

Mithril Resources Limited

ABN 30 099 883 922

Half-Year Report - 31 December 2020

Mithril Resources Limited
Corporate directory
31 December 2020

Directors	Mr Dudley Leitch (Non-Executive Director) Mr John Skeet (Managing Director) Mr Stephen Layton (Non-Executive Director) Mr Garry Thomas (Non-Executive Director)
Company secretary	Mr Adrien Wing
Registered office	Level 2 480 Collins Street MELBOURNE VIC 3000
Principal place of business	Level 2 480 Collins Street MELBOURNE VIC 3000
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street ADELAIDE SA 5000
Auditor	Nexia Melbourne Audit Pty Ltd Level 12, 31 Queen Street MELBOURNE VIC 3000
Solicitors	Quinert Rodda & Associates Level 6, 400 Collins Street MELBOURNE VIC 3000
Bankers	National Australia Bank 800 Bourke Street MELBOURNE VIC 3008
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
31 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 half-year ended 31 December 2020.

Directors

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

Dudley Leitch
John Skeet (appointed 8 September 2020)
Stephen Layton
Garry Thomas (appointed 17 August 2020)
Adrien Wing (resigned 15 February 2021)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- to carry out exploration of mineral tenements, both on a joint venture basis and 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.

There has been no significant changes in the nature of those activities during the half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,198,987 (31 December 2019: \$1,387,898). Refer to page 4 for detailed comments on operations.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Events after the reporting period

On 29 January 2021, the Company issued 263,157,895 fully paid ordinary shares at a price of \$0.019 each raising \$5 million before costs of the placement.

Effective 15 February 2021, Mr Adrien Wing resigned from the Board as a Director however remains as Company Secretary.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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.

Mithril Resources Limited
Directors' report
31 December 2020

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors:



John Skeet
Managing Director

16th March 2021
Melbourne

HIGHLIGHTS

Corporate

- Completion of \$3.5m capital raising at 1.8 cents per share for the completion of the expanded maiden drill program at the Copalquin gold silver district in Durango State, Mexico.

Copalquin District

- Commencement and completion of the expanded maiden drill program in the Copalquin gold silver district, Mexico (7,188m).
- At El Refugio, top of an epithermal system discovered with grade thickness increasing with depth
- High-grade gold and silver in multiple veins intercepted at the La Soledad target
- High-grade gold and silver results received for first drill holes at Los Reyes target
- The drill data from the historic holes at the El Cometa target together with Mithril's cross structure holes confirmed the existence of a shallow-dipping breccia-vein system. Mapping showed this vein system to continue east, 800m to the Los Pinos target and a further 500m to the Los Reyes target
- Cash at bank was \$1m as at 31 December with share placement completed post period end for \$5m (before costs) for total cash of \$6m

Subsequent to 31 December 2020

- Completion of \$5m capital raising at 1.9 cents per share for the 2021 drill program at the Copalquin gold silver district in Durango State, Mexico.
- Drilling of the first deeper holes at the Refugio large epithermal system discovery, Cometa Project completed
- Soil sampling programs within the Cometa Project and Reyes Project areas and Zaragosa prospect completed
- Drilling continuing at El Refugio target, Cometa project.

CORPORATE

Mithril's financial position at the end of the reporting period plus the subsequent capital raising in January 2021 is strong with \$6m in cash on hand at the commencement of the 2021 drilling program. During the half year, \$2.6m was spent in Mexico on exploration which included approximately \$0.3m in Mexican value added tax. Applications have been made for the refund of the Mexican value added tax.

Mithril's CEO, John Skeet was appointed to the board as Managing Director and Garry Thomas was appointed to the Board as a Non-Executive Director. Both positions were confirmed by shareholders at the 2020 Annual General Meeting.

COVID-19

Mithril and its contractors in Mexico have been working within protocols developed to manage the risk of COVID-19 spread. All personnel undergo testing and isolation prior to returning to the Copalquin District for work.

COPALQUIN DISTRICT, MEXICO

Late July 2020, the Company advised that its maiden drilling program commenced at its flagship gold silver project in Mexico. This followed the capital raising in July 2020 which was strongly supported by a number of new domestic and international sophisticated and institutional investors.

The Copalquin mining district is located in Durango State, Mexico and covers an entire mining district of 70km² containing several dozen historic gold and silver mines and workings, ten of which had notable production. The district is within the Sierra Madre Gold Silver Trend which extends north-south along the western side of Mexico and hosts many world class gold and silver deposits.

Multiple mineralisation events, young intrusives thought to be system-driving heat sources, widespread alteration together with extensive surface vein exposures and dozens of historic mine workings, identify the Copalquin mining district as a major epithermal centre for gold and silver.

In December 2020 Mithril completed its maiden drill program completing 7,188 metres of HQ diamond core drilling using a man portable drill rig with helicopter assistance. The program was completed on time and within budget and achieved the goals for the 2020 exploration program in the Copalquin district. The majority of the drilling was focused on targets at the Cometa Project – La Soledad, El Refugio and El Cometa.

El Refugio Target, Cometa Project

The maiden drill program confirmed the existence of high-grade gold and silver mineralisation within the Cometa Project and the Reyes Project areas within the Copalquin District. Importantly, the drill program discovered what is interpreted to be the top of a large epithermal system for gold and silver in this part of the Copalquin district. The results from the last hole drilled for 2020 at El Refugio (CDH-033) confirmed the promise of higher grade-thickness deeper on the structure as predicted by the geologic model (Figure 2) and this has been further validated by the deeper hole, CDH-050 drilled in January 2021.

Additionally, the maiden drill holes at the El Refugio target have shown the area to be part of a large epithermal system for gold and silver. The broad quartz breccia zones punctuated with high grade gold-silver veins was drill tested over 300m, building the model of a large gold-silver system characterised by extensive surface alteration and rhyolite dome intrusions. This alteration is observed to extend at least 1.5km west of El Refugio in addition to the widespread alteration and rhyolitic dome intrusives in the Copalquin district. The very high grade La Soledad and Leon veins intercepted at the start of the program are also part of this larger epithermal system. The extension of the Cometa project at depth and along strike is a key feature of the exploration for 2021.

Drilling at El Refugio recommenced in January 2021, to further test the geologic model at this target with holes successfully intercepting the targeted structure. Abundant visible gold is observed in a 15 cm section of vein in CDH-050 at Refugio. Drill hole CDH-050 is drilled deeper into the El Refugio structure than drill hole CDH-033 reported below. This vein was characterized by abundant black sulphide (ginguro) which is made up of silver sulphides and sulphosalts plus gold. The same interval also contained kaolinite, a clay mineral that only forms under very acidic conditions. Acid conditions in a low sulphidation system is an indicator of fluid-mixing which is known to be a very efficient trigger for gold/silver deposition.

Progress within the Copalquin District continues with drilling equipment and water supply being established for the next drilling campaign to commence during March 2021 for holes at El Refugio and El Refugio West.



Figure 1: Visible gold and silver minerals in El Refugio drill core from CDH-050 at 234m (left) and CDH-053 at 157.3m (right) reported in ASX release 10 March 2021.

Drill hole CDH-033 intercepted high-grade gold and silver deeper in the structure previously intercepted by drill hole CDH-015, CDH-020 and the other holes at Refugio. There is abundant fine-grained pyrite above the zone and more chalcedony is observed in the intercept as well as milled fragments of chalcedony in the breccia which were likely derived from deeper in the system (multiple mineralisation events).

- Hole CDH-033 intercepted **9.35m @ 7.84 g/t gold and 138.07 g/t silver** from 206.3m, including **4.0m @ 16.44 g/t gold and 286.75 g/t silver**

The mineralogy and textures observed in the core indicate the existence of stacked boiling zones and multiple mineralisation events. El Refugio is very near the upwelling zone of a hydrothermal cell where the breccia zone reaches widths of up to 30 meters true width.

Note: Drill collar coordinates, inclinations, azimuths and depths in this report are available in ASX announcement dated 21 December 2020 - JORC Table 1 Section 2.

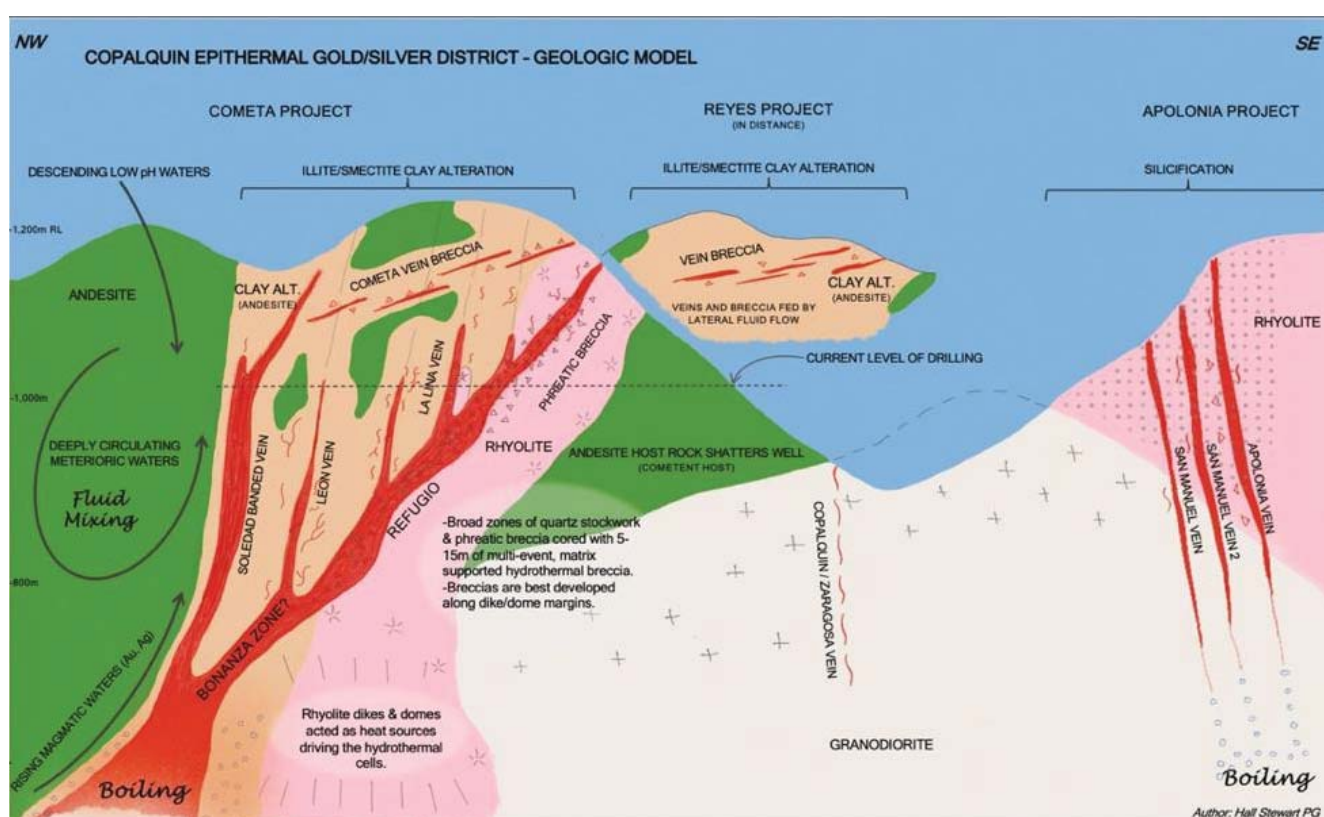


Figure 2: Copalquin District Geologic Model for epithermal gold/silver - geologic model

Favourable surface alteration has been observed to the west of El Refugio, extending the exploration area across two ridges. Extensive soil sampling and mapping in this area commenced in January 2021.

Other drill hole highlights for the El Refugio target drilling at the Cometa Project during the half year included:

- Hole CDH-022 intercepted **5.05m @ 1.93 g/t gold and 123.7 g/t silver** from 227.4m, including **2.15m @ 4.81 g/t gold and 128.13 g/t silver**.
- Hole CDH-024 intercepted **15.75m @ 1.59 g/t gold and 36.57 g/t silver** from 223.6m including **5.96m @ 3.27 g/t gold and 53.33 g/t silver** including **1.0m @ 14.75 g/t gold and 150.0 g/t silver**; plus **4.0m @ 1.10 g/t gold and 51.38 g/t silver** including **0.8m @ 3.87 g/t gold and 185.0 g/t silver**.

- Hole CDH-025 intercepted **7.0m @ 0.80 g/t gold and 33.56 g/t silver** from 131m, including **2.0m @ 1.81 g/t gold and 69.6 g/t silver**; plus **1.85m @ 0.43 g/t gold and 51.8 g/t silver**. The intercepts are within a broad low-grade zone of **27.44m @ 0.41 g/t gold and 19.8 g/t silver**.
- Hole CDH-015 intercepted a broad mineralised zone and within that the reportable intercept of **3.85m @ 4.48 g/t gold and 119.3 g/t silver** from 146m, including **2.15m @ 6.32 g/t gold and 186.7 g/t silver**.
- Hole CDH-020 intercepted **8.70m @ 3.07 g/t gold and 93.6 g/t silver** from 176.85m, including **2.9m @ 7.52 g/t gold and 184.3 g/t silver** from 176.85m; plus **1.50m @ 5.08 g/t gold and 117.5 g/t silver**.

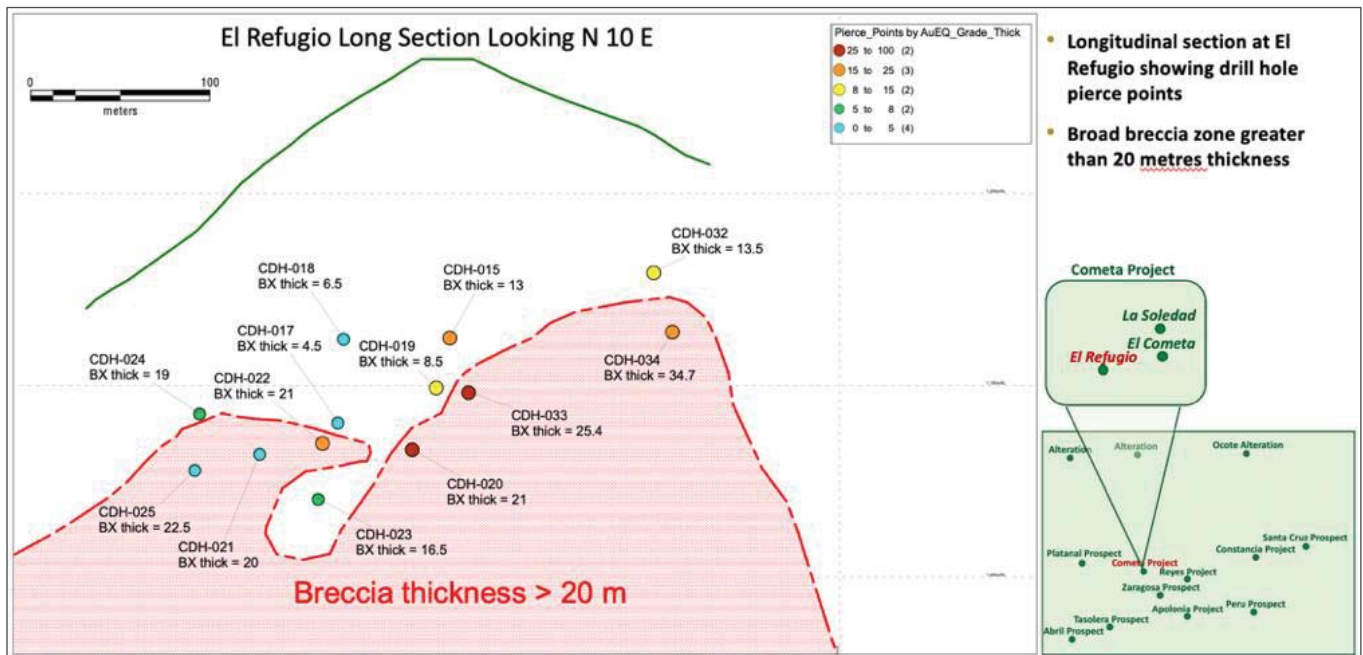


Figure 3: El Refugio long sections showing drill hole pierce points and the breccia zone where it exceeds 20 metres in width.

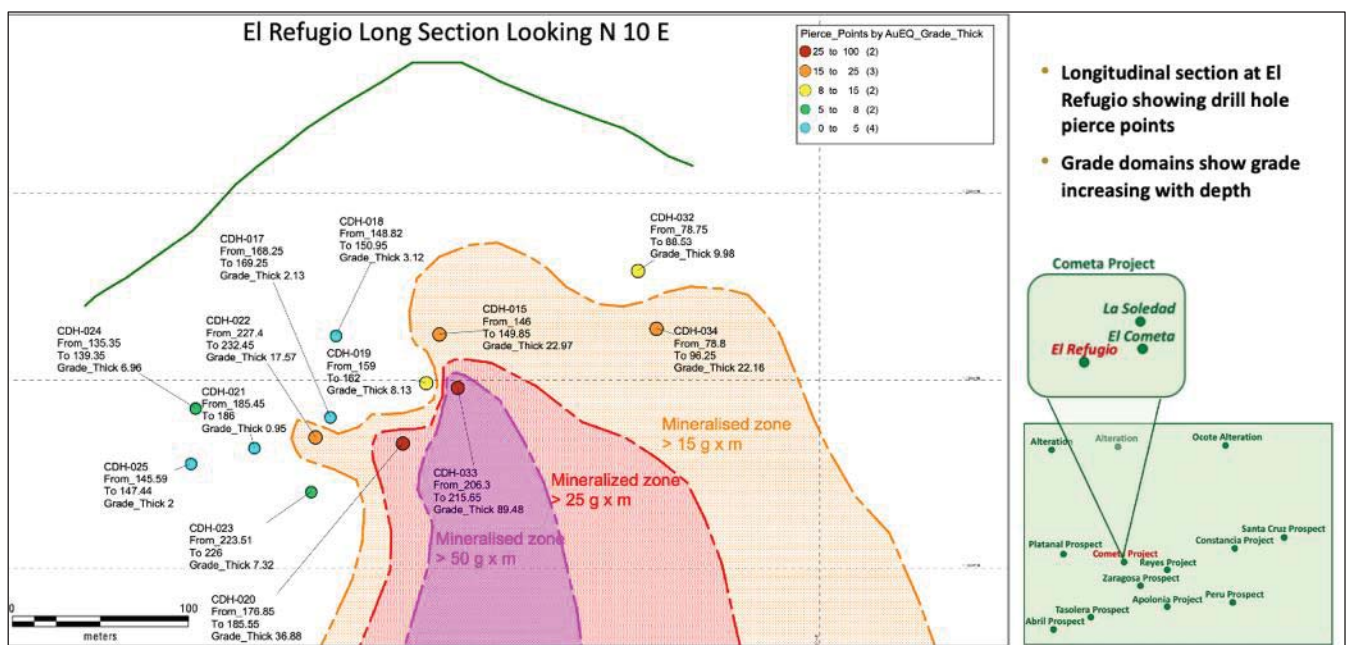


Figure 4: El Refugio long sections showing drill hole pierce points and grade domains which are observed to increase with depth.

La Soledad Target, Cometa Project

The Company received an exceptional set of first assay results, announced 26th August 2020, for the first two holes which successfully intercepted the La Soledad vein confirming historically reported bonanza grades. These results included:

- Hole CDH-001 intercepted **3m @ 34.72 g/t gold and 3,129.0 g/t silver** from 112 metres (including **1m @ 88.4 g/t gold and 6,750.0 g/t silver** from 114 metres);
- Hole CDH-002 intercepted **4.55m @ 5.64 g/t gold and 325.0 g/t silver** from 91.95 metres (including **1.5m @ 9.82 g/t gold and 574.0 g/t silver** from 95 metres; and **0.5m @ 9.27 g/t gold and 825.0 g/t silver** from 141.2 metres.

Further excellent drill results at La Soledad included:

- Hole CDH-008 intercepted **3.8m @ 2.58 g/t gold and 142.6 g/t silver** from 111.7m;
- Hole CDH-011 intercepted **0.5m @ 6.78 g/t gold and 9.6 g/t silver** from 108m, **open workings** from 108.5 to 111m, and **1.5m @ 6.65 g/t gold and 18.1 g/t silver** from 111m;
- Hole CDH-012 intercepted **2.82m @ 2.37 g/t gold and 22.0 g/t silver** from 206.9m; and
- Hole CDH-014 intercepted **7.5m @ 6.74 g/t gold and 158.1 g/t silver** from 253.8m (Including **3.45m @ 11.52 g/t gold and 244.1 g/t silver** from 253.8m)

El Cometa Target, Cometa Project

Just east of El Refugio at the El Cometa target, a fence of shallow holes was drilled across the structure and perpendicular to the historic drill holes by UC Resources in 2004. The drilling has shown the structure to be continuous along strike and to host veins with

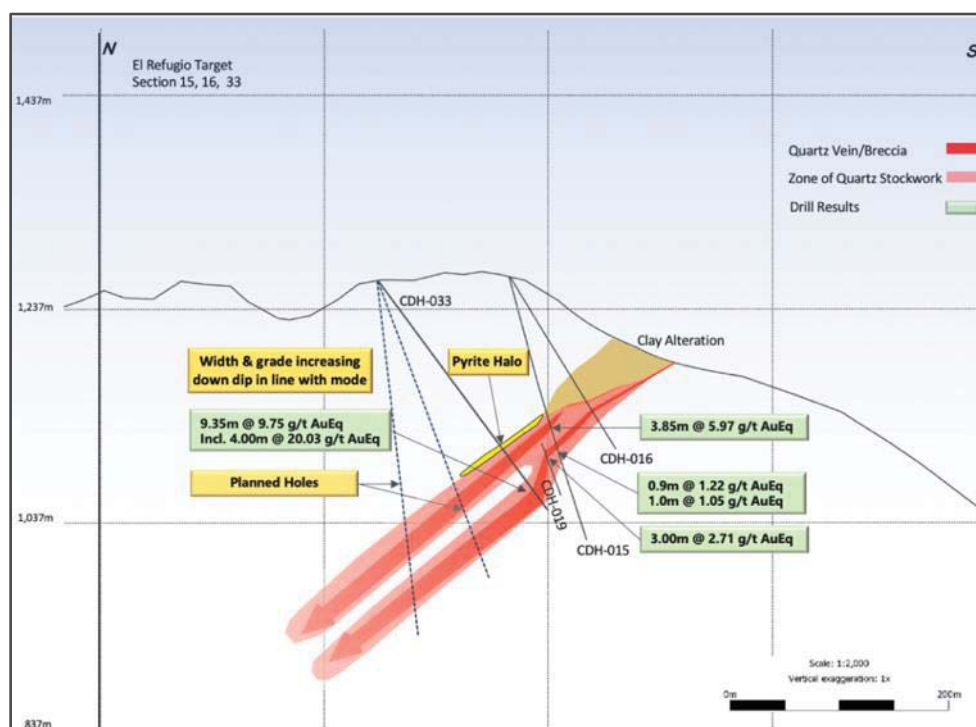


Figure 5: Cross section at the El Refugio target where hole 33 intercepted higher grade and increased thickness at depth. Planned drill holes will test the grade and thickness deeper on the structure.

erratic high-grade gold and silver. It is a complex vein system that requires further work to understand.

Holes drilled by UC Resources in 2004 to confirm the drilling completed by Bell Coast Capital Corp. in 1998 included the following intercept in UC-03. It is important to note that all the holes drilled by UC Resources and Bell Coast were drilled parallel to the El Cometa structure, intercepting high-grade veins. Mithril concludes that UC's work is reliable (43-101 compliant), but that the high-grade values are discontinuous and erratically distributed within the El Cometa structure. This may be due to supergene enrichment of gold in the near surface environment.

UC Resources reported drill hole UC-03, **17.77m @ 45.2 g/t gold and 117.7 g/t silver** from **30.42m including 5.52m @ 144.26 g/t gold and 328.63 g/t silver**¹.

Shallow drill holes at the El Cometa target towards the El Refugio target

- Hole CDH-034 intercepted **14.85m @ 0.85 g/t gold and 47.9 g/t silver** from 82.10m, including **1.3m @ 5.07 g/t gold and 308.9 g/t silver**
- Hole CDH-032 intercepted **9.78m @ 0.85 g/t gold and 13.3 g/t silver** from 78.75m.

Shallow drilling perpendicular to the historic drilling at the El Cometa target has intercepted the structure near surface with continuity along strike for almost 300m;

- Hole CDH-027 intercepted **11.7m @ 1.16 g/t gold and 70 g/t silver** from 10.9m, including **1.0m @ 7.17 g/t gold and 236 g/t silver** and **1.0m @ 1.27 g/t gold and 179.0 g/t silver**
- Hole CDH-029 intercepted **2.9m @ 1.93 g/t gold and 215.72 g/t silver** from 29.6m
- Hole CDH-031 intercepted **5.28m @ 0.39 g/t gold and 25.56 g/t silver** from 35.72m
- Hole CDH-035 intercepted **10.15m @ 0.55 g/t gold and 15.47 g/t silver** from 42.0m, including **1.0m @ 3.75 g/t gold and 69.6 g/t silver**.

The drill data from the historic holes at the El Cometa target together with Mithril's cross structure holes confirm the existence of a shallow-dipping breccia-vein system that hosts discontinuous high-grade veins. Mapping shows this vein system to continue east, 800m to the Los Pinos target and a further 500m to the **Los Reyes target**.

At the Los Reyes target, the first drill holes were completed 1,300m east of the El Cometa target and within the same vein structure. The scout drill holes intercepted the extensive low angle structure with high-grade gold and silver with the following intercepts.

- Hole CDH-040 intercepted **2.22m @ 32.35 g/t gold and 184.8 g/t silver** from 91.55m, including **1.22m @ 58.6 g/t gold and 203 g/t silver**
plus **0.70m @ 9.3 g/t gold and 125 g/t silver** from 75.9m
plus **1.20m @ 2.05 g/t gold and 85 g/t silver** from 84.82m.

¹ The UC Resources news releases were reported to the Canadian market under the NI43-101 guidelines and signed off by a qualified person. The drill results cannot be verified by Mithril and they cannot be used for JORC compliant resource and reserve estimations. The releases are available on the Mithril Resources website under Historic Drilling Reports.

- Hole CDH-041 is located 40 metres south-east of hole CDH-040 and intercepted **3.0m @ 2.86 g/t gold and 83.8 g/t silver** from 103m, including **0.6m @ 9.79 g/t gold and 165.0 g/t silver**.

The structural zone with mineralized veins occurs up to 20 metres wide at Los Reyes. Mineralized veins within the broad zone are separated by zones below reportable cut-off grade.

Importantly, the intercept in hole CDH-040 confirmed the existence of very high-grade domains within the El Cometa – Los Reyes low angle structure, often within broader lower grade zones.

Closer spaced drilling in the El Cometa-Los Reyes structure will increase probability of intercepting the high-grade gold and silver domains.

Two scout drill holes were completed at the Los Pinos target, Reyes project. Hole CDH-043 was a 15m vertical hole drilled from the

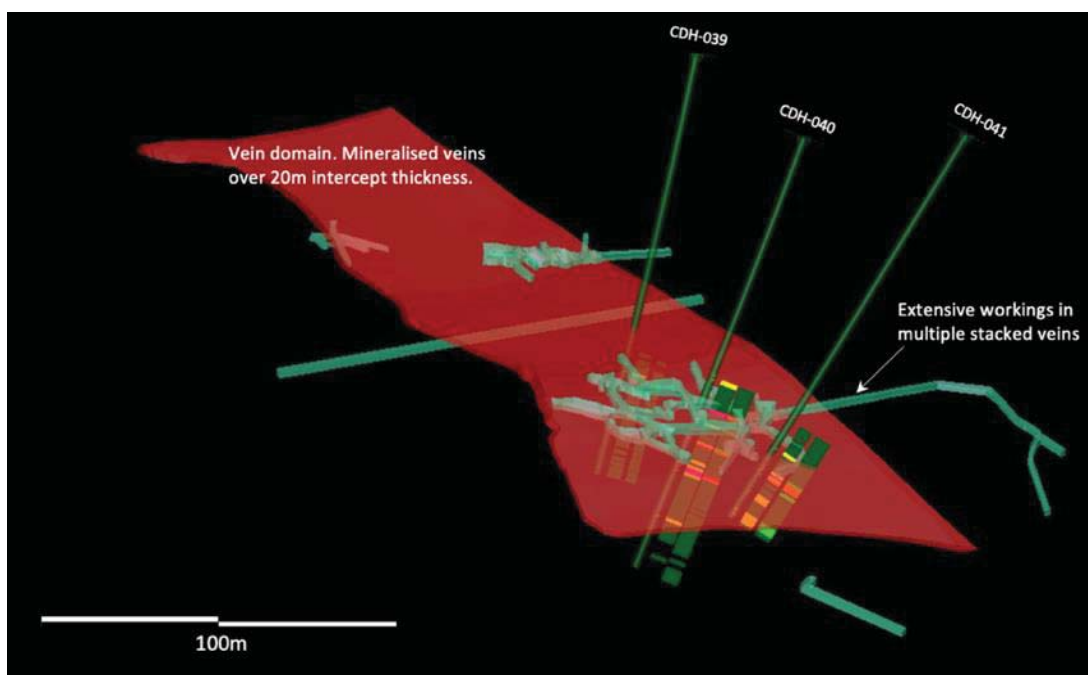


Figure 6: Oblique view, looking approximately north, of the historic mine working at the Los Reyes target with drill holes and vein model.

same drill pad to confirm geometry of the structure. CDH-043 was not assayed. The drill pad for hole CDH-042 and CDH-043 was built 17 meters from the planned coordinates and appears to have been drilled entirely in the footwall of the target structure. Los Pinos is a strong target area as highlighted by the 2018 soil sampling program. Drilling at this target is planned for 2021 following the completed and interpretation of a soil sampling program to the west of Los Pinos, at El Indio.

Three holes were completed at the La Constancia target within the Constancia Project. The three holes intercepted discrete veins within granodiorite host rock. Future drilling at La Constancia will target the vein structure further north. Within the Constancia Project, there is over 1.5km of vein mapped at surface. This is an early stage and prospective exploration project for gold and silver. At the Apolonia Project, one kilometre south of the Reyes Project, two holes were completed targeting the near vertical veins beneath the historic San Manuel mine workings. The veins are known to change dip to the east and to the west. It appears that these first two holes have not intercepted the San Manuel veins due to the veins dipping away from the drills holes at this elevation. The next holes at San Manuel are designed to intercept the veins from the other side of the target at the same elevation.

The veins, stopes and extensive historic sampling in the San Manuel workings indicate significant past production from San Manuel mine. There is historic infrastructure in the area consisting of an aerial tramway and the ruins of a flotation mill below the San Manuel mine, part of the Apolonia Project. The historic workings cover approximately 75 metres vertically and 200 metres of strike.

Australian Projects

To ensure the Company maintains its focus on the Copalquin Gold Silver Project, Mithril has exploration partners to farm-in, sole fund and operate exploration activities on its Australian assets. These include:

- Great Boulder Resources (GBR.ASX) at the Lignum Dam Project;
- Auteco Minerals (AUT.ASX) at the Limestone Well Project;
- Carnavale Resources (CAV.ASX) at the Kurnalpi Project; and
- CBH Resources Limited ("CBH") at the Billy Hills Zinc Project.

Mithril Resources Limited
Review of Operations
31 December 2020

Having farm-in exploration partners solely fund all exploration costs, ensures that the Mithril tenements are kept in good standing for the duration of the respective partnership agreements with the potential to benefit from prospectivity and exploration upside.

Billy Hills Zinc (Billy Hills)

- Mithril 100%; and
- CBH Resources Limited earning up to 80% interest by completing expenditure of A\$4M over 5 years.

The binding farm-in Heads of Agreement (Agreement) is conditional upon Mithril obtaining a Heritage Clearance to drill the Firetail Prospect. Mithril worked with the traditional owners of Billy Hills to obtain the necessary clearance however due to the outbreak of COVID-19, all dealings with Aboriginal communities in the area ceased for an indefinite period in order to protect the health of the local population. Mithril and CBH remain committed to the Project and agreed to extend the period, to satisfy the Agreement's Condition Precedent, first from May 2020 to November 2020 and during the quarter a second extension to March 2021, in recognition of the current circumstances.

Kurnalpi Project (Kurnalpi)

- Mithril 100%; and
- Carnavale Resources earning an initial 80% interest by keeping the tenements in good standing over three years and paying Mithril A\$250,000 cash.

In September 2020, Carnavale undertook a small drilling program at its Grey Dam Nickel Project (including on Mithril tenements) following a Fixed Loop Electromagnetic (FLEM) geophysical surveying over ultramafic/mafic sequences prospective for Kambalda style nickel sulphide, similar to the nearby Black Swan and Silver Swan Nickel Mines. The drilling confirmed and enhanced the understanding of the geology of the drilled area. The geochemistry and multi-element assay results remain positive for the development of nickel sulphide mineralisation within the project area (see Carnavale's ASX Announcement 6th November 2020).

Carnavale's Grey Dam Nickel Project includes Mithril's Kurnalpi Project Tenements in which it is earning an initial 80% interest. Carnavale's September 2020 drill program included drilling on the Mithril tenements (see Carnavale's ASX Announcement 11th September 2020).

Lignum Dam Project (Lignum)

- Mithril 100%; and
- Great Boulder Resources earning up to 80% by completing expenditure of A\$1M over four years.

Great Boulder Resources did not announce any work progress within the Mithril tenements during the half year.

Limestone Well Project (Limestone)

- Mithril 100%;
- Auteco Minerals can earn up to an 80% interest in the project by completing exploration expenditure of A\$2.5 million over five years; and
- Following drilling (see Auteco's ASX Announcement 14th October 2019), Auteco elected to continue sole-funding the exploration work at Limestone Well by completing exploration expenditure of \$1.5M by August 2021 to earn an initial 60% interest.

Auteco Minerals did not announce any work progress within the Mithril tenements during the half year.

Competent Persons Statement

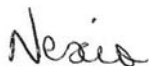
The information in this report that relates to sampling techniques and data, exploration results and geological interpretation has been compiled by Mr Hall Stewart who is Mithril's Chief Geologist. Mr Stewart is a certified professional geologist of the American Institute of Professional Geologists. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Stewart has sufficient experience of relevance to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Stewart consents to the inclusion in this report of the matters based on information in the form and context in which it appears. The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF MITHRIL RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 there has been:

- a. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- b. no contraventions of any applicable code of professional conduct in relation to the review.



Nexia Melbourne Audit Pty Ltd
Melbourne



Geoff S. Parker
Director

Dated this 16th day of March 2021

Mithril Resources Limited
Contents
31 December 2020

	Page
Consolidated statement of profit or loss and other comprehensive income	15
Consolidated statement of financial position	16
Consolidated statement of changes in equity	17
Consolidated statement of cash flows	18
Notes to the financial statements	19
Directors' declaration	23
Independent auditor's review report to the members of Mithril Resources Limited	24

General information

The financial statements cover Mithril Resources Limited as a consolidated entity consisting of Mithril Resources Limited and the entities it controlled at the end of, or during, the half-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

Level 2
480 Collins Street
Melbourne VIC 3000

Principal place of business

Level 2
480 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Mithril Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Revenue from continuing operations	3	53,663	57,246
Expenses			
Administration expenses		(398,547)	(200,698)
Share based payments remuneration	6	(643,333)	-
Employee benefits expense		(202,566)	(99,688)
Depreciation and amortisation expense		(8,204)	(1,698)
Impairment of exploration assets		-	(1,142,941)
Finance costs		-	(119)
Loss before income tax expense from continuing operations		(1,198,987)	(1,387,898)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,198,987)	(1,387,898)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		61,935	-
Other comprehensive income for the half-year, net of tax		61,935	-
Total comprehensive income for the half-year		<u>(1,137,052)</u>	<u>(1,387,898)</u>
		Cents	Cents
Earnings per share attributable to the owners of Mithril Resources Limited			
Basic earnings per share		(0.06)	(0.30)
Diluted earnings per share		(0.06)	(0.30)

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

Mithril Resources Limited
Consolidated statement of financial position
As at 31 December 2020

		Consolidated	
	Note	31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,035,527	1,187,589
Trade and other receivables		487,683	84,604
Prepayments		20,801	-
Total current assets		<u>1,544,011</u>	<u>1,272,193</u>
Non-current assets			
Exploration and evaluation	4	<u>15,279,684</u>	<u>12,675,125</u>
Total non-current assets		<u>15,279,684</u>	<u>12,675,125</u>
Total assets		<u>16,823,695</u>	<u>13,947,318</u>
Liabilities			
Current liabilities			
Trade and other payables		265,241	170,450
Employee benefits		2,839	58,306
Total current liabilities		<u>268,080</u>	<u>228,756</u>
Total liabilities		<u>268,080</u>	<u>228,756</u>
Net assets		<u>16,555,615</u>	<u>13,718,562</u>
Equity			
Issued capital	5	53,595,239	50,264,467
Reserves		2,362,031	1,656,763
Accumulated losses		<u>(39,401,655)</u>	<u>(38,202,668)</u>
Total equity		<u>16,555,615</u>	<u>13,718,562</u>

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

Mithril Resources Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2020

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	37,303,102	124,496	(34,902,072)	2,525,526
Loss after income tax expense for the half-year	-	-	(1,387,898)	(1,387,898)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,387,898)	(1,387,898)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	340,000	-	-	340,000
Transaction costs	(24,780)	-	-	(24,780)
Balance at 31 December 2019	<u>37,618,322</u>	<u>124,496</u>	<u>(36,289,970)</u>	<u>1,452,848</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	50,264,467	1,656,763	(38,202,668)	13,718,562
Loss after income tax expense for the half-year	-	-	(1,198,987)	(1,198,987)
Other comprehensive income for the half-year, net of tax	-	61,935	-	61,935
Total comprehensive income for the half-year	-	61,935	(1,198,987)	(1,137,052)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	3,530,000	-	-	3,530,000
Capital raising costs	(199,228)	-	-	(199,228)
Share-based payments	-	643,333	-	643,333
Balance at 31 December 2020	<u>53,595,239</u>	<u>2,362,031</u>	<u>(39,401,655)</u>	<u>16,555,615</u>

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

Mithril Resources Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	53,963
Payments to suppliers and employees (inclusive of GST) *		(961,426)	(309,299)
Interest received		1,853	463
Other revenue		63,406	57,246
Interest and other finance costs paid		-	(119)
		<u> </u>	<u> </u>
Net cash (used in) operating activities		(896,167)	(197,746)
Cash flows from investing activities			
Payments for exploration assets – intangibles *		(2,534,506)	(243,312)
Payments for exploration assets – tangibles		(53,811)	-
Payments for investments		-	(150,000)
		<u> </u>	<u> </u>
Net cash (used in) investing activities		(2,588,317)	(393,312)
Cash flows from financing activities			
Proceeds from issue of shares		3,530,000	340,000
Share issue transaction costs		(199,228)	(24,780)
		<u> </u>	<u> </u>
Net cash provided by/(used in) financing activities		3,330,772	(315,220)
Net increase/(decrease) in cash and cash equivalents			
		(153,712)	(275,838)
Cash and cash equivalents at the beginning of the financial year		1,187,589	631,215
Effects of exchange rate changes on cash and cash equivalents		1,650	-
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial half-year		<u><u>1,035,527</u></u>	<u><u>355,377</u></u>

* There is an increase of \$236k relating to payments for exploration assets – intangibles (disclosed as \$2,299k in the 6 months ended 31 December 2020 Appendix 5B quarterly report) compared to previously reported to the ASX on 29 January 2021. The amount of \$236k was re-allocated from operating activities and included in investing activities in the above statement of cash flows. The amount relates to labour payroll costs in Mexico considered more appropriate to capitalise as exploration assets in accordance with accounting standards.

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Stock Exchange listing rules.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments based on differences in the geographical locations of the exploration activities: Mexico and Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The acquisition of the Copalquin Gold Silver project in Durango, Mexico during May 2020 constituted a separately identifiable operating segment.

There were no separately identifiable segments during the half-year ended 31 December 2019.

Mithril Resources Limited
Notes to the financial statements
31 December 2020

Note 2. Operating segments (continued)

Operating segment information

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 31 Dec 2020			
Revenue			
Other revenue	1,108	50,236	51,344
Interest revenue	-	2,319	2,319
Total revenue			<u>53,663</u>
Loss before income tax expense	<u>(34,013)</u>	<u>(1,164,974)</u>	(1,198,987)
Income tax expense			-
Loss after income tax expense			<u>(1,198,987)</u>
Assets			
Segment assets	<u>14,659,052</u>	<u>2,164,643</u>	16,823,695
Liabilities			
Segment liabilities	<u>(141,467)</u>	<u>(126,613)</u>	(268,080)

Note 3. Revenue

	Consolidated	
	31 Dec 2020	31 Dec 2019
	\$	\$
From continuing operations		
<i>Other revenue</i>		
Government COVID-19 stimulus	49,817	-
Other revenue	<u>3,846</u>	<u>57,246</u>
	<u>53,663</u>	<u>57,246</u>

Note 4. Exploration and evaluation

	Consolidated	
	31 Dec 2020	30 Jun 2020
	\$	\$
Exploration and evaluation - tangible	115,470	64,315
Opening balances	64,315	
Additions	59,359	
Less: Depreciation	(8,204)	
	<u>115,470</u>	
Exploration and evaluation - intangibles	15,164,214	12,610,810
Opening balances	12,610,810	
Additions	2,553,404	
	<u>15,164,214</u>	
Total	<u>15,279,684</u>	

Note 5. Equity - issued capital

	Consolidated			
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>2,087,075,146</u>	<u>1,664,630,703</u>	<u>53,595,239</u>	<u>50,264,467</u>

Movements in ordinary share capital

Details		Shares	Issue price	\$
Balance	1 July 2020	1,664,630,703		50,264,467
Issue of shares – placement		194,444,444	\$0.018	3,500,000
Exercise of options		3,000,000	\$0.01	30,000
Conversion of performance rights		224,999,999	-	-
Capital raising costs				<u>(199,228)</u>
Balance	31 December 2020	<u>2,087,075,146</u>		<u>53,595,239</u>

Note 6. Equity – performance rights

Performance rights granted to non-executive director:

At the Annual General Meeting held on 24 November 2020 the shareholders of the Company granted approval for the issue of 33,333,333 performance rights to Mr Garry Thomas. Details of the performance rights issued can be found in the Notice of General Meeting announcement dated 19 October 2020.

The conversion of the issued performance rights to fully paid ordinary shares of the Company is subject to the satisfaction of either of the following applicable milestones:

- Determination by a geological consultant of an Inferred JORC Resource of 5.443Mt at a combined AuEq grade of not less than 4g/t for 700koz Au (or AuEq) on the Copalquin Project; or
- Mithril achieving a market capitalisation equal to or greater than A\$150,000,000 for a period of 20 consecutive trading days on which the securities of the Company traded.

Fair value of performance rights granted:

The fair value of performance rights granted was independently determined using a Monte Carlo pricing model. This model simulates share price movements using assumptions of lognormally distributed prices, averages the payoff values over the range of resultant outcomes, and then discounts the expected payoff at the risk-free rate to get an estimate of the value of the option or performance right.

For the performance rights granted during the current financial half-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
24/11/2020	23/11/2024	\$0.026	\$0.000	95.000%	-	0.37%	\$0.0193

Share-based payments during the year are:

	Consolidated	
	2020	2019
	\$	\$
Performance rights issued to Directors	643,333	-

Note 7. Events after the reporting period

On 29 January 2021, the Company issued 263,157,895 fully paid ordinary shares at a price of \$0.019 each raising \$5 million before costs of the placement.

Effective 15 February 2021, Mr Adrien Wing resigned from the Board as a Director however remains as Company Secretary.

No other matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Mithril Resources Limited
Directors' declaration
31 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



John Skeet
Managing Director

16th March 2021
Melbourne

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Mithril Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Mithril Resources Limited, which comprises the Consolidated Statement of Financial Position as at 31 December 2020, the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

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

- i) giving a true and fair view of Mithril Resources Limited's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- iii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company, as at the date of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Nexia Melbourne Audit Pty Ltd

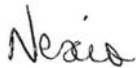
Registered Audit Company 291969
Level 12, 31 Queen Street
Melbourne VIC 3000
p +61 3 8613 8888
f +61 3 8613 8800
e info@nexiamelbourne.com.au
w nexia.com.au

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



Nexia Melbourne Audit Pty Ltd
Melbourne

Dated this 16th day of March 2021



Geoff S. Parker
Director