



ABN 30 099 883 922

Half-Year Report - 31 December 2022

Mithril Resources Limited
Corporate directory
31 December 2022

Directors	Mr Garry Thomas (Non-Executive Director) Mr John Skeet (Managing Director) Mr Stephen Layton (Non-Executive Director)
Company secretary	Ms Claire Newstead-Sinclair
Registered office	Vistra (Australia) Pty Ltd Level 4 100 Albert Road SOUTH MELBOURNE VIC 3205
Principal place of business	Vistra (Australia) Pty Ltd Level 4 100 Albert Road SOUTH MELBOURNE VIC 3205
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street ADELAIDE SA 5000
Auditor	Nexia Melbourne Audit Pty Ltd Level 35, 600 Bourke 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 2022

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 2022.

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:

John Skeet
Stephen Layton
Garry Thomas

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 \$421,891 (31 December 2021: \$447,748). Refer to page 5 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 7 March 2023, Mithril announced on the ASX the signing of a non-binding term sheet for merger with TSXV (Toronto Venture Exchange, Canada) listed Newrange Gold Corp. Highlights as follows:

- Mithril Resources has entered into a non-binding term sheet with Newrange Gold Corp. (TSXV: NRG) (Newrange Gold) for the business combination of the two companies via a friendly merger (Proposed Merger) to create a new Americas-focused exploration & development company.
- Mithril Resources understands that the Proposed Merger, if it proceeds, will be classified as a reverse takeover of Newrange Gold, under the rules of the TSX Venture Exchange (TSXV).
- The Proposed Merger is intended to be undertaken by a scheme of arrangement pursuant to Part 5.1 of *the Corporations Act 2001* (Cth), whereby Newrange Gold will acquire 100% of the issued capital in Mithril Resources.
- The non-binding term sheet is conditional upon a number of standard conditions, including completion of satisfactory due diligence by each of the parties on each other, the negotiation and execution of a formal Scheme Implementation Agreement and the acceptance of the Proposed Merger by Mithril Resources shareholders and the TSX Venture Exchange.
- Newrange Gold is an exploration company listed on the TSXV with a current focus on two highly prospective gold projects in the Red Lake Mining Division of north-western Ontario, Canada.

Mithril Resources Limited
Review of Operations
31 December 2022

At the present time, Mithril Resources and Newrange Gold are undertaking due diligence on each other's assets and negotiating the terms of the Proposed Merger. The parties intend for the Proposed Merger to proceed by way of a scheme of arrangement between Mithril Resources and its shareholders (Share Scheme) and a separate concurrent scheme of arrangement between Mithril Resources and the holders of the unlisted options (Option Scheme) (together, the Scheme).

The Scheme will be subject to the approval of the relevant participants in each Scheme and the Courts in accordance with the requirements of Part 5.1 of the *Corporations Act 2001* (Cth), as well as the satisfaction of various other conditions which are considered standard for transactions of this nature. The Proposed Transaction will also be subject to the approval of Newrange shareholders and the TSX Venture Exchange.

Under the Scheme, should it proceed, Newrange Gold intends to:

1. consolidate its share capital immediately prior to the closing of the Proposed transaction on a 12:1 basis (Consolidation); and
2. issue approximately
 - a. 18.08 consolidated Newrange Gold shares for every 1,000 Mithril Resources shares held by Mithril Resources shareholders based on an equity value for Mithril Resources of A\$11.8M;
 - b. 18.08 warrants to acquire consolidated Newrange Gold shares (Newrange Warrants) for every 1,000 options held by Mithril Resources option holders (Mithril Options), with the Newrange Warrants to be issued on the same terms as the relevant Mithril Options being exchanged at completion.

Board composition on completion of the Scheme:

If the Proposed Transaction proceeds to completion, it is anticipated that Mr. John Skeet, Mr. Stephen Layton and Mr. Garry Thomas, (all current Directors of Mithril Resources) will become Principals of Newrange Gold.

In addition to the appointments of Mr. John Skeet, Mr. Stephen Layton and Mr. Garry Thomas as Principals of Newrange Gold, it is contemplated that:

- Mr. Skeet will assume the role of President & CEO of Newrange Gold;
- Mr. Robert Archer will become Executive Chair of Newrange Gold;
- the existing directors, Ron Schmitz and Colin Jones, will stay on the board of Newrange Gold; and
- David Cross will remain as CFO and Company Secretary of Newrange Gold.

Due Diligence and Indicative Timeline:

Under the terms of the non-binding term sheet, the parties have agreed to a period of twenty (20) Business Days to conduct due diligence investigations. If the Proposed Transaction proceeds, the parties intend to execute Scheme Implementation Agreements for each of the Share Scheme and the Option Scheme by 28 April 2023. The parties have agreed to an exclusivity period that will expire on 28 April 2023 (or when the Scheme Implementation Agreements are entered), subject to conditions. The Scheme will then proceed in accordance with a standard timeline, with dates for the relevant Court hearings and shareholder meetings to be finalised in due course.

Mithril Resources Limited
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Other information:

It is anticipated that:

- (a) upon completion of the Scheme, Newrange will change its name to Pinnacle Silver and Gold Corp (or such other name as is determined by the companies);
- (b) Newrange will apply for an exemption from sponsorship for the Proposed Transaction in accordance with the policies of the TSXV; and
- (c) completion of the Proposed Transaction will be conditional upon arrangements being in place (including obtaining any necessary approvals from Mithril Resources shareholders and ASX) so that all of the existing employee options and performance rights will either be acquired by Newrange Gold, vest (and have resulted in the issue of Mithril Resources shares), lapse or otherwise be cancelled to terminated.

Mithril Resources is preparing a NI 43-101 compliant technical report on the Copalquin Project for submission to the TSXV. Further information about the Proposed Transaction will be disclosed when available and included in the documentation that will be filed by each of the companies, in due course, in accordance with the policies of the ASX, the Corporations Act and the TSXV (as applicable).

Board intention:

The Board of Mithril Resources intend to unanimously recommend that Mithril Resources shareholders vote in favour of the Scheme, subject to entry into an acceptable Scheme Implementation Agreement, no superior proposal being received and an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of shareholders.

The Company notes that, until due diligence is completed, and a binding Scheme Implementation Agreement is executed by the parties, there is no certainty that the Proposed Merger will proceed.

No other matters or circumstances have arisen since 31 December 2022 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 after this directors' report.

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

15 March 2023
Melbourne

DECEMBER 2022 HALF YEARLY ACTIVITIES REPORT

Highlights – Copalquin Gold-Silver, Mexico

- Exploration work progressed in the Copalquin Mining District where the large hydrothermal gold-silver system has been discovered influencing over 4km of strike at surface and with a high-grade maiden JORC resource at El Refugio
- Results received confirming the considerable depth potential for gold and silver mineralisation in the Copalquin Mining District, Mexico similar to other proven districts within the region
 - Drill core observations, supported by petrographic work, support considerable depth extension to the El Refugio hydrothermal system and other target areas in the district
 - The geologic work supports understanding for the high-grade drill intercepts deep (CDH-077) and peripheral (CDH-094) to the main El Refugio resource
 - 8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m (CDH-077),
 - 18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m, (CDH-094)
 - In summary, the work concludes the majority of the El Refugio drilling is in an upper brecciation zone which broke up the high-grade veins (current maiden JORC resource). Deeper and peripheral to the breccia zone, drilling will target veins like those intercepted by holes CDH-077 and CDH-094
- Mapping, sampling and drone work progressed throughout the half-year following the completion of the highly successful drill program, developing and advancing drill target areas
- Work at an alteration area identified on the western side of the district at El Platano has progressed, which is indicative of deeper hydrothermal activity for gold and silver mineralisation. Soil sampling is scheduled for January/February 2023.
- A drill core relogging program was completed and considerable work has been done to update the drill database and district wide vein modelling, which are key to understanding, progressing and demonstrating the exceptional growth potential for the Copalquin district scale property
- First holes from deep drilling at El Refugio confirmed continuing high-grade gold and silver, important for the considerably greater depth potential of the El Refugio system
 - 5.67m @ 4.37 g/t gold, 174 g/t silver from 331.33m, (CDH-137), including
1.67m @ 9.64 g/t gold, 399 g/t silver from 331.33m, plus
1.00m @ 1.68 g/t gold, 67.2 g/t silver from 367.0m, plus
1.00m @ 1.27 g/t gold, 46.1 g/t silver from 370.0m
- Excellent intercept confirming high-grade gold-silver at the western end of the El Refugio resource area with first drilling on section 800
 - 5.83m @ 15.7 g/t gold, 474 g/t silver from 91.77m, (CDH-140), including
1.81m @ 45.5 g/t gold, 1,387 g/t silver from 93.77m
- Additional drilling on section 600 filled a down dip area and demonstrates the size of the El Refugio structure in the upper brecciation zone with broad 62.4m wide mineralised intercept
 - 5.49m @ 2.54 g/t gold, 23.8 g/t silver from 292.51m, (CDH-141), including
1.00m @ 7.09 g/t gold, 60.5 g/t silver from 292.51m, and including
1.00m @ 4.04 g/t gold, 20.2 g/t silver from 297.00m, plus
4.00m @ 1.35 g/t gold, 47.6 g/t silver from 276.00m, plus
2.00m @ 0.82 g/t gold, 27.7 g/t silver from 317.00m, plus

2.00m @ 0.98 g/t gold, 30.5 g/t silver from 325.00m, plus
1.00m @ 0.94 g/t gold, 22.8 g/t silver from 331.00m, plus
1.80m @ 1.67 g/t gold, 54.8 g/t silver from 292.51m

- **High-grade gold-silver intercepts at the eastern end of the El Refugio resource area, on sections 200 to 360**
 - **7.00m @ 3.40 g/t gold, 227 g/t silver** from 185.0m, **(CDH-143)**, including
3.00m @ 6.49 g/t gold, 454 g/t silver from 189.0m, plus
4.70m @ 0.42 g/t gold, 41.0 g/t silver from 218.0m
 - **4.00m @ 2.27 g/t gold, 170 g/t silver** from 106.0m, **(CDH-146)**, plus
Shallower intercepts of 1m up to 3.27g/t AuEq¹
 - **2.50m @ 2.71 g/t gold, 125 g/t silver** from 71.5m, **(CDH-147)**
- **Study work progressed to optimise a future development of the highly attractive maiden high-grade gold-silver resource at El Refugio – higher grade indicated-category blocks of the resource containing 51kt at 24.6 g/t gold and 187 g/t silver accessible via a short 300m horizontal tunnel**

Corporate

- **In December 2022, Mithril raised A\$1.5m (before costs) from institutional, sophisticated and professional investors to continue Copalquin district exploration activities**
- **At end of the December 2022, the Company had total cash of A\$0.91M cash plus A\$0.37M due from the December placement to directors and a related party, subject to shareholder approval via a general meeting of shareholders to be arranged. Additionally, the company is due receipt of ~A\$1.1M (MXN14.0M) of Mexican VAT refunds. During the half-year the company received ~A\$150K (MXN2.0M) for two months of 2022. Subsequent to the end of the half-year, the Company has been notified of further Mexican VAT refunds totalling ~A\$260K (MXN3.35M).**
- **In November 2022, the Company held its Annual General Meeting of shareholders with all resolutions passed [Results of Meeting](#)**
- **The Company participated in the IMARC Conference held in Sydney in November 2022 and the most recent investor presentation released in December is found here [Updated Investor Presentation](#)**

Mithril Resources Ltd (ASX: MTH) (**Mithril** or the **Company**) is pleased to provide a half-yearly activities report for the period ending 30 December 2022, for its 100% optioned Copalquin Gold Silver Project in Mexico where a maiden high-grade gold-silver JORC resource has been defined at El Refugio-La Soledad of 529koz AuEq @6.81 g/t AuEq (373koz Au @4.80g/t and 10.95Moz silver @140g/t)¹

With over seventy historic gold-silver mines and workings throughout 70km² of mining concession area, Copalquin is an entire mining district with high-grade exploration results and a maiden JORC resource. To date there are four interpreted hydrothermal upwelling zones in the district with one already hosting a high-grade gold-silver JORC resource at El Refugio (529koz AuEq @6.81 g/t AuEq)¹. There is considerable strike and depth potential to increase the resource at El Refugio as well as across the district. With the district-wide gold and silver occurrences and rapid exploration success, it is clear the Copalquin District is developing into another significant gold-silver district like the many other districts in this prolific Sierra Madre Gold-Silver Trend of Mexico. These districts can host 1 – 5 million ounces of gold plus 50 – 100+ million ounces of silver.

¹ see page 14 for JORC MRE details and AuEq calculation

COPALQUIN DISTRICT, MEXICO

In October 2022, Mithril reported results from petrographic work on drill core and rock chip samples from across the Copalquin district. Refer to the ASX release, 13 October 2022 [*Depth Potential Confirmed - El Refugio, Copalquin District.*](#)

The very high-grade and significant drill intercepts from holes CDH-077 (8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m) and CDH-094 (18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m), raised questions regarding our initial geologic interpretation at El Refugio. The detailed petrographic work involving electron microscopy provides data to support an explanation for the high-grade intercepts and guidance in locating further high-grade veins as we progress drilling and development work in this key area in the Copalquin District. Copalquin continues to provide the data that supports a major high-grade gold-silver system and to expand our already impressive high-grade resource inventory with its excellent future development prospects.

Petrography Report Conclusions

- The El Refugio vein shows no recognisable vertical temperature zoning. All crystalline quartz phases show fluid inclusion petrography and scarce measurements <200°C with consistent low salinities (0.35-1.72 wt% NaCl eq) characteristic of low sulfidation deposits.
- The core area of the mineralised body is affected by an explosive breccia that fragmented and diluted early mineralized veins such as those present in DDHs CDH-077 and CDH-094 which appear to lie below and lateral to the breccia body. Post mineralisation crystalline quartz hosts common pseudo-secondary all-vapor rich inclusions suggesting an environment of abundant remnant steam in the system after the explosive event. Presence of these all-vapor inclusions is present only where breccias occur such as Refugio, Los Reyes and perhaps Montura veins, and is absent in Soledad, El Gallo, Apolonia, and Brujas veins.
- At El Refugio, if the breccia is not present at greater depth, high grade veins such as present in CDH-077 could persist to greater depth since root zones of low sulfidation type deposits generally extend down to the 240°C isotherm. Thus, deeper drilling under Refugio is required.
- La Soledad and Los Reyes veins do host higher temperature fluids at depth (>240°C) and are worth exploring under the old mines to investigate the vertical extent of mineralisation. If grade is present at greater depth with higher temperatures, the precedent will further support deeper drilling to higher temperature isotherms in the other lower temperature targets.
- The Apolonia and Brujas veins do host early-stage multi-banded vein material with crystalline quartz hosting consistent petrographically low temperature fluid inclusions (<200°C), which is congruent with the higher stratigraphic position of the veins in the lower part of the upper volcanic series. The depth and/or lateral extensions of the veins could host mineralization and are worth exploring. The El Gallo target is in deeper stratigraphy but petrographically also is potentially high level.

No.	Sample ID	Target Area
Petro 1	COPALQUIN-2022-8A CDH-077 472.05m	El Refugio
Petro 2	COPALQUIN-2022-3A CDH-033 209.6m, 234.4m	El Refugio
Petro 3	COPALQUIN-2022-6 El Refugio Mine Workings	El Refugio
Petro 4	COPALQUIN-2022-38 CDH-050 233.43m	El Refugio
Petro 5	COPALQUIN-2022-6B CDH-094 153.6m	El Refugio
Petro 6	COPALQUIN-2022-11 (El Gallo Surface Samples)	El Gallo
Petro 7	COPALQUIN-2022-1A CDH-001 112.75m	La Soledad

Petro 8	COPALQUIN-2022-1B CDH-014 258.3m	La Soledad
Petro 9	COPALQUIN-2022-1C Level 2	La Soledad
Petro 10	COPALQUIN-2022-2, SDH-040, 93.05m	Los Reyes
Petro 11	COPALQUIN-2022-4 Mine Workings No. 6	Los Reyes
Petro 12	COPALQUIN-2022-7 La Montura	La Montura
Petro 13	COPALQUIN-2022-8 Apolonia Vein	San Manuel
Petro 14	COPALQUIN-2022-9 Las Brujas Vein	Las Brujas

Table 1 Petrography sample details with locations shown in Figure 2, Figure 3 and Figure 4 below

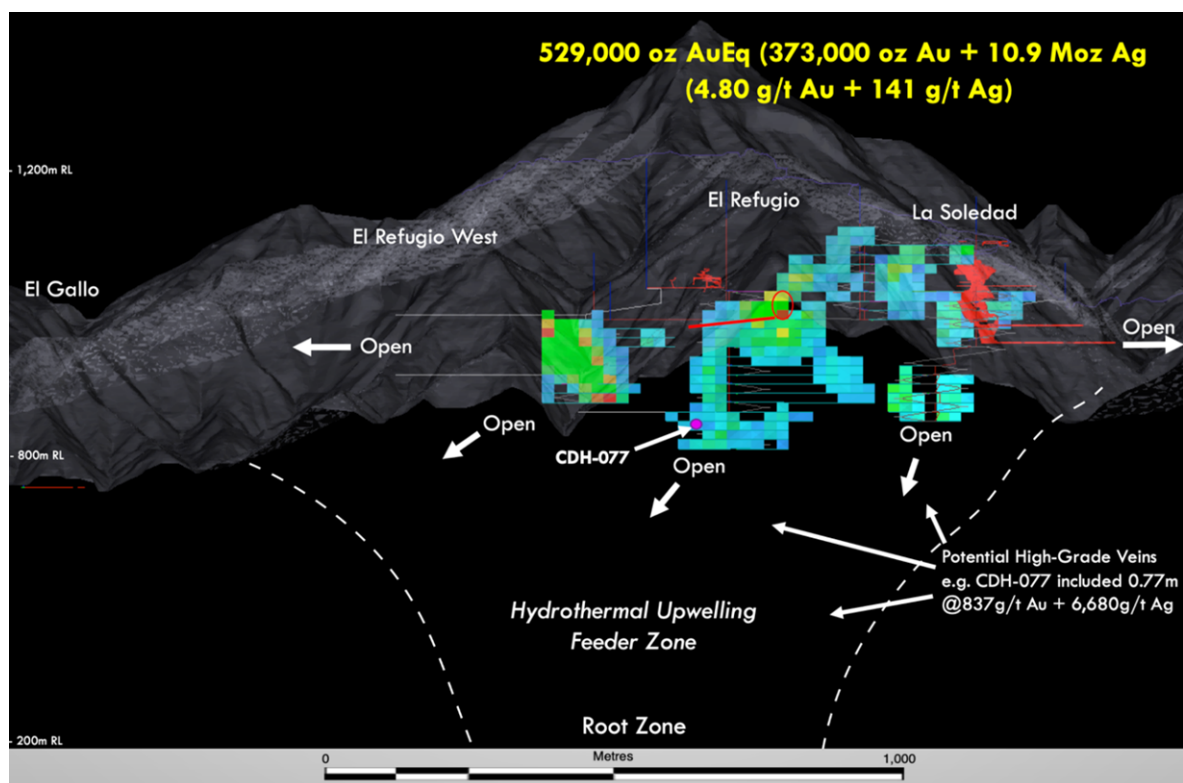


Figure 1 Schematic long section – El Refugio showing the depth potential confirmed by the recent petrography

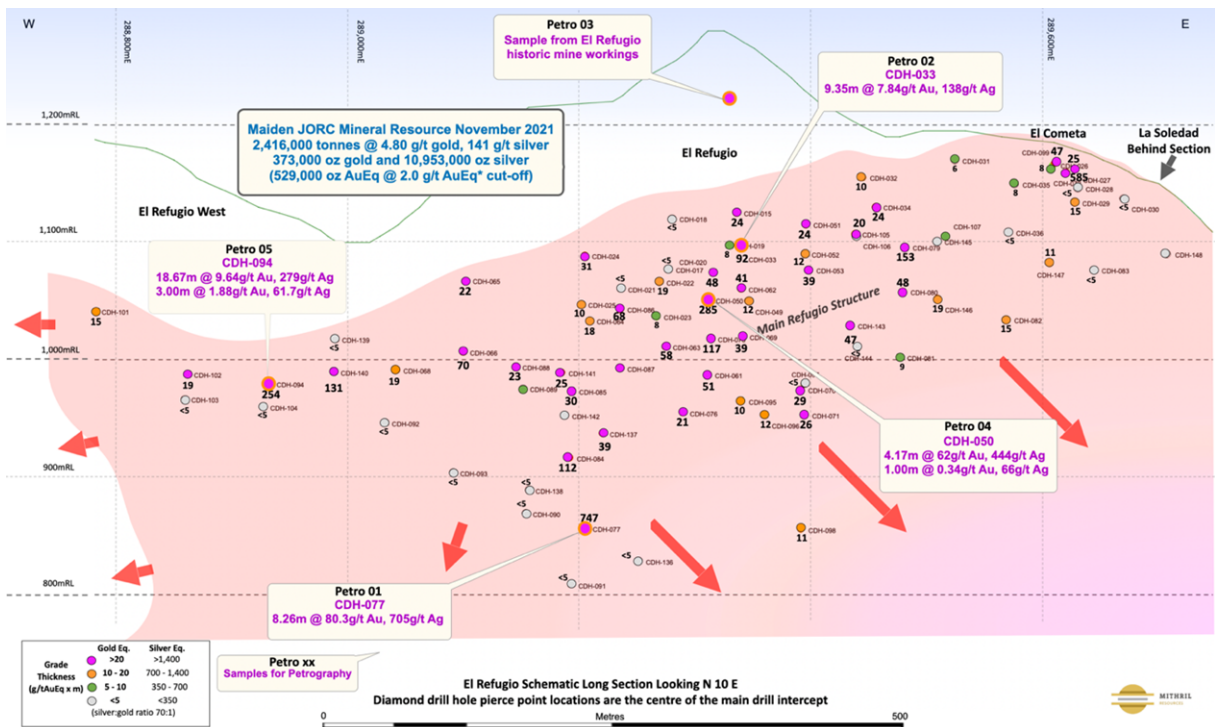
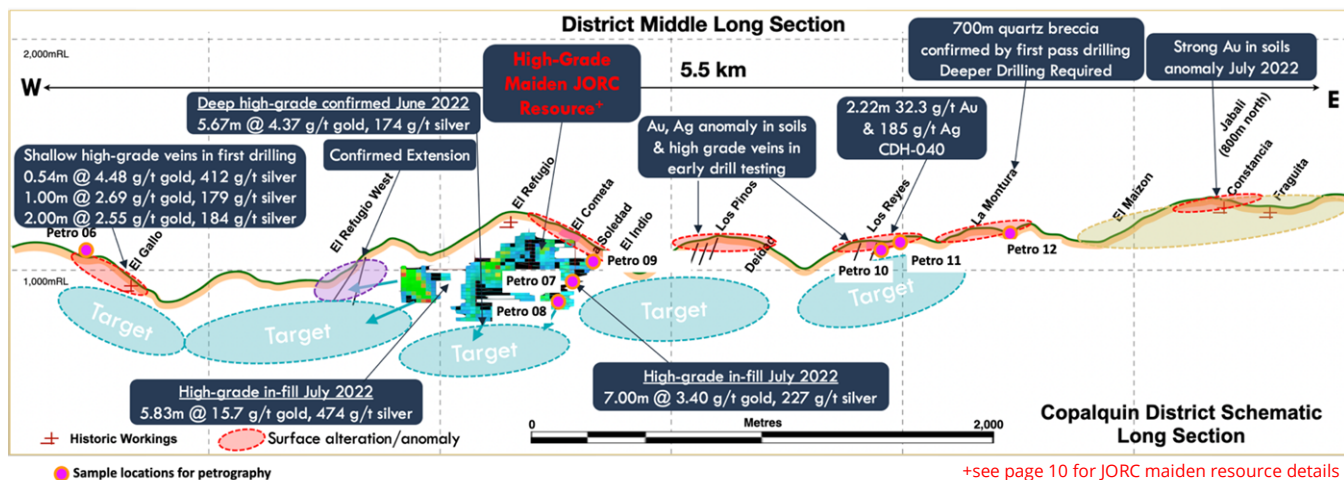


Figure 2 - Schematic long section for El Refugio showing the drill hole pierce points and locations of samples used for petrographic analysis. Arrows highlighting the direction for resource expansion drilling.



+see page 10 for JORC maiden resource details

Figure 3 - Schematic long section of the Copalquin District Middle Section showing the locations of the petrography samples and which includes the maiden JORC resource at El Refugio/La Soledad.

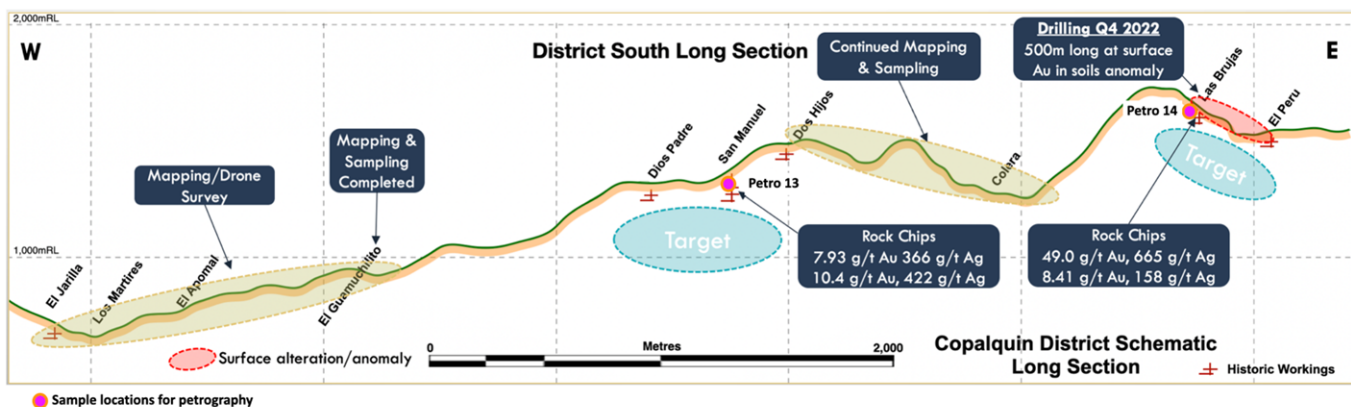


Figure 4 - Schematic long section of the District South Section, Copalquin Mining District showing the locations of the petrography samples.

Drill Program at El Refugio Completed During the Half Year

Drilling recommenced at El Refugio in May 2022 with a program of six deep holes, three drilled from a location slightly oblique to the main structure, in order to reduce the length of the drill holes to reach the targeted depth. Assays have been received for all drill holes. The program successfully achieved the objective of locating the main structure and confirming high-grade gold and silver on the western side of the El Refugio resource area while providing additional information for the location of the upwelling feeder zone. The previously reported intercept in hole CDH-137 of **5.67m @ 4.37 g/t gold, 174g/t silver** from 331.33m, **(CDH-137)**, including **1.67m @ 9.64 g/t gold, 399 g/t silver** from 331.33 plus **1.00m @ 1.68 g/t gold, 67.2 g/t silver** from 367.0m and **1.00m @ 1.27 g/t gold, 46.1 g/t silver** from 370.0m filled a gap down dip on section 560 and drill hole CDH-136 confirms the downdip extension with some further high-grade gold and silver mineralisation and multiple intercepts.

The first drill holes on section 800 are reported with exceptional high-grade gold and silver intercepts in this western side of the El Refugio resource area with **5.83m @ 15.7 g/t gold, 474 g/t silver** from 91.77m, **(CDH-140)**, including **1.81m @ 45.5 g/t gold, 1,387 g/t silver** from 93.77m down dip of hole CDH-139. This supports the high-grade previously intercepted 40m west by drill hole **CDH-094** with **18.67m @ 9.67g/t gold, 279g/t silver**.

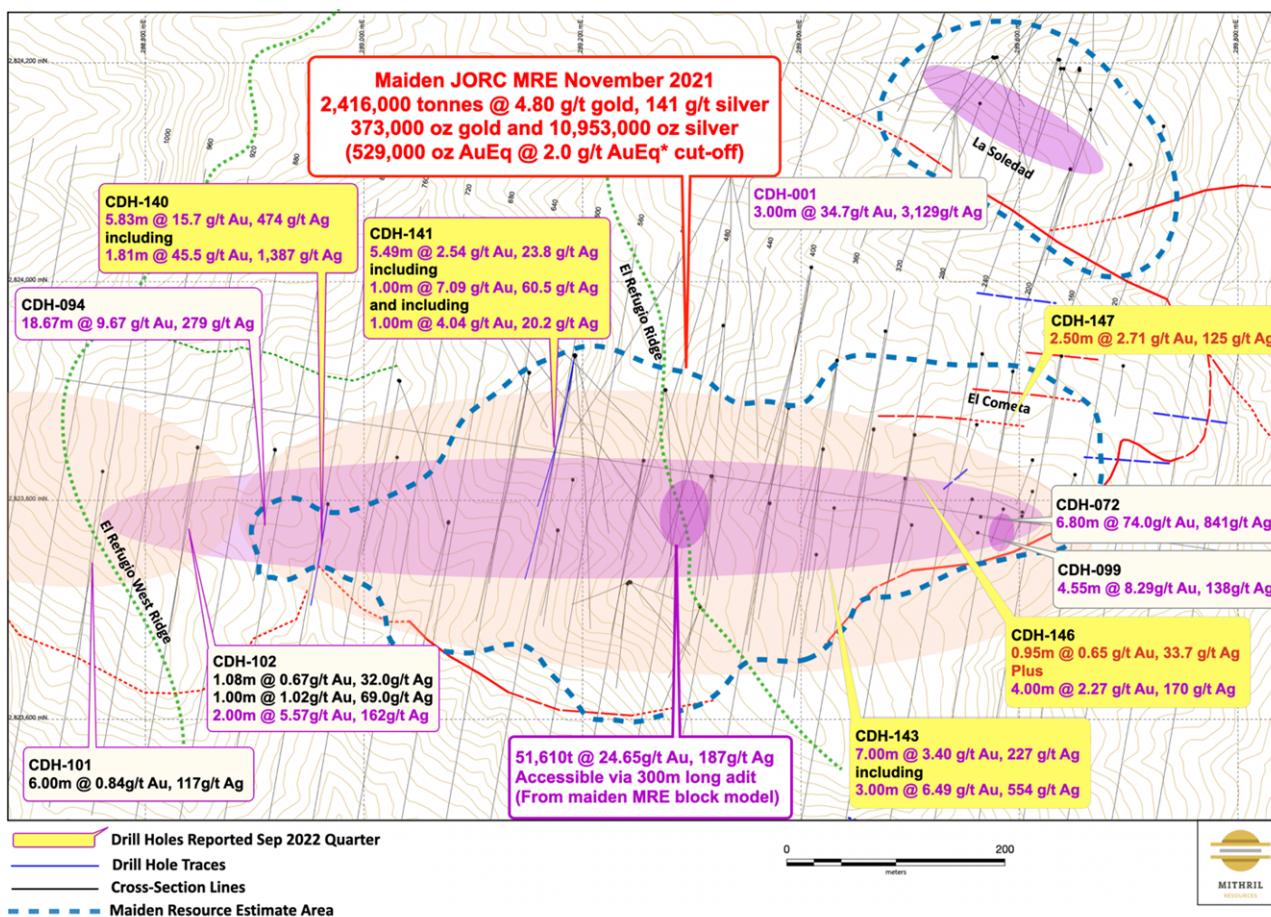


Figure 5 – Plan view at El Refugio – La Soledad showing the maiden JORC MRE area, drill traces and section lines with the locations of the drill intercepts for drill holes reported.

Copalquin District Field Work

The first half of the calendar year is the best time for field work in the Copalquin District due to the drier and cooler conditions and low vegetation cover.

Mapping and sampling work is progressing to advance an area of surface clay alteration west of El Refugio resource area as shown in Figure 6 below with anticipation that this may develop into an important additional drill target area for future exploration.

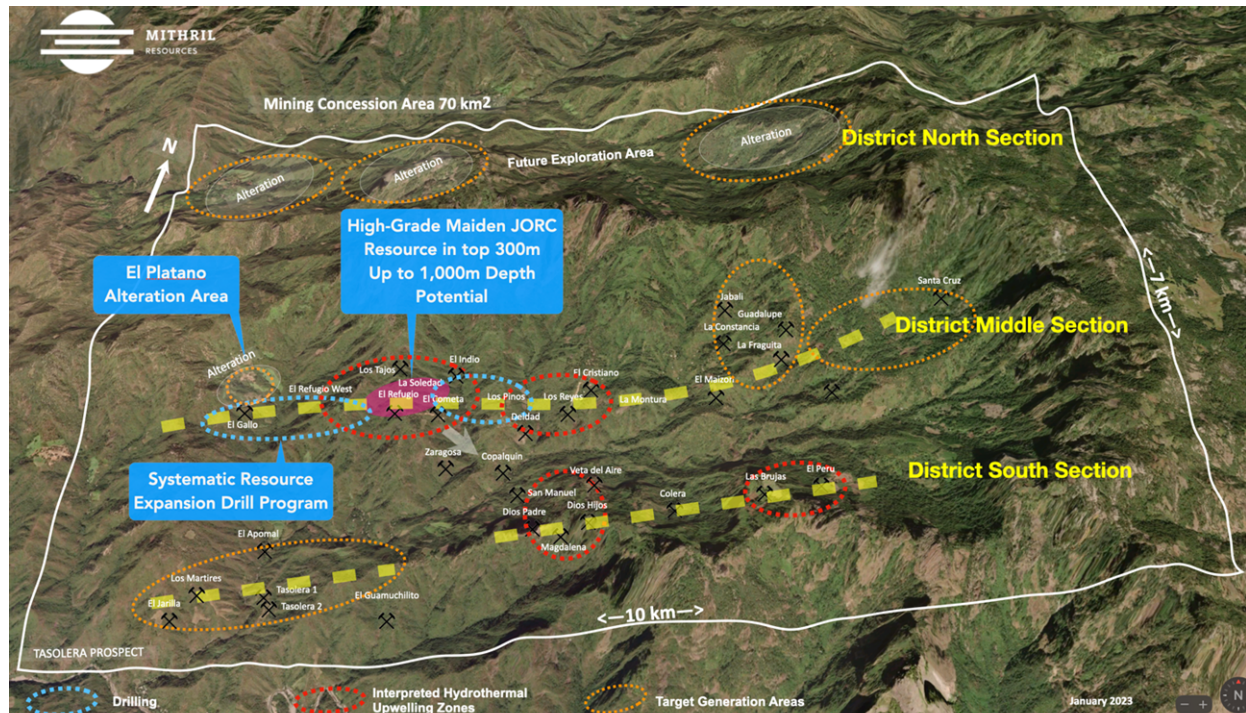


Figure 6 – Satellite image of the Copalquin Mining District 70km² concession area showing the two main lines of historic workings, areas of exploration work and the location of the maiden JORC MRE at El Refugio. The long sections indicated on the map are shown in Figure 3 and Figure 4, above.

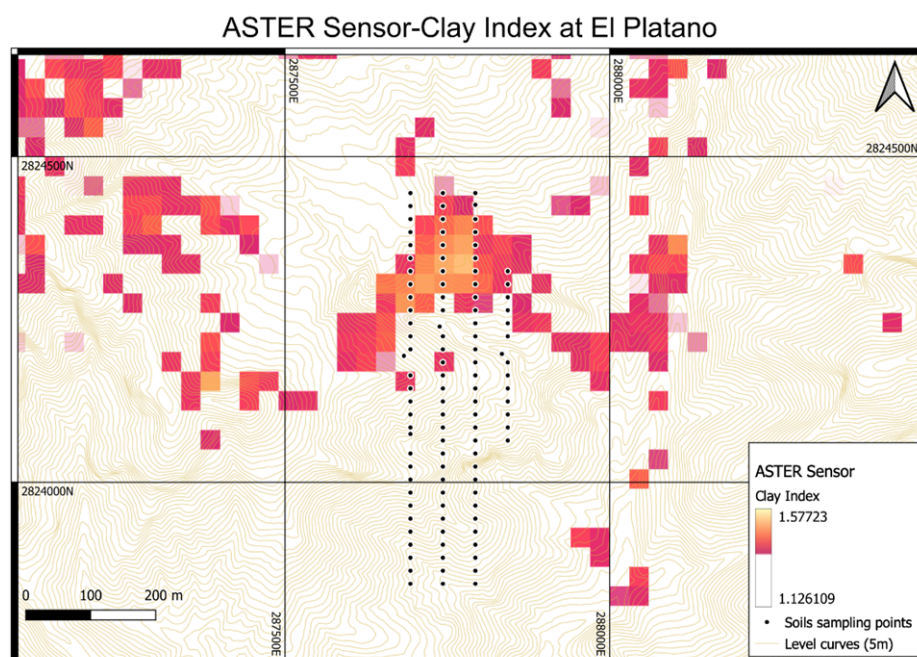


Figure 7 – ASTER sensor clay index map for the El Platano alteration area indicated in Figure 6. Soil sampling point locations to assay for anomalous values of gold and silver

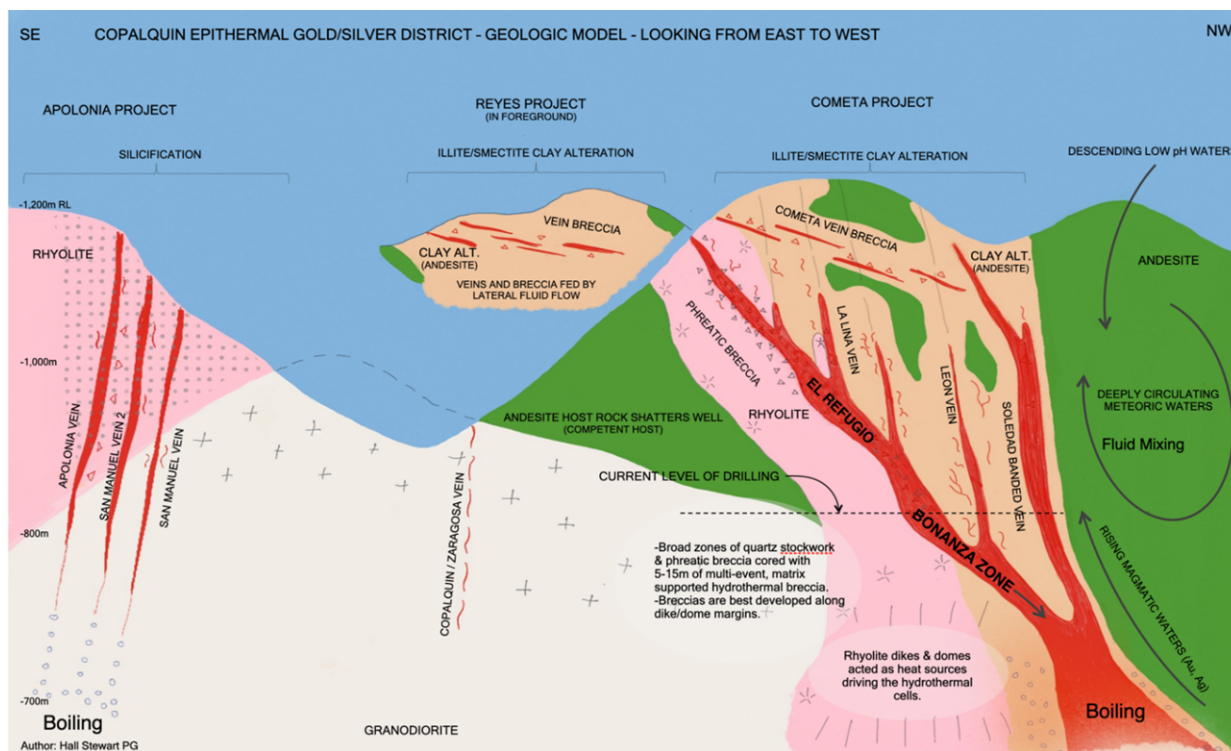


Figure 8 - Copalquin District Geologic Model for epithermal gold/silver - geologic model (author: Hall Stewart PG, Chief Geologist.)

CORPORATE

Capital Raising

In early December, the Company announced it had received firm commitments from institutional, sophisticated and professional investors to raise A\$1.5M (before costs) through a Share Placement (Placement).

The Placement comprised of 428,571,429 new fully paid ordinary shares in the Company (Placement Securities) at an issue price of 0.35 cents (\$0.0035). Participants in Placement received one free attaching option for every two shares subscribed for under the Placement. The options will be unlisted, have an exercise price of A\$0.007 and an exercise period of 3 years from date of issue (Attaching Options).

The Directors of the Company and a related party committed to subscribe for \$370,000 in the Placement for approval by shareholders at a future shareholder meeting.

The Placement was conducted by Taylor Collison Limited and Morgans Corporate Limited as joint lead managers and within the Company's placement capacity under ASX Listing Rule 7.1 (138,571,429 shares and 214,285,714 options) and 7.1A (290,000,000 shares).

Cash

At end of December 2022, the Company had total cash of A\$0.91 cash plus A\$0.37M due from the December placement subject to shareholder approval via a general meeting of shareholders to be arranged. Additionally, the company is due receipt of ~A\$1.1M (MXN14.0M) of Mexican VAT refunds. During the half-year the company received ~A\$150K (MXN2.0M) for two months of 2022. Subsequent to the end of the half-year, the Company has been notified of further Mexican VAT refunds totalling ~A\$260K (MXN3.35M). The Company has received no rejections of its monthly VAT claims and is confident the claims will continue to be refunded in due course.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE



Mithril has developed excellent relationships with the local community and its mining concession partner.

The Company philosophy operating in the Copalquin district is to support communities via children's education and providing employment opportunities. This includes supporting three community schools in the district, employing twenty people from within the district under the federal employment laws, and developing infrastructure in the district for long term benefit.

The Company's drilling contractor utilises well developed environmental management practices. A low impact man-portable diamond core drill is used for exploration drilling.

In terms of future mine development, Mithril's footprint will be relatively small with underground mining, high-grade, low tonnage, waste rock storage underground and dry-stack tailings management anticipated for the Copalquin development.

AUSTRALIAN PROJECTS

The Company maintains its focus on the Copalquin Gold Silver Project in Mexico and maintains a portfolio of Australian tenements located in Western Australia as summarised below. The Company is currently reviewing this portfolio.

Billy Hills Zinc (Billy Hills)

- Mithril 100%; and
- CBH Resources Limited has withdrawn from the earn-in. Mithril is assessing options regarding this tenement holding.
- Native title clearance for the first phase of drilling has been granted.

Kurnalpi Project (Kurnalpi)

- Mithril 100%; and
- Carnavale has elected to not continue with the earn-in Agreement for Kurnalpi
- Mithril is reviewing the exploration data for the Kurnalpi tenements and will assess the next steps for this nickel project located in Western Australia where these properties are in high demand.

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 carried out a program of auger geochemical sampling over nickel and gold prospective rock types.

Limestone Well Project (Limestone)

- Mithril 10%, Auteco Minerals 90%
- In October 2021, Mithril announced the execution of a binding term sheet for the sale of 90% interest in the Limestone Well tenements to its farm-in partner, Auteco Minerals for a payment of A\$500,000 in cash. For details of the term sheet please refer to the [*ASX Announcement 12 October 2021*](#)

ABOUT THE COPALQUIN GOLD SILVER PROJECT

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.

Within 15 months of drilling in the Copalquin District, Mithril delivered a maiden JORC mineral resource estimate demonstrating the high-grade gold and silver resource potential for the district. This maiden resource is detailed below (see ASX release 17 November 2021)[^].

- **2,416,000 tonnes @ 4.80 g/t gold, 141 g/t silver for 373,000 oz gold plus 10,953,000 oz silver (Total 529,000 oz AuEq*) using a cut-off grade of 2.0 g/t AuEq***
- **28.6% of the resource tonnage is classified as indicated**

	Tonnes (kt)	Tonnes (kt)	Gold (g/t)	Silver (g/t)	Gold Equiv.* (g/t)	Gold (koz)	Silver (koz)	Gold Equiv.* (koz)
El Refugio	Indicated	691	5.43	114.2	7.06	121	2,538	157
	Inferred	1,447	4.63	137.1	6.59	215	6,377	307
La Soledad	Indicated	-	-	-	-	-	-	-
	Inferred	278	4.12	228.2	7.38	37	2,037	66
Total	Indicated	691	5.43	114.2	7.06	121	2,538	157
	Inferred	1,725	4.55	151.7	6.72	252	8,414	372
	TOTAL	2,416	4.80	141	6.81	373	10,953	529

Table 2 - Mineral resource estimate El Refugio – La Soledad using a cut-off grade of 2.0 g/t AuEq*

* The gold equivalent (AuEq.) values are determined from gold and silver values and assume the following: AuEq. = gold equivalent calculated using and gold:silver price ratio of 70:1. That is, 70 g/t silver = 1 g/t gold. The metal prices used to determine the 70:1 ratio are the cumulative average prices for 2021: gold USD1,798.34 and silver: USD25.32 (actual is 71:1) from kitco.com. Metallurgical recoveries are assumed to be approximately equal for both gold and silver at this early stage. Actual metallurgical recoveries from test work to date are 96% and 91% for gold and silver, respectively. In the Company's opinion there is reasonable potential for both gold and silver to be extracted and sold. Actual metal prices have not been used in resource estimate, only the price ratio for the AuEq reporting.

Mining study and metallurgical test work supports the development of the El Refugio-La Soledad resource with conventional mining methods indicated as being appropriate and with high gold-silver recovery to produce metal on-site with conventional processing.

Mithril is currently exploring in the Copalquin District to expand the resource footprint to demonstrate its multi-million ounce gold and silver potential.

Mithril Resources is earning 100% interest in the Copalquin District mining concessions via a purchase option agreement (currently at 50%) detailed in ASX announcement dated 25 November 2019 and amended to extend the option period to August 2026.

[^] The information in this report that relates to Mineral Resources or Ore Reserves is based on information provided in the following ASX announcement: 17 Nov 2021 - MAIDEN JORC RESOURCE 529,000 OUNCES @ 6.81G/T (AuEq*), which includes the full JORC MRE report, also available on the Mithril Resources Limited Website.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

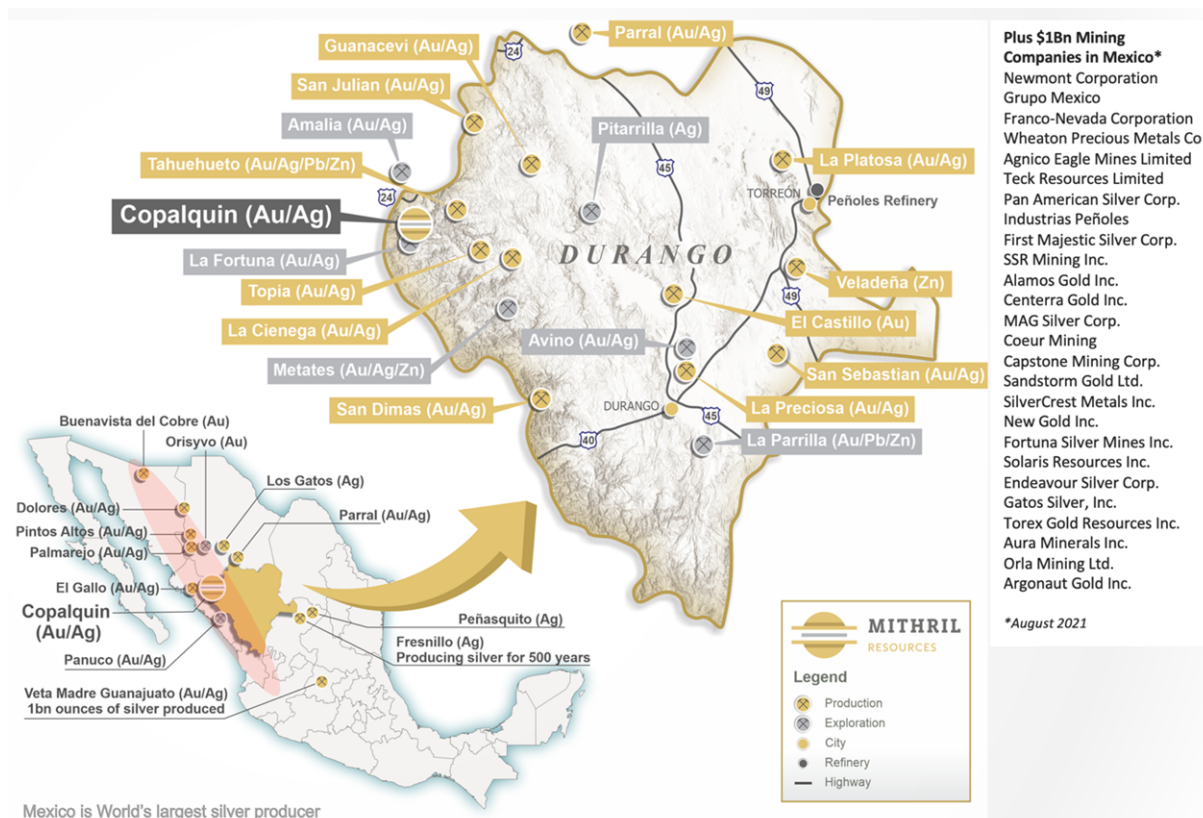


Figure 9 – Copalquin District location map with locations of mining and exploration activity within the state of Durango.

-ENDS-

Released with the authority of the Board.

For further information contact:

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+61 435 766 809

Mark Flynn

Investor Relations
mflynn@mithrilresources.com.au
+61 416 068 733

Competent Persons Statement

The information in this announcement that relates to metallurgical test results, mineral processing and project development and study work, in this announcement, has been compiled by Mr John Skeet who is Mithril's CEO and Managing Director. Mr Skeet is a Fellow of the Australasian Institute of Mining and Metallurgy. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

Mr Skeet 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 Skeet 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.

The information in this announcement that relates to sampling techniques and data, exploration results and geological interpretation for Mithril's Mexican project, has been compiled by Mr Hall Stewart who is Mithril's Chief Geologist. Mr Stewart

Mithril Resources Limited
Review of Operations
31 December 2022

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.

This report contains information extracted from previous ASX releases which are referenced in the report. The Company is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and content in which the Competent Person's findings are presented have not been materially modified from the original market announcements listed below which are also available on the Mithril Resources Limited Website www.mithrilresources.com.au

For JORC tables relating to the exploration results summarised in this Half-Yearly Activities Report and other announcements, please refer to the ASX releases below.

02 Dec 2022	<u>Mithril raises A\$1.5m to continue Copalquin Exploration</u>
01 Dec 2022	<u>Updated Investor Presentation</u>
15 Nov 2022	<u>Results of Meeting</u>
13 Oct 2022	<u>Depth Potential Confirmed - El Refugio, Copalquin District</u>
17 Nov 2021	<u>Maiden JORC Resource 529,000 Ounces @ 6.81g/t</u>
18 Aug 2022	<u>High-Grade Intercepts At El Refugio, Copalquin District, Mexico</u>
27 Jul 2022	<u>Continued High-Grade Drilling At El Refugio, Copalquin</u>
20 Jul 2022	<u>Investor Presentation</u>
05 Jul 2022	<u>Expansive Deep Drilling Success at El Refugio, Copalquin</u>
17 Nov 2021	<u>Maiden JORC Resource 529,000 Ounces @ 6.81g/t</u>

Mithril Resources Limited
Review of Operations
31 December 2022

Mithril Resources Limited Group
Tenement information
31 December 2022

Australian Interests:

Project	Tenement number	Interest owned %
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 (Limestone Well)	E20/846	10.00
Murchison Area (Limestone Well)	E57/1069	10.00
West Kimberley Area	E04/2497	100.00
West Kimberley Area	E04/2503	100.00
West Kimberley Area	E80/5191	100.00

Mexican Operations:

Mining Concession	Mining Concession title number	Interest owned %[^]
LA SOLEDAD	52033	50.00
EL COMETA	164869	50.00
SAN MANUEL	165451	50.00
COPALQUIN	178014	50.00
EL SOL	236130	50.00
EL CORRAL	236131	50.00

[^]Interest in the Copalquin Mining Concessions, Mexico increased to 50% July 2022

Mithril has an exclusive option to purchase 100% interest in the Copalquin mining concessions by paying US\$10M on or any time before 7 August 2026 (option has been Agreement extended by 3 years).

**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 2022 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



Ben Bester
Director

Dated this 15th day of March 2023

Mithril Resources Limited**Contents****31 December 2022**

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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

Vistra (Australia) Pty Ltd
Level 4
100 Albert Road
South Melbourne VIC 3205

Principal place of business

Vistra (Australia) Pty Ltd
Level 4
100 Albert Road
South Melbourne VIC 3205

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 2022

	Note	Consolidated 31 Dec 2022 \$	31 Dec 2021 \$
Revenue from continuing operations	3	6,131	20,901
Expenses			
Administration expenses		(187,431)	(290,496)
ASIC and ASX listing fees		(35,654)	
Employee benefits expense		(180,018)	(159,636)
Depreciation and amortisation expense		(24,197)	(18,517)
Finance costs		(722)	-
Loss before income tax expense from continuing operations		(421,891)	(447,748)
Income tax expense		-	-
Loss after income tax expense for the half-year		(421,891)	(447,748)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		704,904	(46,323)
Other comprehensive income for the half-year, net of tax		704,904	(46,323)
Total comprehensive income for the half-year		<u>283,013</u>	<u>(494,071)</u>
		Cents	Cents
Earnings per share attributable to the owners of Mithril Resources Limited			
Basic earnings per share		(0.01)	(0.02)
Diluted earnings per share		(0.01)	(0.02)

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 2022

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		911,970	2,271,886
Trade and other receivables	4	1,015,871	938,391
Prepayments		63,687	20,102
Total current assets		<u>1,991,528</u>	<u>3,230,379</u>
Non-current assets			
Trade and other receivables		1,133	1,082
Exploration and evaluation	5	27,340,642	25,176,844
Total non-current assets		<u>27,341,775</u>	<u>25,177,926</u>
Total assets		<u>29,333,303</u>	<u>28,408,305</u>
Liabilities			
Current liabilities			
Trade and other payables		181,055	670,498
Borrowings		41,796	-
Employee benefits		7,198	20,383
Total current liabilities		<u>230,049</u>	<u>690,881</u>
Total liabilities		<u>230,049</u>	<u>690,881</u>
Net assets		<u><u>29,103,254</u></u>	<u><u>27,717,424</u></u>
Equity			
Issued capital	6	65,911,434	64,808,617
Reserves		4,137,301	3,432,397
Accumulated losses		<u>(40,945,481)</u>	<u>(40,523,590)</u>
Total equity		<u><u>29,103,254</u></u>	<u><u>27,717,424</u></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 2022

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	64,808,617	3,432,397	(40,523,590)	27,717,424
Loss after income tax expense for the half-year	-	-	(421,891)	(421,891)
Other comprehensive income for the half-year, net of tax	-	704,904	-	704,904
Total comprehensive income for the half-year	-	704,904	(421,891)	283,013
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	1,180,000	-	-	1,180,000
Transaction costs	(77,183)	-	-	(77,183)
Balance at 31 December 2022	<u>65,911,434</u>	<u>4,137,301</u>	<u>(40,945,481)</u>	<u>29,103,254</u>

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	58,287,739	2,565,576	(39,891,286)	20,962,029
Loss after income tax expense for the half-year	-	-	(447,748)	(447,748)
Other comprehensive income for the half-year, net of tax	-	(46,323)	-	(46,323)
Total comprehensive income for the half-year	-	(46,323)	(447,748)	(494,071)
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued	3,450,000	-	-	3,450,000
Transaction costs	(202,950)	-	-	(202,950)
Balance at 31 December 2021	<u>61,534,789</u>	<u>2,519,253</u>	<u>(40,339,034)</u>	<u>23,715,008</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 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(411,906)	(547,667)
Interest received		1,200	1,549
Interest paid		(622)	-
GST paid on the sale of JV interest		(50,000)	-
Net cash (used in) operating activities		(461,328)	(546,118)
Cash flows from investing activities			
Payments for exploration assets – intangibles		(1,940,451)	(3,613,991)
Payments for exploration assets – tangibles		(8,159)	(33,120)
Net cash (used in) investing activities		(1,948,610)	(3,647,111)
Cash flows from financing activities			
Proceeds from issue of shares		1,130,000	3,300,000
Share issue transaction costs		(67,800)	(198,000)
Proceeds from borrowings		50,000	-
Repayment of borrowings		(60,524)	-
Net cash provided by financing activities		1,051,676	3,102,000
Net increase/(decrease) in cash and cash equivalents		(1,358,262)	(1,091,229)
Cash and cash equivalents at the beginning of the financial year		2,271,886	2,920,481
Effects of exchange rate changes on cash and cash equivalents		(1,638)	(1,415)
Cash and cash equivalents at the end of the financial half-year		911,986	1,827,837

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 2022 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 2022 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.

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the consolidated entity incurred a net loss of \$421,891 and a net cash outflow from operating and investing activities of \$2,409,938 during the period ended 31 December 2022.

The consolidated entity continues to be economically dependent on the generation of cashflow from the raising of additional capital as and when required for the continued operations including the exploration program and the provision of working capital.

Notwithstanding this, the Directors are satisfied that the consolidated entity will have sufficient cash resources to meet its working capital requirements in the future. The Directors have reviewed the cashflow forecasts and believe that for a period in excess of 12 months from the date of signature of the financial report, the consolidated entity has the ability to meet its debts as and when they fall due.

The consolidated entity's ability to continue as a going concern is contingent upon generation of cashflow from successfully raising additional capital. If sufficient additional funds are not raised, the going concern basis may not be appropriate, with the result that the consolidated entity 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. The consolidated entity continues to receive strong interest and support from professional investors in its capital raisings.

No allowance for such circumstances has been made in the financial report.

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.

Operating segment information

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 31 Dec 2022			
Revenue			
Other revenue	5,646	-	5,646
Interest revenue	-	485	485
Total revenue	<u>5,646</u>	<u>485</u>	<u>6,131</u>
Loss before income tax expense	<u>(26,688)</u>	<u>(395,203)</u>	<u>(421,891)</u>
Income tax expense			-
Loss after income tax expense			<u>(421,891)</u>
Assets			
Segment assets	27,216,553	2,116,750	29,333,303
Liabilities			
Segment liabilities	71,298	158,751	230,049
Consolidated - 31 Dec 2021			
Revenue			
Other revenue	19,534	-	19,534
Interest revenue	-	1,367	1,367
Total revenue	<u>19,534</u>	<u>1,367</u>	<u>20,901</u>
Loss before income tax expense	<u>(85,781)</u>	<u>(361,967)</u>	<u>(447,748)</u>
Income tax expense			-
Loss after income tax expense			<u>(447,748)</u>
Assets			
Segment assets	21,146,778	3,161,747	24,308,525
Liabilities			
Segment liabilities	510,976	82,541	593,517

Note 3. Revenue

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Other revenue</i>		
Interest revenue	5,646	1,367
Other revenue	485	19,534
	<u>6,131</u>	<u>20,901</u>

Note 4. Trade and Other Receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
GST and overseas taxes receivable	1,015,358	937,762
Other receivables	513	629
	<u>1,015,871</u>	<u>938,391</u>

An amount of \$994,522 included in GST and overseas taxes receivable relates to Mexican VAT refunds owing. Partial refunds have been received since 31 December 2022 and the Directors expect this amount to be fully recoverable.

Note 5. Exploration and evaluation

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Exploration and evaluation - tangible	<u>331,629</u>	<u>333,727</u>
Opening balances	333,727	
Additions	22,099	
Less: Depreciation	<u>(24,197)</u>	
	<u><u>331,629</u></u>	
Exploration and evaluation - intangibles	<u>27,009,013</u>	<u>24,843,117</u>
Opening balances	24,843,117	
Additions	<u>2,165,896</u>	
	<u>27,009,013</u>	
Total	<u><u>27,340,642</u></u>	

Note 6. Equity - issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>3,263,090,184</u>	<u>2,930,233,041</u>	<u>65,911,434</u>	<u>64,808,617</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1.7.2022	2,930,233,041		64,808,617
Increase in Copalquin project, Mexico	18.8.2022	10,000,000	\$0.005	50,000
Issue of shares – placement	9.12.2022	322,857,143	\$0.0035	1,130,000
Capital raising costs				(77,183)
Balance	31.12.2022	<u>3,263,090,184</u>		<u>65,911,434</u>

Note 7. Events after the reporting period

On 7 March 2023, Mithril announced on the ASX the signing of a non-binding term sheet for merger with TSXV (Toronto Venture Exchange, Canada) listed Newrange Gold Corp. Highlights as follows:

- Mithril Resources has entered into a non-binding term sheet with Newrange Gold Corp. (TSXV: NRG) (Newrange Gold) for the business combination of the two companies via a friendly merger (Proposed Merger) to create a new Americas-focused exploration & development company.
- Mithril Resources understands that the Proposed Merger, if it proceeds, will be classified as a reverse takeover of Newrange Gold, under the rules of the TSX Venture Exchange (TSXV).
- The Proposed Merger is intended to be undertaken by a scheme of arrangement pursuant to Part 5.1 of *the Corporations Act 2001* (Cth), whereby Newrange Gold will acquire 100% of the issued capital in Mithril Resources.
- The non-binding term sheet is conditional upon a number of standard conditions, including completion of satisfactory due diligence by each of the parties on each other, the negotiation and execution of a formal Scheme Implementation Agreement and the acceptance of the Proposed Merger by Mithril Resources shareholders and the TSX Venture Exchange.
- Newrange Gold is an exploration company listed on the TSXV with a current focus on two highly prospective gold projects in the Red Lake Mining Division of north-western Ontario, Canada.

At the present time, Mithril Resources and Newrange Gold are undertaking due diligence on each other's assets and negotiating the terms of the Proposed Merger. The parties intend for the Proposed Merger to proceed by way of a scheme of arrangement between Mithril Resources and its shareholders (Share Scheme) and a separate concurrent scheme of arrangement between Mithril Resources and the holders of the unlisted options (Option Scheme) (together, the Scheme).

The Scheme will be subject to the approval of the relevant participants in each Scheme and the Courts in accordance with the requirements of Part 5.1 of the *Corporations Act 2001* (Cth), as well as the satisfaction of various other conditions which are considered standard for transactions of this nature. The Proposed Transaction will also be subject to the approval of Newrange shareholders and the TSX Venture Exchange.

Under the Scheme, should it proceed, Newrange Gold intends to:

1. consolidate its share capital immediately prior to the closing of the Proposed transaction on a 12:1 basis (Consolidation); and
2. issue approximately
 - a. 18.08 consolidated Newrange Gold shares for every 1,000 Mithril Resources shares held by Mithril Resources shareholders based on an equity value for Mithril Resources of A\$11.8M;
 - b. 18.08 warrants to acquire consolidated Newrange Gold shares (Newrange Warrants) for every 1,000 options held by Mithril Resources option holders (Mithril Options), with the Newrange Warrants to be issued on the same terms as the relevant Mithril Options being exchanged at completion.

Board composition on completion of the Scheme:

If the Proposed Transaction proceeds to completion, it is anticipated that Mr. John Skeet, Mr. Stephen Layton and Mr. Garry Thomas, (all current Directors of Mithril Resources) will become Principals of Newrange Gold.

In addition to the appointments of Mr. John Skeet, Mr. Stephen Layton and Mr. Garry Thomas as Principals of Newrange Gold, it is contemplated that:

- Mr. Skeet will assume the role of President & CEO of Newrange Gold;
- Mr. Robert Archer will become Executive Chair of Newrange Gold;
- the existing directors, Ron Schmitz and Colin Jones, will stay on the board of Newrange Gold; and
- David Cross will remain as CFO and Company Secretary of Newrange Gold.

Due Diligence and Indicative Timeline:

Under the terms of the non-binding term sheet, the parties have agreed to a period of twenty (20) Business Days to conduct due diligence investigations. If the Proposed Transaction proceeds, the parties intend to execute Scheme Implementation Agreements for each of the Share Scheme and the Option Scheme by 28 April 2023. The parties have agreed to an exclusivity period that will expire on 28 April 2023 (or when the Scheme Implementation Agreements are entered), subject to conditions. The Scheme will then proceed in accordance with a standard timeline, with dates for the relevant Court hearings and shareholder meetings to be finalised in due course.

Other information:

It is anticipated that:

- (a) upon completion of the Scheme, Newrange will change its name to Pinnacle Silver and Gold Corp (or such other name as is determined by the companies);
- (b) Newrange will apply for an exemption from sponsorship for the Proposed Transaction in accordance with the policies of the TSXV; and
- (c) completion of the Proposed Transaction will be conditional upon arrangements being in place (including obtaining any necessary approvals from Mithril Resources shareholders and ASX) so that all of the existing employee options and performance rights will either be acquired by Newrange Gold, vest (and have resulted in the issue of Mithril Resources shares), lapse or otherwise be cancelled to terminated.

Mithril Resources is preparing a NI 43-101 compliant technical report on the Copalquin Project for submission to the TSXV. Further information about the Proposed Transaction will be disclosed when available and included in the documentation that will be filed by each of the companies, in due course, in accordance with the policies of the ASX, the Corporations Act and the TSXV (as applicable).

Board intention:

The Board of Mithril Resources intend to unanimously recommend that Mithril Resources shareholders vote in favour of the Scheme, subject to entry into an acceptable Scheme Implementation Agreement, no superior proposal being received and an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of shareholders. The Company notes that, until due diligence is completed, and a binding Scheme Implementation Agreement is executed by the parties, there is no certainty that the Proposed Merger will proceed.

No other matters or circumstances have arisen since 31 December 2022 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 2022

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 2022 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

15 March 2023
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 2022, 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 2022 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Company incurred a net loss of \$421,891 (2021: \$447,748) and a net cash outflow from operating and investing activities of \$2,409,938 (2021: \$4,193,229) during the period ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

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 2022 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*.

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



Ben Bester
Director

Dated this 15th day of March 2023