

Mithril Resources Ltd

ABN 30 099 883 922

Consolidated Financial Statements

For the Year Ended 30 June 2015

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For the Year Ended 30 June 2015

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Corporate Information

30 June 2015

Directors

Mr Graham Ascough (Chairman, Non-Executive Director)

Mr David Hutton (Managing Director)

Mr Donald Stephens (Non-Executive Director)

Mr Derek Carter (Retired 1 January 2015)

Mr Richard Bonython (Retired 1 January 2015)

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

Level 1, 67 Greenhill Road

WAYVILLE SA 5034

Chairman's Report

30 June 2015

Dear Fellow Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the 2015 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. I do however want to assure shareholders that Mithril has continued and will continue to actively explore and prioritise its projects.

During the 2014-2015 Financial Year Mithril made a potentially significant copper-nickel-PGE discovery at the Stark Prospect located 80km southeast of Meekatharra. We acquired a new exploration partner for the Spargos Reward Gold Project and we continued to evaluate new opportunities to grow the company.

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 difficult 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 including from the 1st July 2015, fees payable to the Non-Executive directors will be accrued and not paid until further notice.

The Company has also reduced the size of the Board of Directors to more appropriately reflect the Company's current activities. Mr Derek Carter and Mr Richard Bonython elected to retire as Directors effective 31 December 2014 and the Company expresses its sincere thanks to them for their considerable contributions to Mithril since their appointments in 2002.

During the year the Company completed a non-renounceable rights issue which included a partial placement of the shortfall shares. The issue offered 157,828,949 New Shares on the basis of one (1) new share for every two (2) ordinary shares held by Shareholders. It was very pleasing to see that this offer was well supported by a number of shareholders.

The Meekatharra region will remain the focus of our efforts in the near term as the area is highly prospective for the discovery of economic copper, nickel and 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 2015

Your directors submit their report for the year ended 30 June 2015.

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 | Chairman, Non-Executive | |
| Mr David Hutton | Managing Director | |
| Mr Donald Stephens | Non-Executive Director | |
| Mr Derek Carter | Non-Executive Director | Retired 1 January 2015 |
| Mr Richard Bonython | Non-Executive Director | Retired 1 January 2015 |

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 Non-Executive Chairman of ASX listed Musgrave Minerals Ltd, Phoneix Copper 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 Aguia Resources Ltd in the last 3 years. He is also a member of the Company's audit committee.

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 ASX – listed Breakaway Resources Ltd 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 25 years experience in the accounting industry, including 14 years as a partner of HLB Mann Judd, a firm of Chartered Accountants. He is a Director of Petrathem Ltd, Crest Minerals Ltd and Lawson Gold Ltd and is company secretary to Highfield Resources Ltd, Minotaur Exploration Ltd, Lawson Gold Ltd and Petrathem Ltd. In the last 3 years he has been a Director of 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 2015**Derek Carter, MSc, FAusIMM (CP) (Non-Executive Director, retired 1 January 2015)**

Derek Carter has over 40 years experience in exploration and mine geology, including 17 years in management of ASX-listed exploration/development companies. He held senior positions in the Shell Group of Companies and Burmine Ltd before founding Minotaur Exploration Ltd in 1993. He was Managing Director of Minotaur Exploration Ltd from its inception until early 2010 when he became Chairman of that company. He is also Chairman of Highfield Resources and the AusIMM and a Non-Executive Director of Intrepid Mines Ltd. He has also been a Director of Petrathem Ltd in the last 3 years.

He was Vice President and later President of the South Australian Chamber of Mines and Energy, was a Director of the Australian Gold Council and Chairman of the Federal Government's Minerals Exploration Advisory Group. He is a member of the South Australian Resources Development Board, and the South Australian Minerals and Petroleum Experts Group.

He is a recipient of AMEC's Prospector of the Year Award, the AusIMM's President's Award and is a Centenary Medallist.

Richard Bonython, B Ag Sc (Non-Executive Director, retired 1 January 2015)

Richard Bonython was a Director of Minotaur Gold Ltd for six years, Minotaur Resources Ltd for 5 years and retired as Chairman of Hindmarsh Resources Ltd following the takeover of that company in early 2006. He retired as Chairman of Diamin Resources NL in 1999 having been a director of that company for 15 years. He was Executive Director of Pioneer Property Group Ltd for over 15 years and has experience of over 42 years in the building, rural and mineral industries. He is currently a Director of Minotaur Exploration Ltd. Richard is also a member of the Company's Audit Committee. He has also been a Director of Petrathem Ltd in the last 3 years.

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 | 2,628,941 | 2,000,000 |
| Graham Ascough | 5,300,000 | 4,000,000 |
| Derek Carter | 2,100,000 | 1,000,000 |
| Richard Bonython | 3,770,000 | 1,000,000 |
| Donald Stephens | 750,000 | 1,000,000 |

DIVIDENDS

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

Directors' Report

30 June 2015

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 \$13,972,215 [2014: Loss \$718,925].

OPERATIONS OVERVIEW

2015 Annual Report - Review of operations

Mithril Resources ("Mithril" or "the Company") is exploring two projects within the Meekatharra and West Kambalda Districts of Western Australia that are highly prospective for the discovery of economic copper, nickel and gold mineralisation (*Figure 1*).

During the 2014-2015 Financial Year (the "Year") Mithril **made a new copper-nickel-PGE discovery at the Stark Prospect** (located 80km southeast of Meekatharra), acquired a new exploration partner for the Spargos Reward Gold Project (located 20kms south west of Kambalda) and implemented a range of measures to lower its running costs.

Corporate Overview

The Company spent \$2,056,000 on exploration and administration activities during the Year, of which \$103,000 was received from its 2013-2014 Financial Year Research and Development Tax Incentive and \$65,000 was received from Round 9 of the West Australian Government's Exploration Incentive Scheme.

The Company raised \$738,000 (before costs) through a Non-Renounceable Rights Issue which included a Part Placement of Shortfall Shares to clients of Taylor Collison Limited and Paterson Securities Limited. The Rights Issue offered 157,828,949 New Shares on the basis of one (1) new share for every two (2) ordinary shares held by Shareholders at the Record Date at an issue price of \$0.007 (0.7 cents) and was well supported by a number of shareholders.

Following completion of the Rights Issue, Mithril now has a total of 421,043,293 ordinary shares on issue and at the end of the 2014-2015 Financial Year, the Company held \$543,000 in cash.

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

The Company also reduced the size of the Board of Directors to more appropriately reflect the Company's activities. Mr Derek Carter and Mr Richard Bonython elected to retire as Directors effective 31 December 2014 and the Company expresses its sincere thanks to them for their contributions and service to Mithril.

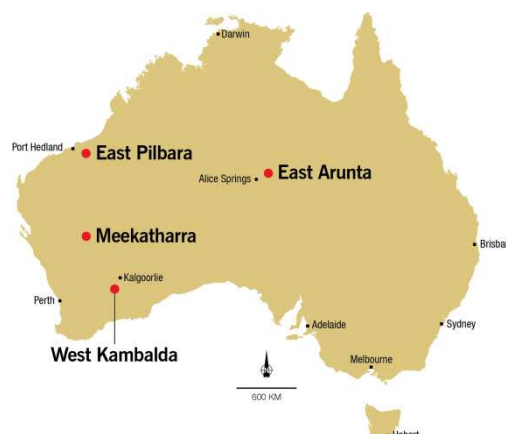


Figure 1: Project Location Plan

Directors' Report

30 June 2015

Meekatharra, Western Australia (Copper-Nickel-PGE's)

Nanadie Well Project (MTH earning up to 75%)

During the Year, the Company made a new copper-nickel-PGE discovery at the **Stark Prospect**, located 80km southeast of Meekatharra.

Mineralisation at Stark is associated with disseminated and massive sulphides (pyrrhotite-chalcopyrite-pentlandite-pyrite) that occur both within, and at the base of a mafic (gabbro) intrusion adjacent to a metasedimentary sequence.

Mineralisation remains open in all directions with significant intercepts from drilling to date as follows (downhole widths):

- 16m @ 0.81% copper, 0.09% nickel, and 0.39g/t (gold + platinum + palladium - "PGE's") from 183 metres in NRC14008 including; **4m @1.91% copper, 0.18% nickel, and 0.96g/t PGE's**,
- 16.37m @ 0.40% copper, 0.07% nickel, and 0.20g/t PGE's from 213.43 metres in NDD15001 including; **0.27m @ 0.41% copper, 1.62% nickel, and 1.60g/t PGE's and 0.43m @ 2.19% copper, 0.12% nickel, and 0.77g/t PGE's**, and
- 0.6m @ 3.81% copper, 0.05% nickel, 1.05g/t PGE's, and 19.1g/t silver from 246.35 metres in NDD1500 including; **0.15m @ 13.70% copper, 0.16% nickel, 3.94g/t PGE's, and 73.7g/t silver**.

Interpretation and modelling of downhole (DHTEM) and ground (FLTEM) geophysical data has identified a series of bedrock EM conductors along strike from and beneath the drilled mineralisation at Stark.

With the exception of one hole, none of these new conductors have been drilled and clearly demonstrate the potential of Stark to host extensions to existing mineralisation as well as for new mineralised positions.

Following its discovery by Mithril in late 2014, only eight RC and diamond holes have been drilled at Stark with each hole intersecting copper-nickel-PGE 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*).

West Kambalda, Western Australia (Gold)

Spargos Reward Gold Project (MTH 100%)

Late in the Year, the Company executed a Binding Heads of Agreement with Corona Minerals Limited ("Corona") for the sale of a 50% equity interest in the **Spargos Reward Gold Project** (located 30kms west of Kambalda).

On the formation of a 50-50 JV, Corona can earn a further 15% interest (for a total of 65%) in the project by sole funding A\$150,000 in exploration expenditure within 12 months and a further 20% interest (for a total of 85%) by electing to sole fund exploration to the completion of a positive scoping study on a Mineral Resource estimated in compliance with the 2012 JORC Code.

The project includes the historic Spargos Reward Gold Deposit and a number of priority exploration targets. Spargos Reward 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.

RC drilling by Mithril in 2013 beneath the historic workings returned a number of significant intercepts including (downhole widths):

- 8m @ 10.30 g/t gold from 242 metres in 13SPRC07 including **3m @ 25.73 g/t gold**, and
- 10m @ 4.60 g/t gold from 256 metres in 13SPRC09 including **3m @ 13.00 g/t gold**.

Directors' Report

30 June 2015

The introduction of a new exploration partner for Spargos Reward is significant as it not only sees exploration activities resume at the highly prospective gold project, but ensures that Mithril remains focussed on Stark and the surrounding targets.

Other Projects

Spargoville Project (MTH 20% and earning up to 80%)

Mithril withdrew from the Spargoville Farm-in and Joint Venture with KalNorth Gold Mines Limited (**ASX: KGM**) effective 11 May 2015.

Copper Hills Project (MTH earning up to 80%)

Mithril withdrew from the Copper Hills Farm-in and Joint Venture Agreement with Doray Minerals Limited (**ASX: DRM**) effective 27 April 2015.

East Pilbara Project (MTH 100% with Kalamazoo Resources earning 60%)

The project is subject to a Farm-in and Joint Venture with a private company - Kalamazoo Resources Pty Ltd (Kalamazoo) whereby Kalamazoo can earn up to an 80% interest in the tenements by spending \$150,000 over 2 years and completing a Bankable Feasibility Study.

During the Year, Kalamazoo conducted a helicopter assisted reconnaissance mapping and sampling program over a number of copper and iron ore targets throughout the Project area without any significant results being returned and subsequent to the end of the Financial Year, gave notice of its intention to withdraw from the joint venture.

East Arunta Projects (Huckitta Option and Joint Venture - MMG earning up to 80% of the Nickel Rights), (Harts Range Option and Joint Venture - MMG earning up to 90%), Yambah Project (MTH 100%) and Sammy Joint Venture (MTH 80%)

During the Year, the Company rationalised its East Arunta landholdings and remained focused on its WA exploration assets. Mithril withdrew from all its joint ventures and sold two non-joint venture tenements to KGL Resources Limited (ASX: KGL) for \$20,000 in cash.

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.

Investments

Mithril is the largest shareholder in Musgrave Minerals Limited ("Musgrave" - ASX: MGV) with 9.28 million shares and 2.5 million options. Mithril vended tenements into Musgrave as part of their successful IPO that was completed on 29 April 2011.

During the Year, Musgrave continued to explore tenements in the Fraser Range District of Western Australia, the Musgrave Province and the Southern Gawler Craton, both of which are in South Australia.

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 2015

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

On 1 December 2014 the Company announced it had completed a \$737,699 capital raise through a rights issue of 105,385,543 shares at \$0.007 per share.

EVENTS ARISING SINCE THE END OF THE REPORTING DATE

On 18 August 2015 the Company announced capital raising by way of a Share Purchase Plan ("SPP") at an issue price of \$0.0045 (0.45cents). Under the SPP, a maximum of 126,312,988 shares will be issued to raise up to \$0.57M.

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 1 medical aid incident, however none of the incidents resulted in lost time or injuries. 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.

Directors' Report

30 June 2015

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 \$12,210. 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.

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 2014 | Net Issued/ (Exercised) during Year | Lapsed/ Cancelled/ Expired | Balance at 30 June 2015 |
|-------------------------|-------------|----------------|------------------------|-------------------------------------|----------------------------|-------------------------|
| 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 | - | - | 1,300,000 |
| 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 |
| 22/07/2018 | 21/07/2018 | \$0.05 | 2,050,000 | - | - | 2,050,000 |
| 20/06/2019 | 19/06/2019 | \$0.015 | 2,900,000 | - | - | 2,900,000 |
| | | | 19,385,000 | - | - | 19,385,000 |

Directors' Report

30 June 2015

Remuneration Report (audited)

This Remuneration Report for the year ended 30 June 2015 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 Derek Carter | Non-Executive Director (Retired 1 January 2015) |
| Mr Richard Bonython | Non-Executive Director (Retired 1 January 2015) |
| 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.

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 gross salary for the year ended 30 June 2015, inclusive of 9.5% superannuation guarantee, was \$270,519. The contract includes flexibility that has allowed the Company to source services on an as need basis. 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 gross salary for the year ended 30 June 2015, inclusive of superannuation guarantee was \$171,072. The contract includes flexibility that has allowed the Company to source services on an as need basis. 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 2015

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 2014 Annual General Meeting (AGM)

Mithril Resources Ltd received more than 96.06% of 'yes' votes on its remuneration report for the 2014 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 2014 and 30 June 2015

| | Short Term Benefits | Post Employment | Share-based payments | Total | Performance related (%) |
|---------------------|---------------------|-----------------|-----------------------|----------------|-------------------------|
| | Salary & Fees | Superannuation | Value of options (**) | | |
| David Hutton | | | | | |
| 2015 | 247,049 | 23,470 | - | 270,519 | 0% |
| 2014 | 261,100 | 24,142 | - | 285,242 | 0% |
| Graham Ascough | | | | | |
| 2015 | 49,275 | - | - | 49,275 | 0% |
| 2014 | 52,440 | - | - | 52,440 | 0% |
| Derek Carter | | | | | |
| 2015 | 18,396 | - | - | 18,396 | 0% |
| 2014 | 36,708 | - | - | 36,708 | 0% |
| Richard Bonython | | | | | |
| 2015 | 16,800 | 1,596 | - | 18,396 | 0% |
| 2014 | 33,600 | 3,108 | - | 36,708 | 0% |
| Donald Stephens (*) | | | | | |
| 2015 | 31,500 | 2,993 | - | 34,493 | 0% |
| 2014 | 33,600 | 3,108 | - | 36,708 | 0% |
| TOTAL | | | | | |
| 2015 | 363,020 | 28,059 | - | 391,079 | |
| 2014 | 417,448 | 30,358 | - | 447,806 | |

(*) HLB Mann Judd (SA) Pty Ltd has received professional fees for accounting, taxation and secretarial services provided during the year of \$102,863 (2014: \$75,919) in addition to Directors fees. Donald Stephens, a Non-Executive Director and the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Ltd. At 30 June 2015, the Group owed \$NIL (2014: \$6,941) to HLB Mann Judd (SA) Pty Ltd.

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

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 | Total |
|-----------------------|---------------------|-----------------|----------------------|----------------|-----------|
| | Salary & Fees | Superannuation | Value of options | | |
| Jim McKinnon-Matthews | | | | | |
| 2015 | 156,230 | 14,842 | - | 171,072 | 0% |
| 2014 | 162,238 | 15,007 | 17,500 | 194,745 | 9% |

Directors' Report

30 June 2015

Table 3: Option holdings of Key Management Personnel

| 30 June 2015 | 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 | 0.30 | 18/02/2011 | 16/12/2015 |
| Richard Bonython | 1,000,000 | - | - | - | 1,000,000 | 0.30 | 18/02/2011 | 16/12/2015 |
| Derek Carter | 1,000,000 | - | - | - | 1,000,000 | 0.30 | 18/02/2011 | 16/12/2015 |
| Donald Stephens | 1,000,000 | - | - | - | 1,000,000 | 0.30 | 18/02/2011 | 16/12/2015 |
| 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 |
| | 9,000,000 | - | - | - | 9,000,000 | | | |

| 30 June 2015 | 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 | 0.18 | 23/09/2010 | 22/09/2015 |
| J. McKinnon-Matthews | 2,000,000 | - | - | - | 2,000,000 | 0.25 | 17/12/2010 | 16/12/2015 |
| J. McKinnon-Matthews | 300,000 | - | - | - | 300,000 | 0.20 | 23/05/2011 | 22/05/2016 |
| J. McKinnon-Matthews | 500,000 | - | - | - | 500,000 | 0.10 | 31/07/2013 | 30/07/2018 |
| J. McKinnon-Matthews | 750,000 | - | - | - | 750,000 | 0.05 | 22/07/2013 | 21/07/2018 |
| J. McKinnon-Matthews | 1,000,000 | - | - | - | 1,000,000 | 0.015 | 20/06/2014 | 19/06/2019 |
| | 4,700,000 | - | - | - | 4,700,000 | | | |

Table 4: Shareholdings of Key Management Personnel

| 30 June 2015 | Balance at beginning of year | Acquired/ Disposed | Balance at end of year |
|-----------------------|------------------------------|--------------------|------------------------|
| Directors | | | |
| David Hutton | 978,228 | 1,650,713 | 2,628,941 |
| Graham Ascough | 2,400,000 | 2,900,000 | 5,300,000 |
| Derek Carter | 1,400,000 | 700,000 | 2,100,000 |
| Richard Bonython | 2,170,000 | 1,600,000 | 3,770,000 |
| Donald Stephens | 500,000 | 250,000 | 750,000 |
| | 7,448,228 | 7,100,713 | 14,548,941 |
| Jim McKinnon-Matthews | 630,000 | 1,450,000 | 2,080,000 |
| | 630,000 | 1,450,000 | 2,080,000 |

The Company has not used remuneration consultants. End of Remuneration Report.

Directors' Report

30 June 2015

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:

| | Directors' Meetings | | Audit Committee | |
|-------------------------------------|---------------------|-----------------|-----------------|-----------------|
| Number of meetings held | 6 | | 2 | |
| Number of meetings attended: | Eligible | Attended | Eligible | Attended |
| David Hutton | 6 | 6 | 2 | 2 |
| Graham Ascough | 6 | 6 | 2 | 2 |
| Donald Stephens | 6 | 6 | 2 | 2 |
| Derek Carter | 3 | 3 | - | - |
| Richard Bonython | 3 | 3 | 1 | 1 |

Members acting on the audit committee of the board are:

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

PROCEEDINGS ON BEHALF OF THE GROUP

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

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

Mithril Resources Ltd

ABN 30 099 883 922

Directors' Report

30 June 2015

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 2015 as required under section 307C of the Corporations Act 2001 has been received and can be found on the following page.

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

A handwritten signature in black ink, appearing to read "David Hutton". The signature is written in a cursive style with a small dot at the end.

Mr David Hutton
Managing Director

Dated this 25th day of September 2015

Level 1,
67 Greenhill Rd
Wayville SA 5034


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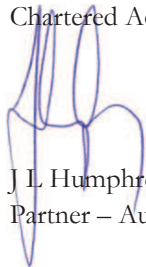
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MITHRIL RESOURCES LIMITED**

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 2015, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J.L. Humphrey
Partner – Audit & Assurance

Adelaide, 25 September 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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**Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2015**

| | | Consolidated | |
|--|------|---------------------|--------------------|
| | | 2015 | 2014 |
| | Note | \$ | \$ |
| Revenue | 5(a) | 60,870 | 69,968 |
| Other income | 5(b) | 36,447 | 1,237 |
| Impairment of exploration assets | 5(c) | (13,394,428) | (130,701) |
| Employee benefits expense | 5(c) | (367,510) | (530,433) |
| Depreciation expense | 5(c) | (36,206) | (55,675) |
| Finance costs | | (268) | (3,562) |
| Other expenses | 5(c) | (348,117) | (380,220) |
| Loss before income tax expense | | (14,049,212) | (1,029,386) |
| Income tax expense | 6 | 76,997 | 310,461 |
| Total loss for the year | | (13,972,215) | (718,925) |
| 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 | | (99,987) | 64,987 |
| Other comprehensive income for the year, net of tax | | (99,987) | 64,987 |
| Total comprehensive income for the year | | (14,072,202) | (653,938) |
| Earnings per share | | | |
| Basic earnings per share (cents) | 7 | (3.74) | (0.28) |
| Diluted earnings per share (cents) | 7 | (3.74) | (0.28) |

Consolidated Statement of Financial Position

As At 30 June 2015

| | | Consolidated | |
|--------------------------------------|------|------------------|-------------------|
| | Note | 2015 | 2014 |
| | | \$ | \$ |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 8 | 543,413 | 1,680,567 |
| Trade and other receivables | 9 | 6,546 | 13,938 |
| Other assets | 10 | 32,755 | 49,813 |
| TOTAL CURRENT ASSETS | | 582,714 | 1,744,318 |
| NON-CURRENT ASSETS | | | |
| Available-for-sale financial assets | 11 | 464,194 | 564,181 |
| Plant and equipment | 12 | 91,030 | 160,599 |
| Exploration and evaluation assets | 13 | 2,867,872 | 15,018,277 |
| TOTAL NON-CURRENT ASSETS | | 3,423,096 | 15,743,057 |
| TOTAL ASSETS | | 4,005,810 | 17,487,375 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 15 | 76,420 | 112,737 |
| Borrowings | 16 | - | 7,962 |
| Employee benefits | 17 | 103,718 | 126,861 |
| TOTAL CURRENT LIABILITIES | | 180,138 | 247,560 |
| NON-CURRENT LIABILITIES | | | |
| Employee benefits | 17 | 24,392 | 33,395 |
| TOTAL NON-CURRENT LIABILITIES | | 24,392 | 33,395 |
| TOTAL LIABILITIES | | 204,530 | 280,955 |
| NET ASSETS | | 3,801,280 | 17,206,420 |
| EQUITY | | | |
| Issued capital | 19 | 32,879,698 | 32,212,636 |
| Reserves | 20 | 1,769,090 | 1,869,077 |
| Accumulated losses | 21 | (30,847,508) | (16,875,293) |
| TOTAL EQUITY | | 3,801,280 | 17,206,420 |

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2015

| | Note | Consolidated | | | | Total |
|--|--------|-------------------|---------------------|----------------------|--|-------------------|
| | | Issued Capital | Accumulated Losses | Share Option Reserve | Available-for-Sale Revaluation Reserve | |
| | | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2014 | | 32,212,636 | (16,875,293) | 1,804,090 | 64,987 | 17,206,420 |
| Net profit/(loss) for the year | 21 | - | (13,972,215) | - | - | (13,972,215) |
| Net fair value movements for available-for-sale financial assets | | - | - | - | (99,987) | (99,987) |
| Transactions with owners in their capacity as owners | | | | | | |
| Share issue via rights issue on 9 December 2014 | 19 | 737,699 | - | - | - | 737,699 |
| Transaction costs (net of tax effect) | | (70,637) | - | - | - | (70,637) |
| Balance at 30 June 2015 | | 32,879,698 | (30,847,508) | 1,804,090 | (35,000) | 3,801,280 |
| Balance at 1 July 2013 | | 30,795,217 | (16,737,793) | 2,336,515 | - | 16,393,939 |
| Net profit/(loss) for the year | 21 | - | (718,925) | - | - | (718,925) |
| Net fair value movements for available-for-sale financial assets | | - | - | - | 64,987 | 64,987 |
| Transactions with owners in their capacity as owners | | | | | | |
| Share issue via placement on 10 September 2013 | | 856,499 | - | - | - | 856,499 |
| Share issue via placement on 22 May 2014 | | 631,000 | - | - | - | 631,000 |
| Transaction costs (net of tax effect) | | (70,080) | - | - | - | (70,080) |
| Issue of share options | 20 | - | - | 49,000 | - | 49,000 |
| Transfer to retained earnings from share option reserve | 20, 21 | - | 581,425 | (581,425) | - | - |
| Balance at 30 June 2014 | | 32,212,636 | (16,875,293) | 1,804,090 | 64,987 | 17,206,420 |

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2015

| | Consolidated | |
|--|--------------------|--------------------|
| | 2015 | 2014 |
| Note | \$ | \$ |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Payments to suppliers and employees | (745,613) | (818,830) |
| Interest received | 35,553 | 51,047 |
| Finance costs | (268) | (3,562) |
| Research & development tax offset | 102,914 | 944,620 |
| Net cash (used in) provided by operating activities | (607,414) | 173,275 |
| 22 | | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sale of plant and equipment | 48,909 | - |
| Purchase of plant and equipment | - | (2,227) |
| Payments for exploration activities | (1,243,330) | (1,492,165) |
| Proceeds from sale of tenements | 20,000 | - |
| Receipts from JV partners | 11,500 | 75,543 |
| Net cash used by investing activities | (1,162,921) | (1,418,849) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Proceeds from issue of shares | 737,699 | 1,487,499 |
| Repayment of borrowings | (7,962) | (47,203) |
| Payment of transaction costs | (96,556) | (116,252) |
| Net cash provided by (used in) financing activities | 633,181 | 1,324,044 |
| Net (decrease) increase in cash and cash equivalents held | (1,137,154) | 78,470 |
| Cash and cash equivalents at beginning of year | 1,680,567 | 1,602,097 |
| Cash and cash equivalents at end of financial year | 543,413 | 1,680,567 |
| 8(a) | | |

Notes to the Financial Statements

For the Year Ended 30 June 2015

This 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.

The separate financial statements and notes of the parent entity, Mithril Resources Ltd, have not been presented within this financial report as permitted by amendments made to the *Corporations Act 2001*. Parent entity summary is included in note 29.

The financial report was authorised for issue by the Directors on 25th September 2015 .

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 24 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 2015

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 2015

2 Summary of Significant Accounting Policies (continued)

(b) Revenue and other income (continued)

Grant revenue

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

(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 2015

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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

(g) Financial instruments (continued)

Financial assets at amortised cost

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

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

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

Available-for-sale financial assets

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

Derecognition

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

(h) Income Tax

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

(h) Income Tax (continued)

- 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 consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

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.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 2015

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 payable 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 plant and equipment are measured using the cost model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all plant and equipment is depreciated on a reducing balance method from the date that management determine that the asset is available for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

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 statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

For the Year Ended 30 June 2015

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 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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

(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 (2014: government 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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

(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 2015 and 2014.

(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 \$13,972,215 (2014: \$718,925) and a net cash outflow from operating and investing activities of \$1,770,335 (2014: \$1,245,574) during the year ended 30 June 2015. 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.

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) Change in accounting estimates

During the current reporting period, the Group changed the discount rate used in measuring its Australian dollar dominated defined benefit obligations and other long term employee benefits from the Australian government bond rate to the high quality corporate bond rate. This change was necessitated by developments in the Australian business environment that confirmed there is a sufficiently observable, deep and liquid market in high quality Australian corporate bonds to satisfy the requirements in AASB 119 *Employee Benefits*. The Group has concluded that this amendment has resulted in a 'change in accounting estimate' in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

The Group is not able to predict the impact of changing to high quality corporate bond rates in periods after the next reporting period due to the inherent uncertainty in measuring defined benefit obligations. This impact is considered to be not material to the financial statements.

(u) Adoption of new and revised accounting standards

The Group applied, for the first time, certain standards and amendments which are effective for annual periods

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

beginning on or after 1 July 2014. The nature and the impact of each new standard and/or amendment is described below:

Investment Entities – Amendments to AASB 10, AASB 12 and AASB 127

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under AASB 10 *Consolidated Financial Statements* and must be applied retrospectively, subject to certain transition relief. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on the Group, since none of the entities in the Group qualifies to be an investment entity under AASB 10.

Remove Individual Key Management Personnel Disclosure Requirements – Amendments to AASB 124

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions. This amendment has resulted in reduced disclosures in the Group's financial statements.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to AASB 136

The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. This amendment has resulted in increased disclosures in the Group's financial statements.

(u) Adoption of new and revised accounting standards (continued)

Offsetting Financial Assets and Financial Liabilities - Amendments to AASB 132

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and is applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to AASB 139

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required. These amendments have no impact on the Group as the Group has not novated any of its derivatives during the current or prior periods.

AASB Interpretation 21 Levies

AASB Interpretation 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for AASB Interpretation 21. This interpretation has no impact on the Group as it has applied the recognition principles under AASB 137 Provisions, Contingent Liabilities and Contingent Assets consistent with the requirements of AASB Interpretation 21 in prior years.

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

(v) 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 9 Financial Instruments | 30 June 2019 | Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using IFRS 9 are to be measured at fair value. | The impact of AASB 9 has not yet been determined. |
| AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2009) | | | |
| AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transitional Disclosures | | | |
| AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments | | Amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income. | |
| AASB 2014-1 Amendments to Australian Accounting Standards | | | |
| AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 | | Impairment of assets is now based on expected losses in IFRS 9 which requires entities to measure: <ul style="list-style-type: none"> - the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or - full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). | |
| AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 | | | |
| AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation | 30 June 2017 | This standard amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> a. establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; b. clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset; and c. clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. | As the Group does not currently use revenue based methods of depreciation or amortisation, there is no impact from this standard. |
| AASB 2014 – 10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture | 30 June 2017 | The amendments address an acknowledged inconsistency between the requirements in AASB 10 and those in AASB 128 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. <p>The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.</p> | As there has not been a sale or contribution of assets between the parent entity and its associates or joint ventures, it is not expected that these changes will have any impact on the Group. |

Notes to the Financial Statements

For the Year Ended 30 June 2015

2 Summary of Significant Accounting Policies (continued)

(v) New Accounting Standards and Interpretations (continued)

| | | | |
|---|---------------------|---|---|
| <p>AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</p> | <p>30 June 2016</p> | <p>AASB 2015-3 makes amendments to particular Australian Accounting Standards to delete their references to AASB 1031 Materiality as each standard is amended for another purpose.</p> | <p>There is not expected to be any changes to the reported financial position, performance or cash flows of the Group.</p> |
| <p>AASB 2015 – 1 Annual improvements (2012 – 2014 cycle)</p> | <p>30 June 2017</p> | <p>The following amendments / clarifications are made:</p> <ul style="list-style-type: none"> - AASB 5 – reclassification from held for sale to held for distribution to owners or from held for distribution to owners to held for sale is considered to the continuation of the original plan of disposal; - AASB 7 – adds basis of conclusion to clarify disclosure requirements for transferred financial assets and offsetting arrangements; - AASB 119 – confirms that high quality corporate bonds or national government bonds used to determine discount rates must be in the same currency as the benefits paid to the employee; - AASB 134 – clarifies information about cross references in the interim financial report. | <p>It is not expected that these changes will have material impact on the Group.</p> |
| <p>AASB 2014-9 Equity method in separate financial statements (Amendments to AASB 127)</p> | <p>30 June 2017</p> | <p>This standard will allow entities to use the equity method to account for its interest in subsidiaries, joint venture and associates in separate financial statements.</p> | <p>As the Group as not chosen to measure its interests in subsidiaries, joint ventures or associates using the equity method, there is no change to the reporting of subsidiaries, joint ventures or associates in the separate financial statements.</p> |
| <p>AASB 2015-2 Disclosure Initiative – Amendment to AASB 101</p> | <p>30 June 2017</p> | <p>There are no changes to accounting policies covered by this standard, however this amendment provide clarification regarding the disclosure requirements in AASB 101.</p> <p>Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes an editorial correction to AASB 101. In addition, as a result of the amendments to AASB 101, this Standard makes consequential amendments to AASB 7, AASB 134 and AASB 1049.</p> | <p>No impact on reported financial position or performance is expected, however the Group may use this clarification to streamline or simplify some of the notes in the financial statements.</p> |

Notes to the Financial Statements

For the Year Ended 30 June 2015

3 Critical Accounting Estimates and Judgements

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

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

The significant estimates and judgements made have been described below.

Key judgements - capitalisation of exploration and evaluation expenditure

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

4 Operating Segments

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

Notes to the Financial Statements

For the Year Ended 30 June 2015

5 Revenue and expenses

(a) Revenue

| | Consolidated | |
|--------------------------------------|---------------|---------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Administration fees | 33,103 | 13,259 |
| Bank interest received or receivable | 27,767 | 56,709 |
| Total revenue | 60,870 | 69,968 |

(b) Other income

| | | |
|--|---------------|--------------|
| Other income | 902 | 1,237 |
| Net gains on disposal of property, plant and equipment | 35,545 | - |
| Total other income | 36,447 | 1,237 |

(c) Expenses

Impairment of Non-Current Assets

| | | |
|--|------------|---------|
| Capitalised tenement costs written off | 13,394,428 | 130,701 |
|--|------------|---------|

Depreciation of Non-Current Assets

| | | |
|---------------------|--------|--------|
| Plant and equipment | 36,206 | 55,675 |
|---------------------|--------|--------|

Employee Benefits Expense

| | | |
|---|-----------|-----------|
| Wages, salaries, directors fees & other remuneration expenses | 816,138 | 922,747 |
| Transfer (to) exploration assets | (487,586) | (553,926) |
| Superannuation | 71,104 | 77,108 |
| Transfer to annual leave provision | (34,408) | 18,932 |
| Transfer to long service leave provision | 2,262 | 16,572 |
| Share-based payments expense | - | 49,000 |

Total employee benefits expense

| | |
|----------------|----------------|
| 367,510 | 530,433 |
|----------------|----------------|

Other Expenses from Ordinary Activities

| | | |
|---|-----------|-----------|
| Secretarial, professional and consultancy | 94,547 | 73,091 |
| Occupancy costs | 159,263 | 131,356 |
| Share register maintenance | 21,160 | 18,946 |
| Insurance costs | 31,303 | 31,358 |
| Promotion and advertising | 14,255 | 23,735 |
| Employee taxes and levies | 17,476 | 13,369 |
| Service charges | 4,263 | 4,260 |
| Securities exchange fees | 38,143 | 37,699 |
| Travel expenses | 6,285 | 19,306 |
| Conferences | 26,212 | 15,963 |
| Transfer (to) exploration assets | (144,469) | (190,252) |
| Audit fees | 33,293 | 35,094 |
| Legal fees | 26,669 | 103,250 |
| Other expenses | 19,717 | 63,045 |

Total other expenses from ordinary activities

| | |
|----------------|----------------|
| 348,117 | 380,220 |
|----------------|----------------|

Notes to the Financial Statements

For the Year Ended 30 June 2015

6 Income Tax Expense

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

| | Consolidated | |
|--|--------------------|------------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Current tax expense | | |
| Current income tax charge/(benefit) | 25,917 | 50,704 |
| Research & development tax offset | (102,914) | (361,165) |
| Total income tax expense/(benefit) | (76,997) | (310,461) |
| (b) Reconciliation of income tax to accounting profit/(loss): | | |
| Accounting loss before income tax | (14,049,212) | (1,029,386) |
| Group's statutory income tax rate | 30% | 30% |
| | (4,214,764) | (308,816) |
| Add: | | |
| Tax effect of: | | |
| - expenditure not allowable for income tax purposes | 4,138,153 | 58,484 |
| - other deductible items | 421,412 | 911,735 |
| - tax portion of share issue costs | 25,917 | 50,704 |
| | 370,718 | 712,107 |
| Less: | | |
| Tax effect of: | | |
| - tax losses not recognised due to not meeting recognition criteria | 344,801 | 661,403 |
| - Research & development tax offset | 102,914 | 361,165 |
| Income tax expense | (76,997) | (310,461) |

The Group has tax losses arising in Australia of \$28,955,873 (2014: \$26,900,824) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

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

(c) Tax Consolidation

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

Notes to the Financial Statements

For the Year Ended 30 June 2015

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 | |
|--|----------------------------|---------------------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Net loss attributable to ordinary equity holders of the parent | <u>(13,972,215)</u> | <u>(1,029,386)</u> |
| Losses used to calculate basic EPS from continuing operations | <u>(13,972,215)</u> | <u>(1,029,386)</u> |
| Losses used in the calculation of dilutive EPS from continuing operations | <u><u>(13,972,215)</u></u> | <u><u>(1,029,386)</u></u> |

(b) Losses used to calculate overall earnings per share

| | | |
|---|----------------------------|---------------------------|
| Losses used to calculate overall earnings per share | <u><u>(13,972,215)</u></u> | <u><u>(1,029,386)</u></u> |
|---|----------------------------|---------------------------|

(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 | <u><u>373,980,708</u></u> | <u><u>252,884,368</u></u> |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | <u><u>373,980,708</u></u> | <u><u>252,884,368</u></u> |

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 2015 or 2014.

Notes to the Financial Statements

For the Year Ended 30 June 2015

8 Cash and cash equivalents

| | Note | Consolidated | |
|--|------|----------------|------------------|
| | | 2015 \$ | 2014 \$ |
| Cash at bank and in hand | | 243,413 | 230,567 |
| Short-term bank deposits | | 300,000 | 1,450,000 |
| Total cash and cash equivalents | 8(a) | 543,413 | 1,680,567 |

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

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

Short-term deposits are made for varying periods of between one day and six months, depending on the immediate cash requirements of the 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 | | 543,413 | 1,680,567 |
| Balance as per consolidated statement of cash flows | | 543,413 | 1,680,567 |

9 Trade and other receivables

CURRENT

| | | | |
|--|------|--------------|---------------|
| Trade receivables | 9(a) | 6,546 | 13,938 |
| Total current trade and other receivables | | 6,546 | 13,938 |

(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 2015 or 2014 and no receivables are past due at balance date.

10 Other assets

CURRENT

| | | | |
|-----------------------------------|--|---------------|---------------|
| Prepayments | | 32,625 | 32,098 |
| Accrued income | | 130 | 7,917 |
| Payroll tax rebate | | - | 9,798 |
| Total current other assets | | 32,755 | 49,813 |

Notes to the Financial Statements

For the Year Ended 30 June 2015

11 Other financial assets

Available-for-sale financial assets comprise:

| | Consolidated | |
|--|----------------|----------------|
| | 2015 | 2014 |
| | \$ | \$ |
| NON-CURRENT | | |
| Listed investments, at fair value | | |
| - Opening balance at 1 July | 564,181 | 499,194 |
| - Fair value adjustment | (99,987) | 64,987 |
| Total non-current available-for-sale financial assets | 464,194 | 564,181 |

Available-for-sale financial assets comprise of investments in the ordinary shares of Musgrave Minerals Ltd. In accordance with AASB 139 "Financial Instruments: Recognition and Measurement", the securities are measured at fair value, which is determined to be the closing bid price for the securities. As at 30 June 2015, the final bid price was \$0.05 (2014: \$0.057).

The Group has a 7.67% interest in Musgrave Minerals Limited at 30 June 2015 (2014: 7.67%).

12 Plant and equipment

PLANT AND EQUIPMENT

Plant and equipment

| | | |
|----------------------------------|---------------|---------------|
| At cost | 307,536 | 363,771 |
| Accumulated depreciation | (263,669) | (287,299) |
| Total plant and equipment | 43,867 | 76,472 |

Motor vehicles

| | | |
|----------------------------------|---------------|----------------|
| At cost | 220,687 | 285,643 |
| Accumulated depreciation | (173,524) | (201,516) |
| Total motor vehicles | 47,163 | 84,127 |
| Total plant and equipment | 91,030 | 160,599 |

Notes to the Financial Statements

For the Year Ended 30 June 2015

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 2015 | | | |
| Balance at the beginning of year | 76,472 | 84,127 | 160,599 |
| Additions | - | - | - |
| 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 |
| Year ended 30 June 2014 | | | |
| Balance at the beginning of year | 31,515 | 184,759 | 216,274 |
| Transfers | 77,438 | (77,438) | - |
| Depreciation expense | (32,481) | (23,194) | (55,675) |
| Balance at the end of the year | 76,472 | 84,127 | 160,599 |

(b) Impairment and depreciation of plant and equipment

No impairment loss was recognised or reversed for the years ended 30 June 2015 and 2014 with respect to plant and equipment.

The depreciation rates of the assets were estimated as follows for both 2014 and 2015:

Plant and equipment - 10 - 40%

Motor vehicles - 22.5%

Notes to the Financial Statements

For the Year Ended 30 June 2015

13 Exploration and evaluation assets

| | Consolidated | |
|--|------------------|-------------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Exploration and evaluation phases - Joint Operations | 2,483,834 | 13,030,723 |
| Exploration and evaluation phases - Other | 384,038 | 1,987,554 |
| Total exploration and evaluation assets | 2,867,872 | 15,018,277 |

Capitalised tenement expenditure movement reconciliation

| Consolidated | Exploration and Evaluation - Joint Operations | Exploration and Evaluation - Other | Total |
|--|---|------------------------------------|------------------|
| | \$ | \$ | \$ |
| 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 |
| 2014 | | | |
| Balance at beginning of the year | 4,017,561 | 9,759,877 | 13,777,438 |
| Additions through expenditure capitalised | 988,930 | 382,610 | 1,371,540 |
| Reductions through joint venture contributions | (75,543) | - | (75,543) |
| Write off of tenements relinquished | - | (130,701) | (130,701) |
| Transfer to/(from) | 8,099,775 | (8,024,232) | 75,543 |
| Balance at end of the year | 13,030,723 | 1,987,554 | 15,018,277 |

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 2015

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:

| | 2015 | | Granted during the year | Exercised during the year | Cancelled/lapsed during the year | Balance at the end of the year | Vested and exercisable at the end of the year |
|---------------------|-----------------------|-----------|-------------------------|---------------------------|----------------------------------|--------------------------------|---|
| Exercise price WAEP | Start of the year No. | | No. | No. | No. | No. | No. |
| 0.11 | 9,385,000 | - | - | - | - | 9,385,000 | 9,385,000 |
| | 9,385,000 | - | - | - | - | 9,385,000 | 9,385,000 |
| 2014 | | | | | | | |
| 0.19 | 5,010,000 | - | - | - | - | 5,010,000 | 5,010,000 |
| 0.03 | - | 4,950,000 | - | - | - | 4,950,000 | 4,950,000 |
| 0.18 | - | - | - | - | (575,000) | (575,000) | (575,000) |
| | 5,010,000 | 4,950,000 | - | - | (575,000) | 9,385,000 | 9,385,000 |

The WAEP of issued options that are exercisable as at 30 June 2015 is \$0.11 (2014: \$0.11).

The outstanding balance as at 30 June 2015 is represented by:

- A total of 350,000 options exercisable any time until 22 September 2015 with a strike price of \$0.18.
- A total of 2,235,000 options exercisable any time until 16 December 2015 with a strike price of \$0.25.
- A total of 550,000 options exercisable any time until 22 May 2016 with a strike price of \$0.20.
- A total of 1,300,000 options exercisable any time until 22 May 2016 with a strike price of \$0.20.

Notes to the Financial Statements

For the Year Ended 30 June 2015

14 Share-based Payments (continued)

- A total of 2,050,000 options exercisable any time until 21 July 2018 with a strike price of \$0.05.
- A total of 2,900,000 options exercisable any time until 19 June 2018 with a strike price of \$0.015.

The weighted average remaining contractual life of options outstanding at year end was 2.36 years (2014: 3.36 years).

The range of exercise prices for options outstanding at the end of the year was \$0.015 - \$0.25 (2014: \$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 vesting period.

The weighted average fair value of employee options granted during the year was \$ N/A (2014: \$ 0.02)

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 2015 and 30 June 2014:

30 June 2015

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

30 June 2014

| | | |
|--|---------|---|
| Weighted average life of the option (years): | | 5 |
| Expected share price volatility: | 104.00% | |
| Risk-free interest rate: | 2.98% | |

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 (2014: NIL) share options issued to the Directors.

Notes to the Financial Statements

For the Year Ended 30 June 2015

15 Trade and other payables

| | | Consolidated | |
|---|-------|---------------|----------------|
| | Note | 2015 | 2014 |
| | | \$ | \$ |
| CURRENT | | | |
| Unsecured liabilities | | | |
| Trade payables | 15(a) | 26,902 | 78,285 |
| Other payables | | 49,518 | 34,452 |
| Total current trade and other payables | | 76,420 | 112,737 |

(a) Trade payables

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

16 Borrowings

CURRENT

Secured liabilities:

| | | | |
|-------------------------|-------|---|-------|
| Hire purchase contracts | 23(b) | - | 7,962 |
|-------------------------|-------|---|-------|

17 Employee Benefits

CURRENT

Long service leave

Annual leave

Total current employee benefits liability

NON-CURRENT

Long service leave

(a) Movements in employee benefits liability

Annual leave provision

Opening balance

Net transfer to provision/(provision used)

Closing balance**Long service leave provision**

Opening balance

Net transfer to provision/(provision used)

Closing balance**Total employee benefit liability**

| | | | |
|--|--|----------------|----------------|
| | | 64,432 | 53,167 |
| | | 39,286 | 73,694 |
| | | 103,718 | 126,861 |
| | | 24,392 | 33,395 |
| | | 73,694 | 54,762 |
| | | (34,408) | 18,932 |
| | | 39,286 | 73,694 |
| | | 86,562 | 69,990 |
| | | 2,262 | 16,572 |
| | | 88,824 | 86,562 |
| | | 128,110 | 160,256 |

Notes to the Financial Statements

For the Year Ended 30 June 2015

18 Remuneration of Auditors

| | Consolidated | |
|--|---------------|---------------|
| | 2015 | 2014 |
| | \$ | \$ |
| Remuneration of the auditor of the Company, Grant Thornton Audit Pty Ltd, for: | | |
| - auditing or reviewing the financial report | 26,000 | 24,900 |
| Total remuneration of auditors | 26,000 | 24,900 |

No non-audit services have been provided.

19 Issued Capital

| | | |
|---|-------------------|-------------------|
| 421,043,293 (2014: 315,657,750) Ordinary shares | 32,879,698 | 32,212,636 |
| Total issued capital | 32,879,698 | 32,212,636 |

(a) Ordinary shares

| | Consolidated | |
|---|--------------------|--------------------|
| | 2015 | 2014 |
| | No. | No. |
| At the beginning of the reporting period | 315,657,750 | 219,615,500 |
| Shares issued during the year | | |
| - Share issue via placement on 10 September 2013 | - | 32,942,250 |
| - Share issue via placement on 22 May 2014 | - | 63,100,000 |
| - Share issue via rights issue on 9 December 2014 | 105,385,543 | - |
| At the end of the reporting period | 421,043,293 | 315,657,750 |

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 19, 20 and 21 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 2015

20 Reserves

| | Note | Consolidated | |
|---|-------|------------------|------------|
| | | 2015 \$ | 2014 \$ |
| Available-for-sale revaluation reserve | | | |
| Balance at beginning of financial year | | 64,987 | - |
| Movement in fair value | | (99,987) | 64,987 |
| Balance at end of the year | 20(a) | (35,000) | 64,987 |
| Share option reserve | | | |
| Balance at beginning of financial year | | 1,804,090 | 2,336,515 |
| Lapse of options due to expiration | | - | (581,425) |
| Issued to employee and officers under ESOP | | - | 49,000 |
| Balance at end of the year | 20(b) | 1,804,090 | 1,804,090 |
| Total reserves | | 1,769,090 | 1,869,077 |

(a) Available-for-sale revaluation reserve

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

(b) Share option reserve

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

During the financial year, no options lapsed (2014: 4,175,000).

21 Accumulated losses

| | | |
|--|---------------------|---------------------|
| Opening balance at start of the financial year | (16,875,293) | (16,737,793) |
| Net loss attributable to members of the parent entity | (13,972,215) | (718,925) |
| Transfer from share option reserve | - | 581,425 |
| Accumulated losses at end of the financial year | (30,847,508) | (16,875,293) |

Notes to the Financial Statements

For the Year Ended 30 June 2015

22 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

| | Note | Consolidated | |
|--|------|------------------|----------------|
| | | 2015 | 2014 |
| | | \$ | \$ |
| Net loss for the year | | (13,972,215) | (718,925) |
| Non-cash flows in profit: | | | |
| - depreciation | | 36,206 | 55,675 |
| - impairment of non-current assets | | 13,394,428 | 130,701 |
| - share based payments | | - | 49,000 |
| - net gain on disposal of property, plant and equipment | | (35,545) | - |
| Changes in assets and liabilities: | | | |
| - (increase)/decrease in trade and other receivables | | (2,027) | 537,391 |
| - (increase)/decrease in prepayments | | 17,058 | 210,363 |
| - increase/(decrease) in trade and other payables | | (36,315) | (114,150) |
| - increase/(decrease) in employee benefits | | (9,004) | 23,220 |
| Net cash (used in)/provided by operating activities | | (607,414) | 173,275 |

23 Capital and Leasing Commitments

(a) Operating Leases

Minimum lease payments under non-cancellable operating leases:

| | | | |
|-----------------------------------|--|----------------|----------------|
| - not later than one year | | 53,748 | 134,313 |
| - between one year and five years | | 64,528 | 21,076 |
| Minimum lease payments | | 118,276 | 155,389 |

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) Hire purchase commitments

Minimum lease payments:

| | | | |
|-------------------------------|----|----------|--------------|
| - not later than one year | | - | 7,937 |
| Minimum lease payments | 16 | - | 7,937 |

Future minimum lease payments under hire purchase contracts together with the present value of the net minimum payments are listed in the above table.

(c) 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 2015, net amounts of approximately \$509,800 (2014: \$1,450,380) 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 2015

24 Interests in Subsidiaries

| | Principal place of business / Country of Incorporation | Percentage Owned (%)* 2015 | Percentage Owned (%)* 2014 |
|---|--|----------------------------------|----------------------------------|
| Subsidiaries: | | | |
| Minex (Aust) Pty Ltd | Australia | 100 | 100 |
| Mithril Resources Investments Pty Ltd | Australia | 100 | 100 |
| Minex (West) Pty Ltd (incorporated on 22 November 2013) | Australia | 100 | 100 |

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

25 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 financial statements, are as follows:

| | | Consolidated | |
|---|------|------------------|------------------|
| | Note | 2015 \$ | 2014 \$ |
| Financial Assets | | | |
| Cash and cash equivalents | 8 | 543,413 | 1,680,567 |
| Loans and receivables | 9 | 6,546 | 13,938 |
| Available-for-sale financial assets: | | | |
| - at fair value | | | |
| - listed shares in other corporations | 11 | 464,194 | 564,181 |
| Total financial assets | | 1,014,153 | 2,258,686 |
| Financial Liabilities | | | |
| Financial liabilities at amortised cost | | | |
| - Trade and other payables | 15 | 76,420 | 112,737 |
| - Borrowings | 16 | - | 7,962 |
| Total financial liabilities | | 76,420 | 120,699 |

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 2015

25 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% (2014: +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.

| | 2015 | | 2014 | |
|----------------------------------|--------|---------|--------|---------|
| | +0.50% | -0.50% | +0.50% | -0.50% |
| | \$ | \$ | \$ | \$ |
| Cash and cash equivalents | | | | |
| Net results | 2,173 | (2,173) | 5,109 | (5,109) |
| Equity | 2,173 | (2,173) | 5,109 | (5,109) |

Notes to the Financial Statements

For the Year Ended 30 June 2015

25 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 | |
|------------------------------------|--|------|------------------------|----------------|------------------------|------------------|-----------------------|----------|----------------------|----------------|----------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | % | % | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Financial Assets: | | | | | | | | | | | | |
| Cash and cash equivalents | 2.38 | 3.58 | 243,413 | 230,567 | 300,000 | 1,450,000 | - | - | - | - | 543,413 | 1,680,567 |
| Trade and other receivables | - | - | - | - | - | - | - | - | 6,546 | 13,938 | 6,546 | 13,938 |
| Total Financial Assets | | | 243,413 | 230,567 | 300,000 | 1,450,000 | - | - | 6,546 | 13,938 | 549,959 | 1,694,505 |
| Financial Liabilities: | | | | | | | | | | | | |
| Trade and other payables | - | - | - | - | - | - | - | - | 76,420 | 112,737 | 76,420 | 112,737 |
| Hire purchase liabilities | - | 9.04 | - | - | - | 7,962 | - | - | - | - | - | 7,962 |
| Total Financial Liabilities | | | - | - | - | 7,962 | - | - | 76,420 | 112,737 | 76,420 | 120,699 |

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 2015

26 Fair Value Measurement

The Group measures the following assets at fair value on a recurring basis:

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

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 2015 | \$ | \$ | \$ | \$ |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Musgrave Minerals Ltd - Listed Shares | 464,194 | - | - | 464,194 |
| Total | 464,194 | - | - | 464,194 |
| | | | | |
| 30 June 2014 | | | | |
| Recurring fair value measurements | | | | |
| Financial assets | | | | |
| Musgrave Minerals Ltd - Listed Shares | 529,181 | - | - | 529,181 |
| Musgrave Minerals Ltd - Unlisted Options | - | 35,000 | - | 35,000 |
| Total | 529,181 | 35,000 | - | 564,181 |

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 2015

27 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:

- HLB Mann Judd (SA) Pty Limited has received professional fees for accounting, taxation and secretarial services provided during the year totalling \$102,863 (2014: \$75,919). Donald Stephens, a Director and the Company Secretary, is a consultant with HLB Mann Judd (SA) Pty Limited. All transactions were conducted on commercial terms and were arms length transactions. At 30 June 2015, the Group owed \$NIL (2014: \$6,941) to HLB Mann Judd (SA) Pty Ltd.
- Throughout the 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 2015 was \$11,271 (2014: \$7,133). Amount paid to Mithril by Musgrave Minerals Ltd was \$90,316 (2014: \$11,920). At 30 June 2015, the Group was owed \$2,545 (2014: \$13,042) from Musgrave Minerals Ltd.
- Throughout the 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 2015 was \$59,448. At 30 June 2015, the Group was owed NIL from Phoenix Copper Ltd.
- Paga Resources Pty Ltd (an entity controlled by Mr Graham Ascough) has received fees in relation to services rendered by Mr Graham Ascough in connection with his directorship with the Company. During the financial year ended 30 June 2015, these fees totalled \$49,215 (2014: \$52,440). No amount was outstanding at 30 June 2015.

(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 24. 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 28: 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 2015.

Notes to the Financial Statements

For the Year Ended 30 June 2015

28 Key Management Personnel Disclosures

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

| | 2015 | 2014 |
|--|----------------|----------------|
| | \$ | \$ |
| Short-term employee benefits | 519,250 | 579,686 |
| Post-employment benefits | 42,901 | 45,365 |
| Share-based payments | - | 17,500 |
| Total remuneration paid to key management personnel | 562,151 | 642,551 |

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 2015.

For details of other transactions with key management personnel, refer to Note 27: Related Parties.

29 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 2015

29 Parent entity (continued)

| | 2015 | 2014 |
|---|---------------------|--------------------|
| | \$ | \$ |
| Statement of Financial Position | | |
| Assets | | |
| Current assets | 4,395,309 | 4,487,938 |
| Non-current assets | 1,798,988 | 12,999,437 |
| Total Assets | 6,194,297 | 17,487,375 |
| Liabilities | | |
| Current liabilities | 172,167 | 262,877 |
| Non-current liabilities | 24,392 | 33,395 |
| Total Liabilities | 196,559 | 296,272 |
| Equity | | |
| Issued capital | 32,879,698 | 32,212,636 |
| Accumulated losses | (28,686,050) | (16,825,623) |
| Reserves | 1,804,090 | 1,804,090 |
| Total Equity | 5,997,738 | 17,191,103 |
| Statement of Profit or Loss and Other Comprehensive Income | | |
| Total profit or loss for the year | (12,872,673) | (1,645,636) |
| Other comprehensive income | - | - |
| Total comprehensive income | (12,872,673) | (1,645,636) |

Contingent liabilities

Contingent liabilities of the parent entity have been incorporated into the Group information in Note 31. 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 23. The contractual commitments of the parent are consistent with that of the Group.

30 Events Occurring After the Reporting Date

On 18 August 2015 the Company announced capital raising by way of a Share Purchase Plan ("SPP") at an issue price of \$0.0045 (0.45cents). Under the SPP, a maximum of 126,312,988 shares will be issued to raise up to \$0.57M.

The financial report was authorised for issue on 25 September 2015 by the Board of Directors.

31 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 \$122,151 at 30 June 2015 (2014: \$211,107) 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 2015 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 25th day of September 2015

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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 2015, 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 2015 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 \$13,972,215 during the year ended 30 June 2015 and, as of that date, the consolidated entity's cash outflows from operating and investing activities equates to \$1,770,335. 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 2015. 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 2015, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 25 September 2015