

Mithril Resources Ltd

ABN 30 099 883 922

Annual Report

For the Year Ended 30 June 2016

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For the Year Ended 30 June 2016

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Mithril Resources Ltd

Corporate Information

30 June 2016

Directors

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

Company Secretary

Mr Donald Stephens

Registered Office

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

Principal Place of Business

22B Beulah Road
NORWOOD SA 5067

Share Registry

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

Legal Advisors

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

Bankers

Bank SA
97 King William Street
ADELAIDE SA 5000

Auditors

Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 1, 67 Greenhill Road
WAYVILLE SA 5034

Chairman's Report

30 June 2016

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2016 Annual Report for Mithril Resources Limited ('Mithril' or 'Company').

The past year has again proven quite difficult for junior resource companies such as ours. Market conditions remain negative towards resources in general and raising sufficient funds to conduct meaningful exploration has been challenging. Despite this Mithril has continued and will continue to actively explore and advance its projects.

During the 2015-2016 Financial Year Mithril doubled the strike length of the Stark copper-nickel Prospect, developed new gold targets at Lignum Dam (located 55km northeast of Kalgoorlie), evaluated the lithium prospectivity of Leaky Bore, and entered into an agreement with OZ Minerals Limited to explore South Australia's far western Coompana Province for magmatic nickel – copper deposits.

Mithril also attracted funding partners for two of its wholly owned projects - Duffy Well and Kurnalpi.

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

During the year the Company raised \$0.66M to support its ongoing working capital requirements through a Share Purchase Plan (SPP) and associated Placement (at 0.45 cents per share), and a subsequent Placement (at 0.5 cents per share). It was very pleasing to see that the Capital Raisings were well supported by a number of existing shareholders as well as new investors.

Evaluation of the new Lignum Dam targets will remain the focus of our efforts in the near term as the Kalgoorlie District is highly prospective for the discovery of economic gold mineralisation

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

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



Graham Ascough
Chairman

Directors' Report

30 June 2016

Your directors submit their report for the year ended 30 June 2016.

DIRECTORS

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

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

Names, qualifications, experience and special responsibilities

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

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

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

Mr Ascough is also Chairman of ASX listed Musgrave Minerals Ltd, PNX Metals Ltd and Avalon Minerals Ltd. He is a member of the Australian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada. He has also been a Director of Reproductive Health Science Ltd and Agua Resources Ltd in the last 3 years.

David Hutton, BSc, (Managing Director)

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

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

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

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

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

Directors' Report

30 June 2016

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

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

	Number of Ordinary Shares	Number of Options over Ordinary Shares
David Hutton	5,962,275	2,000,000
Graham Ascough	8,633,334	-
Donald Stephens	4,083,334	-

DIVIDENDS

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

PRINCIPAL ACTIVITIES

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

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

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

OPERATING RESULTS

The consolidated loss of the Group for the financial year after providing for income tax amounted to \$2,780,897 [2015: Loss \$13,972,215].

REVIEW OF OPERATIONS

Mithril Resources ("Mithril") and its joint venture partners are exploring for gold, nickel and copper throughout the Kalgoorlie and Meekatharra Districts of Western Australia (*Figure 1*).

During the 2015-2016 Financial Year (the "Year") Mithril doubled the strike length of the Stark copper-nickel-Prospect at Nanadie Well (*Meekatharra*), developed new gold targets at Lignum Dam (*Kalgoorlie*), evaluated the lithium prospectivity of Leaky Bore (*East Arunta*), and entered into an agreement with OZ Minerals Limited to explore South Australia's far western Coompana Province for magmatic nickel – copper deposits.

Mithril also attracted funding partners for three of its wholly owned projects - Spargos Reward, Duffy Well and Kurnalpi.



Figure 1: Project Location Plan

Directors' Report

30 June 2016

CORPORATE OVERVIEW

The Company spent \$0.98M on exploration and administration activities during the Year and raised \$0.66M to support its ongoing working capital requirements through a Share Purchase Plan (SPP) and associated Placement (at 0.45 cents per share), and a subsequent Placement (at 0.5 cents per share).

Mithril raised an additional \$0.26M by selling its shareholding in Musgrave Minerals Limited (ASX: MGX).

The Company also issued 6,330,189 fully paid ordinary shares (at 0.53 cents per share) to Challenge Drilling Pty Ltd for the provision of drilling services at the Stark Prospect.

All new shares rank equally with existing Mithril ordinary shares quoted on the ASX and the Company now has 566,879,066 fully paid ordinary shares on issue.

In light of continued weak market conditions a range of previously implemented measures were maintained to ensure the Company's running costs remained low including: a reduction in staff costs, the reduction and deferral of Director's Fees, the sale of surplus vehicles and field equipment, and the divestment of non-core exploration tenements.

Meekatharra, Western Australia (Copper-Nickel, Gold) Nanadie Well Project (MTH earning up to 75%)

Drilling undertaken during the Year has doubled the strike extent of copper-nickel-PGE mineralised massive sulphides at the Stark Prospect (*located 80 kilometres south east of Meekatharra*) to over 200 metres.

Two holes (NRC15001 and NRC15002) were drilled along strike from previously reported intercepts and returned the following results (downhole widths):

- **2m @ 3.27% copper, 0.11% nickel and 0.94g/t PGE's** from 157 metres in NRC15001,
- **7m @ 1.41% copper, 0.31% nickel and 0.60g/t PGE's** from 148 metres in NRC15002 including **4m @ 2.03% copper, 0.37% nickel and 0.62g/t PGE's** from 151 metres, and
- **14m @ 0.40% copper, 0.08% nickel and 0.27g/t PGE's** from 200 metres in NRC15001 including **3m @ 0.60% copper, 0.20% nickel, and 0.56g/t PGE's** from 213.43 metres

The intercepts were returned from disseminated and massive sulphides (pyrrhotite-chalcopyrite-pentlandite-pyrite) that occur both within, and at the base of a mafic (gabbro) intrusion adjacent to a Banded Iron Formation (BIF) and metasedimentary sequence.

Mineralisation remains open in all directions and the presence of an untested downhole EM off-hole conductor (modelled conductance up to 6,000S) approximately 150 metres beneath the existing massive sulphides reinforces the potential to extend the Stark mineralisation.

Stark lies within tenements subject to a Farmin and Joint Venture Agreement with Intermin Resources Limited (ASX: IRC). Under the terms of the joint venture, Mithril can earn a 60% interest in the project tenements by completing expenditure of \$2M by 14 April 2018, and an additional 15% by completing further expenditure of \$2M over a further 2 years (*in total \$4M over 6 years for 75% - see ASX Announcement dated 6 December 2013*).

Duffy Well Project (MTH 100% - DRM earning up to 85% and operating)

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

Duffy Well covers the interpreted southern extension of the Gnaweeda Greenstone Belt where Doray has drilled high-grade gold mineralisation including **3m @ 10.1g/t gold** from 149 metres, **5m @ 17.4g/t gold** from 71 metres, and **4m @ 17.9g/t gold** from 45 metres.

Doray has completed a high-resolution aeromagnetic survey over the project area ahead of RAB / aircore drilling planned for the September 2016 Quarter.

Directors' Report

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Kalgoorlie, Western Australia (Gold)

Lignum Dam Project (MTH 100%)

Located 50 kilometres NNE of Kalgoorlie, WA, Lignum Dam covers a package of gold and nickel prospective Archaean mafic, ultramafic, and felsic rocktypes directly along strike from the Lindsay's Gold Mining Centre and the high grade Silver Swan nickel deposit.

Mithril has identified multiple gold targets including coherent surface gold geochemical anomalies and highly anomalous gold in shallow historic drilling up to 2.26g/t over individual metres which lie within a prospective corridor that extends in a north westerly direction from Lindsay's and remain largely underexplored.

The targets are a priority for follow-up with further surface geochemical sampling and drilling planned for the second half of 2016.

Kurnalpi Project (MTH 100% - CHZ earning up to 80% and operating)

At Kurnalpi (*located 60 kilometres north east of Kalgoorlie*), Chesser Resources Limited (ASX: CHZ) is entitled to earn up to an 80% interest in the project by reimbursing Mithril's tenement acquisition costs and completing exploration expenditure of \$250,000 over 4 years.

Kurnalpi covers Archaean ultramafic / mafic sequences which are prospective for both nickel sulphide and lode gold mineralisation.

Chesser has identified a number of gold and nickel sulphide targets with further surface geochemical sampling and EM geophysics planned for the second half of 2016.

Spargos Reward Gold Project (MTH 35% / Corona Minerals 65% and operating)

Drilling undertaken by Corona Minerals during the Year successfully increased the extents of high-grade gold mineralisation at the Spargos Reward Gold Deposit (*located 30 kilometres 55 km south of Kalgoorlie*).

Three holes (16SPRCD005, 006, and 008) were drilled beneath historic workings and returned the following results (downhole widths):

- 3.33m @ 5.37 g/t gold from 302.85 metres in 16SPRCD005 including 1.85m @ 9.04g/t from 302.80 metres
- 13.00m @ 3.69 g/t gold from 219.00 metres in 16SPRCD008 including 3.6m @ 8.96g/t from 221.40 metres
- 3.00m @ 1.15g/t gold from 175.15 metres in 16SPRCD006

The intercepts were returned from a sub-vertical zone of strong shearing and alteration (quartz – pyrite – arsenopyrite) that occurs at the contact between felsic volcanics and quartz biotite schists ("Main Lode"). Together with previously reported intercepts the new results demonstrate continuity of the Main Lode gold mineralisation over 180 metres strike length to 350 metres vertical depth with mineralisation remaining open down dip.

The Main Lode was historically mined to a vertical depth of 120 metres (underground and open pit) with total production of approximately 29,260 ounces @ 8g/t gold.

To determine future drilling targets, Corona are reviewing the drilling data ahead of developing a new geological model for the deposit.

Spargos Reward is also prospective for lithium mineralisation and multiple targets have been identified that display similarities to the nearby Mt Marion lithium deposits.

Corona are exploring the Project under the terms of the Spargos Reward Tenement Sale and Joint Venture Agreements whereby they have earned a 65% interest in the Project tenements by paying Mithril

Directors' Report

30 June 2016

\$100,000 cash, and completing exploration expenditure of A\$150,000. Corona have elected to earn a further 20% equity (for a total of 85%) by sole funding exploration through to the completion of a positive scoping study on a 2012 JORC Code Compliant Mineral Resource.

The project comprises P15/4876-4883, 4886, 5763, 5791, and E15/1423. Minotaur Exploration Ltd (ASX: MEP) holds the nickel rights to P15/4876-4883, and 4886 which are excluded from the joint venture agreement on all other metals.

Coompana, South Australia (Nickel - Copper)

(OZ Minerals / Mithril)

Subsequent to the Year's End, OZ Minerals Limited (ASX: OZL) entered into a Heads of Agreement with Mithril to explore seven exploration licences in South Australia's far western Coompana Province for magmatic nickel – copper sulphide deposits.

Mithril will undertake a target generation exercise at Coompana in the first instance, with a view to identifying potential drill targets on the relevant tenements. OZ Minerals will invest \$250,000 as part of the stage one targeting.

If Mithril identifies potential drill targets, and the outcome of the exercise is acceptable to both parties, then negotiations would advance to a formal joint venture to undertake exploration on the relevant tenements. Initial drill testing could be conducted by Mithril in the early half of 2017 and Mithril can elect to earn 20% interest by funding \$400,000 of a \$2m exploration program with the balance funded by OZ Minerals.

If the partnership extends to the drill testing phase, OZ Minerals will assist Mithril Resources to undertake a capital raising in support of the program.

Other Projects

Leaky Bore (East Arunta - MTH 100%)

Mithril's remaining interest in the East Arunta is the 100%-owned Leaky Bore tenement (EL26942) which contains the Basil Copper Deposit (2004 JORC Code Compliant Inferred Resource of 26.5Mt @ 0.57%Cu, 0.05%Co - see ASX Announcement dated 21 March 2012) and a number of undrilled copper and nickel sulphide targets and multiple outcropping pegmatite bodies.

Rockchip sampling of the pegmatites conducted during the Year returned minor anomalism (up to 0.06% Li₂O) thereby reinforcing the lithium prospectivity of the area.

Competent Persons Statement

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr David Hutton, who is a Competent Person, and a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Hutton is Managing Director and a full-time employee of Mithril Resources Ltd.

Mr Hutton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Directors' Report

30 June 2016

RISK MANAGEMENT

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

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS ARISING SINCE THE END OF THE REPORTING DATE

On the 21 July 2016, the Company announced it had entered into a Heads of Agreement with Oz Minerals Limited to explore seven new exploration licence areas in South Australia. Under the Agreement, Mithril will undertake a target generation exercise in the Coompana Block of the far west of South Australia in the first instance, with a view to identifying potential drill targets on the relevant tenements. Oz Minerals Limited will invest \$250,000 as part of the stage one targeting. If the Company identifies potential drill targets, and the outcome of the exercise is acceptable to both parties, then negotiations would advance to a formal joint venture to undertake exploration on the relevant tenements.

On 4 August 2016, the Company announced it had entered into a Mining Farm-In and Joint Venture Agreement is Lawson ("Lawson") Gold Limited, whereby the Company can earn a 75% interest in Lawson's Exploration Licence EL27/510, by completing expenditure of \$250,000 over 3 years.

The terms of the agreement are as follows:

- The Company may acquire a 75% interest in the E27/510 by spending a total of \$250,000 on exploration within three years at which point the joint venture is formed.
- Once the Company have earned their 75%, Lawson can then elect to contribute to joint venture costs in accordance with its participating interest or dilute via a standard industry dilution formula.
- If a party's participating interest dilutes to less than 10%, that party will be deemed to have withdrawn from the joint venture and will be entitled to receive a 1.5% Net Smelter Royalty on all minerals.
- The Company is required to keep E27/510 in good standing at all times and can only withdraw from the Agreement with 30 days' notice provided the tenement is in good standing.

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

Directors' Report

30 June 2016

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

OCCUPATIONAL HEALTH, SAFETY AND WELFARE

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

To the extent permitted by law, the Group has indemnified (fully insured) each director and the secretary of the Group for a premium of \$12,656.06. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings (that may be brought) against the officers in their capacity as officers of the Group or a related body, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group.

CORPORATE GOVERNANCE

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

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

Directors' Report**30 June 2016****SHARE OPTIONS****Unissued Shares**

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

Issue Date	Expiry Date	Exercise Price	Balance at 1 July 2015	Net Issued/ (Exercised) during Year	Lapsed/ Cancelled/ Expired	Balance at 30 June 2016
Unlisted options						
23/09/2010	22/09/2015	\$0.18	350,000	-	(350,000)	-
17/12/2010	16/12/2015	\$0.25	2,235,000	-	(2,235,000)	-
18/02/2011	16/12/2015	\$0.30	8,000,000	-	(8,000,000)	-
23/05/2011	22/05/2016	\$0.20	550,000	-	(550,000)	-
31/07/2012	30/07/2017	\$0.10	1,300,000	-	(600,000)	700,000
29/11/2012	28/11/2017	\$0.10	1,000,000	-	-	1,000,000
29/11/2012	28/11/2017	\$0.15	1,000,000	-	-	1,000,000
22/07/2013	21/07/2018	\$0.05	2,050,000	-	(1,000,000)	1,050,000
20/06/2014	19/06/2019	\$0.015	2,900,000	-	(1,500,000)	1,400,000
21/04/2016	21/04/2019	\$0.005	-	6,500,000	-	6,500,000
			19,385,000	6,500,000	(14,235,000)	11,650,000

Cancellation of Options

During the financial year 14,235,000 options were cancelled. 11,135,000 options lapsed due to not being exercised within the given exercise period. 3,100,000 options were cancelled due to employees no longer being employed by the Company.

Directors' Report

30 June 2016

Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2016 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Introduction

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

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

Remuneration philosophy

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

Employment contracts

The employment conditions of the Managing Director, Mr David Hutton, are formalised in a contract of employment. Mr Hutton commenced employment on 18th June 2012 and his current gross salary, inclusive of 9.25% superannuation guarantee, is \$201,288. The Company or the employee may terminate the employment contract without cause by providing 6 months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The employment conditions of the General Manager-Geology, Mr Jim McKinnon-Matthews, are formalised in a contract of employment. Mr McKinnon-Matthews commenced employment on 13 January 2003 and his current gross salary, inclusive of superannuation guarantee, is \$121,912. The Company or the employee may terminate the employment contract without cause by providing three (3) months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Key management personnel remuneration and equity holdings

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

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

Directors' Report

30 June 2016

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.

Voting and comments made at the company's 2015 Annual General Meeting

Mithril Resources Ltd received more than 97.22% of 'yes' votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Table 1: Directors remuneration for the year ended 30 June 2015 and 30 June 2016

	Short Term Benefits	Post Employment	Share- based payments	Total	Performance related (%)
	Salary & Fees	Superannuation	Value of Options (**)		
David Hutton					
2016	183,825	17,463	-	201,288	0%
2015	247,049	23,470	-	270,519	0%
Graham Ascough					
2016	39,420	-	-	39,420	0%
2015	49,275	-	-	49,275	0%
Donald Stephens					
2016	25,200	2,394	-	27,594	0%
2015	31,500	2,993	-	34,493	0%
TOTAL					
2016	248,445	19,857	-	268,302	
2015	327,824	26,463	-	354,287	

(**) Share-based payments remuneration relates to amortisation of the fair value of options granted. This aspect of remuneration is a non-cash benefit.

Salaries and fees paid to Messrs' Ascough and Stephens were reduced and deferred during the financial year ended 30 June 2016, therefore the aforementioned directors received no directors fees during the year.

Directors' Report

30 June 2016

Table 2: Remuneration of other key management personnel for the year ended 30 June 2014 and 30 June 2015

	Short Term Benefits	Post Employment	Share-based payments	Total	Performance related (%)
	Salary & Fees	Superannuation	Value of Options		
Jim McKinnon- Matthews					
2016	111,335	10,577	-	121,912	0%
2015	156,230	14,842	-	171,072	0%

Table 3: Option holdings of Key Management Personnel

30 June 2016	Balance at beginning of year	Granted as remuneration	Options exercised	Options lapsed	Balance at end of year	Exercise Price	First exercise date	Last exercise date
Directors								
Graham Ascough	4,000,000	-	-	(4,000,000)	-	-	-	-
Donald Stephens	1,000,000	-	-	(1,000,000)	-	-	-	-
David Hutton	1,000,000	-	-	-	1,000,000	0.10	29/11/2012	28/11/2017
David Hutton	1,000,000	-	-	-	1,000,000	0.15	29/11/2012	28/11/2017
	7,000,000	-	-	(5,000,000)	2,000,000			
30 June 2016	Balance at beginning of year	Granted as remuneration	Options exercised	Options lapsed	Balance at end of year	Exercise Price	First exercise date	Last exercise date
Executives								
J. McKinnon-Matthews	150,000	-	-	(150,000)	-	-	-	-
J. McKinnon-Matthews	2,000,000	-	-	(2,000,000)	-	-	-	-
J. McKinnon-Matthews	300,000	-	-	(300,000)	-	-	-	-
J. McKinnon-Matthews	500,000	-	-	-	500,000	0.15	29/11/2012	30/07/2017
J. McKinnon-Matthews	750,000	-	-	-	750,000	0.02	22/07/2013	21/07/2018
J. McKinnon-Matthews	1,000,000	-	-	-	1,000,000	0.007	20/06/2014	19/06/2019
	4,700,000	-	-	(2,450,000)	2,250,000			

Directors' Report

30 June 2016

Table 4: Shareholdings of Key Management Personnel

30 June 2016	Balance at beginning of year	Acquired/Disposed	Balance at end of year
Directors			
David Hutton	2,628,941	3,333,334	5,962,275
Graham Ascough	5,300,000	3,333,334	8,633,334
Donald Stephens	750,000	3,333,334	4,083,334
	8,678,941	10,000,002	18,678,943
Jim McKinnon-Matthews	2,080,000	(1,280,000)	800,000
	10,758,941	8,720,002	19,478,943

The Company has not used remuneration consultants.

End of Remuneration Report (audited).

DIRECTORS MEETINGS

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

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

Members acting on the audit committee of the board are:

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

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

The Group was not a party to any such proceedings during the year.

Directors' Report

30 June 2016

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Grant Thornton Audit Pty Ltd, in its capacity as auditor for Mithril Resources Ltd, has not provided any non-audit services throughout the reporting year. The auditor's independence declaration for the year ended 30 June 2016 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

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



Mr David Hutton
Managing Director

Dated this 13th day of September 2016

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MITHRIL RESOURCES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Mithril Resources Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 13 September 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2016**

		Consolidated	
		2016	2015
	Note	\$	\$
Revenue	5(a)	44,698	60,870
Other income	5(b)	21,387	36,447
Impairment of exploration assets	5(c)	(2,063,970)	(13,394,428)
Employee benefits expense	5(c)	(196,124)	(367,510)
Depreciation expense	5(c)	(35,181)	(36,206)
Finance costs		(3,283)	(268)
Share-based payments expense		(45,500)	-
Disposal of available-for-sale investments	5(c)	(235,173)	-
Other expenses	5(c)	(255,143)	(348,117)
Loss before income tax expense		(2,768,289)	(14,049,212)
Income tax (expense)/benefit	6	(12,608)	76,997
Total loss for the year		(2,780,897)	(13,972,215)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified to profit or loss when specific conditions are met			
Net fair value movements for available-for-sale financial assets		35,000	(99,987)
Other comprehensive income for the year, net of tax		35,000	(99,987)
Total comprehensive income for the year		(2,745,897)	(14,072,202)
Earnings per share			
Basic earnings per share (cents)	7	(0.62)	(3.74)
Diluted earnings per share (cents)	7	(0.62)	(3.74)

Consolidated Statement of Financial Position

As At 30 June 2016

		Consolidated	
		2016	2015
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	628,298	543,413
Trade and other receivables	9	12,788	6,546
Other assets	10	-	32,755
TOTAL CURRENT ASSETS		641,086	582,714
NON-CURRENT ASSETS			
Available-for-sale investments	11	-	464,194
Plant and equipment	12	22,656	91,030
Exploration and evaluation assets	13	1,270,163	2,867,872
TOTAL NON-CURRENT ASSETS		1,292,819	3,423,096
TOTAL ASSETS		1,933,905	4,005,810
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	124,271	76,420
Employee benefits	16	41,045	103,718
TOTAL CURRENT LIABILITIES		165,316	180,138
NON-CURRENT LIABILITIES			
Employee benefits	16	16,147	24,392
TOTAL NON-CURRENT LIABILITIES		16,147	24,392
TOTAL LIABILITIES		181,463	204,530
NET ASSETS		1,752,442	3,801,280
EQUITY			
Issued capital	18	33,531,257	32,879,698
Reserves	19	158,000	1,769,090
Accumulated losses	20	(31,936,815)	(30,847,508)
TOTAL EQUITY		1,752,442	3,801,280

The accompanying notes form part of these financial statements.

Mithril Resources Ltd

ABN 30 099 883 922

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2016

		Consolidated			
		Issued Capital	Accumulated Losses	Share Option Reserve	Available-for-Sale Revaluation Reserve
					Total
Note		\$	\$	\$	\$
Balance at 1 July 2015		32,879,698	(30,847,508)	1,804,090	(35,000)
Net profit/(loss) for the year	20	-	(2,780,897)	-	-
Net fair value movements for available-for-sale financial assets		-	-	-	35,000
Transactions with owners in their capacity as owners					
Share based payment transactions	18	-	-	45,500	-
Share issue via rights issue on	18	692,300	-	-	-
Transaction costs (net of tax effect)		(40,741)	-	-	-
Transfer to accumulated losses from share option reserve	19, 20	-	1,691,590	(1,691,590)	-
Balance at 30 June 2016		33,531,257	(31,936,815)	158,000	-
Balance at 1 July 2014		32,212,636	(16,875,293)	1,804,090	64,987
Net profit/(loss) for the year	20	-	(13,972,215)	-	-
Net fair value movements for available-for-sale financial assets		-	-	-	(99,987)
Transactions with owners in their capacity as owners					
Share issue via rights issue	18	737,699	-	-	-
Transaction costs (net of tax effect)		(70,637)	-	-	-
Balance at 30 June 2015		32,879,698	(30,847,508)	1,804,090	(35,000)

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2016

	Note	Consolidated	
		2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(451,234)	(745,613)
Interest received		6,863	35,553
Finance costs		(3,283)	(268)
Research & development tax offset		-	102,914
Net cash (used in) operating activities	21	(447,654)	(607,414)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		43,750	48,909
Proceeds from sale of available-for-sale investment		261,027	-
Purchase of plant and equipment		(1,733)	-
Payments for exploration activities		(563,560)	(1,243,330)
Proceeds from sale of tenements		100,000	20,000
Receipts from JV partners		54,104	11,500
Net cash used by investing activities		(106,412)	(1,162,921)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		692,300	737,699
Repayment of borrowings		-	(7,962)
Payment of transaction costs		(53,349)	(96,556)
Net cash provided by financing activities		638,951	633,181
Net increase/(decrease) in cash and cash equivalents held		84,885	(1,137,154)
Cash and cash equivalents at beginning of year		543,413	1,680,567
Cash and cash equivalents at end of financial year	8(a)	628,298	543,413

Notes to the Financial Statements

For the Year Ended 30 June 2016

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

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. Mithril Resources Ltd and its Controlled Entities are for-profit entities for the purpose of preparing the financial statements.

The separate consolidated financial statements and notes of the parent entity, Mithril Resources Ltd, have not been presented within this consolidated financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity summary is included in Note 28.

The financial report was authorised for issue by the Directors on 13 September 2016. Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

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

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

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

2 Summary of Significant Accounting Policies

(a) Principles of Consolidation

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

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

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

A list of controlled entities is contained in Note 23 to the financial statements.

Subsidiaries

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(a) Principles of Consolidation (continued)

Joint Arrangements

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

Mithril Resources Ltd has determined that it has only joint operations.

Joint operations:

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

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

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

(b) Revenue and other income

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

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

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

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(c) Finance costs

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

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

(d) Leases

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

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

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

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

(e) Cash and cash equivalents

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

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

(f) Trade and other receivables

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial assets at fair value through profit and loss

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

Loans and receivables

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

Held-to-maturity investments

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

Available-for-sale financial assets

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

Financial liabilities

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

Available-for-sale financial assets

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

Derecognition

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(h) Income Tax

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

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

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

Deferred tax is not provided for the following:

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

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

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

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

Tax consolidation

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(i) Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of GST.

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

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

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

(j) Plant and Equipment

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

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

Depreciation

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(k) Impairment of non-financial assets

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

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

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

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

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

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

(l) Exploration and development expenditure

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

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(m) Trade and other payables

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

(n) Provisions

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

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

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

(o) Employee benefits

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

Other long-term employee benefits

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(p) Equity-settled compensation

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

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

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

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

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

(q) Share capital

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

(r) Earnings per share

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

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

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

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2016 and 2015.

(s) Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$2,780,897 (2015: \$13,972,215) and a net cash outflow from operating and investing activities of \$554,066 (2015: \$1,770,335) during the year ended 30 June 2016. The Group continues to be economically dependent on the generation of cashflow from the business and/ or raising additional capital for the continued operations and the provision of working capital.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(s) Going concern (continued)

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

(t) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2016, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2015. Information on the more significant standard(s) is presented below.

AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent

AASB 2015-4 amends AASB 128 *Investments in Associates and Joint Ventures* to ensure that its reporting requirements on Australian groups with a foreign parent align with those currently available in AASB 10 *Consolidated Financial Statements* for such groups. AASB 128 will now only require the ultimate Australian entity to apply the equity method in accounting for interests in associates and joint ventures, if either the entity or the group is a reporting entity, or both the entity and group are reporting entities.

AASB 2015-4 is applicable to annual reporting periods beginning on or after 1 July 2015.

The adoption of this amendment has not had a material impact on the Group.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(u) New Accounting Standards and Interpretations

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

Standard Name	Effective date for Group	Requirements	Impact
AASB 1057 Application of Australian Accounting Standards	Annual reporting periods beginning on or after 1 January 2016	In May 2015, the AASB decided to revise Australian Accounting Standards that incorporate IFRSs to minimise Australian-specific wording even further. The AASB noted that IFRSs do not contain application paragraphs that identify the entities and financial reports to which the Standards (and Interpretations) apply. As a result, the AASB decided to move the application paragraphs previously contained in each Australian Accounting Standard (or Interpretation), unchanged, into a new Standard AASB 1057 Application of Australian Accounting Standards.	When this Standard is first adopted for the year ending 30 June 2017, there will be no impact on the financial statements.
Standard Name	Effective date for Group	Requirements	Impact
AASB 15 Revenue from Contracts with Customers	Annual reporting periods beginning on or after 1 January 2018	AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations: - establishes a new revenue recognition model - changes the basis for deciding whether revenue is to be recognised over time or at a point in time - provides new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return, warranties and licensing) - expands and improves disclosures about revenue In May 2015, the AASB issued ED 260 Income of Not-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the principles of AASB 15. The ED was open for comment until 14 August 2015 and the AASB is currently in the process of redeliberating its proposals with the aim of releasing the final amendments in late 2016.	The Group is yet to undertake a detailed assessment of the impact of AASB 15. However, based on the Group's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

Notes to the Financial Statements

For the Year Ended 30 June 2016

2 Summary of Significant Accounting Policies (continued)

(u) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for Group	Requirements	Impact
AASB 16 Leases	Annual reporting periods beginning on or after 1 January 2019	AASB 16: - replaces AASB 117 Leases and some lease-related Interpretations - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases - provides new guidance on the application of the definition of lease and on sale and lease back accounting - largely retains the existing lessor accounting requirements in AASB 117 - requires new and different disclosures about leases	The Group is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Group's preliminary assessment, the likely impact on the first time adoption of the Standard for the year ending 30 June 2020 includes: - there will be a significant increase in lease assets and financial liabilities recognised on the statement of financial position - the reported equity will reduce as the carrying amount of lease assets will reduce more quickly than the carrying amount of lease liabilities - EBIT in the statement of profit or loss and other comprehensive income will be higher as the implicit interest in lease payments for former off balance sheet leases will be presented as part of finance costs rather than being included in operating expenses - operating cash outflows will be lower and financing cash flows will be higher in the statement of cash flows as principal repayments on all lease liabilities will now be included in financing activities rather than operating activities. Interest can also be included within financing activities.
AASB 2014-1 Amendments to Australian Accounting Standards (Part D: Consequential Amendments arising from AASB 14)	Annual reporting periods beginning on or after 1 January 2016	Part D of AASB 2014-1 makes consequential amendments arising from the issuance of AASB 14.	When these amendments become effective for the first time for the year ending 30 June 2017, they will not have any impact on the Group.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Annual reporting periods beginning on or after 1 January 2018	AASB 2014-5 incorporates the consequential amendments arising from the issuance of AASB 15.	Refer to the section on AASB 15 above.

Notes to the Financial Statements

For the Year Ended 30 June 2016

3 Critical Accounting Estimates and Judgements

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

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

The significant estimates and judgements made have been described below.

Key judgements - capitalisation of exploration and evaluation expenditure

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

4 Operating Segments

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

5 Revenue and expenses

(a) Revenue

	Consolidated	
	2016	2015
	\$	\$
Administration fees	37,965	33,103
Bank interest received or receivable	6,733	27,767
Total revenue	44,698	60,870

(b) Other income

Other income	1,280	902
Net gains on disposal of property, plant and equipment	20,107	35,545
Total other income	21,387	36,447

(c) Expenses

Impairment of Non-Current Assets

Capitalised tenement costs written off	2,063,970	13,394,428
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Depreciation of Non-Current Assets

Plant and equipment	35,181	36,206
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Employee Benefits Expense

Wages, salaries, directors fees & other remuneration expenses	462,902	816,138
Transfer (to) exploration assets	(234,326)	(487,586)
Superannuation	38,467	71,104
Transfer to annual leave provision	(9,701)	(34,408)
Transfer to long service leave provision	(61,218)	2,262

Total employee benefits expense

196,124	367,510
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Other Expenses from Ordinary Activities

Secretarial, professional and consultancy	46,054	94,547
Occupancy costs	106,338	159,263
Share register maintenance	19,888	21,160
Insurance costs	29,357	31,303
Promotion and advertising	5,896	14,255
Employee taxes and levies	2,260	17,476
Service charges	16,089	4,263
Securities exchange fees	27,399	38,143
Travel expenses	6,781	6,285
Conferences	1,145	26,212
Transfer (to) exploration assets	(97,880)	(144,469)
Audit fees	29,169	33,293
Legal fees	1,783	26,669
Other expenses	60,864	19,717

Total other expenses from ordinary activities

255,143	348,117
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Disposal of available-for-sale investments

235,173	-
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Total Disposal of available-for-sale investments

235,173	-
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Notes to the Financial Statements

For the Year Ended 30 June 2016

6 Income Tax Expense

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

	Consolidated	
	2016	2015
	\$	\$
Current tax expense		
Current income tax charge/(benefit)	12,608	25,917
Research and development tax concession received	-	(102,914)
Total income tax expense/(benefit)	12,608	(76,997)

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

Accounting loss before income tax	(2,768,289)	(14,049,212)
Group's statutory income tax rate	30%	30%
	(830,487)	(4,214,764)

Add:

Tax effect of:

- expenditure not allowable for income tax purposes	661,881	4,138,153
- other deductible items	150,793	421,412
- tax portion of share issue costs	12,608	25,917
	(5,205)	370,718

Less:

Tax effect of:

- tax losses not recognised due to not meeting recognition criteria	17,813	344,801
- Research & development tax offset	-	102,914

Income tax expense

12,608 (76,997)

The Group has tax losses arising in Australia of \$31,166,621 (2015: \$28,955,873) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose, on the basis that either the continuity of ownership test or 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.

(c) Tax Consolidation

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

7 Earnings per Share

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

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

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

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

	Consolidated	
	2016	2015
	\$	\$
Net loss attributable to ordinary equity holders of the parent	(2,780,897)	(14,072,202)
Losses used to calculate basic EPS from continuing operations	(2,780,897)	(14,072,202)
Losses used in the calculation of dilutive EPS from continuing operations	(2,780,897)	(14,072,202)

(b) Losses used to calculate overall earnings per share

Losses used to calculate overall earnings per share	(2,780,897)	(14,072,202)
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(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	445,876,160	373,980,708
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	445,876,160	373,980,708

In accordance with AASB 133 'Earnings per Share', as potential ordinary shares may only result in a situation where their conversion results in an increase in loss per share or decrease in profit per share from continuing operations, no dilutive effect has been taken into account in 2016 or 2015.

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

8 Cash and cash equivalents

	Note	Consolidated	
		2016	2015
		\$	\$
Cash at bank and in hand		498,298	243,413
Short-term bank deposits		130,000	300,000
Total cash and cash equivalents	8(a)	628,298	543,413

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

\$130,000 of short-term deposits acts as security for visa cards and the billflex facility.

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

(a) Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

Cash and cash equivalents	8	628,298	543,413
Balance as per consolidated statement of cash flows		628,298	543,413

9 Trade and other receivables

CURRENT			
Trade receivables	9(a)	12,788	6,546
Total current trade and other receivables		12,788	6,546

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in 2016 or 2015 and no receivables are past due at balance date.

10 Other assets

CURRENT			
Prepayments		-	32,625
Accrued income		-	130
Total current other assets		-	32,755

Notes to the Financial Statements

For the Year Ended 30 June 2016

11 Other financial assets

Available-for-sale financial assets comprise:

	Consolidated	
	2016	2015
	\$	\$
NON-CURRENT		
Listed investments, at fair value		
- Opening balance at 1 July	464,194	564,181
- Fair value adjustment	-	(99,987)
- Sale of listed investments	(464,194)	-
Total non-current available-for-sale financial assets	-	464,194

The Group has a NIL interest in Musgrave Minerals Limited at 30 June 2016 (2015: 7.67%).

12 Plant and equipment

PLANT AND EQUIPMENT

Plant and equipment

At cost	277,253	307,536
Accumulated depreciation	(254,597)	(263,669)
Total plant and equipment	22,656	43,867
Motor vehicles		
At cost	-	220,687
Accumulated depreciation	-	(173,524)
Total motor vehicles	-	47,163
Total plant and equipment	22,656	91,030

Notes to the Financial Statements

For the Year Ended 30 June 2016

12 Plant and equipment (continued)

(a) Movements in carrying amounts of plant and equipment

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

Consolidated	Plant and Equipment \$	Motor Vehicles \$	Total \$
Year ended 30 June 2016			
Balance at the beginning of year	43,867	47,163	91,030
Additions	-	-	-
Disposals - written down value	(1,948)	(31,245)	(33,193)
Depreciation expense	(19,263)	(15,918)	(35,181)
Balance at the end of the year	22,656	-	22,656
Year ended 30 June 2015			
Balance at the beginning of year	76,472	84,127	160,599
Disposals - written down value	(11,512)	(21,851)	(33,363)
Depreciation expense	(21,093)	(15,113)	(36,206)
Balance at the end of the year	43,867	47,163	91,030

(b) Impairment and depreciation of plant and equipment

No impairment loss was recognised or reversed for the years ended 30 June 2016 and 2015 with respect to plant and equipment.

The depreciation rates of the assets were estimated as follows for both 2015 and 2016:

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

Motor vehicles - 22.5% (Diminishing value)

Notes to the Financial Statements

For the Year Ended 30 June 2016

13 Exploration and evaluation assets

	Consolidated	
	2016	2015
	\$	\$
Exploration and evaluation phases - Joint Operations	1,059,666	2,483,834
Exploration and evaluation phases - Other	210,497	384,038
Total exploration and evaluation assets	1,270,163	2,867,872

Capitalised tenement expenditure movement reconciliation

Consolidated	Exploration and Evaluation - Joint Operations	Exploration and Evaluation - Other	Total
	\$	\$	\$
2016			
Balance at beginning of the year	2,483,834	384,038	2,867,872
Change of JV status during period	(1,837,465)	1,837,465	-
Additions through expenditure capitalised	604,093	23,365	627,458
Reductions through joint venture contributions	(54,000)	-	(54,000)
Disposal of tenements	-	(107,197)	(107,197)
Impairment of tenement	(136,796)	(1,927,174)	(2,063,970)
Balance at end of the year	1,059,666	210,497	1,270,163
2015			
Balance at beginning of the year	13,030,723	1,987,554	15,018,277
Additions through expenditure capitalised	796,489	459,034	1,255,523
Reductions through joint venture contributions	(11,500)	-	(11,500)
Impairment of tenement	(11,331,878)	(2,062,550)	(13,394,428)
Balance at end of the year	2,483,834	384,038	2,867,872

14 Share-based Payments

(i) Employee Share Option Plan

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

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment by a member of the Group, 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.

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Share-based Payments (continued)

- If, prior to the expiry date of options, a person ceases to be an employee of the Group 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. The expense recognised in the consolidated statement of profit or loss and other comprehensive income in relation to share-based payments is disclosed in Note 5(c). The following table illustrates the number (No.) and weighted average exercise prices (WAEP) and movements in share options issued during the year:

A summary of the Group options issued is as follows:

2016						Vested and
Exercise price	Start of the	Granted	Exercised	Cancelled/lapsed	Balance at the	exercisable at
WAEP	year	during the	during the	during the year	end of the	the end of the
	No.	year	year	No.	year	year
	No.	No.	No.	No.	No.	No.
0.1100	9,385,000	-	-	-	9,385,000	9,385,000
0.0028	-	6,500,000	-	-	6,500,000	6,500,000
	-	-	-	(4,235,000)	(4,235,000)	(4,235,000)
0.037	9,385,000	6,500,000	-	(4,235,000)	11,650,000	11,650,000
2015						
0.11	9,385,000	-	-	-	9,385,000	9,385,000
	9,385,000	-	-	-	9,385,000	9,385,000

The WAEP of issued options that are exercisable as at 30 June 2016 is \$0.037 (2015: \$0.11).

The outstanding balance as at 30 June 2016 is represented by:

- A total of 1,050,000 options exercisable any time until 21 July 2018 with an exercise price of \$0.05.
- A total of 1,400,000 options exercisable any time until 19 June 2019 with an exercise price of \$0.015.
- A total of 1,000,000 options exercisable any time until 27 November 2017 with an exercise price of \$0.10.
- A total of 1,000,000 options exercisable any time until 27 November 2017 with an exercise price of \$0.15.

Notes to the Financial Statements

For the Year Ended 30 June 2016

14 Share-based Payments (continued)

- A total of 700,000 options exercisable any time until 30 July 2017 with an exercise price of \$0.10.
- A total of 6,500,000 options exercisable any time until 21 April 2019 with an exercise price of \$0.005.

The weighted average remaining contractual life of options outstanding at year end was 2.42 years (2015: 2.36 years).

The range of exercise prices for options outstanding at the end of the year was \$0.005 - \$0.15 (2015: \$0.015 - \$0.25).

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

There were no employee options granted during the year (2015: \$NIL). The options granted during the year were issued in exchange for financial services received in the placement of ordinary shares.

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

The following table lists the inputs to the model used for the years ended 30 June 2016 and 30 June 2015:

30 June 2016

Weighted average life of the option (years):	3
Expected share price volatility:	117.00%
Risk-free interest rate:	2.00%

30 June 2015

Weighted average life of the option (years):	-
Expected share price volatility:	- %
Risk-free interest rate:	- %

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

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

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

Director options

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

During the year, there were no (2015: NIL) share options issued to the Directors.

Notes to the Financial Statements

For the Year Ended 30 June 2016

15 Trade and other payables

		Consolidated	
		2016	2015
	Note	\$	\$
CURRENT			
Unsecured liabilities			
Trade payables	15(a)	29,837	26,902
Other payables		94,434	49,518
Total current trade and other payables		124,271	76,420

(a) Trade payables

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

16 Employee Benefits

CURRENT			
Long service leave		11,459	64,432
Annual leave		29,585	39,286
Total current employee benefits liability		41,044	103,718
NON-CURRENT			
Long service leave		16,147	24,392

(a) Movements in employee benefits liability

Annual leave provision			
Opening balance		39,286	73,694
Net transfer to provision/(provision used)		(9,701)	(34,408)
Closing balance		29,585	39,286
Long service leave provision			
Opening balance		88,824	86,562
Net transfer to provision/(provision used)		(61,218)	2,262
Closing balance		27,606	88,824
Total employee benefit liability		57,191	128,110

17 Remuneration of Auditors

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

- auditing or reviewing the financial report	29,169	26,000
Total remuneration of auditors	29,169	26,000

No non-audit services have been provided.

Notes to the Financial Statements

For the Year Ended 30 June 2016

18 Issued Capital

	Consolidated	
	2016	2015
	\$	\$
566,879,066 (2015: 421,043,293) Ordinary shares	33,531,257	32,879,698
Total issued capital	33,531,257	32,879,698

(a) Ordinary shares

	Consolidated		Consolidated	
	2016	2015	2016	2015
	\$	\$	No.	No.
At the beginning of the reporting period	32,879,698	32,212,636	421,043,29	315,657,750
Shares issued during the year				
- Share issue via rights issue on 9 December 2014		737,699	-	105,385,543
- Shares issued pursuant to SPP on 6 October 2015	234,000		52,000,02	-
- Shares issued via placement on 6 October 2015	115,000		25,555,55	-
- Shares issued in lieu of drilling costs on 5 January 2016	33,550		6,330,18	-
- Shares issued via placement on 21 April 2016	309,750		61,950,00	-
- Transaction costs (net of tax)	(40,741)	(70,637)		
At the end of the reporting period	33,531,257	32,879,698	566,879,06	421,043,293

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

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

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

(b) Capital Management

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

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses as disclosed in Notes 18, 19 and 20 respectively.

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

19 Reserves

	Note	Consolidated	
		2016 \$	2015 \$
Available-for-sale revaluation reserve			
Balance at beginning of financial year		(35,000)	64,987
Revaluation		-	(99,987)
Transfers out - sale of available-for-sale investment		35,000	-
Balance at end of the year	19(a)	-	(35,000)
Share option reserve			
Balance at beginning of financial year		1,804,090	1,804,090
Issue of options		45,500	-
Lapse of options due to expiration	20	(1,691,590)	-
Balance at end of the year	19(b)	158,000	1,804,090
Total reserves		158,000	1,769,090

(a) Available-for-sale revaluation reserve

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

(b) Share option reserve

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

During the financial year, 4,235,000 options lapsed (2015: NIL).

20 Accumulated losses

Opening balance at start of the financial year	(30,847,508)	(16,875,293)
Net loss attributable to members of the parent entity	(2,780,897)	(13,972,215)
Transfer from share option reserve	1,691,590	-
Accumulated losses at end of the financial year	(31,936,815)	(30,847,508)

Notes to the Financial Statements

For the Year Ended 30 June 2016

21 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

	Consolidated	
	2016	2015
	\$	\$
Net loss for the year	(2,780,897)	(13,972,215)
Non-cash flows in profit:		
- depreciation	35,181	36,206
- impairment of non-current assets	2,063,970	13,394,428
- disposal of available-for-sale investments	235,173	-
- share based payments	45,500	-
- net gain on disposal of property, plant and equipment	(20,107)	(35,545)
- net gain on disposal of investment	(29,920)	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(6,242)	(2,027)
- (increase)/decrease in prepayments	32,755	17,058
- increase/(decrease) in trade and other payables	47,851	(36,315)
- increase/(decrease) in employee benefits	(70,918)	(9,004)
Net cash (used in)/provided by operating activities	(447,654)	(607,414)

22 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

- not later than one year	52,363	53,748
- between one year and five years	-	64,528
Minimum lease payments	52,363	118,276

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

(b) Exploration leases

In order to maintain current rights of tenure to exploration tenements, the Group will be required to spend in the year ending 30 June 2016, net amounts of approximately \$662,850 (2015: \$509,800) in respect of tenement lease rentals and to meet minimum expenditure requirements. These obligations are expected to be fulfilled in the normal course of operations.

Notes to the Financial Statements

For the Year Ended 30 June 2016

23 Interests in Subsidiaries

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2016	Percentage Owned (%) [*] 2015
Subsidiaries:			
Minex (Aust) Pty Ltd	Australia	100	100
Mithril Resources Investments Pty Ltd	Australia	100	100
Minex (West) Pty Ltd	Australia	100	100

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

24 Financial Risk Management

Categories of financial instruments

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

		Consolidated	
		2016	2015
	Note	\$	\$
Financial Assets			
Cash and cash equivalents	8	628,298	543,413
Loans and receivables	9	12,788	6,546
Available-for-sale financial assets:			
- at fair value			
- listed shares in other corporations	11	-	464,194
Total financial assets		641,086	1,014,153
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	15	124,268	76,420
Total financial liabilities		124,268	76,420

Credit risk

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

24 Financial Risk Management (continued)

Market risk

(i) Cash flow interest rate sensitivity

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

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

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.50% and -0.50% (2015: +0.50%/-0.50%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

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

	2016		2015	
	+0.50%	-0.50%	+0.50%	-0.50%
	\$	\$	\$	\$
Cash and cash equivalents				
Net results	2,628	(2,628)	2,173	(2,173)
Equity	2,628	(2,628)	2,173	(2,173)

Notes to the Financial Statements

For the Year Ended 30 June 2016

24 Financial Risk Management (continued)

(ii) Financial instrument composition and maturity analysis

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

	Weighted Average Effective Interest Rate		Floating Interest Rate		Maturing within 1 Year		Maturing 1 to 5 Years		Non-interest Bearing		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	%	%	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial Assets:												
Cash and cash equivalents	1.43	2.38	498,298	243,413	130,000	300,000	-	-	-	-	628,298	543,413
Trade and other receivables	-	-	-	-	-	-	-	-	12,788	6,546	12,788	6,546
Total Financial Assets			498,298	243,413	130,000	300,000	-	-	12,788	6,546	641,086	549,959
Financial Liabilities:												
Trade and other payables	-	-	-	-	-	-	-	-	124,268	76,420	124,268	76,420
Total Financial Liabilities			-	-	-	-	-	-	124,268	76,420	124,268	76,420

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

Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group 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 Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

Notes to the Financial Statements

For the Year Ended 30 June 2016

25 Fair Value Measurement

The Group measures the following assets at fair value on a recurring basis in the year ended 30 June 2015:

- Financial assets
 - Musgrave Minerals Ltd - Listed Shares
 - Musgrave Minerals Ltd - Unlisted Options

During the year ended 30 June 2016, the Group no longer has any financial assets measured at fair value.

The Group does not have any liabilities measured at fair value.

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Unobservable inputs for the asset or liability.

The table below shows the assigned level for each asset held at fair value by the Group:

		Level 1	Level 2	Level 3	Total
30 June 2016	Note	\$	\$	\$	\$
Recurring fair value measurements					
Financial assets					
Musgrave Minerals Ltd - Listed Shares	11	-	-	-	-
Total		-	-	-	-
30 June 2015					
Recurring fair value measurements					
Financial assets					
Musgrave Minerals Ltd - Listed Shares	11	464,194	-	-	464,194
Total		464,194	-	-	464,194

Level 2 measurements

The fair value of financial instruments that are not traded in an active market is determined using valuation methodologies. Quoted market prices for similar instruments is a method used to determine the fair value.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Notes to the Financial Statements

For the Year Ended 30 June 2016

26 Related Parties

(a) Transactions with related parties

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

The following transactions occurred with related parties:

- Throughout the prior year ended 30 June 2015, the Group provided Musgrave Minerals Ltd, of which Mr Ascough is the Chairman, with access to premises, exploration personnel and equipment. In exchange for these services, the Group has received income in the form of service charges. All transactions were conducted on commercial terms and were arms length transactions. The total amount paid by Mithril to Musgrave Minerals Ltd through the year ended 30 June 2016 was \$NIL (2015: \$11,271). Amount paid to Mithril by Musgrave Minerals Ltd was \$NIL (2015: \$90,316). At 30 June 2016, the Group was owed \$NIL (2015: \$2,545) from Musgrave Minerals Ltd.
- Throughout the prior year ended 30 June 2015, the Group provided Phoenix Copper Ltd, of which Mr Ascough is the Chairman, with exploration personnel and the purchase of a vehicle. In exchange for these services, the Group has received income in the form of service charges. All transactions were conducted on commercial terms and were arms length transactions. The total amount paid or to be paid by Phoenix Copper Ltd through the year ended 30 June 2016 was \$NIL (2015:\$59,448). At 30 June 2016, the Group was owed \$NIL (2015:\$NIL) from Phoenix Copper Ltd.
- Paga Resources Pty Ltd (an entity controlled by Mr Graham Ascough) previously received fees in relation to services rendered by Mr Graham Ascough in connection with his directorship with the Group. During the financial year ended 30 June 2016, these fees totalled \$NIL (2015:\$49,215). No amount was outstanding at 30 June 2016.

(b) Wholly owned group transactions

Loans

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

(c) Interests of Key Management Personnel (KMP)

For details of Key Management Personnel's interests in shares and options of the Company, refer to Note 27: Key Management Personnel Disclosures. The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2016.

Notes to the Financial Statements

For the Year Ended 30 June 2016

27 Key Management Personnel Disclosures

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

	2016	2015
	\$	\$
Short-term employee benefits	359,780	484,054
Post-employment benefits	30,434	41,305
Total remuneration paid to key management personnel	390,214	523,359

The Remuneration Report contained in the Directors' Report contains details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2016.

For details of other transactions with key management personnel, refer to Note 26: Related Parties.

28 Parent entity

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

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

Investments in subsidiaries, associates and joint ventures

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

Tax consolidation legislation

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

28 Parent entity (continued)

	2016	2015
	\$	\$
Statement of Financial Position		
Assets		
Current assets	1,911,249	4,395,309
Non-current assets	22,656	1,798,988
Total Assets	1,953,905	6,194,297
Liabilities		
Current liabilities	165,733	172,167
Non-current liabilities	16,147	24,392
Total Liabilities	181,880	196,559
Equity		
Issued capital	33,531,257	32,879,698
Accumulated losses	(31,937,232)	(28,686,050)
Reserves	158,000	1,804,090
Total Equity	1,752,025	5,997,738
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	(4,942,773)	(12,872,673)
Other comprehensive income	-	-
Total comprehensive income	(4,942,773)	(12,872,673)

Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 30. The contingent liabilities of the parent are consistent with that of the Group.

Contractual commitments

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

Notes to the Financial Statements

For the Year Ended 30 June 2016

29 Events Occurring After the Reporting Date

The financial report was authorised for issue on 13 September 2016 by the Board of Directors.

On the 21 July 2016, the Company announced it had entered into a Heads of Agreement with Oz Minerals Limited to explore seven new exploration licence areas in South Australia. Under the Agreement, Mithril will undertake a target generation exercise in the Coompana Block of the far west of South Australia in the first instance, with a view to identifying potential drill targets on the relevant tenements. Oz Minerals Limited will invest \$250,000 as part of the stage one targeting.

If the Company identifies potential drill targets, and the outcome of the exercise is acceptable to both parties, then negotiations would advance to a formal joint venture to undertake exploration on the relevant tenements.

On 4 August 2016, the Company announced it had entered into a Mining Farm-In and Joint Venture Agreement is Lawson ("Lawson") Gold Limited, whereby the Company can earn a 75% interest in Lawson's Exploration Licence EL27/510, by completing expenditure of \$250,000 over 3 years.

The terms of the agreement are as follows:

- The Company may acquire a 75% interest in the E27/510 by spending a total of \$250,000 on exploration within three years at which point the joint venture is formed.
- Once the Company have earned their 75%, Lawson can then elect to contribute to joint venture costs in accordance with its participating interest or dilute via a standard industry dilution formula.
- If a party's participating interest dilutes to less than 10%, that party will be deemed to have withdrawn from the joint venture and will be entitled to receive a 1.5% Net Smelter Royalty on all minerals.
- The Company is required to keep E27/510 in good standing at all times and can only withdraw from the Agreement with 30 days' notice provided the tenement is in good standing.

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

30 Contingencies

There has been no change in contingent liabilities since the last reporting date. It is, however, noted that the Group has various bank guarantees totalling \$122,000 at 30 June 2016 (2015: \$122,151) which act as collateral over exploration tenements.

Directors' Declaration

The directors of the Group declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2016 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Managing Director and Company Secretary have given the declarations required by Section 295A that:
 - a. the financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
 - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
 - c. the financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Director

Mr David Hutton
Managing Director

Dated this 13th day of September 2016

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MITHRIL RESOURCES LIMITED

Report on the financial report

We have audited the accompanying financial report of Mithril Resources Limited (the “Company”), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors’ declaration of the consolidated entity comprising the Company and the entities it controlled at the year’s end or from time to time during the financial year.

Directors’ responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors’ responsibility also includes 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. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor’s responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- a the financial report of Mithril Resources Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1(s) in the financial report which indicates that the consolidated entity incurred a net loss of \$2,780,897 during the year ended 30 June 2016 and incurred net cash outflows from operating and investing activities totalling \$554,066. These conditions, along with other matters as set forth in Note 1(s), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2016. 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.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Mithril Resources Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner - Audit & Assurance

Adelaide, 13 September 2016

ASX Additional Information

30 June 2016

ASX Additional Information

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is effective as at 20 September 2016.

Substantial shareholders

The Company has no substantial shareholders.

Voting rights

Ordinary Shares

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.

Options

No voting rights.

Distribution of equity security holders

Ordinary Share Capital

566,879,066 fully paid ordinary shares are held by 1,844 individual shareholders.

Unlisted options

11,650,000 unlisted options are held by 5 individual option holders.

	Fully paid ordinary shares	Unlisted Options
1 - 1,000	47	-
1,001 - 5,000	128	-
5,001 - 10,000	176	-
10,001 - 100,000	771	-
100,001 and over	722	5
	1,844	5
Holding less than a marketable parcel	921	-

ASX Additional Information

30 June 2016

Twenty largest shareholders of quoted equity securities

	Fully Paid Ordinary Shares	
	Number	Percentage
Minotaur Resources Investments Pty Ltd	28,178,572	4.97%
Perth Capital Pty Ltd	15,000,000	2.65%
Mr Samuel Kah Teck Ng	14,809,260	2.61%
Wersman Nominees Pty Ltd	11,833,334	2.09%
Mr Graham Leslie Ascough & Mrs Patricia Lynn Ascough (Ascough Family A/c)	6,733,334	1.19%
Olgen Pty Ltd	6,330,189	1.12%
Mrs Jennifer Monckton	6,000,000	1.06%
Mr David James Hutton & Mrs Rachel Marie Hutton (Hutton Super Fund A/c)	5,962,275	1.05%
Mr John Barry Roberts & Mrs Judith Elizabeth Roberts (John Roberts Super Fund A/c)	5,793,334	1.02%
Dorica Nominees Pty Ltd (Super Fund A/c)	5,000,000	0.88%
ESM Limited	5,000,000	0.88%
Super MSJ Pty Ltd (MSJ Super Fund A/c)	5,000,000	0.88%
Mr William Staverton Hitch	4,850,000	0.86%
Mr Raymond Leslie Johnston & Mrs Penny Jane Johnston	4,550,000	0.80%
First Investment Partners Pty Ltd	4,500,000	0.79%
Octofil Pty Ltd	4,500,000	0.79%
Mr Derek Carter & Mrs Carlsa Carter (The Salamanca Super Fund A/c)	4,233,334	0.75%
DCS Super Fund Pty Ltd (DCS Superannuation Fund A/c)	4,083,334	0.72%
Mr Matthew Howell	4,000,000	0.71%
Brucar Pty Ltd (Spangler Family A/c)	3,983,334	0.70%
	150,340,300	26.52%

ASX Additional Information

30 June 2016

Tenement No	Project	Area (km2)	Company Interest
Northern Territory			
EL26942	East Arunta Area	402.13	100%
EL24253	East Arunta Area	213.62	33.3%
Western Australia			
E28/2567	Kurnalpi Area	14.77	100%
E28/2506	Kurnalpi Area	51.85	100%
P28/1271	Kurnalpi Area	1.17	100%
E27/538	Kurnalpi Area	171.86	100%
E27/576 *	Kurnalpi Area	17.78	0%
E27/582 *	Kurnalpi Area	59.31	0%
E20/846	Murchison Area	207.22	100%
E51/1649	Murchison Area	202.23	100%
E51/1615	Murchison Area	183.32	100%
E15/1423	West Kambalda Area	23.47	35%
P15/4876	West Kambalda Area	1.61	35%
P15/4877	West Kambalda Area	1.73	35%
P15/4878	West Kambalda Area	1.73	35%
P15/4879	West Kambalda Area	0.74	35%
P15/4880	West Kambalda Area	1.62	35%
P15/4881	West Kambalda Area	1.43	35%
P15/4882	West Kambalda Area	0.03	35%
P15/4883	West Kambalda Area	0.61	35%
P15/4886	West Kambalda Area	0.95	35%
P15/5763	West Kambalda Area	0.33	35%
P15/5791	West Kambalda Area	0.24	35%

* In application stage