

Mithril Resources Limited

ABN 30 099 883 922

Annual Report - 30 June 2019

Mithril Resources Limited

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Mithril Resources Limited
Corporate directory
30 June 2019

Directors	Mr David Hutton (Managing Director) Mr Stephen Layton (Non-Executive Director) Mr Adrien Wing (Non-Executive Director)
Company secretary	Mr Adrien Wing
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 register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street ADELAIDE SA 5000
Auditor	Grant Thornton Audit Pty Ltd Level 3, 170 Frome Street ADELAIDE SA 5000
Solicitors	Quinert Rodda & Associates Level 6, 400 Collins Street MELBOURNE VIC 3000
Bankers	Bank of South Australia 97 King William Street ADELAIDE SA 5000
Stock exchange listing	Mithril Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MTH)
Website	www.mithrilresources.com.au

Mithril Resources Limited

Directors' report

30 June 2019

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mithril Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2019.

Information on Directors

The following persons were Directors of Mithril Resources Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	David Hutton
Title:	Managing Director
Qualifications:	BSc
Experience and expertise:	David Hutton is a geologist who has spent the last 25 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 re-joining LionOre Australia where he was responsible for management of the East Kimberley Nickel Joint Venture. Prior to commencing with the Company in June 2012, David worked at Breakaway Resources where he was most recently Managing Director from May 2010 to June 2012. David is a Fellow of the AusIMM and a Member of the AIG.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	4,213,180 ordinary shares
Interests in options:	700,000 unlisted options
Name:	Mr Stephen Layton (Appointed 15 May 2019)
Title:	Non-Executive Director
Experience and expertise:	Mr Layton has over 35 years' experience in equity capital markets in the UK and Australia. Mr Layton has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms. Mr Layton specialised in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow.
Other current directorships:	Speciality Metals Int Ltd New Age Exploration Ltd
Former directorships (last 3 years):	N/A
Interests in shares:	21,000,000 ordinary shares
Interests in options:	None
Name:	Mr Adrien Wing (Appointed 15 May 2019)
Title:	Non-Executive Director
Qualifications:	BA(Acc), CPA
Experience and expertise:	Mr Wing is a certified practicing accountant. He previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.
Other current directorships:	Red Sky Energy Ltd High Grade Metals Ltd
Former directorships (last 3 years):	N/A
Interests in shares:	21,000,000 ordinary shares
Interests in options:	None

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Name: Graham Ascough (Resigned 15 May 2019)
Title: Non-Executive Chairman
Qualifications: BSc, PGeo
Experience and expertise: 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).

He is a member of the Australian Institute of Mining and Metallurgy and is a Professional Geoscientist of Ontario, Canada.

Other current directorships: Musgrave Minerals Ltd
PNX Metals Ltd
Sunstone Metals Ltd (formerly Avalon Minerals Ltd)
Former directorships (last 3 years): N/A
Interests in shares: 7,042,313 ordinary shares
Interests in options: None

Name: Donald Stephens (Resigned 15 May 2019)
Title: Non-Executive Director
Qualifications: BA(Acc), FCA
Experience and expertise: Donald Stephens is a Chartered Accountant and corporate advisor with over 30 years' experience in the accounting, mining and services industries, including 14 years as a partner of HLB Mann Judd (SA), a firm of Chartered Accountants. He is a Chartered Accountant and corporate adviser specialising in small cap ASX listed entities.

Mr Stephens is a director of a number of ASX listed companies. Additionally, he is the Company Secretary of Highfield Resources Limited, Duxton Water Limited and various other listed and unlisted public companies.

Other current directorships: Petratherm Limited
Gooroo Ventures Limited
Former directorships (last 3 years): Odin Metals Limited (formerly Lawson Gold Limited) (from July 2013 to February 2018)
Papyrus Australia Limited (from September 2004 to August 2015)
RHS Limited (from July 2013 to July 2015)
Interests in shares: 5,506,351
Interests in options: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Principal activities

During the financial year the principal continuing activities of the Group consisted of:

- 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.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Mithril Resources Limited
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Review of operations

The loss for the Group after providing for income tax amounted to \$1,287,491 (30 June 2018: \$1,048,164).

Mithril's activities for the Year ending 30 June 2019 (the "Period") largely comprised target generation activities across four projects - the Billy Hills Zinc Project, the Kurnalpi Nickel Project and at The Nanadie Well Copper Project. In addition, Mithril's exploration partner defined a new vanadium drill target at Limestone Well.

Corporate Overview

Mithril raised \$1.11M (before costs) through a Placement and a fully underwritten non-renounceable pro-rata rights issue at an issue price of \$0.005 (0.5 cents). Patersons Securities Ltd ("Patersons") acted as Lead Manager to the placement and the Rights Issue. Following the capital raising, Mithril had 422,389,211 Ordinary Shares on issue.

Following an Extraordinary General Meeting held during the June 2019 Quarter the Company's Board of Directors now comprises Mr David Hutton (Managing Director), Mr Adrien Wing (Non-Executive Director and Company Secretary) and Mr Stephen Layton (Non-Executive Director).

Exploration Overview

Billy Hills Zinc Project (Mithril 100%)

Mithril is targeting large scale zinc + lead + silver deposits along strike from known mineralisation at Billy Hills (which is located adjacent to the former Pillara Zinc Mine, 25 kms southeast of Fitzroy Crossing in Western Australia).

Pillara had a pre-mine resource of 18.05 million tonnes at 7.7% Zn and 2.4% Pb and produced 10.3 Mt @ 6.9% Zn, 2.3% Pb from June 1997 to October 2003 (see Mithril's ASX Announcement dated 21 August 2017).

During the Period, Mithril executed a Heritage Protection and Mineral Exploration Agreement with the project's Traditional Owners which paved the way for the grant of the project's three Exploration Licences. Subsequent field work identified high-grade surface mineralisation at the Firetail Zinc Prospect which lies within the southern project area.

At Firetail, rock chip samples collected along a 300 metre – long subcropping zone of siliceous gossan and weathered colloform-banded sulphides returned assay values up to 30.3% zinc, 127g/t silver and 3.0% lead. The mineralisation occurs within a broader fault zone and remains open along strike to the north.

Firetail is a priority for drill testing which the Company will seek to do as soon as possible.

Kurnalpi Nickel Project (Mithril 100%)

During the Period, Mithril identified a new copper-cobalt target at Kurnalpi (located 70 kms north east of Kalgoorlie in Western Australia) which is in addition to the project's established nickel sulphide prospectivity.

Grab sampling of remnant drill spoils from a historic drill hole within the eastern portion of the project returned up to 1.46% copper and 1.12% cobalt. The mineralisation is hosted by a weakly weathered sheared mafic rock that lies between carbonaceous metasediments to the east and outcropping gabbro to the west and warrants drill follow-up to better understand its geological setting and potential significance.

Nanadie Well Copper Project (Mithril earning up to 75%)

Three-dimensional (3D) modelling of the Nanadie Well Copper Deposit undertaken during the Period has identified a new high-grade target adjacent to the deposit which remains untested by geophysical surveying and / or drilling.

The Nanadie Well Copper Deposit (2004 JORC Code Compliant Inferred Resource of 36.07Mt @ 0.42% copper, 0.064 g/t gold - 151,506 tonnes copper and 74,233 ounces gold estimated by Intermin Resources Limited in 2013) is located 80 kilometres southeast of Meekatharra, Western Australia.

The new target represents an opportunity to delineate additional higher-grade mineralisation which could in turn lead to an increase in the deposit's size and grade.

The Nanadie Well Deposit lies on a tenement subject to a Farmin and Joint Venture Agreement (Nanadie Well Joint Venture) with Intermin Resources Limited (ASX: IRC) whereby Mithril can earn a 60% interest in the tenements by completing expenditure of \$2M by 14 October 2019, and an additional 15% by completing further expenditure of \$2M over a further 2 years.

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Limestone Well Vanadium Project (Mithril 100% and Auteco Minerals earning up to 80%)

Mithril has entered a Farm-in and Joint Venture Agreement with Auteco Minerals (previously Monax Mining) whereby Auteco can earn up to an 80% interest in Mithril's Limestone Well tenements (EL's 20/846 and 51/1069) by completing exploration expenditure of \$2.5M over 5 years.

The Limestone Well tenements (located 90 kilometres southeast of Meekatharra, Western Australia) lie immediately along strike from the Barrambie Titanium Vanadium Deposit (2012 JORC Inferred + Indicated Resource of 280.1Mt @ 9.18%TiO₂ and 0.44%V₂O₅ - Neometals Limited ASX Announcement dated 17 April 2018).

At Barrambie, the mineralisation occurs within a series of magnetite – bearing mafic rocks (anorthosite and gabbro) which can be traced in regional magnetics for 10's of kilometres strike both north and south of the deposit, including onto Limestone Well.

During the Period Auteco identified a new drill target (along strike from Barrambie) based on positive results received from a soil sampling program. A drilling program (fully funded by Auteco) to test the target is planned for the September 2019 Quarter.

Other Projects

The Company continues to develop and assess value-adding initiatives towards its following projects: Bangemall (Mithril 100%), Leaky Bore (Mithril 100%), Lignum Dam (Mithril 100%), and Coompana (Mithril right to earn 20% / OZ Minerals 100% and operating).

Due to a lack of prospectivity, the Duffy Well Project (Mithril 100%) was relinquished during the Period.

The Company also sold its 15% interest in the Spargos Reward Gold Project to Corona Minerals for \$50,000 cash. Prior to the sale agreement Corona Minerals was Mithril's exploration partner at Spargos Reward and held an 85% interest in the project.

The sale was in line with Mithril's strategy of seeking exploration funding partners for and / or divesting low priority projects to ensure that the Company remains focused on its 100% - owned Billy Hills Zinc Project.

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.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

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.

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

Occupational Health, Safety and Welfare

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

Company Secretary

Adrien Wing is the Company Secretary. He is also a Non-Executive Director of the Company.

Corporate Governance

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

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

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
17/11/2017	17/11/2020	\$0.100	500,000
22/06/2017	31/12/2020	\$0.100	300,000
10/03/2017	31/12/2020	\$0.100	1,000,000
17/11/2017	31/12/2020	\$0.100	1,000,000
22/06/2017	22/06/2020	\$0.100	300,000
10/10/2018	10/10/2021	\$0.010	4,000,000
10/10/2018	10/10/2021	\$0.010	3,000,000
			<u>10,100,000</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options

There were no ordinary shares of Mithril Resources Limited issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors. These are as follows:

Mithril Resources Limited
Directors' report
30 June 2019

David Hutton Managing Director
Stephen Layton Non-Executive Director
Adrien Wing Non-Executive Director

Principles used to determine the nature and amount of remuneration

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

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.

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.

There is no direct relationship between the remuneration policy and the entities performance.

Voting and comments made at the Company's 2018 Annual General Meeting ('AGM')

At the 2018 AGM, more than 88% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits	Post- employment benefits	Share-based payments	
	Cash salary and fees	Super- annuation	Equity- settled	Total
2019	\$	\$	\$	\$
<i>Non-Executive Directors:</i>				
Graham Ascough*	57,488	-	-	57,488
Donald Stephens*	36,750	3,491	-	40,241
Stephen Layton	4,000	-	-	4,000
Adrien Wing	4,000	-	-	4,000
<i>Executive Directors:</i>				
David Hutton	281,907	25,000	24,250	331,157
	<u>384,145</u>	<u>28,491</u>	<u>24,250</u>	<u>436,886</u>

Mithril Resources Limited
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	Short-term benefits	Post- employment benefits	Share-based payments	
	Cash salary and fees \$	Super- annuation \$	Equity- settled \$	Total \$
2018				
<i>Non-Executive Directors:</i>				
Graham Ascough**	62,415	-	19,710	82,125
Donald Stephens**	39,900	3,791	13,797	57,488
<i>Executive Directors:</i>				
David Hutton	268,162	25,000	4,840	298,002
	<u>370,477</u>	<u>28,791</u>	<u>38,347</u>	<u>437,615</u>

* Mr Ascough and Mr Stephens resigned as directors on 15 May 2019

** Share-based payments to Mr Ascough and Mr Stephens in 2018 were in lieu of unpaid directors fees

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	David Hutton
Title:	Managing Director
Agreement commenced:	18 June 2012
Term of agreement:	reviewed every three years
Details:	Mr Hutton's gross salary, inclusive of 9.5% superannuation guarantee, is \$306,907. 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.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2019.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of Directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
10/10/18	10/10/18	10/10/2021	\$0.010	\$0.006

Options granted carry no dividend or voting rights.

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Directors' report
30 June 2019

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Number of options granted during the year 2019	Number of options granted during the year 2018	Number of options vested during the year 2019	Number of options vested during the year 2018
David Hutton	4,000,000	300,000	4,000,000	300,000

Details of options over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted \$	Value of options vested \$	Number of options lapsed	Value of options lapsed \$
David Hutton	10/10/2018	10/10/2018	4,000,000	24,250	24,250	-	-

The number of shares and options have been presented on a post shares and option consolidation basis.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Graham Ascough**	3,841,261	-	3,201,052	-	7,042,313
David Hutton*	2,298,098	-	1,915,082	-	4,213,180
Donald Stephens**	3,003,477	-	2,502,874	-	5,506,351
Stephen Layton	-	-	21,000,000	-	21,000,000
Adrien Wing	-	-	21,000,000	-	21,000,000
	<u>9,142,836</u>	<u>-</u>	<u>49,619,008</u>	<u>-</u>	<u>58,761,844</u>

* Issue of fully paid ordinary shares on 20 December 2018 under the Non-Renounceable Rights Issue

** Mr Ascough and Mr Stephens resigned as directors on 15 May 2019

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
David Hutton	700,000	4,000,000	-	-	4,700,000
	<u>700,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>4,700,000</u>

Other transactions with key management personnel and their related parties

Mr A Wing is a director of Northern Star Nominees Pty Ltd (NSN). NSN has provided company secretarial services to the company. During the financial year the Company incurred costs of \$4,000 (2018: \$Nil) from NSN. No amount was owing to NSN at 30 June 2019.

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This concludes the remuneration report, which has been audited.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each Director were:

	Directors Meetings		Audit Committee	
	Attended	Held	Attended	Held
Graham Ascough*	7	7	2	2
David Hutton	8	8	2	2
Donald Stephens*	7	7	1	2
Adrien Wing**	1	1	-	-
Stephen Layton**	1	1	-	-

Held: represents the number of meetings held during the time the Director held office.

* Resigned 15 May 2019

** Appointed 15 May 2019

Indemnity and insurance of officers

The Group has made an agreement indemnifying all the Directors and Officers of the Company against all losses or liabilities by each Director or Officer in their capacity as Directors or Officers of the Company to the extent permitted by the Corporations Act 2001, the indemnification specifically excludes wilful acts of negligence.

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was \$10,500 (2018: \$6,671).

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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Directors' report
30 June 2019

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



David Hutton
Managing Director

6 September 2019

Auditor's Independence Declaration

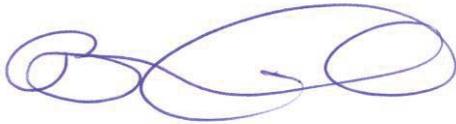
To the Directors of Mithril Resources Limited

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 2019, 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



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 6 September 2019

Mithril Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Revenue	5	-	1,045
Other income		1,079	776
Interest received		5,651	5,805
Profit on sale of tenement		50,000	-
Expenses			
Operating expenses	6	(360,817)	(286,292)
Employee benefits expense		(203,480)	(170,947)
Depreciation and amortisation expense	11	(4,177)	(5,778)
Impairment of exploration assets	12	(775,457)	(592,398)
Finance costs		(290)	(375)
Loss before income tax expense		(1,287,491)	(1,048,164)
Income tax expense	7	-	-
Loss after income tax expense for the year	17	(1,287,491)	(1,048,164)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(1,287,491)</u>	<u>(1,048,164)</u>
		Cents	Cents
Basic earnings per share	27	(0.40)	(0.96)
Diluted earnings per share	27	(0.40)	(0.96)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Mithril Resources Limited
Statement of financial position
As at 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	8	631,215	863,770
Trade and other receivables	9	50,640	1,458
Other assets	10	27,146	11,287
Total current assets		<u>709,001</u>	<u>876,515</u>
Non-current assets			
Property, plant and equipment	11	14,341	18,518
Exploration and evaluation	12	1,910,014	2,064,854
Total non-current assets		<u>1,924,355</u>	<u>2,083,372</u>
Total assets		<u>2,633,356</u>	<u>2,959,887</u>
Liabilities			
Current liabilities			
Trade and other payables	13	34,053	47,013
Employee benefits	14	73,777	65,570
Total current liabilities		<u>107,830</u>	<u>112,583</u>
Total liabilities		<u>107,830</u>	<u>112,583</u>
Net assets		<u>2,525,526</u>	<u>2,847,304</u>
Equity			
Issued capital	15	37,303,102	36,379,826
Reserves	16	124,496	152,059
Accumulated losses	17	(34,902,072)	(33,684,581)
Total equity		<u>2,525,526</u>	<u>2,847,304</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Mithril Resources Limited
Statement of changes in equity
For the year ended 30 June 2019

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017	34,824,778	215,400	(32,724,417)	2,315,761
Loss after income tax expense for the year	-	-	(1,048,164)	(1,048,164)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,048,164)	(1,048,164)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 28)	33,507	24,659	-	58,166
Lapsed options	-	(88,000)	88,000	-
Shares issued	1,719,892	-	-	1,719,892
Transactions costs	(198,351)	-	-	(198,351)
Balance at 30 June 2018	<u>36,379,826</u>	<u>152,059</u>	<u>(33,684,581)</u>	<u>2,847,304</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2018	36,379,826	152,059	(33,684,581)	2,847,304
Loss after income tax expense for the year	-	-	(1,287,491)	(1,287,491)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,287,491)	(1,287,491)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 28)	-	42,437	-	42,437
Lapsed options	-	(70,000)	70,000	-
Shares issued	1,110,234	-	-	1,110,234
Transactions costs	(186,958)	-	-	(186,958)
Balance at 30 June 2019	<u>37,303,102</u>	<u>124,496</u>	<u>(34,902,072)</u>	<u>2,525,526</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Mithril Resources Limited
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		4,777	4,794
Payments to suppliers and employees (inclusive of GST)		(545,352)	(457,377)
		(540,575)	(452,583)
Interest received		5,651	5,805
Other revenue		(50,000)	-
Interest and other finance costs paid		(290)	(375)
Net cash used in operating activities	26	(585,214)	(447,153)
Cash flows from investing activities			
Receipts from joint arrangement partners		-	1,045
Payments for property, plant and equipment	11	-	(4,467)
Payments for exploration assets	12	(620,617)	(1,025,251)
Proceeds from disposal of investments		50,000	-
Net cash used in investing activities		(570,617)	(1,028,673)
Cash flows from financing activities			
Proceeds from issue of shares	15	1,110,234	1,719,892
Share issue transaction costs	15	(186,958)	(198,351)
Net cash from financing activities		923,276	1,521,541
Net increase/(decrease) in cash and cash equivalents		(232,555)	45,715
Cash and cash equivalents at the beginning of the financial year		863,770	818,055
Cash and cash equivalents at the end of the financial year	8	<u>631,215</u>	<u>863,770</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 1. General information

The financial statements cover Mithril Resources Limited ('the Company') as a Group consisting of Mithril Resources Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Mithril Resources Limited's functional and presentation currency.

Mithril Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 6 September 2019.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became effective for periods beginning on or after 1 January 2018. Accordingly, the Group applied AASB 15 and AASB 9 for the first time to the period ended 30 June 2019. Changes to the Group's accounting policies arising from these standards are summarised below:

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets. When adopting AASB 9, the Group has applied transitional relief and elected not to restate prior periods. The adoption of AASB 9 has mostly impacted the following areas:

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The new Standard has been applied as at 1 January 2018. There is no impact to the Group's historical financial results given the company is not currently in production.

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 \$1,287,491 (2018: \$1,048,164) and a net cash outflow from operating and investing activities of \$1,155,831 (2018: \$1,475,826) during the year ended 30 June 2019. The Group continues to be economically dependent on the generation of cashflow from the business and/ or raising additional capital as and when required for the continued operations including the exploration program 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.

Note 2. Significant accounting policies (continued)

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 23.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mithril Resources Limited ('Company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Mithril Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group 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 activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Joint Arrangement

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 both joint ventures and 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.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Group will adopt this standard from 1 July 2019. The adoption of this standard will not impact the Group's historical financial results given there is less than 1 year remaining on the Group's current lease commitments.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Capitalisation of exploration and evaluation expenditure

The Group's policy for exploration and evaluation is discussed in Note 12. 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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 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.

Note 5. Revenue

	Consolidated	
	2019	2018
	\$	\$
Administration fees	-	1,045

Administration fees

Administration fees are recognised on an accruals basis when the Group is entitled to it.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 6. Operating expenses

	Consolidated	
	2019	2018
	\$	\$
Professional fees	85,270	81,920
Annual report and AGM	30,356	29,247
ASX and ASIC fees	23,906	26,561
Audit fees	30,624	25,356
Communication expenses	7,677	7,257
Computer expenses	11,987	15,291
Occupancy costs	59,855	58,787
Insurance	20,077	20,767
Legal costs	12,532	3,118
Office expenses	11,407	10,605
Share registry charges	19,473	21,244
Travel expenses	2,838	2,388
Promotion and advertising	7,182	1,208
Shareholder Meetings	65,050	-
Other expenses	13,858	19,133
Transfer (to) exploration assets	(41,275)	(36,590)
	<u>360,817</u>	<u>286,292</u>

Note 7. Income tax

	Consolidated	
	2019	2018
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(1,287,491)</u>	<u>(1,048,164)</u>
Tax at the statutory tax rate of 30%	(386,247)	(314,449)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not allowable for income tax purposes	249,210	188,630
Other deductible items	<u>(218,914)</u>	<u>(326,805)</u>
Current year tax losses not recognised	(355,951)	(452,624)
	<u>355,951</u>	<u>452,624</u>
Income tax expense	<u>-</u>	<u>-</u>

The Group has tax losses arising in Australia of \$36,039,948 (2018: \$34,853,444) that may be available and may be offset against future taxable profits. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 7. Income tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

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.

Note 8. Cash and cash equivalents

	Consolidated	
	2019	2018
	\$	\$
Cash on hand	-	100
Cash at bank	626,215	853,670
Short-term deposits	5,000	10,000
	<u>631,215</u>	<u>863,770</u>

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

\$5,000 of short-term bank 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 Company, and earn interest at the respective short-term deposit rates.

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 9. Trade and other receivables

	Consolidated	
	2019	2018
	\$	\$
Trade receivables	<u>50,640</u>	<u>1,458</u>

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 the current and prior financial year and no receivables are past due at balance date

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Note 10. Other assets

	Consolidated	
	2019	2018
	\$	\$
Accrued revenue	32	86
Prepayments	<u>27,114</u>	<u>11,201</u>
	<u>27,146</u>	<u>11,287</u>

Note 11. Property, plant and equipment

	Consolidated	
	2019	2018
	\$	\$
Plant and equipment - at cost	284,282	284,282
Less: Accumulated depreciation	<u>(269,941)</u>	<u>(265,764)</u>
	<u>14,341</u>	<u>18,518</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 11. Property, plant and equipment (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and equipment \$	Total \$
Balance at 1 July 2017	19,829	19,829
Additions	4,467	4,467
Depreciation expense	(5,778)	(5,778)
Balance at 30 June 2018	18,518	18,518
Depreciation expense	(4,177)	(4,177)
Balance at 30 June 2019	<u>14,341</u>	<u>14,341</u>

Accounting policy for property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The depreciation rates used for each class of depreciable asset are shown below:

Plant and equipment	10% - 40%
Fixtures and fittings	10% - 20%
Office equipment	20% - 40%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 12. Exploration and evaluation

	Consolidated	
	2019	2018
	\$	\$
Exploration and evaluation - joint operations	1,114,703	1,109,006
Exploration and evaluation - other	795,311	955,848
	<u>1,910,014</u>	<u>2,064,854</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 12. Exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Joint Operations \$	Other \$	Total \$
Balance at 1 July 2017	1,078,131	553,870	1,632,001
Additions through expenditures capitalised	570,000	455,251	1,025,251
Impairment of tenements	-	(16,666)	(16,666)
Relinquished tenements*	<u>(316,736)</u>	<u>(258,996)</u>	<u>(575,732)</u>
Balance at 30 June 2018	1,331,395	733,459	2,064,854
Additions through expenditures capitalised	93,523	527,094	620,617
Impairment of tenements	<u>(83,467)</u>	<u>(691,990)</u>	<u>(775,457)</u>
Balance at 30 June 2019	<u><u>1,341,451</u></u>	<u><u>568,563</u></u>	<u><u>1,910,014</u></u>

* write-off of capitalised exploration expenditures for the tenements that were relinquished during the year

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

The recoverable amount of development expenditure is determined as the higher of its fair value less costs to sell and its value in use.

Exploration and Evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves. Management assessment of carried forward expenditure resulted in impairment charges of \$775,457 (2018: \$16,666).

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision 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

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 13. Trade and other payables

	Consolidated	
	2019	2018
	\$	\$
Trade payables	22,154	32,249
Other payables	11,899	14,764
	<u>34,053</u>	<u>47,013</u>

Refer to note 18 for further information on financial instruments.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 14. Employee benefits

	Consolidated	
	2019	2018
	\$	\$
Annual leave	17,585	14,711
Long service leave	56,192	50,859
	<u>73,777</u>	<u>65,570</u>

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 15. Issued capital

	Consolidated			
	2019	2018	2019	2018
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>422,389,211</u>	<u>200,342,380</u>	<u>37,303,102</u>	<u>36,379,826</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 15. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2017	848,103,831		34,824,778
Shares issued via placement	6 September 2017	127,215,574	\$0.002	254,441
Shares issued to Directors as remuneration	17 November 2017	11,169,000	\$0.003	33,507
Share consolidation	21 November 2017	(887,839,391)	\$0.000	-
Shares issued via placement	2 January 2018	24,662,252	\$0.026	641,218
Shares issued via SPP	26 June 2018	36,962,639	\$0.011	395,500
Shares issued via placement	28 June 2018	40,068,475	\$0.011	428,733
Transaction costs (net of tax)		-	\$0.000	(198,351)
Balance	30 June 2018	200,342,380		36,379,826
Shares issued via placement	21 November 2018	30,051,357	\$0.005	150,257
Shares issued via rights issue	20 December 2018	191,995,474	\$0.005	959,977
Transaction costs (net of tax)		-	\$0.000	(186,958)
Balance	30 June 2019	<u>422,389,211</u>		<u>37,303,102</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Note 16. Reserves

	Consolidated	
	2019	2018
	\$	\$
Share options reserve	<u>124,496</u>	<u>152,059</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 16. Reserves (continued)

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Share options reserve \$	Total \$
Balance at 1 July 2017	215,400	215,400
Issue of options	24,659	24,659
Lapsed options	(88,000)	(88,000)
	<hr/>	<hr/>
Balance at 30 June 2018	152,059	152,059
Issue of options	42,437	42,437
Lapsed options	(70,000)	(70,000)
	<hr/>	<hr/>
Balance at 30 June 2019	<u>124,496</u>	<u>124,496</u>

Note 17. Accumulated losses

	Consolidated	
	2019	2018
	\$	\$
Accumulated losses at the beginning of the financial year	(33,684,581)	(32,724,417)
Loss after income tax expense for the year	(1,287,491)	(1,048,164)
Transfer from options reserve	70,000	88,000
	<hr/>	<hr/>
Accumulated losses at the end of the financial year	<u>(34,902,072)</u>	<u>(33,684,581)</u>

Note 18. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. The Board identifies, evaluates and hedges financial risks within the Group's operating units.

Market risk

Interest rate risk

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

The Company'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 Company is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

Note 18. Financial instruments (continued)

The effective weighted average interest rates on classes of financial assets and financial liabilities is as follows:

Consolidated	2019		2018	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Cash and cash equivalents	0.76%	631,217	0.78%	863,770
Trade and other payables	-	<u>(34,053)</u>	-	<u>(47,013)</u>
Net exposure to cash flow interest rate risk		<u>597,164</u>		<u>816,757</u>

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions.

Consolidated - 2019	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	50	<u>2,952</u>	<u>2,952</u>	(50)	<u>(2,952)</u>	<u>2,952</u>

Consolidated - 2018	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Cash and cash equivalents	50	<u>4,112</u>	<u>4,112</u>	(50)	<u>(4,112)</u>	<u>4,112</u>

Credit risk

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from activities. The Company 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 Company's maximum exposure to credit risk.

Liquidity risk

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

Note 19. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	384,145	370,477
Post-employment benefits	28,491	28,791
Share-based payments	24,250	38,347
	<u>436,886</u>	<u>437,615</u>

Share based payments consisted of the following:

- 4,000,000 share options issued to the Managing Director

Full details of option holdings of Directors are disclosed in the Remuneration Report contained within the Directors' Report.

Other transactions with key management personnel

Mr A Wing is a director of Northern Star Nominees Pty Ltd (NSN). NSN has provided company secretarial services to the company. During the financial year the Company incurred costs of \$4,000 (2018: \$Nil) from NSN. No amount was owing to NSN at 30 June 2019.

Note 20. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company:

	Consolidated	
	2019	2018
	\$	\$
<i>Audit services - Grant Thornton Audit Pty Ltd</i>		
Audit or review of the financial statements	<u>30,624</u>	<u>25,356</u>

Note 21. Capital and leasing commitments

	Consolidated	
	2019	2018
	\$	\$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation*	<u>559,000</u>	<u>321,730</u>
<i>Lease commitments - operating**</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	56,153	53,993
One to five years	-	56,153
	<u>56,153</u>	<u>110,146</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 21. Capital and leasing commitments (continued)

* In order to maintain current rights of tenure to exploration tenements, the Company is required to meet minimum expenditure requirements in respect of tenement lease rentals. These obligations are expected to be fulfilled in the normal course of operations.

** The Company has operating leases in place for its principal place of business which has a term of 2 years. The terms of renewal have an escalation clause linked to CPI.

Note 22. Related party transactions

Parent entity

Mithril Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Transactions between Mithril Resources Ltd and its wholly owned entities during the year consisted of loans advanced by Mithril Resources Ltd to fund exploration and investment activities.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year other than those disclosed in note 19.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 23. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	2018
	\$	\$
Loss after income tax	<u>(2,276,577)</u>	<u>(1,048,164)</u>
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income	<u>(2,276,577)</u>	<u>(1,048,164)</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 23. Parent entity information (continued)

Statement of financial position

	Parent	
	2019	2018
	\$	\$
Total current assets	2,619,015	2,941,369
Total non-current assets	14,341	18,518
Total assets	2,633,356	2,959,887
Total current liabilities	107,830	112,583
Total non-current liabilities	-	-
Total liabilities	107,830	112,583
Net assets	<u>2,525,526</u>	<u>2,847,304</u>
Equity		
Issued capital	37,303,102	36,379,826
Share options reserve	124,496	152,059
Accumulated losses	(34,902,072)	(33,684,581)
Total equity	<u>2,525,526</u>	<u>2,847,304</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2019 and 30 June 2018.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 24. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2019	2018
		%	%
Minex (Aust) Pty Ltd	Australia	100%	100%
Minex (West) Pty Ltd	Australia	100%	100%
Mithril Resources Investments Pty Ltd	Australia	100%	100%

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

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 26. Cash flow information

Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax expense for the year	(1,287,491)	(1,048,164)
Adjustments for:		
Depreciation and amortisation	4,177	5,778
Impairment	775,457	592,398
Share-based payments	42,437	58,166
Net gain on disposal of non-current assets	(50,000)	-
Revenue - non-cash	-	1,821
Other revenue - non-cash	-	(1,821)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(49,182)	(1,458)
Decrease in accrued revenue	54	1,933
Decrease/(increase) in prepayments	(15,913)	3,701
Increase in other operating assets	-	(1,045)
Decrease in trade and other payables	(12,960)	(62,127)
Increase in employee benefits	8,207	3,665
Net cash used in operating activities	<u>(585,214)</u>	<u>(447,153)</u>

Note 27. Earnings per share

	Consolidated	
	2019	2018
	\$	\$
Loss after income tax	<u>(1,287,491)</u>	<u>(1,048,164)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>320,141,086</u>	<u>108,886,358</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>320,141,086</u>	<u>108,886,358</u>
	Cents	Cents
Basic earnings per share	(0.40)	(0.96)
Diluted earnings per share	(0.40)	(0.96)

Accounting policy for earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the Owners of Mithril Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Note 27. Earnings per share (continued)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of 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 shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 28. Share-based payments

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, 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.
- If, prior to the expiry date of options, a person ceases to be an employee of the Company 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.

Set out below are summaries of options granted under the plan:

2019

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/07/2013	21/07/2018	\$0.000	30,000	-	-	(30,000)	-
20/06/2014	21/07/2018	\$0.000	75,000	-	-	(75,000)	-
20/06/2014	19/06/2019	\$0.000	140,000	-	-	(140,000)	-
21/04/2016	21/04/2019	\$0.000	650,000	-	-	(650,000)	-
10/03/2017	31/12/2020	\$0.000	1,000,000	-	-	-	1,000,000
22/06/2017	31/12/2020	\$0.000	300,000	-	-	-	300,000
22/06/2017	22/06/2022	\$0.000	300,000	-	-	-	300,000
17/11/2017	17/11/2020	\$0.000	500,000	-	-	-	500,000
17/11/2017	31/12/2020	\$0.000	1,000,000	-	-	-	1,000,000
10/10/2018	10/10/2021	\$0.010	-	7,000,000	-	-	7,000,000
			<u>3,995,000</u>	<u>7,000,000</u>	<u>-</u>	<u>(895,000)</u>	<u>10,100,000</u>

Mithril Resources Limited
Notes to the financial statements
30 June 2019

Note 28. Share-based payments (continued)

2018							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
29/11/2012	28/11/2017	\$1.000	100,000	-	-	(100,000)	-
29/11/2012	28/11/2017	\$1.500	100,000	-	-	(100,000)	-
31/07/2012	30/07/2017	\$1.000	70,000	-	-	(70,000)	-
22/07/2013	21/07/2018	\$0.500	30,000	-	-	-	30,000
20/06/2014	21/07/2018	\$0.500	75,000	-	-	-	75,000
20/06/2014	19/06/2019	\$0.150	140,000	-	-	-	140,000
21/04/2016	21/04/2019	\$0.050	650,000	-	-	-	650,000
10/03/2017	31/12/2020	\$0.100	1,000,000	-	-	-	1,000,000
22/06/2017	31/12/2020	\$0.100	300,000	-	-	-	300,000
22/06/2017	22/06/2022	\$0.100	300,000	-	-	-	300,000
17/11/2017	17/11/2020	\$0.100	-	500,000	-	-	500,000
17/11/2017	31/12/2020	\$0.100	-	1,000,000	-	-	1,000,000
			<u>2,765,000</u>	<u>1,500,000</u>	<u>-</u>	<u>(270,000)</u>	<u>3,995,000</u>
Weighted average exercise price			\$0.212	\$0.100	\$0.000	\$1.185	\$0.104

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2019 Number	2018 Number
22/07/2013	21/07/2018	-	30,000
20/06/2014	21/07/2018	-	75,000
20/06/2014	19/06/2019	-	140,000
21/04/2016	21/04/2019	-	650,000
10/03/2017	31/12/2020	1,000,000	1,000,000
22/06/2017	31/12/2020	300,000	300,000
22/06/2017	22/06/2022	300,000	300,000
17/11/2017	17/11/2020	500,000	500,000
17/11/2017	31/12/2020	1,000,000	1,000,000
10/10/2018	10/10/2021	7,000,000	-
		<u>10,100,000</u>	<u>3,995,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.8 years (2018: 2.21 years).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
10/10/2018	10/10/2021	\$0.008	\$0.010	114.400%	-	2.570%	\$0.006

Note 28. Share-based payments (continued)

Share-based payments during the year are:

	Consolidated	
	2019	2018
	\$	\$
Shares issued to Directors	-	33,507
Options issued to Directors, employees and consultants	42,437	24,659
	<u>42,437</u>	<u>58,166</u>

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Mithril Resources Limited
Directors' declaration
30 June 2019

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Directors



David Hutton
Managing Director

6 September 2019

Independent Auditor's Report

To the Members of Mithril Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Mithril Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of \$1,287,491 during the year ended 30 June 2019, and as of that date, the Group's net cash outflows from operating and investing activities of \$1,155,831. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 3 & 12	
<p>At 30 June 2019 the carrying value of exploration and evaluation assets was \$1,910,014.</p> <p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.</p> <p>The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.</p> <p>This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: <ul style="list-style-type: none"> – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; • evaluating the competence, capabilities and objectivity of management's experts in the evaluation of potential impairment triggers; and • assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' 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* and for 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.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 10 of the Directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Mithril Resources Limited, for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Grant Thornton.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B K Wundersitz
Partner – Audit & Assurance

Adelaide, 6 September 2019

Mithril Resources Limited
Shareholder information
30 June 2019

The shareholder information set out below was applicable as at 3 September 2019.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holders of options over ordinary shares
1 to 1,000	325	-
1,001 to 5,000	348	-
5,001 to 10,000	188	-
10,001 to 100,000	555	-
100,001 and over	329	5
	<u>1,745</u>	<u>5</u>
Holding less than a marketable parcel	<u>1,347</u>	<u>-</u>

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Number held	Ordinary shares % of total shares issued
JENNINGS FAMILY INVESTMENTS PTY LTD	21,100,000	5.00
BODIE INVESTMENTS PTY LTD	21,000,000	4.97
NORTHERN STAR NOMINEES PTY LTD	21,000,000	4.97
COVENANT HOLDINGS (WA) PLY LTD	20,000,000	4.73
MGL CORP PTY LTD	18,261,870	4.32
LJT INVESTMENTS PTY LTD	18,170,847	4.30
ALLTIME NOMINEES PTY LTD	11,395,597	2.70
SCINTILLA STRATEGIC INVESTMENTS LIMITED	10,000,000	2.37
IBT HOLDINGS PTY LTD	8,403,900	1.99
MR GRAHAM LESLIE ASCOUGH & MRS PATRICIA LYNN ASCOUGH	7,042,313	1.67
MR HARLEY LEONARD DALTON & MRS PRUDENCE MAREE DALTON	6,002,786	1.42
DCS SUPER FUND PTY LTD	5,506,321	1.30
MR GARRY WILLIAM CLARIDGE & MRS KELLY ANN CLARIDGE	5,358,875	1.27
ESM LIMITED	5,000,000	1.18
DR BARBARA GLIGORIJEVIC	5,000,000	1.18
MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI	4,301,870	1.02
113 MIMOSA PTY LTD	4,234,448	1.00
MRS HUI WANG	4,227,203	1.00
MR DAVID JAMES HUTTON & MRS RACHEL MARIE HUTTON	4,213,180	1.00
MR BENJAMIN M HAGE	4,188,061	0.99
	<u>204,407,271</u>	<u>48.38</u>

Share buy-back

There is no current on-market share buy-back.

Mithril Resources Limited
Shareholder information
30 June 2019

Unquoted equity securities

	Number on issue	Number of holders
Options over ordinary shares issued	10,100,000	5

Substantial holders

There are no substantial holders in the Company.

Voting rights

The voting rights attached to equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

There are no other classes of equity securities.

List of tenements

Project	Tenement number	Interest owned %
Bangemall	E09/2315	100.00
Bangemall	E52/3644 *	-
Huckitta	EL26942	100.00
Kurnalpi Area	E28/2506	100.00
Kurnalpi Area	E28/2567	100.00
Kurnalpi Area	E28/2682	100.00
Kurnalpi Area	E28/2760	100.00
Lignum Dam Area	E27/538	100.00
Lignum Dam Area	E27/582	100.00
Lignum Dam Area	E27/584	100.00
Murchison Area	E20/846	100.00
Murchison Area	E57/1069	100.00
Murchison Area	EL51/1040	-
Neutral Junction	EL24253	33.30
West Kimberley Area	E04/2497	100.00
West Kimberley Area	E04/2503	100.00
West Kimberley Area	E80/5191	100.00

* In application stage