Mithril Resources Ltd

ABN 30 099 883 922

Half Year Report

for the half year ended 31 December 2012

Contents to Half Year Report

Directors' Report

The directors of Mithril Resources Ltd ('Mithril Resources') present their Report together with the financial statements of the consolidated entity, being Mithril Resources ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2012 and the Independent Review Report thereon.

Director Details

The following persons were directors of Mithril Resources during or since the end of the financial year.

Mr Graham Ascough, (Appointed Chairman 29/11/2012)
Mr John Roberts, Chairman (Retired 29/11/2012)
Mr David Hutton, Managing Director
Mr Derek Carter, Non Executive Director
Mr Richard Bonython, Non-Executive Director
Mr Donald Stephens, Non-Executive Director

Operating Result

The group's loss for the half year ended 31 December 2012 after providing for income tax amounted to $1,504,868 (2011: $1,760,320).

Principal Activites

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.

Review of Operations

Mithril Resources activities during the Half Year ending 31 December 2012 were primarily focussed on the Huckitta and Yambah Projects in the Northern Territory and to a lesser degree, the East Pilbara Project in Western Australia. During the reporting period, the Company also embarked upon a major new strategic initiative with the acquisition of two new gold projects in the Kambalda District of Western Australia.

At the **Huckitta Project**, the Company continued to explore the Illogwa Iron Oxide Copper Gold (IOCG) Area with an initial program of reverse circulation and diamond drilling successfully confirming the presence of copper - gold mineralisation at a number of prospects.

Better results included 14m @ 0.34% copper, 0.05g/t gold from 18 metres including 1m @ 1.83% copper, 0.36g/t gold (**El Gordo Prospect**), 10m @ 0.34% copper, 0.01g/t gold from 10 metres (**Nigel Prospect**) and 2.7m @ 0.22% copper from 16 metres and 11m @ 0.18% copper from 56 metres (**Austin Prospect**).

Subsequent airborne geophysical (VTEM) surveys over the entire Illogwa IOCG Area successfully identified multiple conductive features for follow-up, five of which, occur immediately along strike from outcropping and/or drilled copper mineralisation. Initial field verification and ground geophysical (IP) follow-up of these features identified **Mini Me West** as a compelling high-priority drill target.

To ensure that the Company's efforts at the Huckitta Project remain focussed on copper – gold exploration, it has a commodity specific joint venture with MMG Limited (**MMG**), whereby they can earn up to 80% of the nickel rights on Mithril – 100% owned tenements at Huckitta, by completing expenditure of $4 million and a Pre – Feasibility study on a JORC Indicated Mineral Resource.

Under the terms of the joint venture agreement, MMG must spend a minimum of $1.5 million by 31 October 2013. If MMG doesn't satisfy this requirement then it is obliged to pay Mithril the difference between actual expenditure and the $1.5 million.

During the reporting period MMG completed a regional stream sediment survey. Concurrent with the stream sampling exercise, geological reconnaissance was carried out over a number of pre-existing VTEM anomalies. The work has now identified a number of nickel targets for ground geophysical follow up in 2013.

At the **Yambah Project**, field activities completed during reporting period included ground geophysics (EM), geological mapping and rock chip sampling has identified four prospects as priority for follow-up- **Red Rock Bore**, **Harry Creek**, **Gecko** and **Turners**.

At **Red Rock Bore**, outcropping zinc – lead – copper mineralisation has been previously drilled over 1 kilometre strike length to an average vertical depth of 100 metres with a best result of 12.30m @ 3.7% zinc, 0.6% lead, and 0.09% copper from 131.30 metres. The mineralisation remains open in all directions.

Similarly at **Harry Creek**, outcropping zinc – lead - copper mineralisation is present over 350 – 400 metres strike length with a single historic drill hole having intersected 4.0m @ 0.21% copper, 0.3% lead, 2.1% zinc from 39 metres. Significantly, aeromagnetic data shows that the mineralisation lies within a larger 2 kilometre long trending magnetic feature, suggesting that there is excellent potential to find additional mineralisation along this trend.

At **Gecko** and **Turners**, outcropping copper - gold mineralisation remains poorly tested by previous explorers with rock chip sampling up to 15.65% copper and 36.8g/t gold.

At the **East Pilbara Project**, reverse circulation drilling of coincident VTEM and ground EM anomalies (**Talga East**, and **Gorge North** prospects) returned a best result of 3m @ 0.42 g/t gold from 209 metres. The intercept occurs within a thin zone of quartz veining and disseminated iron sulphides.

Given the results, and the company's focus on the Huckitta and Yambah Projects, and the newly acquired West Australian gold projects, the future of the East Pilbara Project is currently being reviewed.

During the reporting period, the Company acquired two new gold projects in the Kambalda District of Western Australia. The acquisitions effectively "weather-proof" the Company by allowing exploration activities to continue during the December to April period, when due to their northern location, field work has traditionally stopped at Huckitta and Yambah due to the influence of the northern Wet Season.

The **Spargos Reward Gold Project** (comprising the historic high-grade **Spargos Reward Gold Mine** and surrounding 15kms² of tenements), was purchased from Breakaway Resources Limited for $200,000 cash (excluding nickel rights). Spargos Reward was previously mined during the 1940's and early 1980's to a vertical depth of 120 metres (underground and open pit) with total production of approximately 29,257 ounces @ 8g/t gold.

The Company also signed a Farmin and Joint Venture Letter Agreement with KalNorth Gold Mines Limited to earn up to an 80% interest (by completing expenditure of $2 million over 4 years) in the **Spargoville Gold Project** which is located immediately adjacent to the Spargos Reward Gold Project.

Spargoville contains a number of walk-up drill targets that offer excellent exploration upside including the **Lady Allison Gold Deposit** where a JORC Code Compliant Inferred Resource of 2.1Mt @ 1.3g/t gold (86,800ozs) was estimated by KalNorth Gold in late 2011.

Both projects are located on the Kunanalling Shear, a regional shear zone that hosts significant gold mineralisation 20km to the north at Ghost Crab (1999 Total Resources of 1.2Mozs gold @ 4.7g/t gold), and 16km to the south at Ramelius Resources' Wattle Dam Gold Mine (total production of 250Koz gold from 2006 to August 2012).

The potential of the gold projects was highlighted by the results of the Company's initial drill program conducted in December 2012, at Spargos Reward with several high grade intercepts returned from along strike and beneath the historic underground workings – 14m @ 6.75g/t gold (including 6m @ 12.67g/t gold) and 11m @ 3.54g/t gold (including 2m @ 13.67g/t gold).

Going forward the Company will continue to focus on developing drill targets at the Huckitta and Yambah Projects in the Northern Territory, and assessing the exploration upside of priority gold targets within the Spargos Reward and Spargoville Projects in Western Australia.

The information in this report that relates to Exploration Results and Mineral Resources is based on information compiled by Mr David Hutton (Managing Director), who is a full- time employee of the Company and a Fellow of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr D Hutton has more than five years' experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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.

Auditor’s independence declaration

The auditor’s independence declaration is set out on page 7 and forms part of the directors’ report for the half year ended 31 December 2012.

Signed in accordance with a resolution of the directors.

Mr David Hutton
Managing Director

13 March 2013

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Mithril Resources Ltd for the half-year ended 31 December 2012, 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 review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Director – Audit & Assurance

Adelaide, 13 March 2013

Interim consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2012

	Note	Consolidated Group Half-year ended 31 Dec 2012 $	31 Dec 2011 $
Revenue from ordinary activities		214,168	311,657
Other Income		5,428	9,533
Impairment of exploration assets		(901,699)	(5,626)
Employee benefits expense		(445,670)	(281,679)
Depreciation expense		(43,176)	(44,353)
Finance costs		(4,968)	(8,652)
Impairment of available-for-sale investments	3	-	(1,470,756)
Other expenses		(328,951)	(270,444)
Loss before income tax expense		(1,504,868)	(1,760,320)
Income tax benefit/(expense)		-	-
Loss from continuing operations		(1,504,868)	(1,760,320)
Loss attributable to members of the parent entity		(1,504,868)	(1,760,320)
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,504,868)	(1,760,320)

Earnings per share:	*Cents*	*Cents*
Basic earnings per share	(0.69)	(0.80)
Diluted earnings per share	(0.69)	(0.80)

The interim consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the consolidated interim financial report.

Interim consolidated statement of financial position

As at 31 December 2012

		Consolidated Group	
	Note	31 December 2012 $	30 June 2012 $
CURRENT ASSETS			
Cash and cash equivalents		3,137,937	5,547,451
Trade and other receivables		178,402	61,544
Other current assets		109,674	155,029
TOTAL CURRENT ASSETS		3,426,013	5,764,024
NON-CURRENT ASSETS			
Available-for-sale investments	**5**	1,055,887	852,710
Property, plant and equipment	**6**	258,834	289,568
Exploration and evaluation assets	**7**	13,589,047	12,531,586
TOTAL NON-CURRENT ASSETS		14,903,768	13,673,864
TOTAL ASSETS		18,329,781	19,437,888
CURRENT LIABILITIES			
Trade and other payables		262,548	163,349
Short-term borrowings		72,598	88,125
Short-term provisions		138,403	123,419
TOTAL CURRENT LIABILITIES		473,549	374,893
NON-CURRENT LIABILITIES			
Long-term borrowings		9,811	30,156
Long-term provisions		12,391	9,118
TOTAL NON-CURRENT LIABILITIES		22,202	39,274
TOTAL LIABILITIES		495,751	414,167
NET ASSETS		17,834,030	19,023,721
EQUITY			
Issued capital	**8**	30,795,217	30,795,217
Reserves		2,576,492	2,328,065
Retained earnings		(15,537,679)	(14,099,561)
TOTAL EQUITY		17,834,030	19,023,721

The interim consolidated statement of financial position is to be read in conjunction with the notes to the consolidated interim financial report.

Interim consolidated statement of changes in equity

For the half year ended 31 December 2012

		Consolidated Group				
	Note	Issued Capital Ordinary $	Share Option Reserve $	Available for sale revaluation reserve $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		30,795,217	2,391,464	(1,144,468)	(11,095,298)	20,946,915
Total comprehensive (loss)		-	-	(326,288)	(1,760,320)	(2,086,608)
Transfer from available for sale revaluation reserve upon disposal of investments		-	-	1,470,756	-	1,470,756
Transfer from share based payment reserve upon lapse of options		-	(59,249)	-	59,249	-
Balance at 31 December 2011		30,795,217	2,332,215	-	(12,796,369)	20,331,063
Balance at 1 July 2012		30,795,217	2,328,065	-	(14,099,561)	19,023,721
Total comprehensive (loss)/profit		-	-	203,177	(1,504,868)	(1,301,691)
Issue of share options		-	112,000	-	-	112,000
Transfer from share based payment reserve upon lapse of options		-	(66,750)	-	66,750	-
Balance at 31 December 2012		30,795,217	2,373,315	203,177	(15,537,679)	17,834,030

The interim consolidated statement of changes in equity is to be read in conjunction with the notes to the consolidated interim financial report.

Interim consolidated statement of cash flows
For the half year ended 31 December 2012

	Consolidated Group	
	Half year ended 31 Dec 2012 $	Half year ended 31 Dec 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	211,246
Payments to suppliers and employees	(560,281)	(638,581)
Research & development tax offset received	-	20,937
Interest received	167,766	239,212
Finance costs	(4,968)	(8,652)
NET CASH (USED IN) OPERATING ACTIVITIES	(397,483)	(175,838)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(12,442)	(3,820)
Acquisition of exploration tenement	(206,650)	-
Joint venture receipts	163,111	120,497
Payments for exploration activities	(1,920,328)	(3,628,255)
NET CASH (USED IN) INVESTING ACTIVITIES	(1,976,308)	(3,511,578)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(35,722)	(32,039)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(35,722)	(32,039)
Net (decrease) in cash and cash equivalents	(2,409,514)	(3,719,455)
Cash at the beginning of the period	5,547,451	10,628,417
CASH AT THE END OF THE PERIOD	3,137,937	6,908,962

The interim consolidated statement of cash flows is to be read in conjunction with the notes to the consolidated interim financial report.

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

1. Corporate information

The interim consolidated financial statements of the Group for the six months ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 13 March 2013.

Mithril Resources Ltd is a limited company incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange under the symbol MTH.

2. Basis of preparation and change to the Group's accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New standards, interpretations and amendments adopted by the Company

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

has resulted in changes to the Company's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Significant events and transactions

On the 7 September 2012 the Company completed the transaction to acquired Spargos Reward Gold Mine in Western Australians Eastern Goldfield region for $200,000 consideration in cash.

3. Impairment of available-for-sale investments

	Consolidated	
	31-Dec 2012 $	31-Dec 2011 $
Impairment of investment in Musgrave Minerals Ltd	-	1,470,756
	-	1,470,756

In accordance with AASB 139 Financial Instruments: Recognition and Measurement, the Directors have recognised the 'significant' and 'prolonged' decrease in the fair value of the Musgrave Minerals investment as impaired. This has resulted in amounts recognised in prior periods in the available for sale reserve being released to the Statement of consolidated statement of profit or loss and other comprehensive income at 31 December 2011.

4. Segment reporting

Management identifies its operating segments based on the types of business segments encountered by the Group. The Group's three main operating segments are:

- Investment being a strategic investment by the Group in equity instruments of associates and other similar entities;
- Exploration activities conducted in Northern Territory; and
- Exploration activities conducted in Western Australia.

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

4. Segment Reporting (continued)

During the six month period to 31 December 2012, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review.

	Segment Revenue		Segment Result	
	Half Year ended		Half Year ended	
	31-Dec 2012 $	31-Dec 2011 $	31-Dec 2012 $	31-Dec 2011 $
Continuing Operations				
Mineral Exploration - Nothern Territory	-	-	(901,699)	(5,626)
Mineral Exploration - Western Australia	-	-	-	-
	-	-	(901,699)	(5,626)
Finance costs	-	-	(4,968)	(8,652)
Administration/Corporate	219,596	321,190	(555,025)	(230,933)
Depreciation	-	-	(43,176)	(44,353)
Impairment	-	-	-	(1,470,756)
Consolidated revenue	219,596	321,190		
Loss before income tax			(1,504,868)	(1,760,320)
Income tax expense			-	-
Loss from continuing operations			(1,504,868)	(1,760,320)

The revenue reported above represents revenue generated from financial institutions, investments revenues and management fees earned from joint venture partners. There were no intersegment sales during the period.

Segment profit/(loss) represents the profit or (loss) earned/(incurred) by each segment without allocation of central administration costs, finance costs, depreciation and income tax (expense)/benefit. This is the measure reported to the Managing Director for the purposes of resource allocation and assessment of segment performance.

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

4. Segment Reporting (continued)

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location. The following is an analysis of the Group's assets by reportable operating segment.

	Opening Balance 1/07/2012 $	Net Capital Expenditure/ Investment $	Impairment/ Share of loss $	Closing Balance 31/12/2012 $
Continuing Operations				
Mineral Exploration - Nothern Territory	11,737,354	1,570,191	(901,699)	12,405,846
Mineral Exploration - Western Australia	794,232	388,969	-	1,183,201
Total segment assets	12,531,586	1,959,160	(901,699)	13,589,047
Other				
Administration/Corporate	6,906,302			4,740,734
	19,437,888			18,329,781

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

5. Available-for-sale investments

	Consolidated 31-Dec 2012 $	Consolidated 30-Jun 2012 $
At fair value - Shares, listed: options, unlisted:		
Opening balance	852,710	1,330,212
Revaluations to market value	203,177	-
Impairments	-	(477,502)
	1,055,887	852,710

6. Property, plant and equipment

	Consolidated					
	Half year ended 31 Dec 2012			Year ended 30 June 2012		
	Plant & equipment $	Motor vehicles $	Total $	Plant & equipment $	Motor vehicles $	Total $
Opening balance, net of accumulated depreciation	74,292	215,276	289,568	90,420	255,655	346,075
Additions	12,442	-	12,442	37,436	-	37,436
Disposals	-	-	-	-	-	-
Depreciation	(27,794)	(15,382)	(43,176)	(53,564)	(40,379)	(93,943)
Closing balance, net of accumulated depreciation	58,940	199,894	258,834	74,292	215,276	289,568
Opening balance						
Cost	287,826	363,143	650,969	250,390	363,143	613,533
Accumulated depreciation	(213,534)	(147,867)	(361,401)	(159,970)	(107,488)	(267,458)
Net carrying amount	74,292	215,276	289,568	90,420	255,655	346,075
Closing balance						
Cost	300,268	363,143	663,411	287,826	363,143	650,969
Accumulated depreciation	(241,328)	(163,249)	(404,577)	(213,534)	(147,867)	(361,401)
Net carrying amount	58,940	199,894	258,834	74,292	215,276	289,568

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

7. Exploration and evaluation assets

	Consolidated	
	31-Dec 2012 $	30-Jun 2012 $
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Exploration and evaluation phases - Joint Ventures	3,801,316	3,439,430
Exploration and evaluation phases - Other	9,787,731	9,092,156
	13,589,047	12,531,586

Consolidated group	Exploration Joint Venture	Exploration Other	Total
Capitalised tenement expenditure movement reconciliation	$	$	$
Balance at beginning of year	3,439,430	9,092,156	12,531,586
Additions through expenditure capitalised	868,332	1,253,939	2,122,271
Reductions through joint venture contributions	(163,111)	-	(163,111)
Write off of tenements relinquished	(343,335)	(558,364)	(901,699)
Balance at end of year	3,801,316	9,787,731	13,589,047

8. Issued capital

	Consolidated Group	
	31 Dec 12 $	30 Jun 12 $
Fully paid ordinary shares	30,795,217	30,795,217
	30,795,217	30,795,217

Ordinary shares	Number	$
Balance at beginning of financial period	219,615,500	30,795,217
Shares issued during period	-	-
Balance at end of the financial period	219,615,500	30,795,217

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2012

9. Subsequent events

No subsequent events have occurred after the balance date.

10. Contingent liabilities

There has been no change in contingent liabilities since the last reporting date. It is however noted that the Group has various bank guarantees totaling $220,000 at 31 December 2012 which act as collateral over tenements which Mithril Resources Ltd operate.

Directors' Declaration

In the opinion of the directors of Mithril Resources Ltd:

(a) the consolidated financial statements and notes of Mithril Resources Ltd are in accordance with the Corporations Act 2001, including:

  (i) give a true and fair view of its financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

  (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Mr David Hutton
Managing Director

13 March 2013

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MITHRIL RESOURCES LTD

We have reviewed the accompanying half-year financial report of Mithril Resources Ltd ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2012, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Mithril Resources Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Director – Audit & Assurance

Adelaide, 13 March 2013