Mithril Resources Ltd

ABN 30 099 883 922

Half Year Report

for the half year ended 31 December 2013

Contents to Half Year Report

Directors' Report

The Directors of Mithril Resources Ltd ('Mithril') present their report together with the financial statements of the consolidated entity, being Mithril Resources Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2013 and the Independent Review Report thereon.

Director Details

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

Mr Graham Ascough, Chairman
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 2013 after providing for income tax amounted to $527,671 (2012: $1,504,868).

Principal Activites

The principal activities of the Company and consolidated entities ('the Group') during the reporting period 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's activities during the Half Year ending 31 December 2013 comprised copper and nickel exploration on the **East Arunta Project** in the Northern Territory and gold exploration on the **West Kambalda Project** in Western Australia. The Company also embarked upon a major new strategic initiative with the acquisition of two new copper projects in the **Meekatharra District** of Western Australia.

East Arunta Project Area – Copper and Nickel

At East Arunta, the Company completed an RC drilling program which intersected copper, and / or copper – zinc anomalism at all but one of the targets tested.

A strategic review conducted after the drilling, concluded that while the area remained prospective for the discovery of copper mineralisation, future work requirements were beyond the Company's current financial capability, and a partner was required to underpin future copper exploration efforts. Subsequent to the reporting period, discussions had commenced with potential partners.

Mithril's Nickel Rights joint venture partner, **MMG Exploration** Pty Ltd (MMG) continued to explore for nickel mineralisation across two joint venture areas (Huckitta and Harts Range JV's) within the East Arunta Project.

MMG undertook a reconnaissance RC drilling program as an initial test of several conceptual nickel targets within the Huckitta JV, and completed a high-resolution aeromagnetic survey on adjacent tenements subject to the Harts Range Option and Joint Venture Agreement (MMG earning up to 90% by completing expenditure of $5M over 6 years).

The drilling intersected a range of prospective intrusives however, adverse ground conditions meant that several targets were not drilled and remain untested. The aeromagnetic survey has successfully identified several new features within the Harts Range area that may represent nickel sulphide – prospective mafic intrusions.

Towards the end of the reporting period, MMG successfully completed Stage 1 (having spent $1.5M over the last two years) of the Huckitta JV Agreement and elected to continue to Stage 2 of the agreement (by spending an additional $2.5M by no later than 31 October 2016).

Under the terms of the Agreement, MMG can earn up to an 80% interest of the nickel rights only on selected tenements by completing staged expenditure of $4M and a Pre-Feasibility study on a JORC Indicated Mineral Resource. On completion of Stage 2 (total expenditure of $4M) MMG will earn a 51% interest in the tenement's nickel rights with Mithril retaining 100% interest in all other commodities.

The continuation of the joint venture by MMG is significant as it confirms MMG's commitment to the area for nickel sulphide mineralisation and means that approximately 50% of the project area is now subject to MMG's sole-funded nickel exploration effort, a move that will allow Mithril to focus its **2014 exploration activities** on the **West Kambalda** and **Meekatharra Copper Projects**.

West Kambalda Project - Gold

At West Kambalda, surface sampling and geological mapping identified four priority gold targets. The strongest results were from **Logan's Find** where a historic 1.5 kilometre long gold anomaly was extended to over 4 kilometres in length and surface rock chip sampling by the Company returned results up to 11.1g/t gold.

Logan's Find is subject to a Farm-in and Joint Venture Agreement with **KalNorth Gold Mines** Limited (ASX:KGM) whereby Mithril can to earn up to an 80% interest by completing expenditure of $2 million over 4 years.

Meekatharra District – New Copper Projects

To ensure a new project focus in 2014, the Company entered into agreements to earn a majority interest in two advanced copper projects located within the Meekatharra District of Western Australia.

In December 2013, the Company signed Farmin and Joint Venture Agreements with **Intermin Resources** Limited ("Intermin" - ASX: IRC) to earn up to an 75% interest in the 150km² **Nanadie Well Copper Gold Project** and with **Doray Minerals** Limited ("Doray" - ASX: DRM) to earn up to an 80% interest in the **Copper Hills Project**, which are located 100 and 30 kilometres respectively southeast of Meekatharra in the Murchison District of Western Australia.

The Nanadie Well Copper Gold Project hosts the **Nanadie Well Copper Deposit** where a 2004 JORC Code Compliant Inferred Resource of 36.07Mt @ 0.42% copper (151,506 tonnes copper) was estimated by Intermin in September 2013.

Copper Hills is prospective for the discovery of polymetallic (i.e. copper – gold – silver – zinc) mineralisation. The project lies immediately adjacent to, and along strike from the historic Gabanintha gold mining centre where mining between 1987 and 1991 by Dominion Mining Ltd produced some 150,000oz of gold from a number of open pits, and Kentor Gold Limited (now KGL Resources Limited - ASX: KGL) estimated an Inferred Resource of 203,000oz of gold in July 2011.

The Company will undertake a systematic review of all historic exploration data for the new copper projects in order to generate drill ready targets for testing in 2014.

Competent Persons Statement

The information pertaining to the Nanadie Well Copper Deposit Inferred Resource was prepared and first disclosed by Intermin under the JORC Code 2004 (Intermin's ASX Announcement dated 19 September 2013). It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr David Hutton, who is a Competent Person, and a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Hutton is Managing Director and a full-time employee of Mithril Resources Ltd. Mr Hutton has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hutton consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 2013.

Signed in accordance with a resolution of the directors.

Mr David Hutton
Managing Director

11 March 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

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

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Mithril Resources Limited for the half-year ended 31 December 2013, 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
Partner – Audit & Assurance

Adelaide, 11 March 2014

Interim consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2013

	Consolidated Group Half-year ended 31 Dec 2013 $	Consolidated Group Half-year ended 31 Dec 2012 $
Revenue from ordinary activities	51,611	214,168
Other income	947	5,428
Impairment of exploration assets	(92,897)	(901,699)
Employee benefits expense	(277,355)	(445,670)
Depreciation expense	(28,068)	(43,176)
Finance costs	(2,583)	(4,968)
Other expenses	(143,778)	(328,951)
Loss before income tax expense	(492,123)	(1,504,868)
Income tax benefit/(expense)	(35,548)	-
Loss from continuing operations	(527,671)	(1,504,868)
Loss attributable to members of the parent entity	(527,671)	(1,504,868)
Other comprehensive income	379,935	203,177
Total comprehensive loss for the period	(147,736)	(1,301,691)

Earnings per share:	*Cents*	*Cents*
Basic earnings per share	(0.22)	(0.69)
Diluted earnings per share	(0.22)	(0.69)

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 2013

	Note	Consolidated Group 31 December 2013 $	30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents		1,703,462	1,602,097
Trade and other receivables		36,938	591,948
Other current assets		117,345	72,492
TOTAL CURRENT ASSETS		1,857,745	2,266,537
NON-CURRENT ASSETS			
Available-for-sale investments	4	879,129	499,194
Property, plant and equipment	5	190,434	216,274
Exploration and evaluation assets	6	14,414,789	13,777,438
TOTAL NON-CURRENT ASSETS		15,484,352	14,492,906
TOTAL ASSETS		17,342,097	16,759,443
CURRENT LIABILITIES			
Trade and other payables		88,172	184,948
Short-term borrowings		26,938	47,866
Short-term provisions		108,257	106,640
TOTAL CURRENT LIABILITIES		223,367	339,454
NON-CURRENT LIABILITIES			
Long-term borrowings		-	7,937
Long-term provisions		22,046	18,113
TOTAL NON-CURRENT LIABILITIES		22,046	26,050
TOTAL LIABILITIES		245,413	365,504
NET ASSETS		17,096,684	16,393,939
EQUITY			
Issued capital	7	31,616,998	30,795,217
Reserves		2,732,725	2,336,515
Retained earnings		(17,253,039)	(16,737,793)
TOTAL EQUITY		17,096,684	16,393,939

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 2013

		Consolidated Group				
	Note	Issued Capital Ordinary $	Share Option Reserve $	Available for sale revaluation reserve $	Retained Earnings $	Total Equity $
Balance at 1 July 2012		30,795,217	2,328,065	-	(14,099,561)	19,023,721
Total comprehensive (loss)		-	-	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
Balance at 1 July 2013		30,795,217	2,336,515	-	(16,737,793)	16,393,939
Total comprehensive (loss)/profit		-	-	379,935	(527,671)	(147,736)
Issue of shares by way of private placement		856,499	-	-	-	856,499
Issue of share options		-	28,700	-	-	28,700
Transaction costs (net of tax)		(34,718)	-	-	-	(34,718)
Transfer from share based payment reserve upon lapse of options		-	(12,425)	-	12,425	-
Balance at 31 December 2013		31,616,998	2,352,790	379,935	(17,253,039)	17,096,684

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 2013

	Consolidated Group	
	Half year ended 31 Dec 2013 $	Half year ended 31 Dec 2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(349,279)	(560,281)
Research & development tax offset received	583,455	-
Interest received	34,693	167,766
Finance costs	(2,583)	(4,968)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES	266,286	(397,483)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(2,227)	(12,442)
Acquisition of exploration tenement	-	(206,650)
Joint venture receipts	72,211	163,111
Payments for exploration activities	(992,423)	(1,920,328)
NET CASH (USED IN) INVESTING ACTIVITIES	(922,439)	(1,976,308)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	856,499	-
Payment of transaction costs for issue of shares	(70,266)	-
Repayment of borrowings	(28,715)	(35,722)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	757,518	(35,722)
Net increase/(decrease) in cash and cash equivalents	101,365	(2,409,514)
Cash at the beginning of the period	1,602,097	5,547,451
CASH AT THE END OF THE PERIOD	1,703,462	3,137,937

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 2013

1. Corporate information

The interim consolidated financial statements of the Group for the six months ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 11 March 2014.

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 2013 annual financial report for the financial year ended 30 June 2013, 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.

Adoption of new and revised accounting standards

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

When these standards were first adopted for the year ended 30 June 2014, there was no impact on the transactions and balances recognised in the financial statements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

There was no impact on the amounts recognised in the financial statements but has added additional disclosures in relation assets and liabilities which are measured using fair values.

(iv) Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The Group does not have any defined benefit plans. Therefore, these amendments had no impact on the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the group:

The accounting standards that have not been early adopted for the half year ended 31 December 2013 , but will be applicable to the group in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the group.

Management anticipates that all of the relevant pronouncements will be adopted in the group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the group's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's financial statements.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

- Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; and (2) the characteristics of the contractual cash flows.
- Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss).
- Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows;
  The change attributable to changes in credit risk are presented in other comprehensive income (OCI) and the remaining change is presented in profit or loss.

There will be no impact on the Group's accounting for financial assets or liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The de-recognition rules have been transferred from AASB 139 Financial Instruments: Recognition and Measurement and have not been changed. The Group has not yet decided when to adopt AASB 9.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards. When these amendments are first adopted for the year ending 31 December 2014, they are unlikely to have any significant impact on the Group.

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

AASB 2012-3 adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. When AASB 2012-3 is first adopted for the year ended 31 December 2014, there will be no impact on the Group as this standard merely clarifies existing requirements in AASB 132.

(viii) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 136)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Group given that they are largely of the nature of clarification of existing requirements.

Significant events and transactions

On the 3 September 2013 the Company announced it had completed an $856,499 capital raise through the placement of 32,942,250 shares at $0.026 per share.

3. 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.

During the six month period to 31 December 2013, 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.

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

3. Segment Reporting (continued)

	Segment Revenue		Segment Result	
	Half Year ended		Half Year ended	
	31-Dec 2013 $	31-Dec 2012 $	31-Dec 2013 $	31-Dec 2012 $
Continuing Operations				
Mineral Exploration - Nothern Territory	-	-	(92,897)	(901,699)
Mineral Exploration - Western Australia	-	-	-	-
	-	-	(92,897)	(901,699)
Finance costs	-	-	(2,583)	(4,968)
Administration/Corporate	52,558	219,596	(368,575)	(555,025)
Depreciation	-	-	(28,068)	(43,176)
Impairment	-	-	-	-
Consolidated revenue	52,558	219,596		
Loss before income tax			(492,123)	(1,504,868)
Income tax expense			(35,548)	-
Loss from continuing operations			(527,671)	(1,504,868)

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 2013

3. 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 1/07/2013 $	Net Capital Expenditure/ Investment $	Impairment/ Share of loss $	Closing Balance 31/12/2013 $
Continuing Operations				
Mineral Exploration - Nothern Territory	12,211,130	609,356	(92,897)	12,727,589
Mineral Exploration - Western Australia	1,566,308	120,891	-	1,687,199
Total segment assets	13,777,438	730,247	(92,897)	14,414,788
Other				
Administration/Corporate	2,982,005			2,927,309
	16,759,443			17,342,097

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

4. Available-for-sale investments

	Consolidated	
	31-Dec 2013 $	30-Jun 2013 $
At fair value - Shares, listed: options, unlisted:		
Opening balance	499,194	852,710
Revaluations to market value	379,935	(353,516)
Impairments	-	-
	879,129	499,194

5. Property, plant and equipment

	Consolidated					
	Half year ended 31 Dec 2013			Year ended 30 June 2013		
	Plant & equipment $	Motor vehicles $	Total $	Plant & equipment $	Motor vehicles $	Total $
Opening balance, net of accumulated depreciation	31,515	184,759	216,274	74,292	215,276	289,568
Additions	2,228	-	2,228	12,442	-	12,442
Disposals	-	-	-	-	-	-
Depreciation	(12,686)	(15,382)	(28,068)	(55,219)	(30,517)	(85,736)
Closing balance, net of accumulated depreciation	21,057	169,377	190,434	31,515	184,759	216,274
Opening balance						
Cost	300,268	363,143	663,411	287,826	363,143	650,969
Accumulated depreciation	(268,753)	(178,384)	(447,137)	(213,534)	(147,867)	(361,401)
Net carrying amount	31,515	184,759	216,274	74,292	215,276	289,568
Closing balance						
Cost	302,496	363,143	665,639	300,268	363,143	663,411
Accumulated depreciation	(281,439)	(193,766)	(475,205)	(268,753)	(178,384)	(447,137)
Net carrying amount	21,057	169,377	190,434	31,515	184,759	216,274

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

6. Exploration and evaluation assets

	Consolidated	
	31-Dec 2013 $	30-Jun 2013 $
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Exploration and evaluation phases - Joint Ventures	4,075,432	4,017,561
Exploration and evaluation phases - Other	10,339,357	9,759,877
	14,414,789	13,777,438

Consolidated group	Exploration Joint Venture	Exploration Other	Total
Capitalised tenement expenditure movement reconciliation	$	$	$
Balance at beginning of year	4,017,561	9,759,877	13,777,438
Additions through expenditure capitalised	130,082	672,377	802,459
Reductions through joint venture contributions	(72,211)	-	(72,211)
Write off of tenements relinquished	-	(92,897)	(92,897)
Balance at end of year	4,075,432	10,339,357	14,414,789

7. Issued capital

	Consolidated Group	
	31 Dec 13	30 Jun 13
	$	$
Fully paid ordinary shares	31,616,998	30,795,217
	31,616,998	30,795,217

Ordinary shares	Number	$
Balance at beginning of financial period	219,615,500	30,795,217
Transaction costs on shares issued	-	(34,718)
Shares issued during period	32,942,250	856,499
Balance at end of the financial period	252,557,750	31,616,998

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

8. Fair value measurements of financial instruments

AASB 13 requires the fair value of financial assets and financial liabilities must be estimated for recognition and measurement purposes, as follows:

a) Quoted prices (unadjusted) in active markets for identical assets (level 1)
b) Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (as prices) or indirectly (derived from prices)(level 2); and
c) Inputs for the asset that are not based on observable market data (unobservable inputs)(level 3).

The following table presents the Group's assets recognised at fair value at 31 December 2013. Comparative information has not been provided as permitted by the transitional provisions of the new rules:

31 December 2013	Level 1 $	Level 2 $	Level 3 $	Total $
FINANCIAL ASSETS AT FAIR VALUE				
Held for trading investments				
- Musgrave Minerals Ltd - Shares	789,129	-	-	789,129
- Musgrave Minerals Ltd - Unlisted Options	-	90,000	-	90,000
	-	-	-	-
	789,129	90,000	-	879,129

31 December 2012	Level 1 $	Level 2 $	Level 3 $	Total $
FINANCIAL ASSETS AT FAIR VALUE				
Held for trading investments				
- Musgrave Minerals Ltd - Shares	928,387	-	-	928,387
- Musgrave Minerals Ltd - Unlisted Options	-	127,500	-	127,500
	-	-	-	-
	928,387	127,500	-	1,055,887

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

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. These instruments are included in Level 2.

In the circumstances where a valuation technique is based on significant unobservable inputs, such instruments are included in Level 3.

Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

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 $300,000 at 31 December 2013 which act as collateral over tenements which Mithril Resources Ltd operate.

11. Going concern basis of accounting

The financial report has been prepared on the basis of a going concern.

The consolidated entity incurred a net loss after tax of $527,671 during the period ended 31 December 2013, and had a net cash outflow of $726,137 from operating and investing activities. The consolidated entity continues to be reliant upon completion of capital raising for continued operations and the provision of working capital.

If additional capital is not obtained, 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.

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 2013 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

11 March 2014

Level 1,
67 Greenhill Rd
Wayville SA 5034

Correspondence to:
GPO Box 1270
Adelaide SA 5001

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

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

We have reviewed the accompanying half-year financial report of Mithril Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, 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, notes comprising a statement or description of accounting policies, other explanatory information 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 Limited 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 half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Mithril Resources Limited consolidated entity's financial position as at 31 December 2013 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 Limited, 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 Limited 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 2013 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.

Material uncertainty regarding continuation as a going concern

Without qualifying our conclusion, we draw attention to Note 11 in the financial report which indicates that the consolidated entity's incurred a net loss of $527,671 for the half year 31 December 2013 and cash used in operating and investing activities of $726,137. These conditions, along with other matters as set forth in Note 11, 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 half year financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 11 March 2014