Opening balance at 1 July	-	464,194
- Fair value adjustment	-	-
- Sale of listed investments	-	(464,194)
Total non-current available-for-sale financial assets	-	-

The Company has a NIL interest in Musgrave Minerals Limited at 30 June 2017 (2016: 7.67%).

12 Plant and equipment

PLANT AND EQUIPMENT

Plant and equipment

At cost	279,815	277,253
Accumulated depreciation	(259,986)	(254,597)
Total plant and equipment	19,829	22,656

Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Plant and equipment

(a) Movements in carrying amounts of plant and equipment

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current and previous financial years:

Consolidated	Plant and Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2017			
Balance at the beginning of year	22,656	-	22,656
Additions	2,562	-	2,562
Disposals - written down value	-	-	-
Depreciation expense	(5,389)	-	(5,389)
Balance at the end of the year	19,829	-	19,829
Year ended 30 June 2016			
Balance at the beginning of year	43,867	47,163	91,030
Additions	-	-	-
Disposals - written down value	(1,948)	(31,245)	(33,193)
Depreciation expense	(19,263)	(15,918)	(35,181)
Balance at the end of the year	22,656	-	22,656

(b) Impairment and depreciation of plant and equipment

No impairment loss was recognised or reversed for the years ended 30 June 2017 and 2016 with respect to plant and equipment.

The depreciation rates of the assets were estimated as follows for both 2016 and 2017:

Plant and equipment - 10 - 40% (Diminishing value)

Motor vehicles - 22.5% (Diminishing value)

Notes to the Financial Statements

For the Year Ended 30 June 2017

13 Exploration and evaluation assets

	Consolidated	
	2017	2016
	\$	\$
Exploration and evaluation phases - Joint Operations	1,078,131	1,059,666
Exploration and evaluation phases - Other	553,870	210,497
Total exploration and evaluation assets	1,632,001	1,270,163

Capitalised tenement expenditure movement reconciliation

Consolidated	Exploration and Evaluation - Joint Operations	Exploration and Evaluation - Other	Total
	\$	\$	\$
2017			
Balance at beginning of the year	1,059,666	210,497	1,270,163
Additions through expenditure capitalised	222,063	412,271	634,334
Reductions through joint venture contributions	-	-	-
Impairment of tenement	(76,686)	(46,902)	(123,588)
Disposal of tenements	(126,912)	(21,996)	(148,908)
Balance at end of the year	1,078,131	553,870	1,632,001
2016			
Balance at beginning of the year	2,483,834	384,038	2,867,872
Change of JV status during period	(1,837,465)	1,837,465	-
Additions through expenditure capitalised	604,093	23,365	627,458
Reductions through joint venture contributions	(54,000)	-	(54,000)
Disposal of tenements	-	(107,197)	(107,197)
Impairment of tenement	(136,796)	(1,927,174)	(2,063,970)
Balance at end of the year	1,059,666	210,497	1,270,163

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

Exploration and Evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves. Management assessment of carried forward expenditure resulted in impairment charges of 123,588 (2016: \$2,063,970).

Notes to the Financial Statements

For the Year Ended 30 June 2017

14 Trade and other payables

		Consolidated	
		2017	2016
	Note	\$	\$
CURRENT			
Unsecured liabilities			
Trade payables	14(a)	38,529	29,837
Other payables		70,611	94,434
Total current trade and other payables		109,140	124,271

(a) Trade payables

Trade payables are non-interest bearing and normally settled on 60-day terms.

15 Employee Benefits

CURRENT			
Long service leave		9,536	11,459
Annual leave		25,652	29,586
Total current employee benefits liability		35,188	41,045
NON-CURRENT			
Long service leave		26,717	16,147

16 Remuneration of Auditors

Remuneration of the auditor of the Company, Grant Thornton Audit Pty Ltd, for:

- auditing or reviewing the financial report		26,997	29,169
Total remuneration of auditors		26,997	29,169

No non-audit services have been provided.

17 Issued Capital

	Consolidated	
	2017	2016
	\$	\$
848,103,831 (2016: 566,879,066) Ordinary shares	34,824,778	33,531,257
Total issued capital	34,824,778	33,531,257

Notes to the Financial Statements

For the Year Ended 30 June 2017

17 Issued Capital

(a) Ordinary shares

	2017 \$	2016 \$	2017 No.	2016 No.
At the beginning of the reporting period	33,531,257	32,879,698	566,879,066	421,043,293
Shares issued during the year				
- Shares issued pursuant to SPP (7 November 2016)	545,400	-	109,080,000	-
- Allotment of shares to directors (9 November 2016)	73,668	-	10,523,999	-
- Issue of shares via placement (10 March 2017)	808,104	-	161,620,766	-
- Shares issued pursuant to SPP (6 October 2015)	-	234,000	-	52,000,026
- Shares issued via placement (6 October 2015)	-	115,000	-	25,555,558
- Shares issued in lieu of drilling costs (5 January 2016)	-	33,550	-	6,330,189
- Shares issued via placement (21 April 2016)	-	309,750	-	61,950,000
- Transaction costs (net of tax)	(133,651)	(40,741)	-	-
At end of the reporting period	34,824,778	33,531,257	848,103,831	566,879,066

The holders of ordinary shares are entitled to participate in dividends (in the event when a dividend is declared) and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

In the event of winding up the Company, ordinary shareholders rank after all creditors and are fully entitled to any net proceeds of liquidation.

(b) Capital Management

The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 17, 18 and 19 respectively.

Proceeds from share issues are used to maintain and expand the Company's exploration activities and fund operating costs.

Notes to the Financial Statements

For the Year Ended 30 June 2017

18 Reserves

	Note	Consolidated	
		2017 \$	2016 \$
Available-for-sale revaluation reserve			
Balance at beginning of financial year		-	(35,000)
Transfers out - sale of available-for-sale investment		-	35,000
Share option reserve			
Balance at beginning of financial year		158,000	1,804,090
Issue of options		57,400	45,500
Lapse of options due to expiration	19	-	(1,691,590)
Balance at end of the year	18(b)	215,400	158,000
Total reserves		215,400	158,000

(a) Available-for-sale revaluation reserve

Change in the fair value of available-for-sale investments are recognised in other comprehensive income - available-for-sale revaluation reserve. Amounts are reclassified to profit or loss on disposal of the investment or when an impairment arises.

(b) Share option reserve

This reserve records items recognised as expenses on valuation of employee share options and other equity settled transactions.

During the financial year, no options lapsed (2016: 4,235,000).

19 Accumulated losses

Opening balance at start of the financial year	(31,936,815)	(30,847,508)
Net loss attributable to members of the parent entity	(787,602)	(2,780,897)
Transfer from share option reserve	-	1,691,590
Accumulated losses at end of the financial year	(32,724,417)	(31,936,815)

Notes to the Financial Statements

For the Year Ended 30 June 2017

20 Share-based Payments

(a) Employee share-based payments

The Group established the Mithril Resources Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Company, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of the Company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options can't be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options issued under the plan.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

(b) Share-based payments to suppliers

During the financial year ended 30 June 2017, the Company issued 10,000,000 options to the lead manager upon completion of a share placement.

Notes to the Financial Statements

For the Year Ended 30 June 2017

20 Share-based Payments

(c) Share options issued

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	Number of options			Weighted average exercise price (\$)
	Issued to employees	Issued to suppliers	Total	
Outstanding at 1 July 2015	9,385,000	-	9,385,000	0.110
Granted	-	6,500,000	6,500,000	0.003
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	(4,235,000)	-	(4,235,000)	0.110
Outstanding at 30 June 2016	5,150,000	6,500,000	11,650,000	0.037
Granted	6,000,000	10,000,000	16,000,000	0.010
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired'	-	-	-	-
Outstanding at 30 June 2017	11,150,000	16,500,000	27,650,000	0.021
Exercisable at 30 June 2016	5,150,000	6,500,000	11,650,000	0.037
Exercisable at 30 June 2017	11,150,000	16,500,000	27,650,000	0.021

The weighted average remaining contractual life of options outstanding at year end was 2.79 years (2016: 2.42 years).

The range of exercise prices for options outstanding at the end of the year was \$0.005 - \$0.15 (2016: \$0.005 - \$0.15).

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

The weighted average fair value of options granted during the year was \$0.004.

The fair value of the equity-settled share options granted under the option plan is estimated as at the grant date by using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The following table lists the inputs to the model used for the years ended 30 June 2017:

30 June 2017

Grant date:	10/03/2017	22/06/2017	22/06/2017
Expiry date:	31/12/2020	31/12/2020	31/12/2022
Share price at grant date (\$):	0.006	0.003	0.003
Exercise price (\$):	0.01	0.01	0.01
Expected share price volatility:	134.53%	120.37%	120.37%
Risk-free interest rate:	3.06%	2.76%	3.22%
Fair value at grant date (\$):	0.0046	0.0017	0.0021

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur.

Notes to the Financial Statements

For the Year Ended 30 June 2017

20 Share-based Payments

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. Volatility is calculated as the average historical volatility of the Company share price for the period of the option life.

No other features of options granted were incorporated into the measurement of fair value.

Director options

The Company issues options to Directors in order to retain their services and provide incentive linked to the performance of the Company. Shareholder approval is sought for all options issued to Directors in accordance with applicable legislation.

During the year, 4,000,000 (2016: NIL) share options were issued to the Managing Director and other KMP.

Full details of option holdings of Directors are disclosed in the Remuneration Report contained within the Directors' Report. The fair value of the equity-settled share options granted to Directors is calculated using the method detailed above.

Notes to the Financial Statements

For the Year Ended 30 June 2017

21 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	Consolidated	
	2017	2016
	\$	\$
Net loss for the year	(787,602)	(2,780,897)
Non-cash flows in profit:		
- depreciation	5,389	35,181
- impairment of non-current assets	272,498	2,063,970
- impairment of available-for-sale investments	-	235,173
- share based payments	85,068	45,500
- net gain on disposal of property, plant and equipment	-	(20,107)
- net gain on disposal of investment	-	(29,920)
- income tax expense	5,595	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(25,538)	(6,242)
- (increase)/decrease in prepayments	(16,920)	32,755
- increase/(decrease) in trade and other payables	(15,131)	47,851
- increase/(decrease) in employee benefits	4,712	(70,918)
Net cash (used in)/provided by operating activities	(471,929)	(447,654)

22 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year

Minimum lease payments

	51,917	52,363
	51,917	52,363

The Company has operating leases in place for its principal place of business and operating equipment which have terms of 3-4 years. The terms of renewal have an escalation clause linked to CPI in some cases.

(b) Exploration leases

In order to maintain current rights of tenure to exploration tenements, the Company will be required to spend in the year ending , 30 June 2018 net amounts of approximately \$445,520 (2017: \$622,850) in respect of tenement lease rentals and to meet minimum expenditure requirements. These obligations are expected to be fulfilled in the normal course of operations.

Notes to the Financial Statements

For the Year Ended 30 June 2017

23 Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%)* 2017	Percentage Owned (%)* 2016
Subsidiaries:			
Minex (Aust) Pty Ltd	Australia	100	100
Mithril Resources Investments Pty Ltd	Australia	100	100
Minex (West) Pty Ltd (incorporated on 22 November 2013)	Australia	100	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

24 Financial Risk Management

Categories of financial instruments

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these consolidated financial statements, are as follows:

		Consolidated	
		2017	2016
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	8	818,055	628,298
Loans and receivables	9	-	12,788
Total financial assets		818,055	641,086
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	14	109,140	124,271
Total financial liabilities		109,140	124,271

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities.

The Company does not have any significant credit risk exposure to any single counterparty or any company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk.

Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Financial Risk Management

Market risk

(i) Cash flow interest rate sensitivity

The Company is exposed to interest rate risk as it holds some bank deposits at floating rates.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term deposits are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.50% and -0.50% (2016: +0.50%/-0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2017		2016	
	+0.50%	-0.50%	+0.50%	-0.50%
	\$	\$	\$	\$
Cash and cash equivalents				
Net results	3,141	(3,141)	2,628	(2,628)
Equity	3,141	(3,141)	2,628	(2,628)

Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Financial Risk Management

(ii) Financial instrument composition and maturity analysis

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Non-interest Bearing		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	%	%	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:										
Cash and cash equivalents	1.58	1.43	308,055	498,298	510,000	130,000	-	-	818,055	628,298
Trade and other receivables	-	-	-	-	-	-	-	12,788	-	12,788
Total Financial Assets			308,055	498,298	510,000	130,000	-	12,788	818,055	641,086
Financial Liabilities:										
Trade and other payables	-	-	-	-	-	-	109,140	124,271	109,140	124,271
Total Financial Liabilities			-	-	-	-	109,140	124,271	109,140	124,271

The Company is not materially exposed to any effects on changes in interest rates.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

Notes to the Financial Statements

For the Year Ended 30 June 2017

25 Related Parties

(a) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

No transactions between the Company and its related parties occurred during the year ended 30 June 2017 (2016: none)

(b) Wholly owned group transactions

Loans

The wholly owned Company consists of Mithril Resources Ltd and its wholly owned controlled entities Minex (Aust) Pty Ltd, Mithril Resources Investments Pty Ltd and Minex (West) Pty Ltd. Ownership interest in the controlled entities is set out in Note 23. Transactions between Mithril Resources Ltd and its wholly owned entities in the Company during the year consisted of loans advanced by Mithril Resources Ltd to fund exploration and investment activities.

(c) Interests of Key Management Personnel (KMP)

For details of Key Management Personnel's interests in shares and options of the Company, refer to Note 26: Key Management Personnel Disclosures. The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

Notes to the Financial Statements

For the Year Ended 30 June 2017

26 Key Management Personnel Disclosures

Key management personnel remuneration included within employee expenses for the year is shown below:

	2017	2016
	\$	\$
Short-term employee benefits	407,060	359,780
Post-employment benefits	35,832	30,434
Share-based payments	85,068	-
Total remuneration paid to key management personnel	527,960	390,214

The Share-based payments consisted of the following:

- 10,523,999 ordinary shares issued to Directors in lieu of unpaid director fees
- 6,000,000 share options issued to the Managing Director and other KMP

Full details of option holdings of Directors are disclosed in the Remuneration Report contained within the Directors' Report.

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2017.

For details of other transactions with key management personnel, refer to Note 25: Related Parties.

27 Parent entity

The following information has been extracted from the books and records of the parent, Mithril Resources Ltd, and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Mithril Resources Ltd, has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Mithril Resources Ltd and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

Notes to the Financial Statements

For the Year Ended 30 June 2017

27 Parent entity

	2017	2016
	\$	\$
Statement of Financial Position		
Assets		
Current assets	2,466,977	1,911,249
Non-current assets	19,829	22,656
Total Assets	2,486,806	1,933,905
Liabilities		
Current liabilities	144,328	165,733
Non-current liabilities	26,717	16,147
Total Liabilities	171,045	181,880
Equity		
Issued capital	34,824,778	33,531,257
Accumulated losses	(32,724,417)	(31,937,232)
Share-based payments reserve	215,400	158,000
Total Equity	2,315,761	1,752,025
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(787,185)	(4,942,773)
Other comprehensive income	-	-
Total comprehensive income	(787,185)	(4,942,773)

Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Company information in Note 29. The contingent liabilities of the parent are consistent with that of the Company.

Contractual commitments

Contractual commitments of the parent entity have been incorporated into the Company information in Note 22. The contractual commitments of the parent are consistent with that of the Company.

28 Events Occurring After the Reporting Date

On 28 August 2017, the Company announced it has received firm commitments to raise \$254,431 (before costs) through a share placement. The proceeds of the share placement will be used to expedite drill testing of the Kombi Gold Prospect and Fencline Gold Prospect and provide for working capital. The placement would comprise 127,215,574 fully paid ordinary shares at issue price of \$0.002 (0.2 cents) per share. 10 million Broker Options exercisable at \$0.01 (1 cent) expiring on 31 December 2020 were also to be issued subjected to shareholder approval.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Notes to the Financial Statements

For the Year Ended 30 June 2017

29 Contingencies

There has been no change in contingent liabilities since the last reporting date. It is, however, noted that the Company has various bank guarantees totalling \$10,000 at 30 June 2017 (2016: \$122,000) which act as collateral over exploration tenements.

Directors' Declaration

The directors of the Company declare that:

- 1. the consolidated financial statements and notes for the year ended 30 June 2017 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
- 2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:
 - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
- 3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Director
Mr David Hutton
Managing Director

Dated this 12th day of September 2017

Grant Thornton House
Level 3
170 Frome Street
Adelaide, SA 5000
Correspondence to:
GPO Box 1270
Adelaide SA 5001

T 61 8 8372 6666
F 61 8 8372 6677
E info.sa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report to the Members of Mithril Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mithril Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- a Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the year ended on that date; and
- b Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Material Uncertainty Related to Going Concern

We draw attention to Note 2(s) in the financial statements, which indicates that the Group incurred a net loss of \$787,602 during the year ended 30 June 2017, and incurred net cash outflows from operating and investing activities totalling \$1,070,501. These conditions, along with other matters as set forth in Note 2(s), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Valuation of exploration and evaluation assets Notes 2(l), 3, 13 At 30 June 2017 the carrying value of Exploration and Evaluation Assets was \$1,632,001. The Group recognised an impairment of \$272,498 during the year on its Exploration and Evaluation Assets. In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.	Our procedures included, amongst others: - obtaining management's reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; - reviewing management's area of interest considerations against AASB 6; - conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: - tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; - enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; - understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; - assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; - evaluating the competence, capabilities and objectivity of the Managing Director as a management expert in the evaluation of potential impairment triggers; and - assessing the appropriateness of the related financial statement disclosures.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the Financial Report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Mithril Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner - Audit & Assurance

Adelaide, 12 September 2017