



ABN 30 099 883 922

## **Annual Report - 30 June 2023**

**Mithril Resources Limited**

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**30 June 2023**

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**Mithril Resources Limited**  
**Corporate directory**  
**30 June 2023**

Directors	Mr Garry Thomas (Non-Executive Director) Mr John Skeet (Managing Director) Mr Stephen Layton (Non-Executive Director)
Company secretary	Ms Claire Newstead-Sinclair
Registered office	Vistra Australia Level 4, 100 Albert Road SOUTH MELBOURNE VIC 3205
Principal place of business	Vistra Australia Level 4, 100 Albert Road SOUTH MELBOURNE VIC 3205
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street ADELAIDE SA 5000
Auditor	Nexia Melbourne Audit Pty Ltd Level 35, 600 Bourke Street MELBOURNE VIC 3000
Bankers	National Australia Bank 800 Bourke Street MELBOURNE VIC 3008
Stock exchange listing	Mithril Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MTH)
Website	<a href="http://www.mithrilresources.com.au">www.mithrilresources.com.au</a>

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mithril Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

**Information on Directors**

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

Name:	John Skeet (Appointed 8 September 2020)
Title:	Chief Executive Officer / Managing Director
Qualifications:	B.App.Sc
Experience and expertise:	Mr. Skeet has over 30 years experience in gold-silver mining, both in management at operations and developing projects in Australia, Republic of Georgia and Mexico. He successfully developed Ballarat East, Quartzite Gold in Georgia, and Palmarejo Silver Gold Mine in Mexico, prior to the Coeur Mining takeover and was COO of Cerro Resources prior to its takeover by Primero Mining. He has 16 years experience in Mexico. He founded Sun Minerals in 2017 and acquired the option to purchase the Copalquin Project in Mexico.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	224,563,615 ordinary shares
Interests in Options:	25,000,000 Options exercisable at \$0.15 expiring 16 November 2025
Name:	Mr Stephen Layton (Appointed 15 May 2019)
Title:	Non-Executive Director
Qualifications:	MSIAA
Experience and expertise:	Mr Layton has over 35 years' experience in equity capital markets in the UK and Australia. Mr Layton has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms. Mr Layton specialised in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow.
Other current directorships:	EQ Resources Ltd
Former directorships (last 3 years):	New Age Exploration Ltd (resigned 26 September 2020)
Interests in shares:	200,500,000 ordinary shares
Interests in Options:	5,000,000 Options exercisable at \$0.15 expiring 26 April 2024 10,000,000 Options exercisable at \$0.007 expiring 9 December 2025
Name:	Mr Garry Thomas (Appointed as Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
Title:	Non-Executive Director
Qualifications:	Assoc. CE
Experience and expertise:	Mr Thomas is a civil engineer with over 35 years' experience in civil construction, mine development and operations. He has been involved in the implementation of mining operations in Australia, Indonesia, Laos, Russia, Zimbabwe, Ghana, Zambia, South Africa, Algeria, Mexico and Mali. He has managed the construction and commissioning of over 20 CIL/CIP, flotation and heap leach plants in Australasia, Russia and Africa as well as many plant upgrades including construction of at Palmarejo, Mexico prior to the Coeur Mining take over. Mr Thomas founded Intermet Engineering which he sold to Sedgman Metals.
Other current directorships:	Oakajee Corporation Ltd
Former directorships (last 3 years):	N/A
Interests in shares:	378,399,559 ordinary shares
Interests in Options:	42,857,143 Options exercisable at \$0.007 expiring 9 December 2025

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

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**Company Secretary**

Claire Newstead-Sinclair is the Company Secretary.

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

**Principal activities**

During the financial year the principal continuing activities of the Group consisted of:

- 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.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial year.

**Review of operations**

The loss for the Group after providing for income tax amounted to \$2,098,081 (30 June 2022: \$632,304).

During the 2022-2023 reporting year, the company's activities were focused on the advancement of the Copalquin Gold-Silver property in Mexico. The Copalquin mining concessions cover the historic Copalquin Mining District, an area of 70 km<sup>2</sup> which includes several dozen historic mines and workings including some notable historic producing mines with multiple levels of mine development.

Copalquin is located in the north-west of Durango State, Mexico within the Sierra Madre Gold Silver Trend which extends north-south along the western side of Mexico and hosts many world-class gold and silver deposits.

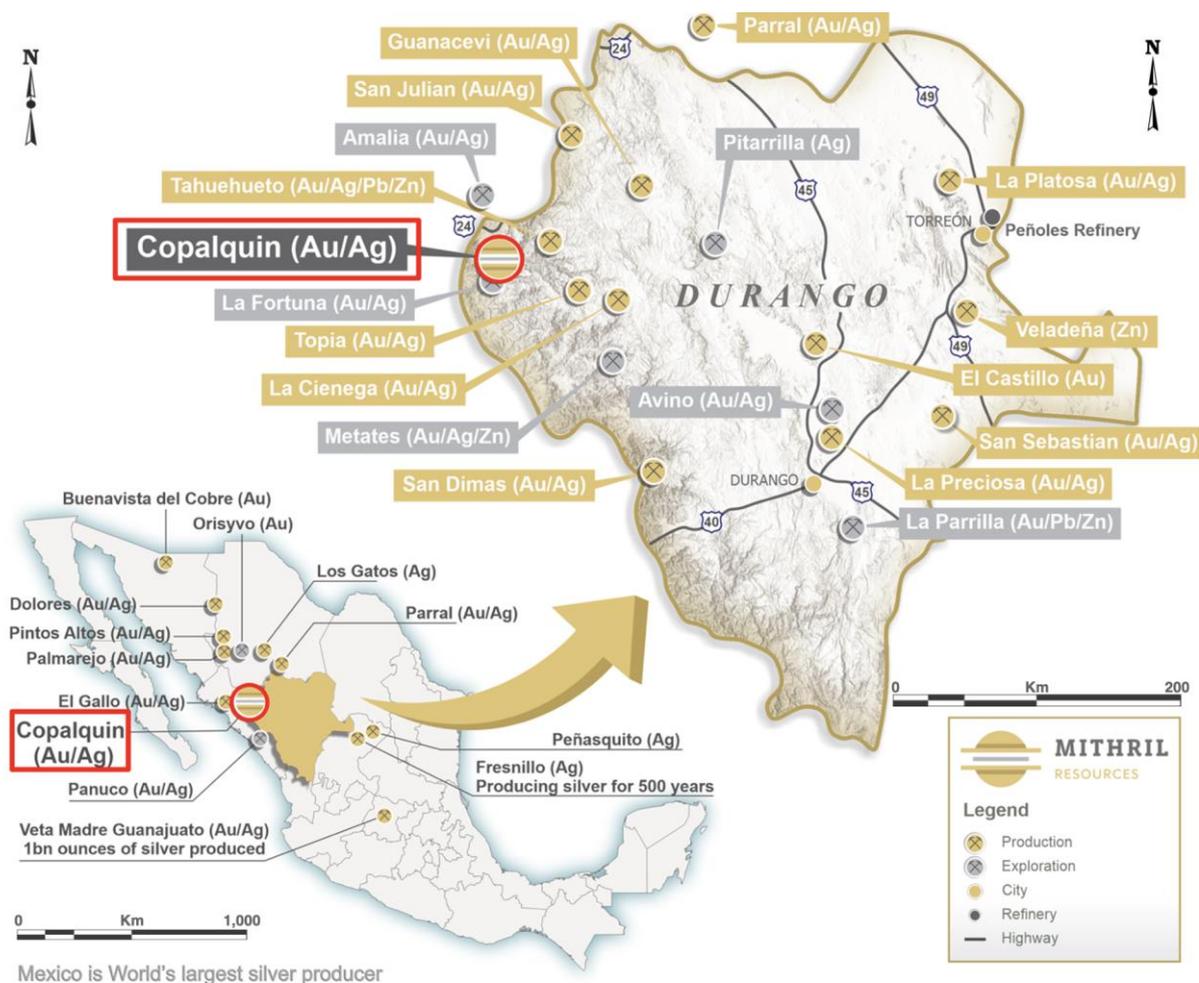


Figure 1 – Copalquin District location map with locations of mining and exploration activity within the state of Durango

Within 15 months of drilling in the Copalquin District, Mithril released a maiden JORC mineral resource estimate demonstrating the high-grade gold and silver resource potential for the district. This maiden resource is detailed below (see ASX release 17 November 2021)^.

- **2,416,000 tonnes @ 4.80 g/t gold, 141 g/t silver for 373,000 oz gold plus 10,953,000 oz silver (Total 529,000 oz AuEq\*) using a cut-off grade of 2.0 g/t AuEq\***
- **28.6% of the resource tonnage is classified as indicated.**

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

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

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

\* The gold equivalent (AuEq.) values are determined from gold and silver values and assume the following: AuEq. = gold equivalent calculated using and gold:silver price ratio of 70:1. That is, 70 g/t silver = 1 g/t gold. The metal prices used to determine the 70:1 ratio are the cumulative average prices for 2021: gold USD1,798.34 and silver: USD25.32 (actual is 71:1) from kitco.com. Metallurgical recoveries are assumed to be approximately equal for both gold and silver at this early stage. Actual metallurgical recoveries from test work to date are 96% and 91% for gold and silver, respectively. In the Company's opinion there is reasonable potential for both gold and silver to be extracted and sold. Actual metal prices have not been used in resource estimate, only the price ratio for the AuEq reporting.

^ The information in this report that relates to Mineral Resources or Ore Reserves is based on information provided in the following ASX announcement: 17 Nov 2021 - MAIDEN JORC RESOURCE 529,000 OUNCES @ 6.81G/T (AuEq<sup>^</sup>), which includes the full JORC MRE report, also available on the Mithril Resources Limited Website.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mining study and metallurgical test work supports a future development of the El Refugio-La Soledad resource with conventional mining methods indicated as being appropriate and with high gold-silver recovery to produce metal on-site with conventional processing.

Mithril is currently exploring in the Copalquin District to expand the resource footprint, demonstrating its multi-million-ounce gold and silver potential.

Mithril has an exclusive option to purchase 100% interest in the Copalquin mining concessions by paying US\$10M on or any time before 7 August 2026 (option has been extended by 3 years). Mithril currently holds a 50% interest in the Copalquin mining concessions.

**Exploration Activities – Copalquin**  
**Drilling**

At the start of the reporting year, the company completed follow up drilling at the El Refugio resource area to drill test some gaps in the previous drilling. No further drilling in the district was completed after July 2022.

First holes from deep drilling at El Refugio confirmed continuing high-grade gold and silver, important for the considerably greater depth potential of the El Refugio system

1. 5.67m @ 4.37 g/t gold, 174 g/t silver from 331.33m, (CDH-137), including  
1.67m @ 9.64 g/t gold, 399 g/t silver from 331.33m, plus  
1.00m @ 1.68 g/t gold, 67.2 g/t silver from 367.0m, plus  
1.00m @ 1.27 g/t gold, 46.1 g/t silver from 370.0m

An excellent drill intercept confirming high-grade gold-silver at the western end of the El Refugio resource area with first drilling on section 800

2. 5.83m @ 15.7 g/t gold, 474 g/t silver from 91.77m, (CDH-140), including
3. 1.81m @ 45.5 g/t gold, 1,387 g/t silver from 93.77m

Additional drilling on section 600 filled a down dip area and demonstrates the size of the El Refugio structure in the upper brecciation zone with broad 62.4m wide mineralised intercept

4. 5.49m @ 2.54 g/t gold, 23.8 g/t silver from 292.51m, (CDH-141), including  
1.00m @ 7.09 g/t gold, 60.5 g/t silver from 292.51m, and including  
1.00m @ 4.04 g/t gold, 20.2 g/t silver from 297.00m, plus  
4.00m @ 1.35 g/t gold, 47.6 g/t silver from 276.00m, plus  
2.00m @ 0.82 g/t gold, 27.7 g/t silver from 317.00m, plus  
2.00m @ 0.98 g/t gold, 30.5 g/t silver from 325.00m, plus  
1.00m @ 0.94 g/t gold, 22.8 g/t silver from 331.00m, plus  
1.80m @ 1.67 g/t gold, 54.8 g/t silver from 292.51m

High-grade gold-silver intercepts at the eastern end of the El Refugio resource area, on sections 200 to 360

5. 7.00m @ 3.40 g/t gold, 227 g/t silver from 185.0m, (CDH-143), including  
3.00m @ 6.49 g/t gold, 454 g/t silver from 189.0m, plus  
4.70m @ 0.42 g/t gold, 41.0 g/t silver from 218.0m
6. 4.00m @ 2.27 g/t gold, 170 g/t silver from 106.0m, (CDH-146)

**Petrography Work**

During the year petrographic work on drill core and rock chip samples from across the Copalquin district was reported. The very high-grade and significant drill intercepts from holes CDH-077 (8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m) and CDH-094 (18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m), raised questions regarding the initial geologic interpretation at El Refugio. The detailed petrographic work involving electron microscopy provides data to support an explanation for the high-grade intercepts and guidance in locating further high-grade veins as drilling and development work progress in this key area in the Copalquin District. In summary, the work concludes the majority of the El Refugio drilling is in an upper brecciation zone which broke up the high-grade veins (current maiden JORC resource). Deeper and peripheral to the breccia zone, future drilling is to target veins like those intercepted by holes CDH-077 and CDH-094.

**Petrography Report Conclusions**

- The El Refugio vein shows no recognisable vertical temperature zoning. All crystalline quartz phases show fluid inclusion petrography and scarce measurements <200°C with consistent low salinities (0.35-1.72 weight % NaCl equiv.) characteristic of low sulfidation deposits.
- The core area of the mineralised body is affected by an explosive breccia that fragmented and diluted early mineralized veins such as those present in drill holes CDH-077 and CDH-094 which appear to lie below and lateral to the breccia body. Post mineralisation crystalline quartz hosts common pseudo-secondary all-vapor rich inclusions suggesting an environment of abundant remnant steam in the system after the explosive event. Presence of these all-vapor inclusions is present only where breccias occur such as Refugio, Los Reyes and perhaps Montura veins, and is absent in Soledad, El Gallo, Apolonia, and Brujas veins.
- At El Refugio, if the breccia is not present at greater depth, high grade veins such as present in drill hole CDH-077 could persist to greater depth since root zones of low sulfidation type deposits generally extend down to the 240°C isotherm. Thus, deeper drilling under El Refugio is required.
- La Soledad and Los Reyes veins do host higher temperature fluids at depth (>240°C) and are worth exploring under the old mines to investigate the vertical extent of mineralisation. If grade is present at greater depth with higher temperatures, the precedent will further support deeper drilling to higher temperature isotherms in the other lower temperature targets.
- The Apolonia and Brujas veins do host early-stage multi-banded vein material with crystalline quartz hosting consistent petrographically low temperature fluid inclusions (<200°C), which is congruent with the higher stratigraphic position of the veins in the lower part of the upper volcanic series. The depth and/or lateral extensions of the veins could host mineralization and are worth exploring. The El Gallo target is in deeper stratigraphy but petrographically also is potentially high level.

No.	Sample ID	Target Area
Petro 1	COPALQUIN-2022-8A CDH-077 472.05m	El Refugio
Petro 2	COPALQUIN-2022-3A CDH-033 209.6m, 234.4m	El Refugio
Petro 3	COPALQUIN-2022-6 El Refugio Mine Workings	El Refugio
Petro 4	COPALQUIN-2022-38 CDH-050 233.43m	El Refugio
Petro 5	COPALQUIN-2022-6B CDH-094 153.6m	El Refugio
Petro 6	COPALQUIN-2022-11 (El Gallo Surface Samples)	El Gallo
Petro 7	COPALQUIN-2022-1A CDH-001 112.75m	La Soledad
Petro 8	COPALQUIN-2022-1B CDH-014 258.3m	La Soledad
Petro 9	COPALQUIN-2022-1C Level 2	La Soledad
Petro 10	COPALQUIN-2022-2, SDH-040, 93.05m	Los Reyes
Petro 11	COPALQUIN-2022-4 Mine Workings No. 6	Los Reyes
Petro 12	COPALQUIN-2022-7 La Montura	La Montura
Petro 13	COPALQUIN-2022-8 Apolonia Vein	San Manuel
Petro 14	COPALQUIN-2022-9 Las Brujas Vein	Las Brujas

*Table 2 Petrography sample details with locations shown in Figure 3, Figure 4 and Figure 5 below*

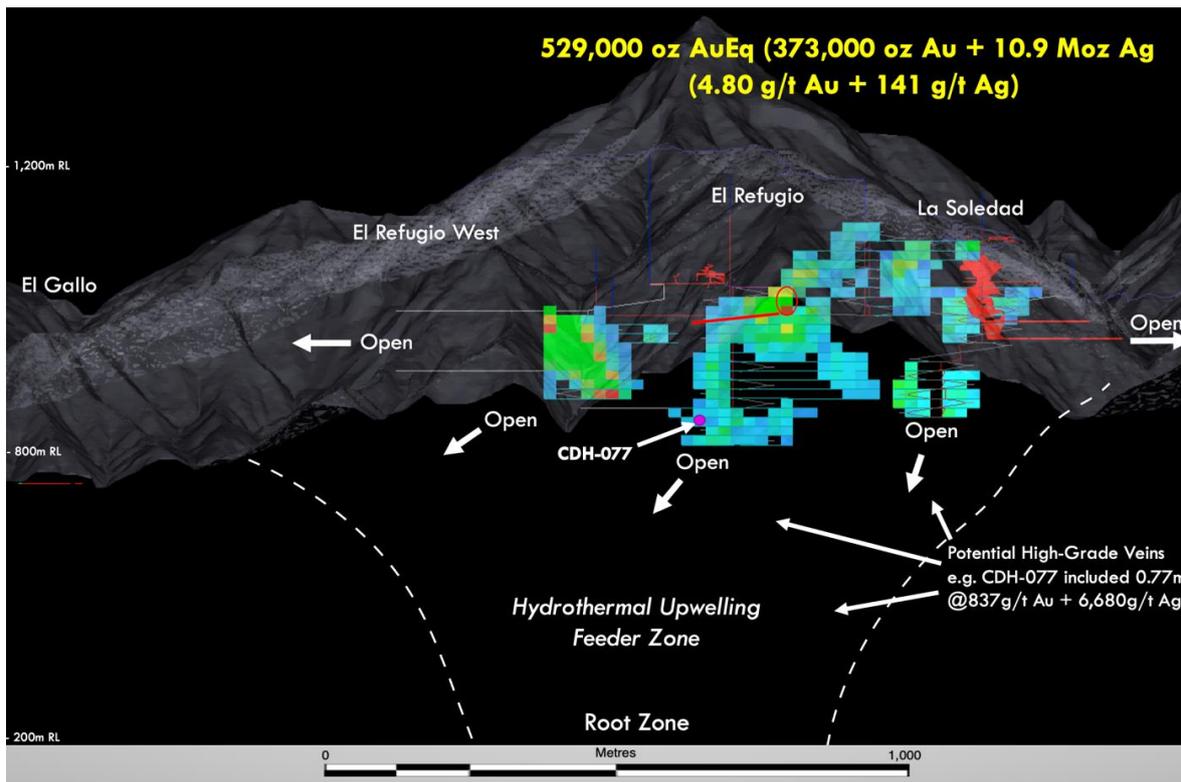


Figure 2 Schematic long section – El Refugio showing the depth potential confirmed by the recent petrography

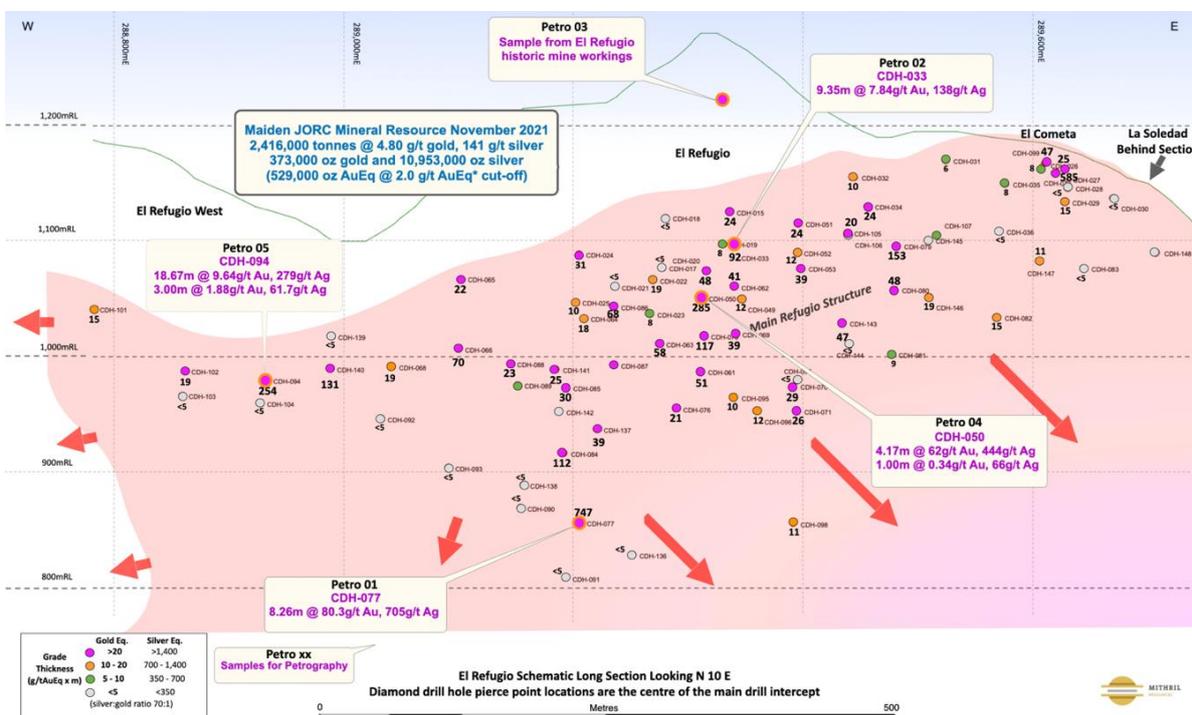
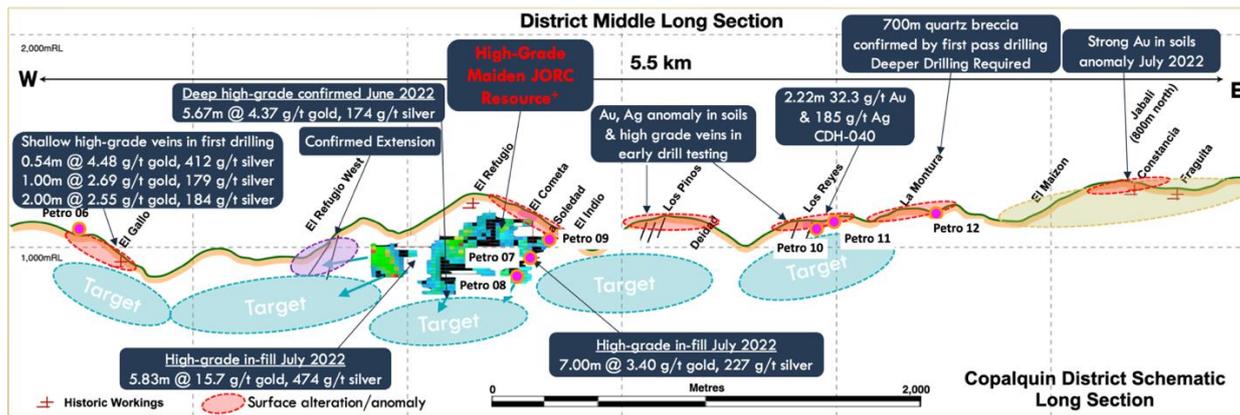


Figure 3 - Schematic long section for El Refugio showing the drill hole pierce points and locations of samples used for petrographic analysis. Arrows highlighting the direction for resource expansion drilling.



+see page 10 for JORC maiden resource details

Figure 4 - Schematic long section of the Copalquin District Middle Section showing the locations of the petrography samples and which includes the maiden JORC resource at El Refugio/La Soledad.

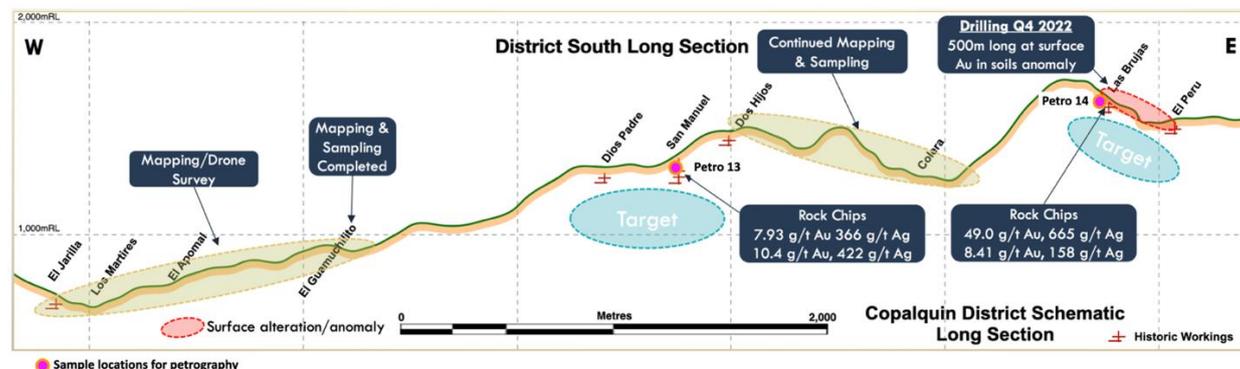


Figure 5 - Schematic long section of the District South Section, Copalquin Mining District showing the locations of the petrography samples.

District target generation, advancement and drilling preparation work continued throughout the second half of the reporting year during the dry season months (Jan-Jun). Soil sampling programs were undertaken with results from samples pending. The current silver in soils map is shown below in Figure 7 with most work being directed to the middle section across the Copalquin district with further work planned for San Manuel target area on the southern section of the district.

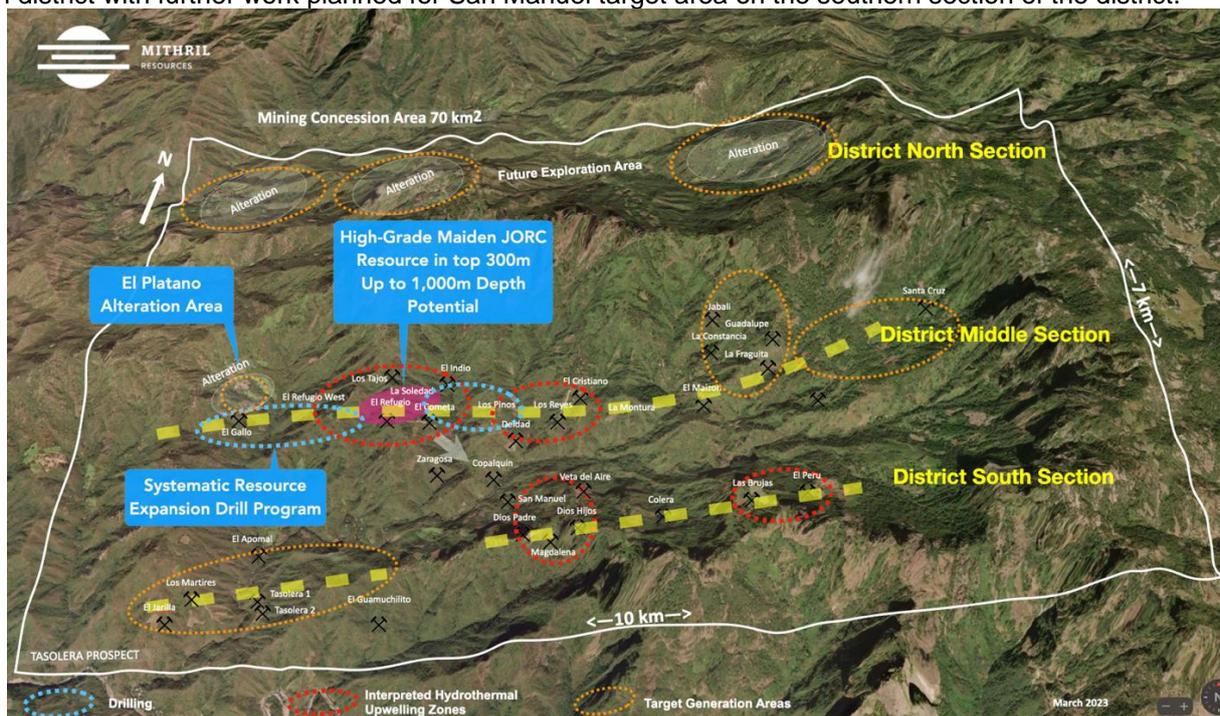


Figure 6 – Satellite image of the Copalquin Mining District 70km² concession area showing the two main lines of historic workings, areas of exploration work and the location of the maiden JORC MRE at El Refugio.

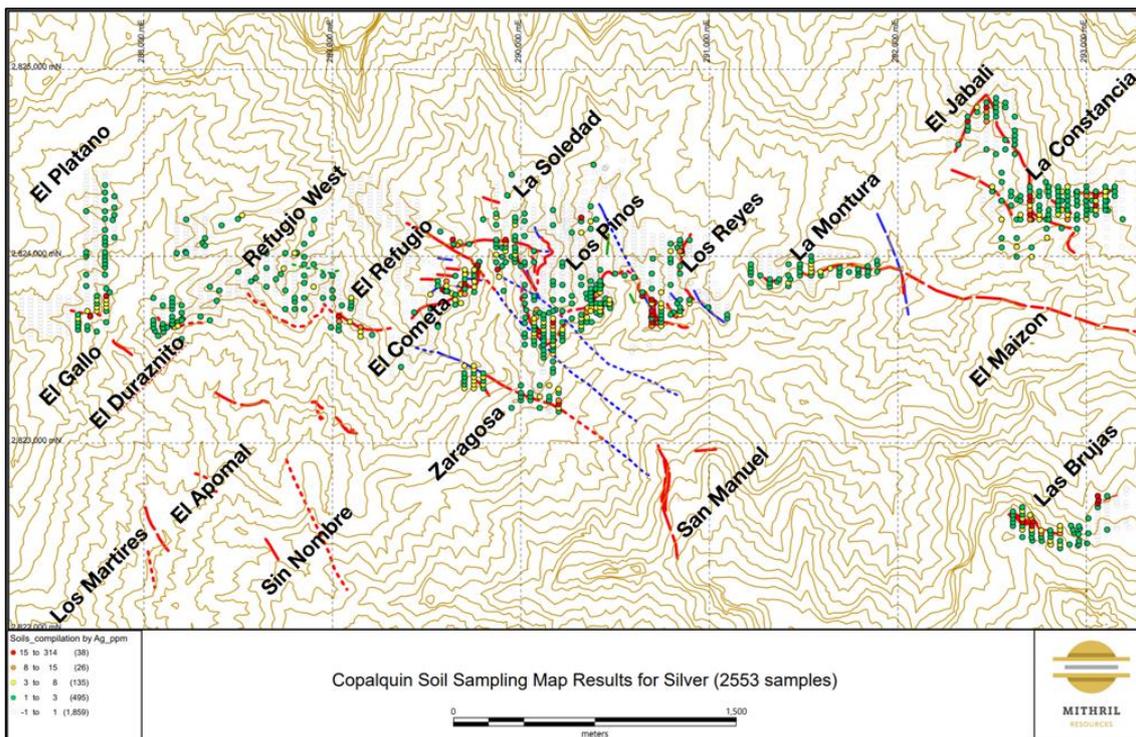
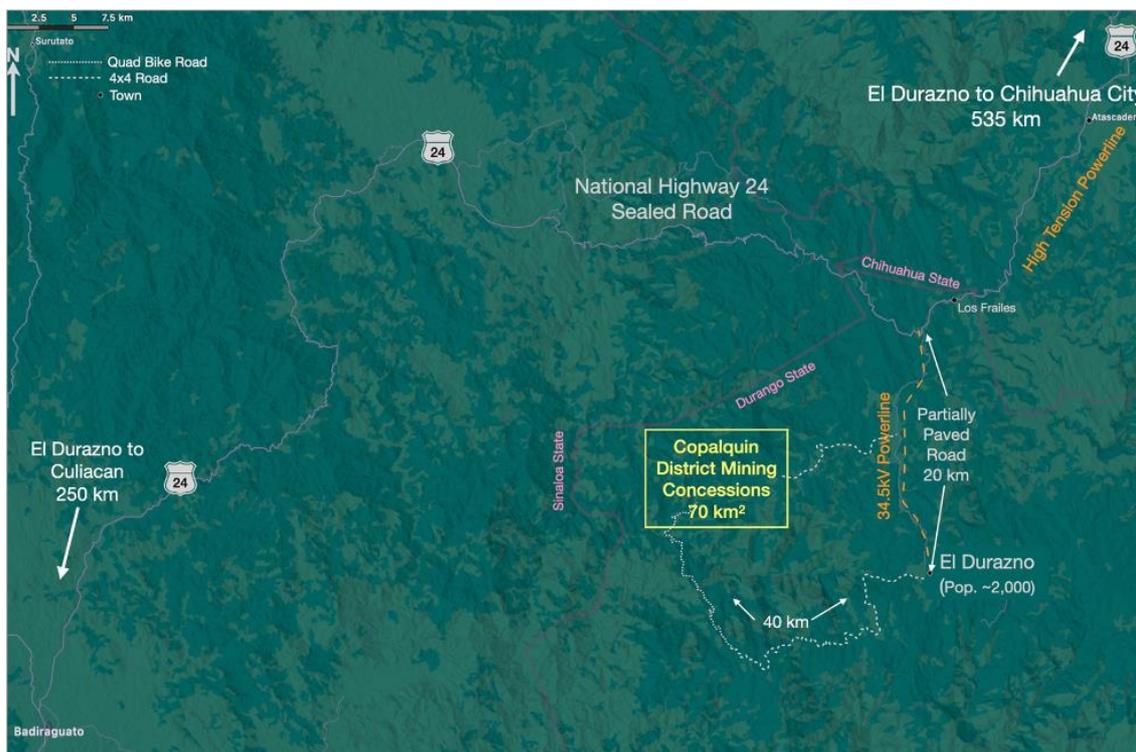


Figure 7 Soil sampling map for silver, across middle and southern sections of the Copalquin Mining District

A drill core relogging program was completed during the year and considerable work done to update the drill database and district wide vein modelling, which are key to understanding, progressing and demonstrating the exceptional growth potential for the Copalquin district scale property

Study work progressed to optimise a future development of the highly attractive maiden high-grade gold-silver resource at El Refugio – higher grade indicated-category blocks of the resource containing 51kt at 24.6 g/t gold and 187 g/t silver accessible via a short 300m horizontal tunnel.



*Figure 8 Copalquin District location and surrounding road access, major regional town of El Durazno and distances to cities. All-terrain vehicle track connecting to unsealed road with total length of 40 km between Copalquin and El Durazno.*

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

Mithril's Copalquin District, located in the Sierra Madre mountains in the western most area of Durango State, Mexico is an isolated site currently with mule road and light aircraft access only. There are small settlements throughout the district, with El Limon just outside the south-west corner of the concession area, the largest with about 20 dwellings. In the second half of the nineteenth century, it is reported that the Copalquin settlement was home to over 2,000 inhabitants with cobblestone street, church and mine buildings. Now there is just one family residing in the Copalquin settlement. Many of the families have been in the district for generations. While there are no records of ejidos (land grants given after the Mexican revolution) or registered communities, the inhabitants have legal possession of the land if fenced and occupied for longer than 10 years. Mithril's (and previously Sun Minerals') approach is to proceed as if the community is registered, with all members having legal possessions of land as we progress future applications for development with the Mexican authorities.

Mithril is the only employer in the Copalquin district, and all of our non-professional staff are from within the district. Our people are skilled and hard-working, developed from living in an isolated location. Skills possessed include carpentry, dwelling and road construction, mule handling, farming and mining. Mithril has implemented job specific training and encourages online learning.

Throughout 2022-23, Mithril has progressed study work on infrastructure enhancements that will be of benefit to both our exploration developments and the local community. Specific community focussed developments are for education, medical, environmental management and communications.

The Company's philosophy towards community support focuses mainly on children's education and providing employment opportunities. This includes supporting three community schools in the district, employing twenty people from within the district under the federal employment laws, and developing infrastructure in the district for long term benefit.



*Photo 1 – Inside the Los Reyes school house during a community day in 2023.*

During the year, the Company supported the local community to upgrade the all-terrain vehicle track to give access from key areas within the Copalquin District to the nearby township of El Durazno, approximately 12 km east of the Copalquin Mining District, and 40 km via all-terrain vehicle track. This opens up future transport and development options to advance exploration and a future development in the district (Figure 8).

The Company's drilling contractor utilises well developed environmental management practices. A low impact man-portable diamond core drill is used for exploration drilling.

In terms of a future mine development in the district, the operational footprint can be minimised with underground mining, high-grade, low tonnage, waste rock storage underground and dry-stack tailings management anticipated for the Copalquin development.

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

**Competent Persons Statement**

The information in this announcement that relates to exploration results and study work in this announcement, has been compiled by Mr John Skeet who is Mithril's CEO and Managing Director. Mr Skeet is a Fellow of the Australasian Institute of Mining and Metallurgy. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Skeet has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Skeet consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

The information in this announcement that relates to Mineral Resources is reported by Mr Rodney Webster, Principal Geologist at AMC Consultants Pty Ltd (AMC), who is a Member of the Australasian Institute of Mining and Metallurgy. The report was peer reviewed by Andrew Proudman, Principal Consultant at AMC. Mr Webster is acting as the Competent Person, as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, for the reporting of the Mineral Resource estimate. A site visit was carried out by Jose Olmedo a geological consultant with AMC, in September 2021 to observe the drilling, logging, sampling and assay database.

This report contains information extracted from previous ASX releases which are referenced in the report. The Company is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcements available on the Mithril Resources Limited Website [www.mithrilresources.com.au](http://www.mithrilresources.com.au)

**Mithril Resources Limited Group**  
**Tenement information**  
**30 June 2023**

**Australian Interests:**

<b>Mining Concession</b>	<b>Tenement title number</b>	<b>Interest owned %</b>
Kurnalpi Area	E28/2506	100.00
Kurnalpi Area	E28/2567	100.00
Kurnalpi Area	E28/2682	100.00
Kurnalpi Area	E28/2760	100.00
Lignum Dam Area	E27/538	100.00 <sup>#</sup>
Lignum Dam Area	E27/582	100.00 <sup>#</sup>
Lignum Dam Area	E27/584	100.00 <sup>#</sup>
Murchison Area (Limestone Well)	E20/846	10.00
Murchison Area (Limestone Well)	E57/1069	10.00
West Kimberley Area	E04/2497	100.00 <sup>^</sup>
West Kimberley Area	E04/2503	100.00 <sup>^</sup>
West Kimberley Area	E80/5191	100.00 <sup>^</sup>

<sup>^</sup>During July 2023, following advice from the Company's tenement consultant, the decision was taken to surrender and impair the West Kimberley Area tenements, two of which were due for renewal with rental payments and expenditure commitments.

<sup>#</sup>The Lignum Dam tenements are under an earn-in agreement with Great Bolder Resources. Great Bolder has completed exploration expenditures to earn 51% interest in the tenements although this interest is not yet formally registered. Mithril is considering options to fully divest its interest in these tenements.

The Kurnalpi tenements are currently in good standing and Mithril is looking to farm-out or divest these tenements. Mithril continues to hold a 10% free carried interest in the Limestone Well tenements with Auteco Minerals.

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

**Mexican Operations:**

<b>Mining Concession</b>	<b>Mining Concession title number</b>	<b>Interest owned %</b>
LA SOLEDAD	52033	50.00
EL COMETA	164869	50.00
SAN MANUEL	165451	50.00
COPALQUIN	178014	50.00
EL SOL	236130	50.00
EL CORRAL	236131	50.00

Mithril has currently owns a 50% interest in the Copalquin mining concessions and has an exclusive option to purchase the remaining 50% (bringing Mithril's ownership of the Copalquin mining concessions to 100%) by paying US\$10M to the vendor on or any time before 7 August 2026 (the due date for payment was initially 7 August 2023, and was extended by 3 years by written agreement between Mithril and the vendor). Mithril has reached an agreement with the vendor for an extension of the payment date by a further 2 years (bringing the payment date to 7 August 2028) and is in the process of finalising documentation for this 2 year extension.

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the financial year.

**Matters subsequent to the end of the financial year**

Mithril has executed a binding Scheme Implementation Deed under which Newrange Gold Corp. will acquire 100% of the issued capital of Mithril. The Scheme is yet to be approved and subject to various conditions including approval by Mithril and Newrange shareholders.

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Environmental regulation**

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, Western Australia and Durango (Mexico) and the Group followed procedures and pursued objectives in line with guidelines published by the Australian and Mexican 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.

**Occupational Health, Safety and Welfare**

In running its business, Mithril aims to protect the health, safety and welfare of employees, contractors and guests. 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.

**Corporate Governance**

In recognising the need for the highest standards of corporate behaviour 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/corporate-governance](http://www.mithrilresources.com.au/corporate-governance)

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

**Shares under option**

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

Grant date	Expiry date	Exercise price	Number under option
26/04/2022	26/04/2024	\$0.015	170,000,000
22/06/2022	26/04/2024	\$0.015	5,000,000
16/11/2022	16/11/2025	\$0.015	25,000,000
Various	09/12/2025	\$0.007	<u>214,285,714</u>
			<u>414,285,714</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

**Shares issued on the exercise of options**

No ordinary shares of Mithril Resources Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. These are as follows:

Stephen Layton	Non-Executive Director (Appointed 15 May 2019)
Garry Thomas	Alternate-Director / Non-Executive Director (Appointed Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
John Skeet	Chief Executive Officer / Managing Director (Appointed Managing Director 8 September 2020)

**Principles used to determine the nature and amount of remuneration**

The Board is responsible for determining remuneration policies applicable to directors and senior executives of the Group. The Board 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.

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 was 10%, 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.

Non-Executive Directors remuneration is set from a pool that is approved by shareholders, which presently is set at \$250,000 per annum. The Non-Executive Director fees have not been increased since the Group's initial public offering in 2002 and the Group has a policy of obtaining shareholder approval for any share based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules. 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 Entity's performance.

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

*Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')*

At the 2022 AGM, more than 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

**Details of remuneration**

*Amounts of remuneration*

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term	Post-	Share-based	Total
	benefits	employment	payments	
	Cash salary	Super-	Options	
	and fees	annuation		
	\$	\$	\$	\$
<b>2023</b>				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	-	48,000
Garry Thomas	43,636	4,364	-	48,000
<i>Executive Director:</i>				
John Skeet	180,000	-	52,500	232,500
	<u>271,636</u>	<u>4,364</u>	<u>52,500</u>	<u>328,500</u>

**2022**

*Non-Executive Directors:*

Stephen Layton	48,000	-	-	48,000
Dudley Leitch*	825	78	-	903
Garry Thomas	43,636	4,364	-	48,000

*Executive Director:*

John Skeet	180,000	-	-	180,000
	<u>272,461</u>	<u>4,442</u>	<u>-</u>	<u>276,903</u>

\* Mr Leitch resigned as a Director on 7 July 2022.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI	
	2023	2022	2023	2022
<i>Non-Executive Directors:</i>				
Stephen Layton	100%	100%	-	-
Dudley Leitch	N/A	100%	N/A	-
Garry Thomas	100%	100%	-	-
<i>Executive Director:</i>				
John Skeet	77.4%	100%	22.6%	-

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

**Service agreements**

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	John Skeet
Title:	Chief Executive Officer (Appointed Managing Director 8 September 2020)
Agreement commenced:	9 June 2020
Term of agreement:	Reviewed every two years
Details:	Mr Skeet's gross salary, is \$180,000. The Company or the employee may terminate the employment contract without cause by providing 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.

**Share-based compensation**

*Issue of shares*

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

*Issue of options*

There were 25,000,000 Options issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023 as follows:

	Grant date	Expiry date	Fair value per right at grant date
John Skeet	16 November 2022	16 November 2025	\$0.0021

*Performance rights*

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

	Grant date	Expiry date	Fair value per right at grant date
Garry Thomas	24 November 2020	23 November 2024	\$0.019

Performance rights granted carry no dividend or voting rights.

Further information regarding the performance rights and Options can be found in note 27.

**Additional disclosures relating to key management personnel**

*Shareholding*

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Stephen Layton	140,500,000	-	60,000,000	-	200,500,000
Garry Thomas	292,685,273	-	85,714,286	-	378,399,559
John Skeet	224,163,615	-	400,000	-	224,563,615
	<u>657,348,888</u>	<u>-</u>	<u>146,114,286</u>	<u>-</u>	<u>803,463,174</u>

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

*Options*

The number of Options in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Options</i>					
Stephen Layton	5,000,000	-	10,000,000	-	15,000,000
Garry Thomas	-	-	42,857,143	-	42,857,143
John Skeet	-	25,000,000	-	-	25,000,000
	<u>5,000,000</u>	<u>25,000,000</u>	<u>52,857,143</u>	<u>-</u>	<u>82,857,143</u>

*Performance rights holding*

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted during the year	Vested during the year	Balance at the end of the year
<i>Performance rights over ordinary shares</i>				
Garry Thomas	33,333,333	-	-	33,333,333

*Other transactions with key management personnel and their related parties*

Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$nil (2022: \$45,360) relating to consultancy services provided by Trimin for legal and administration services for Mexico. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$84,035 (2022: \$20,914).

***This concludes the remuneration report, which has been audited.***

**Meetings of Directors**

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Directors Meetings	
	Attended	Held
John Skeet	9	9
Stephen Layton	9	9
Garry Thomas	9	9

Held: represents the number of meetings held during the time the Director held office.

**Indemnity and insurance of officers**

The Group has made an agreement indemnifying all the Directors and Officers of the Company against all losses or liabilities by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001, the indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was \$45,622 (2022: \$46,680).

**Mithril Resources Limited**  
**Directors' report**  
**30 June 2023**

**Indemnity and insurance of auditor**

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Non-audit services**

There were no non-audit services provided during the financial year by the auditor.

**Auditor's independence declaration**

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

**Auditor**

Nexia Melbourne Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



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John Skeet  
Managing Director

21 August 2023

## **Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Mithril Resources Limited**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



**Nexia Melbourne Audit Pty Ltd**  
Melbourne



**Ben Bester**  
Director

Dated this 21st day of August 2023

### **Advisory. Tax. Audit.**

Registered Audit Company 291969

Nexia Melbourne Audit Pty Ltd (ABN 86 005 105 975) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see [www.nexia.com.au/legal](http://www.nexia.com.au/legal). Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

**Mithril Resources Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Income</b>			
Other income	5	144,900	25,611
Interest received		1,915	2,309
Profit on sale of tenement interest		-	293,079
<b>Expenses</b>			
Administration expenses		(625,266)	(429,629)
ASIC and ASX listing fees		(65,001)	(88,528)
Share-based payments	27	(52,500)	-
Employee benefits expense	6	(360,035)	(317,551)
Occupancy expense		-	(3,100)
Travel expenses		(36,680)	(71,275)
Depreciation and amortisation expense		(53,389)	(43,220)
Impairment of exploration assets	11	(1,049,436)	-
Interest expense		(2,589)	-
<b>Loss before income tax expense</b>		(2,098,081)	(632,304)
Income tax expense	7	-	-
<b>Loss after income tax expense for the year</b>		(2,098,081)	(632,304)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		3,565,851	866,821
Other comprehensive income for the year, net of tax		3,565,851	866,821
<b>Total comprehensive income for the year</b>		1,467,770	234,517
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	25	(0.07)	(0.02)
Diluted earnings per share	25	(0.07)	(0.02)

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

**Mithril Resources Limited**  
**Consolidated statement of financial position**  
**As at 30 June 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	568,530	2,271,886
Trade and other receivables	9	334,856	938,391
Other assets	10	21,773	20,102
<b>Total current assets</b>		<u>925,159</u>	<u>3,230,379</u>
<b>Non-current assets</b>			
Trade and other receivables		1,326	1,082
Exploration and evaluation	11	30,093,495	25,176,844
<b>Total non-current assets</b>		<u>30,094,821</u>	<u>25,177,926</u>
<b>Total assets</b>		<u>31,019,980</u>	<u>28,408,305</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	12	356,457	670,498
Borrowings		10,524	-
Employee benefits	13	26,369	20,383
<b>Total current liabilities</b>		<u>393,350</u>	<u>690,881</u>
<b>Total liabilities</b>		<u>393,350</u>	<u>690,881</u>
<b>Net assets</b>		<u>30,626,630</u>	<u>27,717,424</u>
<b>Equity</b>			
Issued capital	14	66,250,053	64,808,617
Reserves	15	6,998,248	3,432,397
Accumulated losses		(42,621,671)	(40,523,590)
<b>Total equity</b>		<u>30,626,630</u>	<u>27,717,424</u>

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

**Mithril Resources Limited**  
**Consolidated statement of changes in equity**  
**For the year ended 30 June 2023**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2022	64,808,617	3,432,397	(40,523,590)	27,717,424
Loss after income tax expense for the year	-	-	(2,098,081)	(2,098,081)
Other comprehensive income for the year, net of tax	-	3,565,851	-	3,565,851
Total comprehensive income for the year	-	3,565,851	(2,098,081)	1,467,770
<i>Transactions with Owners in their capacity as Owners:</i>				
Shares issued during the period (note 14)	1,550,000	-	-	1,550,000
Transactions costs	(108,564)	-	-	(108,564)
Balance at 30 June 2023	<u>66,250,053</u>	<u>6,998,248</u>	<u>(42,621,671)</u>	<u>30,626,630</u>
<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Reserves</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2021	58,287,739	2,565,576	(39,891,286)	20,962,029
Loss after income tax expense for the year	-	-	(632,304)	(632,304)
Other comprehensive income for the year, net of tax	-	866,821	-	866,821
Total comprehensive income for the year	-	866,821	(632,304)	234,517
<i>Transactions with Owners in their capacity as Owners:</i>				
Shares issued during the period (note 14)	6,950,000	-	-	6,950,000
Transactions costs	(429,122)	-	-	(429,122)
Balance at 30 June 2022	<u>64,808,617</u>	<u>3,432,397</u>	<u>(40,523,590)</u>	<u>27,717,424</u>

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

**Mithril Resources Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2023**

	Note	Consolidated 2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		-	27,614
Payments to suppliers and employees (inclusive of GST)		(935,681)	(973,287)
		(935,681)	(945,673)
Interest received		58,454	1,896
Mexico VAT/IVA received		878,582	-
Net cash provided by/(used in) operating activities	24	1,355	(943,777)
<b>Cash flows from investing activities</b>			
Payments for exploration activities		(3,086,242)	(6,591,897)
Proceeds from disposal of exploration assets		-	500,000
Net cash (used in) investing activities		(3,086,242)	(6,091,897)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	14	1,500,000	6,800,000
Share issue transaction costs		(86,367)	(419,022)
Repayment of borrowings		(41,696)	-
Net cash provided by financing activities		1,371,937	6,380,978
Net increase/(decrease) in cash and cash equivalents		(1,712,950)	(654,696)
Cash and cash equivalents at the beginning of the financial year		2,271,886	2,920,481
Foreign exchange movements		9,594	6,101
Cash and cash equivalents at the end of the financial year	8	<u>568,530</u>	<u>2,271,886</u>

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

**Note 1. General information**

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

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

Vistra Australia  
Level 4, 100 Albert Road  
SOUTH MELBOURNE VIC 3205

The financial statements were authorised for issue, in accordance with a resolution of Directors, on the date of signing the Directors' Declaration.

**Note 2. Significant accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**New or amended Accounting Standards and Interpretations adopted**

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

**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 \$2,098,081 (2022: \$632,304) and a net cash outflow from operating and investing activities of \$3,084,887 (2022: \$7,035,674) during the year ended 30 June 2023.

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

Notwithstanding this, the Directors are satisfied that the Group will have sufficient cash resources to meet its working capital requirements in the future. The Directors have reviewed the cashflow forecasts and believe that for a period in excess of 12 months from the date of signature of the financial report, the Group has the ability to meet its debts as and when they fall due. The cashflow forecasts incorporate the binding Scheme Implementation Deed under which Newrange Gold Corp. will acquire 100% of the issued capital of Mithril. The Scheme is yet to be approved and subject to various conditions including approval by Mithril and Newrange shareholders.

The Group's ability to continue as a going concern is contingent upon generation of cashflow from successfully raising additional capital. If sufficient additional funds are not raised, the going concern basis may not be appropriate, with the result that the 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. The Group continues to receive strong interest and support from professional investors in its capital raisings.

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

**Note 2. Significant accounting policies (continued)**

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mithril Resources Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Mithril Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Mithril Resources Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign exchange reserve in equity.

The foreign exchange reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Income**

*Interest*

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

**Note 2. Significant accounting policies (continued)**

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Joint Arrangement**

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.

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.

**Impairment of non-financial assets**

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

### **Note 3. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

#### *Capitalisation of exploration and evaluation expenditure*

The Group's policy for exploration and evaluation is discussed in Note 11. 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.

#### *Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Monte Carlo or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

#### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### **Note 4. Operating segments**

#### *Identification of reportable operating segments*

The Board has considered the requirements of AASB 8 Operating Segments and has determined that the Group has two operating segments: Mexican operations and Australian operations.

In determining these operating segments, the Board has considered the location of the Group's exploration activities which represent its principal operations. The results of these operating segments are monitored by the Board and form the basis for which strategic decisions are made.

The Copalquin Gold Silver Project in Durango, Mexico constitutes a separately identifiable operating segment to the Group's Australian operations given the Board's intention to regularly review the financial information from its Mexican operations to determine the future allocation of resources.

#### *Intersegment receivables, payables and loans*

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

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**Note 4. Operating segments (continued)**

*Operating segment information*

	Mexican operations \$	Australian operations \$	Total \$
<b>Consolidated - 2023</b>			
<b>Revenue</b>			
Other revenue	144,900	-	144,900
Interest revenue	-	1,915	1,915
<b>Total revenue</b>	<u>144,900</u>	<u>1,915</u>	<u>146,815</u>
Operating expenses	(16,379)	(713,157)	(729,536)
Share-based payments	-	(52,500)	(52,500)
Employee benefits expense	-	(360,035)	(360,035)
Depreciation and amortisation	(53,389)	-	(53,389)
Impairment of assets	-	(1,049,436)	(1,049,436)
<b>Loss before income tax expense</b>	<u>75,132</u>	<u>(2,173,213)</u>	<u>(2,098,081)</u>
Income tax expense			-
<b>Loss after income tax expense</b>			<u>(2,098,081)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	3,565,851	-	3,565,851
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	<u>3,640,983</u>	<u>(2,173,213)</u>	<u>1,467,770</u>
<b>Assets</b>			
Cash and cash equivalents	420,713	147,817	568,530
Trade and other receivables	304,706	30,150	334,856
Other assets	15	21,758	21,773
Exploration and evaluation	29,985,967	108,854	30,094,821
<b>Total assets</b>	<u>30,711,401</u>	<u>308,579</u>	<u>31,019,980</u>
<b>Liabilities</b>			
Trade and other payables	105,477	261,504	366,981
Employee benefits	26,369	-	26,369
<b>Total liabilities</b>	<u>131,846</u>	<u>261,504</u>	<u>393,350</u>

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**Note 4. Operating segments (continued)**

<b>Consolidated - 2022</b>	Mexican operations \$	Australian operations \$	Total \$
<b>Revenue</b>			
Other revenue	25,611	293,079	318,690
Interest revenue	-	2,309	2,309
<b>Total revenue</b>	<u>25,611</u>	<u>295,388</u>	<u>320,999</u>
Operating expenses	(2,706)	(589,826)	(592,532)
Share-based payments	-	-	-
Employee benefits expense	-	(317,551)	(317,551)
Depreciation and amortisation	(43,220)	-	(43,220)
Impairment of assets	-	-	-
<b>Loss before income tax expense</b>	<u>(20,315)</u>	<u>(611,989)</u>	<u>(632,304)</u>
Income tax expense			-
<b>Loss after income tax expense</b>			<u>(632,304)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	866,821	-	866,821
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive income for the year</b>	<u>846,506</u>	<u>(611,989)</u>	<u>234,517</u>
<b>Assets</b>			
Cash and cash equivalents	42,517	2,229,369	2,271,886
Trade and other receivables	956,236	(17,845)	938,391
Other assets	542	20,642	21,184
Exploration and evaluation	24,059,437	1,117,407	25,176,844
<b>Total assets</b>	<u>25,058,732</u>	<u>3,349,573</u>	<u>28,408,305</u>
<b>Liabilities</b>			
Trade and other payables	571,117	99,381	670,498
Employee benefits	20,383	-	20,383
<b>Total liabilities</b>	<u>591,500</u>	<u>99,381</u>	<u>690,881</u>

**Note 5. Other income**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Mexico tax adjustments	144,900	-
Other income	-	25,611
Other income	<u>144,900</u>	<u>25,611</u>

*Mexico tax adjustments*

Mexico tax adjustments income is recognised when there is reasonable assurance that the Company has the rights and the tax adjustments will be received.

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**Note 5. Other income (continued)**

*Other income*

Other income is recognised when it is received or when the right to receive payment is established.

**Note 6. Employee benefits expense**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages	352,050	311,241
Superannuation	7,985	6,310
	<u>360,035</u>	<u>317,551</u>

**Note 7. Income tax**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(2,098,081)</u>	<u>(632,304)</u>
Tax at the statutory tax rate of 25% (2022: 25%)	(524,520)	(158,076)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not allowable for income tax purposes	45,453	36,186
Share based payments	<u>13,125</u>	<u>-</u>
	(465,942)	(121,890)
Current year tax losses not recognised	<u>465,942</u>	<u>121,890</u>
Income tax expense	<u>-</u>	<u>-</u>

The Group has tax losses arising in Australia of \$40,832,235 (2022: \$39,394,702) that may be available and may be offset against future taxable profits. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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.

*Accounting policy for income tax*

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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**Note 7. Income tax (continued)**

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Mithril Resources Ltd and its wholly owned Australian resident entities are part of a tax consolidated group.

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.

**Note 8. Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	568,530	1,271,886
Short-term deposits	-	1,000,000
	<u>568,530</u>	<u>2,271,886</u>

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

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

*Accounting policy for cash and cash equivalents*

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Note 9. Trade and other receivables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Other receivables	(1,333)	629
GST and overseas taxes receivable	336,189	937,762
	<u>334,856</u>	<u>938,391</u>

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for expected credit loss is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in the current and prior financial year and no receivables are past due at balance date.

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**Note 9. Trade and other receivables (continued)**

*Accounting policy for trade and other receivables*

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**Note 10. Other assets**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
Prepayments	21,773	20,102

**Note 11. Exploration and evaluation**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	\$	\$
<b>Tangible exploration assets</b>		
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	356,669	333,727
<b>Intangible exploration assets</b>		
Exploration and evaluation - Australia	108,854	1,117,407
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	29,627,972	23,725,710
	29,736,826	24,843,117
	30,093,495	25,176,844

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**Note 11. Exploration and evaluation (continued)**

*Movements*

<b>Consolidated</b>	Australian Projects \$	Copalquin Gold Silver Project \$	Total \$
Balance at 1 July 2021	1,232,261	16,841,882	18,074,143
Additions through expenditures capitalised	92,067	6,356,912	6,448,979
Foreign exchange translation	-	860,643	860,643
Disposal of interest in Limestone Well project	(206,921)	-	(206,921)
Balance at 30 June 2022	1,117,407	24,059,437	25,176,844
Additions through expenditures capitalised	40,883	2,552,553	2,593,436
Foreign exchange translation	-	3,372,651	3,372,651
Impairment expense	(1,049,436)	-	(1,049,436)
Balance at 30 June 2023	108,854	29,984,641	30,093,495

\* write-off of capitalised exploration expenditures for the tenements that were relinquished during the year, included in impairment of exploration assets expense.

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 or sale 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.

*Acquisition of Copalquin Gold Silver Project (Mexico)*

On 27 May 2020 the Company completed the acquisition of Sun Mineral Pty Ltd (Sun Minerals). Sun Minerals holds the exclusive option to earn up to a 100% interest in the high-grade Copalquin Gold Silver Project in Durango, Mexico as set out below:

- (a) At the completion of the Transaction Sun Minerals held a 10% interest in the concessions forming Copalquin.
- (b) If, on or before 7 August 2023, Sun Minerals:
  - (i) incurs expenditure of US \$4 million on Copalquin, Sun Minerals will hold a 25% interest in the concessions forming Copalquin; and
  - (ii) incurs further expenditure of US \$4 million (aggregate expenditure of US \$8 million) on Copalquin, Sun Minerals will hold a 50% interest in the concessions forming Copalquin.
- (c) At any time on or before 7 August 2023, Sun Minerals may make a cash payment of US \$10 million to CMC (and/or its nominee) to acquire the remaining interests then held by CMC. CMC may elect to receive the US \$10 million through the issue of fully paid Mithril shares at a deemed issue price per share that is the higher of:
  - (i) a 10% discount for the 20-day VWAP of fully paid Mithril shares on ASX, ending on the trading day immediately before any such election; or
  - (ii) \$0.01 (1 cent).
 Following payment of the US \$10 million (in cash, fully paid Mithril shares or a combination of both) the Group will hold a 100% interest on the concessions forming Copalquin.

Requirements (b)(i) and (b)(ii) above have been completed and Sun Minerals holds a 50% interest in the concessions.

*Accounting policy for exploration and evaluation assets*

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

**Note 11. Exploration and evaluation (continued)**

- (a) the rights to tenure of the area of interest are current; and  
(b) at least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off as an impairment loss.

**Note 12. Trade and other payables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade payables	225,530	595,870
Other payables	130,927	74,628
	<u>356,457</u>	<u>670,498</u>

Refer to note 16 for further information on financial instruments.

*Accounting policy for trade and other payables*

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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**Note 13. Employee benefits**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Annual leave	26,369	20,383
	<u>26,369</u>	<u>20,383</u>

*Accounting policy for employee benefits*

*Short-term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

**Note 14. Issued capital**

	<b>2023</b>	<b>Consolidated</b>		<b>2022</b>
	<b>Shares</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>3,368,804,470</u>	<u>2,930,233,041</u>	<u>66,250,053</u>	<u>64,808,617</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	30 June 2021	2,350,233,041		58,287,739
Issue of shares – placement	8 September 2021	220,000,000	\$0.015	3,300,000
Increase in Copalquin project, Mexico	14 October 2021	10,000,000	\$0.015	150,000
Issue of shares – placement	13 April 2022	350,000,000	\$0.01	3,500,000
Transaction costs (net of tax)				(429,122)
Balance	30 June 2022	<u>2,930,233,041</u>		<u>64,808,617</u>
Increase in Copalquin project, Mexico	18 August 2022	10,000,000	\$0.005	50,000
Issue of shares – placement	9 December 2022	322,857,143	\$0.0035	1,130,000
Issue of shares – placement	16 May 2023	105,714,286	\$0.0035	370,000
Transaction costs (net of tax)				(108,564)
Balance	30 June 2023	<u>3,368,804,470</u>		<u>66,250,053</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

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**Note 14. Issued capital (continued)**

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

*Accounting policy for issued capital*

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Note 15. Reserves**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Foreign exchange reserve	4,580,419	1,067,068
Share options reserve	176,996	124,496
Performance rights reserve	<u>2,240,833</u>	<u>2,240,833</u>
	<u><u>6,998,248</u></u>	<u><u>3,432,397</u></u>

*Foreign exchange reserve*

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

*Share-based payments reserves*

The share options reserve and the performance rights reserve are used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current and previous financial year are set out below:

<b>Consolidated</b>	Share options reserve \$	Performance rights reserve \$	Foreign exchange reserve \$	Total \$
Balance at 1 July 2021	124,496	2,240,833	200,247	2,565,576
Movement in foreign exchange reserve	-	-	866,821	866,821
Balance at 30 June 2022	<u>124,496</u>	<u>2,240,833</u>	<u>1,067,068</u>	<u>3,432,397</u>
Share options issued	52,500	-	-	52,500
Movement in foreign exchange reserve	-	-	3,513,351	3,513,351
Balance at 30 June 2023	<u><u>176,996</u></u>	<u><u>2,240,833</u></u>	<u><u>4,580,419</u></u>	<u><u>6,998,248</u></u>

**Note 16. Financial instruments**

**Financial risk management objectives**

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The Board identifies, evaluates and hedges financial risks within the Group's operating units.

**Market risk**

*Foreign currency risk*

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Board has determined that the current level of foreign currency risk resulting from its operations in Mexico is not significant to the Group.

*Price risk*

The Group is not exposed to any significant price risk.

*Interest rate risk*

The Group is not exposed to any significant interest rate risk.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions but are not expected to have a significant impact on the Group's operating result.

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
<b>Consolidated - 2022</b>						
Cash and cash equivalents	50	<u>11,359</u>	<u>11,359</u>	50	<u>(11,359)</u>	<u>(11,359)</u>
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
<b>Consolidated - 2023</b>						
Cash and cash equivalents	50	<u>2,843</u>	<u>2,843</u>	50	<u>(2,843)</u>	<u>(2,843)</u>

**Credit risk**

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2023.

**Note 16. Financial instruments (continued)**

**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.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

**Note 17. Key management personnel disclosures**

*Compensation*

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	271,636	272,461
Post-employment benefits	4,364	4,442
Share-based payments	52,500	-
	<u>328,500</u>	<u>276,903</u>

Full details of the remuneration of each director of the Company and each of the other key management personnel are disclosed in the Remuneration Report contained within the Directors' Report.

*Other transactions with key management personnel*

Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$nil (2022: \$45,360) relating to consultancy services provided by Trimin. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$84,035 (2022: \$20,914).

**Note 18. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Audit or review of the financial statements	<u>49,344</u>	<u>44,720</u>

**Note 19. Capital and leasing commitments**

In order to maintain current rights of tenure to exploration tenements, the Company is required to meet minimum expenditure requirements in respect of tenement lease rentals. There are also Mexican government mining concession rents and purchase option payments to the concession owner each six month period.

These are not considered commitments as the Company can walk away from the projects and not continue payments at any time.

**Mithril Resources Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 20. Related party transactions**

*Parent entity*

Mithril Resources Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 22.

Transactions between Mithril Resources Ltd and its wholly owned entities during the year consisted of loans advanced by Mithril Resources Ltd to fund exploration and investment activities.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the Directors' report.

*Transactions with related parties*

There were no transactions with related parties during the current and previous financial year other than those disclosed in note 17.

*Payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Current payables:		
Director's fees payable	16,500	16,500

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date other than those disclosed in note 17.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Note 21. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(1,120,161)</u>	<u>(900,215)</u>
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive loss	<u>(1,120,161)</u>	<u>(900,215)</u>

**Mithril Resources Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 21. Parent entity information (continued)**

*Statement of financial position*

	<b>Parent</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Total current assets	198,271	2,248,382
Total non-current assets	27,019,700	24,452,117
Total assets	27,217,971	26,700,499
Total current liabilities	261,504	117,807
Total liabilities	261,504	117,807
Net assets	<u>26,956,467</u>	<u>26,582,692</u>
Equity		
Issued capital	66,250,053	64,808,617
Share options reserve	176,996	124,496
Performance rights reserve	2,240,833	2,240,833
Accumulated losses	(41,711,415)	(40,591,254)
Total equity	<u>26,956,467</u>	<u>26,582,692</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

*Contingent liabilities*

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**Mithril Resources Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 22. Interests in subsidiaries**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Minex (Aust) Pty Ltd	Australia	100%	100%
Minex (West) Pty Ltd	Australia	100%	100%
Mithril Resources Investments Pty Ltd	Australia	100%	100%
Sun Minerals Pty Ltd	Australia	100%	100%
Drummond Gold S.A. de C.V.	Mexico	100%	100%
Carlton Gold S.A. de C.V.	Mexico	100%	100%

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

**Note 23. Events after the reporting period**

Mithril has executed a binding Scheme Implementation Deed under which Newrange Gold Corp. will acquire 100% of the issued capital of Mithril. The Scheme is yet to be approved and subject to various conditions including approval by Mithril and Newrange shareholders.

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

**Note 24. Cash flow information**

*Reconciliation of loss after income tax to net cash used in operating activities*

	Consolidated	
	2023 \$	2022 \$
Loss after income tax expense for the year	(2,098,081)	(632,304)
Adjustments for:		
Depreciation and amortisation	53,389	43,220
Impairment of non-current assets	1,049,436	-
Net gain on disposal of exploration assets	-	(293,079)
Share-based payments	52,500	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	734,397	1,590
(Increase)/decrease in prepayments	(1,671)	963
Increase/(decrease) in trade and other payables	205,399	(66,988)
Increase/(decrease) in employee benefits	5,986	2,821
Net cash provided by/(used in) operating activities	<u>1,355</u>	<u>(943,777)</u>

**Mithril Resources Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 25. Earnings per share**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	<u>(2,098,081)</u>	<u>(632,304)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>3,132,687,053</u>	<u>2,611,520,712</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>3,132,687,053</u>	<u>2,611,520,712</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(0.07)	(0.02)
Diluted earnings per share	(0.07)	(0.02)

*Accounting policy for earnings per share*

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Mithril Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Note 26. Contingent liabilities**

*Contingent liabilities*

The Group had no contingent liabilities as at 30 June 2023 and 30 June 2022.

**Note 27. 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, 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.

Set out below are summaries of options granted under the plan:

2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/11/2022	16/11/2025	\$0.015	-	25,000,000	-	-	25,000,000
			-	25,000,000	-	-	25,000,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.38 years (2022: nil years).

**Note 27. Share-based payments (continued)**

*Performance rights granted to directors and key management personnel*

At the Annual General Meeting held on 24 November 2020 the shareholders of the Company granted approval for the issue of 33,333,333 performance rights to Mr Garry Thomas. Details of the performance rights issued can be found in the Notice of General Meeting announcement dated 19 October 2020.

The conversion of the issued performance rights to fully paid ordinary shares of the Company is subject to the satisfaction of either of the following applicable milestones:

- Determination by a geological consultant of an Inferred JORC Resource of 5.443Mt at a combined AuEq grade of not less than 4g/t for 700koz Au (or AuEq) on the Copalquin Project; or
- Mithril achieving a market capitalisation equal to or greater than A\$150,000,000 for a period of 20 consecutive trading days on which the securities of the Company traded.

*Options granted to directors and key management personnel*

At the Annual General Meeting held on 16 November 2022 the shareholders of the Company granted approval for the issue of 25,000,000 Options to Mr John Skeet. Details of the Options issued are set out below and can be found in the Notice of General Meeting announcement dated 14 October 2022.

*Fair value of Options granted:*

The fair value of performance rights granted was independently determined using a Black-scholes pricing model. For the performance rights granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/11/2022	16/11/2025	\$0.005	\$0.015	100.00%	-	3.25%	\$0.0021

Share-based payments during the year are:

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Options issued to Directors and key management personnel	52,500	-

**Note 27. Share-based payments (continued)**

*Accounting policy for share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Monte Carlo or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Monte Carlo or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**Mithril Resources Limited**  
**Directors' declaration**  
**30 June 2023**

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



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John Skeet  
Managing Director

21 August 2023

## 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 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the 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:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and International Financial Reporting Standards.

#### *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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

#### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$2,098,081 (2022: \$632,304) and a net cash outflow from operating and investing activities of \$3,084,887 (2022: \$7,035,674) during the year ended 30 June 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *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.

#### **Advisory. Tax. Audit.**

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

### Key audit matter

### How our audit addressed the key audit matter

#### Exploration and evaluation assets

##### ***Refer to Notes 3 and 11***

At 30 June 2023, the carrying value of exploration and evaluation assets was \$30,093,495.

In accordance with *AASB 6 Exploration and Evaluation of Mineral Resources*, 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 schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date;
- Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- Reviewing the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes;
- Reviewing and considering whether any facts or circumstances existed that suggested impairment was required;
- Assessing the adequacy of the related disclosures in Note 11 to the financial report.

#### ***Other Information***

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the 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 the 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, the *Corporations Act 2001* and International Financial Reporting Standards 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.

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

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 Australian Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar1.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf). This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

### **Report on the Remuneration Report**

#### ***Opinion on the Remuneration Report***

We have audited the Remuneration Report included in pages 15 to 18 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Mithril Resources Limited for the year ended 30 June 2023 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.



**Nexia Melbourne Audit Pty Ltd**  
Melbourne



**Ben Bester**  
Director

Dated this 21st day of August 2023

**Mithril Resources Limited**  
**Shareholder information**  
**30 June 2023**

**Details of Shares as at 1 August 2023:**

**Top Holders**

The 20 largest holders of Fully Paid Ordinary Shares were:

<b>Name</b>	<b>No. of Shares</b>	<b>%</b>
TRIMIN PTY LTD	221,663,615	6.58
GARRY THOMAS + NANCY-LEE THOMAS <THOMAS FAMILY A/C>	181,081,267	5.38
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	139,528,822	4.14
BODIE INVESTMENTS PTY LTD	132,500,000	3.93
NORTHER STAR NOMINEES PTY LTD	110,500,000	3.28
THOMAS FAMILY SUPERANNUATION FUND PTY LTD	104,604,006	3.11
MR HALL HERBERT STEWART	101,279,025	3.01
MR DUDLEY ROY LEITCH	98,600,000	2.93
LIGHT FAMILY NOMINEES PTY LTD <THE LIGHT FAMILY A/C>	88,000,000	2.61
THOMAS FAMILY SUPERANNUATION FUND PTY LTD <THOMAS FAMILY SUPER A/C>	87,714,286	2.60
MR MIGUEL MATAS MARTINEZ	78,300,000	2.32
SINDEL NOMINEES PROPRIETARY LIMITED	60,000,000	1.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	58,541,559	1.74
MR ADAM RALPH LYSTER & MRS LUCY ANNE LYSTER <HILLTOP SUPER FUND A/C>	33,074,832	0.98
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	26,910,133	0.80
ACCORD MBO PTY LTD <MBO SUPER FUND A/C>	25,490,000	0.76
PIERCE ASIA PTY LTD	23,333,333	0.69
MR BILLY-JOE THOMAS	23,125,280	0.69
CLUB 7 SUPER FUND PTY LTD <CLUB 7 SUPER FUND A/C>	22,000,000	0.65
MR VIGINIO VIGOLO + MRS SUSAN MICHELLE VIGOLO <VSV FAMILY A/C>	20,128,750	0.60
	<b>1,636,374,908</b>	<b>48.57</b>

**Distribution Schedules**

A distribution of each class of equity security as at 1 August 2023:

*Fully Paid Ordinary Shares*

<b>Range</b>	<b>Total holders</b>	<b>No. of shares</b>	<b>% Units</b>
500,001 Over	641	3,078,033,949	91.37
250,001 to 500,000	349	132,475,907	3.93
10,001 to 250,000	1,867	156,140,571	4.63
5,001 to 10,000	147	1,232,258	0.04
1,001 to 5,000	289	775,054	0.02
1 to 1,000	313	146,731	0.00
	<b>3,606</b>	<b>3,368,804,470</b>	<b>100.00</b>

*Unquoted Options*

<b>Range</b>	<b>Total holders</b>	<b>No. of Unquoted Options</b>	<b>% Units</b>
100,001 and Over	140	411,665,711	99.37
10,001 to 100,000	12	2,620,000	0.63
5,001 to 10,000	0	0	0.00
1,001 to 5,000	0	0	0.00
1 to 1,000	0	0	0.00
	<b>152</b>	<b>414,285,714</b>	<b>100.00</b>

**Mithril Resources Limited**  
**Shareholder information**  
**30 June 2023**

*Unquoted Performance Rights*

<b>Range</b>	<b>Total holders</b>	<b>No. of Unquoted Options</b>	<b>% Units</b>
100,001 and Over	1	33,333,333	100.00
10,001 to 100,000	0	0	0.00
5,001 to 10,000	0	0	0.00
1,001 to 5,000	0	0	0.00
1 to 1,000	0	0	0.00
	<b>1</b>	<b>33,333,333</b>	<b>100.00</b>

**Substantial shareholders**

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

<b>Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
John Skeet	224,563,615	6.67
Stephen Layton	200,500,000	5.95
Garry Thomas	378,399,559	11.08

**Unmarketable Parcels**

Holdings less than a marketable parcel of ordinary shares (being 2,747 at \$0.0015 per share as at 1 August 2023):

<b>Fully Paid Ordinary Shares</b>	<b>Holders</b>	<b>No. of shares</b>	<b>% of issue shares</b>
Holdings less than a marketable parcel	2,747	333,334	0.0015

**Voting Rights**

The voting rights attaching to fully paid ordinary shares are:

On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Unquoted Options do not carry any voting rights.

**Mithril Resources Limited**  
**Shareholder information**  
**30 June 2023**

**Tenement information**

**Australian Interests:**

<b>Project</b>	<b>Tenement number</b>	<b>Interest owned %</b>
Kurnalpi Area	E28/2506	100.00
Kurnalpi Area	E28/2567	100.00
Kurnalpi Area	E28/2682	100.00
Kurnalpi Area	E28/2760	100.00
Lignum Dam Area	E27/538	100.00 *
Lignum Dam Area	E27/582	100.00 *
Lignum Dam Area	E27/584	100.00 *
Murchison Area (Limestone Well)	E20/846	10.00
Murchison Area (Limestone Well)	E57/1069	10.00
West Kimberley Area	E04/2497	100.00 **
West Kimberley Area	E04/2503	100.00 **
West Kimberley Area	E80/5191	100.00 **

\* The Lignum Dam tenements are under an earn-in agreement with Great Boulder Resources. Great Boulder has completed exploration expenditures to earn 51% interest in the tenements although this interest is not yet formally registered.

\*\* Decision taken to surrender these tenements in July 2023.

**Mexican Operations:**

<b>Concession</b>	<b>Concession title number</b>	<b>Interest owned % *</b>
LA SOLEDAD	52033	50.00
EL COMETA	164869	50.00
SAN MANUEL	165451	50.00
COPALQUIN	178014	50.00
EL SOL	236130	50.00
EL CORRAL	236131	50.00

\* Interest in the Copalquin Gold Silver Project in Durango, Mexico increased to 50% in July 2022. Mithril holds an exclusive option to purchase a 100% interest in the concessions by paying US\$10m on or anytime before 7 August 2026. Mithril has reached an agreement with the vendor for an extension of the payment date by a further 2 years (bringing the payment date to 7 August 2028) and is in the process of finalising documentation for this 2 year extension.