

# **Mithril Resources Ltd**

**ABN 30 099 883 922**

## **Half Year Report**

**for the half year ended 31 December 2014**

## Contents to Half Year Report

Directors' Report .....	3
Auditor's Independence Declaration .....	8
Interim consolidated statement of profit or loss and other comprehensive income .....	9
Interim consolidated statement of financial position .....	10
Interim consolidated statement of changes in equity .....	11
Interim consolidated statement of cash flows .....	12
Notes to the Financial Statements .....	13
1. Corporate information .....	13
2. Basis of preparation and change to the Group's accounting policies .....	13
3. Segment reporting .....	14
4. Available-for-sale investments .....	17
5. Exploration and evaluation assets .....	17
6. Issued capital .....	18
7. Fair value measurements of financial instruments .....	18
8. Subsequent events .....	19
9. Contingent liabilities .....	19
10. Going concern basis of accounting .....	19
Directors' Declaration .....	20
Independent Auditor's Review Report .....	21

## Directors' Report

The Directors of Mithril Resources Ltd ('Mithril') present their report together with the financial statements of the consolidated entity, being Mithril Resources Ltd ('the Company') and its controlled entities ('the Group') for the half year ended 31 December 2014 and the Independent Auditor Review Report thereon.

### Director Details

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

Mr Graham Ascough, Chairman  
Mr David Hutton, Managing Director  
Mr Donald Stephens, Non-Executive Director  
Mr Derek Carter, Non-Executive Director (retired 31 December 2014)  
Mr Richard Bonython, Non-Executive Director (retired 31 December 2014)

### Operating Result

The group's loss for the half year ended 31 December 2014 after providing for income tax amounted to \$13,987,547 (2013: \$527,671). The loss is largely due to the non-cash impairment (\$13,533,888) of low priority and / or relinquished exploration tenements following the Company's strategic refocussing on its advanced West Australian base metal assets, most notably the Nanadie Well Project which includes the Stark copper- nickel-PGE discovery.

### Principal Activities

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

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

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

### Review of Operations

Mithril's activities during the Half Year ending 31 December 2014 were primarily focussed on copper - nickel exploration at the Nanadie Well Project (Meekatharra) in Western Australia.

### Corporate Overview

During the Half Year, the Company spent \$0.679M on the exploration activities outlined in this report and at 31 December 2014, the Company had cash reserves of \$1.25M.

Also during the Half Year, the Company raised \$737,699 (before costs) through a Non-Renounceable Rights Issue which also 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.

In light of continued weak market conditions and in order to maximise funds available for exploration purposes, the Company 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 of the Company, effective 31 December 2014. The continuing Board of Directors consists of: Mr Graham Ascough (Non-Executive Chairman); Mr David Hutton (Managing Director); and Mr Donald Stephens (Non-Executive Director and Company Secretary).

Mr Carter and Mr Bonython were both founding directors of the Company and played a pivotal role in overseeing its development into a successful and well respected mineral explorer.

The Company wishes to express its sincere thanks to the retiring Directors for their contributions and service to Mithril and for their continued support of the Company since its inception.

## **Meekatharra Projects – Copper and Nickel**

### **Nanadie Well Project (MTH earning up to 75%) and Copper Hills Project (MTH earning up to 80%)**

At Meekatharra, RC drilling undertaken by the Company confirmed the Stark Prospect as an emerging magmatic copper - nickel - PGE discovery. Located on the Nanadie Well Project, Stark lies approximately 80 kilometres southeast of Meekatharra in Western Australia.

The drilling which was the first ever test of the Stark prospect, returned strong assay results from each of the holes drilled at Stark including higher grades as follows (downhole widths);

- 16m @ 0.81% copper, 0.09% nickel, and 0.39g/t PGE's from 183 metres in NRC14008, including ***4m @1.91% copper, 0.18% nickel, and 0.96g/t PGE's from 194 metres,***
- 13m @ 0.44% copper, 0.08% nickel, and 0.24g/t PGE's from 144 metres in NRC14003, including ***2m @1.04% copper, 0.18% nickel, and 0.49g/t PGE's from 152 metres,***
- 10m @ 0.49% copper, 0.05% nickel, and 0.45g/t PGE's from 151 metres in NRC14008, and
- 2m @ 1.32% copper, 0.03% nickel and 0.80g/t PGE's from 76 metres in NRC14007.

The intersected mineralisation at Stark is associated with (unoxidised) disseminated and semi-massive sulphides (pyrrhotite - chalcopyrite - pyrite) within a gabbro / gabbro - norite unit adjacent to a contact with a Banded Iron Formation (BIF) and metasediments.

To better understand Stark's geological setting and potentially extend the mineralisation, a follow-up program of diamond drilling is planned in the March 2015 Quarter.

Nanadie Well is subject to a Farm-in and Joint Venture Agreement with Intermin Resources Limited (**ASX: IRC**) whereby Mithril can earn up to a 75% interest in the project tenements by completing expenditure of \$4M over 6 years (ASX Announcement dated 6 December 2014).

No field work was carried out on the Copper Hills Project which is subject to a Farm-in and Joint Venture Agreement with Doray Minerals Limited (**ASX: DRM**), and where Mithril can earn an 80% interest in the project tenements by completing expenditure of \$1M over four years.

## **West Kambalda Project - Gold**

### **Spargos Reward Gold Project (MTH 100%) and Spargoville Project (MTH 20%, earning up to 80%)**

At West Kambalda, the Company was granted a 100% - owned tenement containing a number of priority gold targets immediately west of the high grade Spargos Reward Gold deposit.

No field work was undertaken on the Spargoville Project which is subject to a Farm-in and Joint Venture Agreement with KalNorth Gold Mines Limited (**ASX:KGM**) and where Mithril can to earn up to an 80% interest by completing expenditure of \$2M over 4 years.

## **East Pilbara Project – Copper and Nickel**

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

At East Pilbara, the Company executed a farm in and joint venture agreement with a private company - Kalamazoo Resources Pty Ltd whereby they can earn up to an 80% interest (by completing expenditure of \$150,000 and a Bankable Feasibility Study) in the project which is located 130km southeast of Port Hedland, Western Australia. Kalamazoo also has the right to purchase 100% of the tenements' iron ore rights from Mithril for \$30,000 on or before 31 December 2015.

Kalamazoo conducted a helicopter assisted reconnaissance mapping and surface sampling program over a number of targets throughout the Project area.

## **East Arunta Projects – Copper and Nickel**

### **Huckitta Option and Joint Venture (MMG previously earning up to 80% of the Nickel Rights), and Harts Range Option and Joint Venture (MMG previously earning up to 90%). Yambah Project (MTH 100%) and Sammy JV (MTH 80%)**

At East Arunta, Mithril's nickel joint venture partner MMG Exploration Pty Ltd (“**MMG**”) withdrew from both the Huckitta and Harts Range Joint Ventures after geophysical surveying failed to identify any anomalous features associated with a number of soil - covered conceptual nickel targets.

The East Arunta remains prospective for the discovery of economic copper and nickel mineralisation, and during the Half Year to 31 December 2014, discussions were held with potential exploration partners.

## **Competent Persons Statement**

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

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

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

**Auditor's independence declaration**

The auditor's independence declaration is set out on page 8 and forms part of the directors' report for the half year ended 31 December 2014.

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'David Hutton', with a small dot at the end.

Mr David Hutton  
Managing Director

10 March 2015

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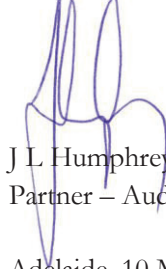
**AUDITOR'S INDEPENDENCE DECLARATION  
TO THE DIRECTORS OF MITHRIL RESOURCES LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Mithril Resources Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J L Humphrey  
Partner – Audit & Assurance

Adelaide, 10 March 2015

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## Interim consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2014

	Consolidated Group Half-year ended	
	31 Dec 2014 \$	31 Dec 2013 \$
Revenue from ordinary activities	30,551	51,611
Other income	662	947
Impairment of exploration assets	5 (13,533,888)	(92,897)
Employee benefits expense	(217,154)	(277,355)
Depreciation expense	(19,251)	(28,068)
Finance costs	(268)	(2,583)
Other expenses	(222,282)	(143,778)
<b>Loss before income tax expense</b>	<b>(13,961,630)</b>	<b>(492,123)</b>
Income tax benefit/(expense)	(25,917)	(35,548)
<b>Loss from continuing operations</b>	<b>(13,987,547)</b>	<b>(527,671)</b>
<b>Loss attributable to members of the parent entity</b>	<b>(13,987,547)</b>	<b>(527,671)</b>
<b>Other comprehensive income, net of income tax</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Net fair value movements for available-for-sale financial assets	(219,961)	379,935
<b>Total comprehensive loss for the period</b>	<b>(14,207,508)</b>	<b>(147,736)</b>
<b>Earnings per share:</b>	<i>Cents</i>	<i>Cents</i>
Basic earnings per share	(4.27)	(0.22)
Diluted earnings per share	(4.27)	(0.22)

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

## Interim consolidated statement of financial position

As at 31 December 2014

	Note	Consolidated Group	
		31 December 2014 \$	30 June 2014 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,250,195	1,680,567
Trade and other receivables		23,088	13,938
Other current assets		50,009	49,813
<b>TOTAL CURRENT ASSETS</b>		<b>1,323,292</b>	<b>1,744,318</b>
<b>NON-CURRENT ASSETS</b>			
Available-for-sale investments	4	344,219	564,181
Property, plant and equipment		141,349	160,599
Exploration and evaluation assets	5	2,247,128	15,018,277
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,732,696</b>	<b>15,743,057</b>
<b>TOTAL ASSETS</b>		<b>4,055,988</b>	<b>17,487,375</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		212,657	112,737
Borrowings		-	7,962
Employee benefits		129,431	126,861
<b>TOTAL CURRENT LIABILITIES</b>		<b>342,088</b>	<b>247,560</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		37,763	33,395
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>37,763</b>	<b>33,395</b>
<b>TOTAL LIABILITIES</b>		<b>379,851</b>	<b>280,955</b>
<b>NET ASSETS</b>		<b>3,676,137</b>	<b>17,206,420</b>
<b>EQUITY</b>			
Issued capital	6	32,889,861	32,212,636
Reserves		1,649,116	1,869,077
Retained earnings		(30,862,840)	(16,875,293)
<b>TOTAL EQUITY</b>		<b>3,676,137</b>	<b>17,206,420</b>

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

## Interim consolidated statement of changes in equity

For the half year ended 31 December 2014

	Consolidated Group					
	Note	Issued Capital Ordinary \$	Share Option Reserve \$	Available for sale revaluation reserve \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2013</b>		30,795,217	2,336,515	-	(16,737,793)	16,393,939
Total comprehensive (loss)/profit		-	-	379,935	(527,671)	(147,736)
Issue of shares by way of private placement		856,499	-	-	-	856,499
Issue of share options		-	28,700	-	-	28,700
Transaction costs (net of tax)		(34,718)	-	-	-	(34,718)
Transfer from share based payment reserve upon lapse of options		-	(12,425)	-	12,425	-
<b>Balance at 31 December 2013</b>		<b>31,616,998</b>	<b>2,352,790</b>	<b>379,935</b>	<b>(17,253,039)</b>	<b>17,096,684</b>
<b>Balance at 1 July 2014</b>		32,212,636	1,804,090	64,987	(16,875,293)	17,206,420
Total comprehensive (loss)/profit		-	-	(219,961)	(13,987,547)	(14,207,508)
Issue of shares by way of rights issue		737,699	-	-	-	737,699
Transaction costs (net of tax)		(60,474)	-	-	-	(60,474)
<b>Balance at 31 December 2014</b>		<b>32,889,861</b>	<b>1,804,090</b>	<b>(154,974)</b>	<b>(30,862,840)</b>	<b>3,676,137</b>

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

## Interim consolidated statement of cash flows

For the half year ended 31 December 2014

	Consolidated Group	
	Half year ended 31 Dec 2014 \$	Half year ended 31 Dec 2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Payments to suppliers and employees	(419,017)	(349,279)
Research & development tax offset received	-	583,455
Interest received	24,940	34,693
Finance costs	(268)	(2,583)
<b>NET CASH PROVIDED (USED IN)/BY OPERATING ACTIVITIES</b>	<b>(394,345)</b>	<b>266,286</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	-	(2,227)
Joint venture receipts	11,005	72,211
Payments for exploration activities	(690,377)	(992,423)
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(679,372)</b>	<b>(922,439)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of shares	737,699	856,499
Payment of transaction costs for issue of shares	(86,392)	(70,266)
Repayment of borrowings	(7,962)	(28,715)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>643,345</b>	<b>757,518</b>
Net (decrease)/increase in cash and cash equivalents	(430,372)	101,365
Cash at the beginning of the period	1,680,567	1,602,097
<b>CASH AT THE END OF THE PERIOD</b>	<b>1,250,195</b>	<b>1,703,462</b>

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

# Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

## 1. Corporate information

The interim consolidated financial statements of the Group for the six months ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 10 March 2015.

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

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

### Statement of compliance

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

### Basis of preparation

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

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2014 annual financial report for the financial year ended 30 June 2014, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2014, except for the application of the following standards as of 1 July 2014:

*AASB 1031: Materiality*

*AASB 1055: Budgetary Reporting*

*AASB 2013-1, Amendments to AASB 1049 - Relocation of Budgetary Reporting Requirements*

*AASB 2013-4, Novation of Derivatives and Continuation of Hedge Accounting*

*AASB 2013-5, Investment Entities*

*AASB 2013-9, Conceptual Framework, Materiality and Financial Instruments*

*AASB 2014-2, Amendments to AASB 1053 - Transition to and between Tiers, and related Tier 2 Disclosure Requirements*

# Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

AASB 2014-1, Amendments to Australian Accounting Standards Part A, B and C

These standards make changes to a number of existing Australian Accounting Standards and are not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

Management has reviewed the new requirements of the above standards and has concluded that there is no effect on the classification or presentation of balances.

## Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

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.

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. Refer to Note 5 for further details and a reconciliation of the capitalised expenditure written off during the year.

## 3. Segment reporting

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

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

During the six month period to 31 December 2014, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

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

## Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

### 3. Segment Reporting (continued)

	Segment Revenue		Segment Result	
	Half Year ended		Half Year ended	
	31-Dec 2014 \$	31-Dec 2013 \$	31-Dec 2014 \$	31-Dec 2013 \$
<b>Continuing Operations</b>				
Mineral Exploration - Northern Territory	-	-	(11,862,893)	(92,897)
Mineral Exploration - Western Australia	-	-	(1,670,995)	-
	-	-	(13,533,888)	(92,897)
Finance costs	-	-	(268)	(2,583)
Administration/Corporate	31,213	52,558	(408,223)	(368,575)
Depreciation	-	-	(19,251)	(28,068)
Consolidated revenue	31,213	52,558		
Loss before income tax			(13,961,630)	(492,123)
Income tax expense			(25,917)	(35,548)
Loss from continuing operations			(13,987,547)	(527,671)

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

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

## Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

### 3. Segment Reporting (continued)

#### *Segment Assets*

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

	Opening Balance 1/07/2014 \$	Net Capital Expenditure/ Investment \$	Impairment/ Share of loss \$	Closing Balance 31/12/2014 \$
<b>Continuing Operations</b>				
Mineral Exploration - Northern Territory	13,048,856	112,988	(11,862,893)	1,298,951
Mineral Exploration - Western Australia	1,969,421	649,751	(1,670,995)	948,177
Total segment assets	<u>15,018,277</u>	<u>762,739</u>	<u>(13,533,888)</u>	<u>2,247,128</u>
Other				
Administration/Corporate	2,469,098			1,808,860
	<u>17,487,375</u>			<u>4,055,988</u>



# Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

## 4. Available-for-sale investments

	Consolidated	
	31-Dec 2014 \$	30-Jun 2014 \$
At fair value - Shares, listed: options, unlisted:		
Opening balance	564,181	499,194
Revaluations to market value	(219,961)	64,987
Impairments	-	-
	344,219	564,181

## 5. Exploration and evaluation assets

	Consolidated	
	31-Dec 2014 \$	30-Jun 2014 \$
Exploration and evaluation costs carried forward in respect of mining areas of interest		
Exploration and evaluation phases - Joint Ventures	2,178,938	13,030,723
Exploration and evaluation phases - Other	68,190	1,987,554
	2,247,128	15,018,277

Consolidated group	Exploration Joint Venture	Exploration Other	Total
	\$	\$	\$
Capitalised tenement expenditure movement reconciliation			
Balance at beginning of year	13,030,723	1,987,554	15,018,277
Additions through expenditure capitalised	618,285	155,459	773,744
Reductions through joint venture contributions	(11,005)	-	(11,005)
Impairment *	(11,459,065)	(2,074,823)	(13,533,888)
Balance at end of year	2,178,938	68,190	2,247,128

\* During the period the board has undertaken a detailed review of the exploration portfolio and has impaired where necessary projects which have or will be relinquished in the foreseeable future and has written other projects down to their expected recoverable amount.

# Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

## 6. Issued capital

	Consolidated Group	
	31 Dec 14	30 Jun 14
	\$	\$
Fully paid ordinary shares	32,889,861	32,212,636
	32,889,861	32,212,636
	<b>Number</b>	<b>\$</b>
<b>Ordinary shares</b>		
Balance at beginning of financial period	315,657,750	32,212,636
Transaction costs on shares issued	-	(60,474)
Shares issued during period	105,385,543	737,699
Balance at end of the financial period	421,043,293	32,889,861

## 7. Fair value measurements of financial instruments

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

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

The following table presents the Group's assets recognised at fair value at 31 December 2014. Comparative information has not been provided as permitted by the transitional provisions of the new rules:

31 December 2014	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>FINANCIAL ASSETS AT FAIR VALUE</b>				
Held for trading investments				
- Musgrave Minerals Ltd - Shares	334,219	-	-	334,219
- Musgrave Minerals Ltd - Unlisted Options	-	10,000	-	10,000
	-	-	-	-
	334,219	10,000	-	344,219
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>30 June 2014</b>				
<b>FINANCIAL ASSETS AT FAIR VALUE</b>				
Held for trading investments				
- Musgrave Minerals Ltd - Shares	529,181	-	-	529,181
- Musgrave Minerals Ltd - Unlisted Options	-	35,000	-	35,000
	-	-	-	-
	529,181	35,000	-	564,181

# Notes to the condensed interim consolidated financial statements

FOR THE HALF YEAR ENDED 31 DECEMBER 2014

## 7. Fair value measurements of financial instruments (continued)

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

The fair value of financial instruments that are not traded in an active market is determined using valuation methodologies. Quoted market prices for similar instruments is a method used to determine the fair value. These instruments are included in Level 2.

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

## 8. Subsequent events

No subsequent events have occurred after the reporting date.

## 9. Contingent liabilities

There has been no change in contingent liabilities since the last reporting date. The Group has various bank guarantees totaling \$300,000 at 31 December 2014 which act as collateral over tenements which Mithril Resources Ltd operate.

## 10. Going concern basis of accounting

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

The consolidated entity incurred a net loss after tax of \$13,987,547 during the period ended 31 December 2014, and had a net cash outflow of \$1,073,717 from operating and investing activities. The consolidated entity continues to be reliant upon completion of capital raising for continued operations and the provision of working capital.

If additional capital is not obtained, the going concern basis may not be appropriate, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

## Directors' Declaration

In the opinion of the directors of Mithril Resources Ltd:

- (a) the consolidated financial statements and notes of Mithril Resources Ltd are in accordance with the Corporations Act 2001, including:
  - (i) give a true and fair view of its financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
  - (ii) comply with Accounting Standard AASB 134 Interim Financial Reporting; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Mr David Hutton  
Managing Director

10 March 2015

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

We have reviewed the accompanying half-year financial report of Mithril Resources Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### **Directors' responsibility for the half-year financial report**

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

### **Auditor's responsibility**

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Mithril Resources Limited consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Mithril Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### **Independence**

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

### **Conclusion**

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

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

### **Material uncertainty regarding continuation as a going concern**

Without qualifying our conclusion, we draw attention to Note 10 in the financial report which indicates that the consolidated entity's incurred a net loss of \$13,987,547 for the half year 31 December 2014 and cash used in operating and investing activities of \$1,073,717. These conditions, along with other matters as set forth in Note 10, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the half year financial report.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



J.L. Humphrey  
Partner – Audit & Assurance

Adelaide, 10 March 2015