



ABN 30 099 883 922

Half-Year Report - 31 December 2023

Mithril Resources Limited
Corporate directory
31 December 2023

Directors	Mr Craig Sharpe (Non-Executive Chair) Mr John Skeet (Managing Director) Mr Garry Thomas (Non-Executive 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 2023

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 2023.

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:

Craig Sharpe (appointed 2 January 2024)
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 \$617,788 (31 December 2022: \$421,891). 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 2 January 2024, the Company completed the issue of 700,000 Convertible Notes with a face value of \$1.00 each convertible into Ordinary Shares in the Company at a conversion price equal to the price set at the next equity capital raising. Cash proceeds were received prior to 31 December 2023 and recorded as borrowings on the Statement of Financial Position. On 5 March 2024, The Company completed and received \$300,000 from the issue of a further 300,000 Convertible Notes bringing the total funds raised to \$1 million before costs. The Convertible Note Agreements remain subject to and conditional upon (amongst other things) shareholder approval for the issue of the Convertible Notes. Subject to shareholder approval, each Convertible Note holder will be issued an additional 1,000 unlisted Options to acquire a Share in the Company for every \$1.00 raised. The Options will have an exercise price of \$0.001 and an expiry date of 3 years from the date of issue.

On 2 January 2024, Mr Craig Sharpe was appointed as Non-Executive Chair of the Company.

On 5 March 2024, the Company confirmed firm commitments for a share placement for the issue of 3,728,000,000 Shares at a price of \$0.001 each raising \$3.728 million before costs. The Directors have committed to subscribe for \$572,000 in the placement (including conversion of a \$150,000 director loan plus interest). Participants in the placement will receive one free attaching Option for every two Shares subscribed for under the placement. The Options will have an exercise price of \$0.002 and an expiry date of 3 years from the date of issue. The issue of the Shares and attaching Options are subject to shareholder approval at the upcoming AGM on a date not yet finalised.

No other matters or circumstances have arisen since 31 December 2023 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

14 March 2024
Melbourne

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 2023 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 14th day of March 2024

Advisory. Tax. Audit.

Registered Audit Company 291969

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OPERATING AND FINANCIAL REVIEW

Review of Operations

Copalquin Gold-Silver District, Mexico

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 and at other target areas 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.

- Geologic mapping around the high-grade maiden JORC resource at El Refugio – La Soledad has continued to progress and identifying additional structures, veins and historic workings at the most advanced district target area.
- The geologic mapping provides improved interpretation of important north-south trending structures, veins and faulting which are extensive at the Refugio-Cometa and La Soledad target area (and across the district) and assist with drill targeting/planning.
- Importantly, the collation of historic data and recent geologic mapping has provided improved interpretation of the north-south trending structures, veins and faulting which are extensive at the Refugio-Cometa and La Soledad target area and indeed across the district, interacting with the extensive east west low angle mineralised structure.
- Work inside the El Refugio historic workings provided access to a previously unexplored level of workings providing further interpretation with opportunities identified for the future exploration program.
- The completion of the drill core relogging program review provides improved focus on defined structures (faults, dykes, stockwork and quartz vein breccias) and lithological contacts for improved interpretation and geologic modelling.

Geologic mapping around the high-grade maiden JORC resource at El Refugio – La Soledad continued throughout the quarter, identifying new structures, veins and historic workings.

The company has been trialling the use of a battery powered hand-held rock saw to provide rock chip channel samples from underground workings and surface structures with several dozen samples collected during the quarter.

¹see page 9 for JORC MRE details and AuEq calculation



Figure 1- Sampling of a large outcropping structure in the El Cometa area by rock saw, with samples sent for assay.

The drill data to-date, is being remodelled using advanced 3D software to assist drill planning to advance the resource growth at the current drill target areas, including the high-grade El Refugio maiden JORC resource area.

The previously reported work at El Cometa has continued with mapping and sampling of the near surface mineralization on the eastern end of the Maiden Resource area, and where the Company intersected in drill hole CDH-072, (6.8m @ 74 g/t gold, 841 g/t silver from 35.2m).

The very high grades at El Cometa occur in a vertical fault zone crosscutting the horizontal lower grade quartz breccia. This interpretation is based on the historic workings of 80 meters of drifts, crosscuts and small production stopes observed in the El Cometa mine. Tunnels follow the flat lying quartz breccia and raise up on gold and silver enriched vertical structures.

Additionally, the recent access into the upper level of the historic El Refugio Mine workings located 700 meters west of the El Cometa also follows the flat lying quartz breccia and then raises up on crosscutting vertical structures with higher gold-silver values. Rock saw channel samples have been collected from these workings.

Geologic mapping around the high-grade maiden JORC resource at El Refugio – La Soledad progressed throughout the quarter, identifying additional structures, veins and historic workings.

The completion of the drill core relogging program review provides improved focus on defined structures (faults, dykes, stockwork and quartz vein breccias) and lithological contacts for improved interpretation and geologic modelling.

The drill data to-date, is currently being remodelled using advanced 3D software to further enhance the interpretations and drive the next phase of drilling to advance the resource growth and confidence at the current drill target areas, including the high-grade El Refugio maiden JORC resource area.

Recent work at El Cometa, the near surface mineralization on the eastern end of the Maiden Resource area, and where the Company intersected in drill hole CDH-072, (See – [Mithril Drills 74 g/t Gold, 841 g/t Silver Over 6.8 Metres](#) – 14 June 2021), has identified important structural features.

The very high grades at El Cometa occur in a vertical fault zone crosscutting the horizontal lower grade quartz breccia. This interpretation is based on the historic workings of 80 meters of drifts, crosscuts and small production stopes observed in the

El Cometa mine. Tunnels follow the flat lying quartz breccia and raise up on gold and silver enriched vertical structures.

Additionally, the recent access into the upper level of the historic El Refugio Mine workings located 700 meters west of the El Cometa also follows the flat lying quartz breccia and then raises up on crosscutting vertical structures with higher gold-silver values.

This recently enhanced geological interpretation, building on the work to date, will support the inclusion of a program of east-west drill holes to target interpreted north-south trending high-angle structures (all drill holes at El Refugio and El Cometa, except CDH-072 and CDH-099, have targeted the E-W trending structure).

Supporting the local community, the all-terrain vehicle track has advanced, connecting key areas of the Copalquin District with the nearby regional town of El Durazno. This opens up future transport and development options to advance exploration and a future development in the district (Figure 4).

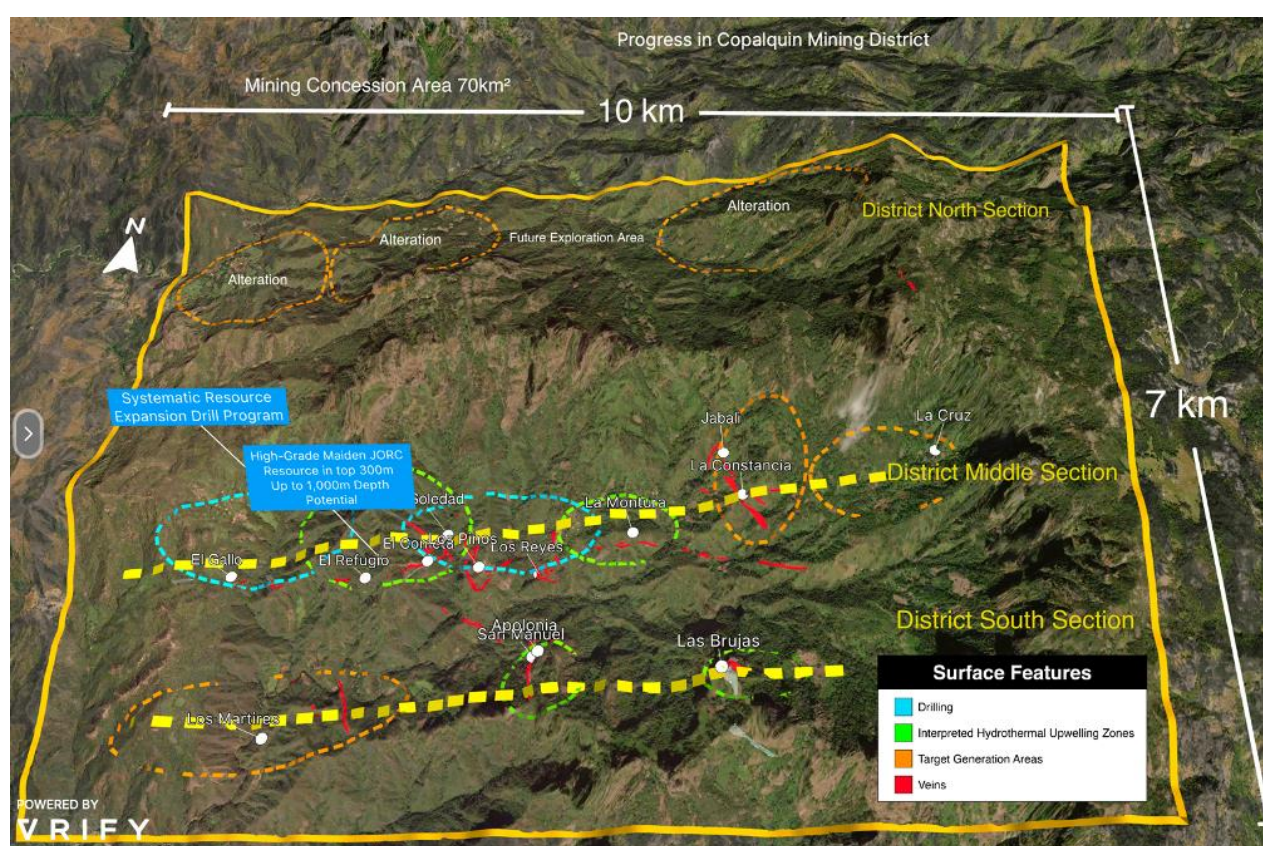


Figure 2 – Satellite image of the Copalquin Mining District 70km² concession area showing the two main lines of historic workings, areas of exploration work and, the location of the maiden JORC MRE at El Refugio.

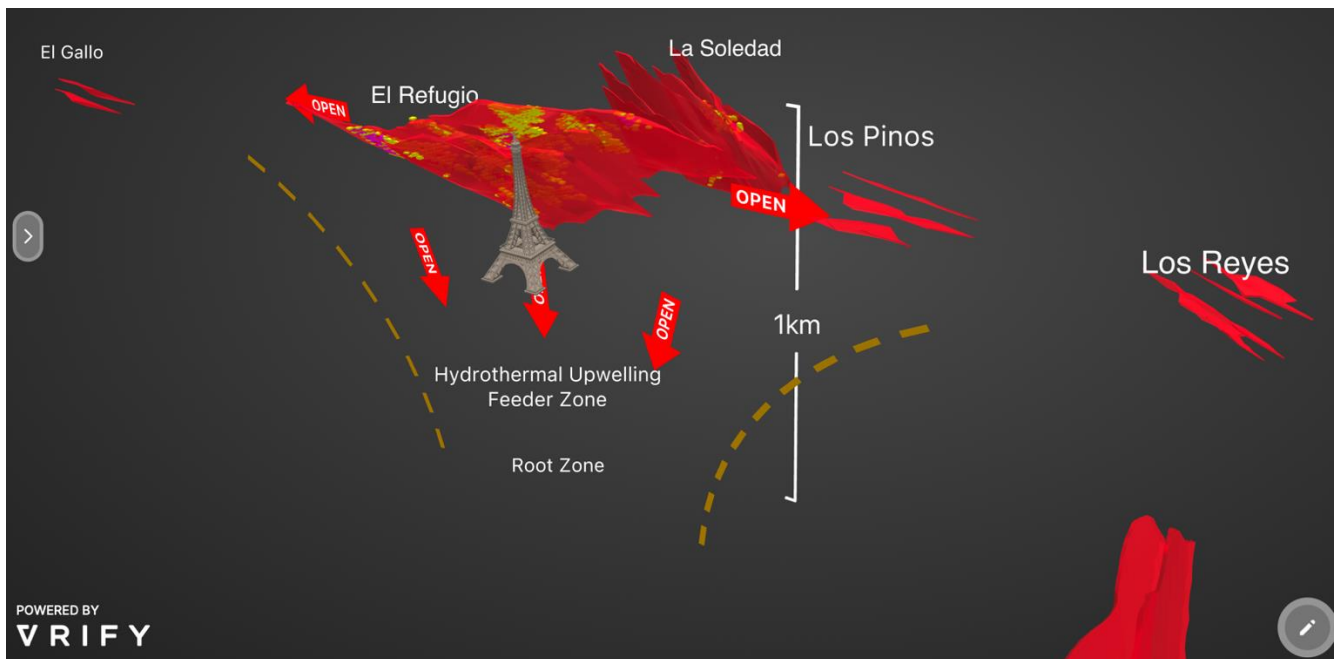


Figure 3 – 3D view of the El Refugio high-grade JORC resource area (looking to NW) showing the projected depth potential for this target area in the district as well as the west (to El Gallo) and east (to Los Reyes) target areas where high-grade drill results to date give a total strike length of over 3.5 km along this part of the middle section of the Copalquin District.

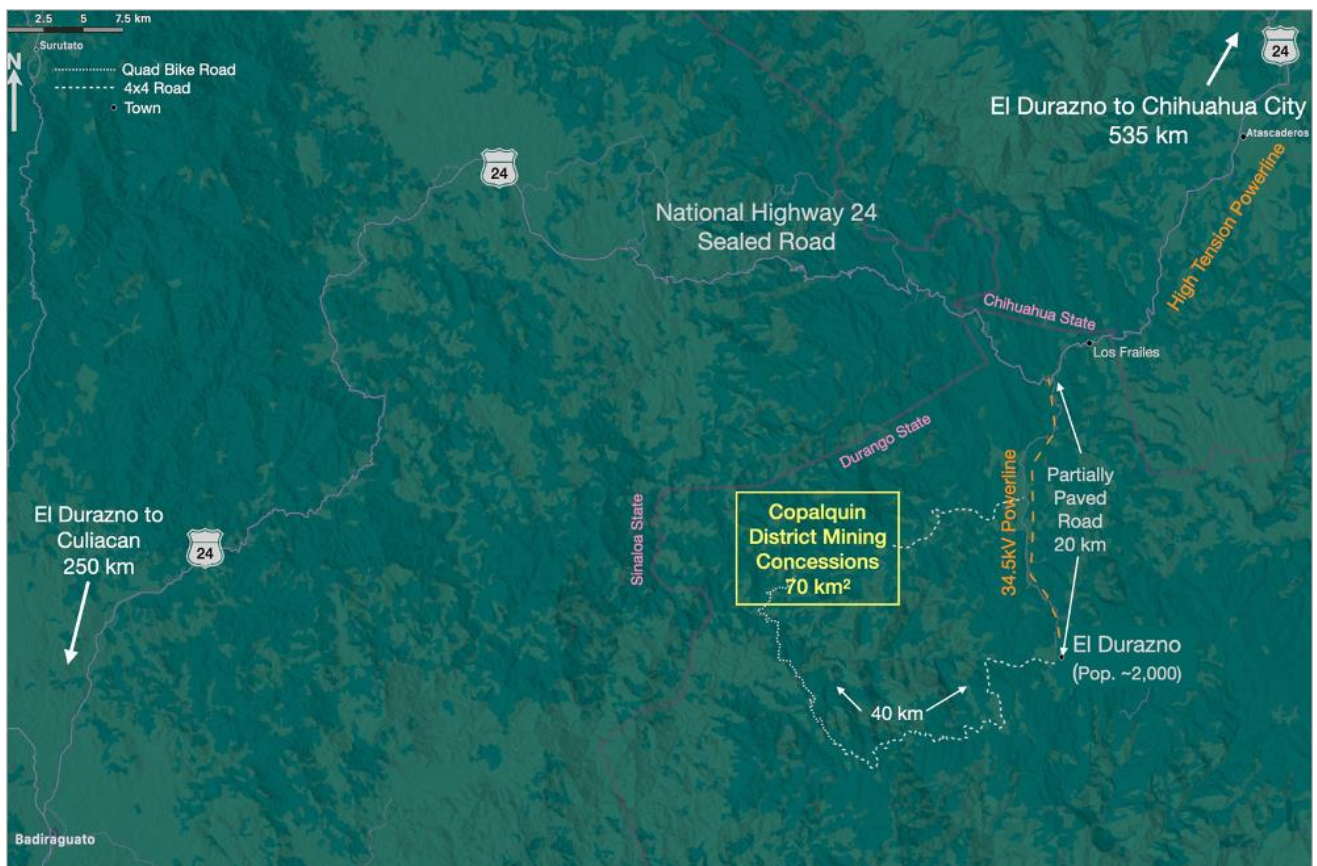


Figure 4 Copalquin District location and surrounding road access, major regional town of El Durazno and distances to cities. All-terrain vehicle track connecting to unsealed road with total length of 40 km between Copalquin and El Durazno.

Copalquin Maiden JORC Resource – First Target Area of El Refugio-La Soledad

Within 15 months of drilling in the Copalquin District, Mithril delivered a maiden JORC mineral resource estimate for the first drill target area 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 1 - 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.

[^] 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.

Corporate

On 26 May 2023, the Company announced that it had entered into a Scheme Implementation Deed (SID) with TSXV listed Newrange Gold Corp. (see ASX announcement [Mithril enters Scheme of Arrangement with TSXV Newrange Gold](#) – 20 November 2023).

On 21 November 2023, the Company announced the termination of the SID due to Newrange being unable to complete the required Concurrent Financing prior to the second court hearing. Both companies, after extensive good faith discussions, mutually agreed to terminate the SID.

The Directors of Mithril consider that termination of the Deed was in the best interests of Mithril Shareholders and Optionholders (Mithril Securityholders) so as to allow Mithril to consider alternate strategic opportunities.

The Company's securities were suspended from quotation at Mithril's request under Listing Rule 17.2 on Friday, 17 November 2023 pending release of information regarding the SID. The suspension of Mithril's securities from quotation was extended at Mithril's request on Tuesday, 21 November 2023 pending release of information regarding the outcome of a strategic review including all options regarding recapitalisation of Mithril and securing of operational funding which Mithril disclosed is critical to its on-going financial viability. The securities of Mithril will remain suspended from quotation under Listing Rule 17.3.1 until MTH has demonstrated compliance with Listing Rule 12.2 to ASX's satisfaction.

In December 2023 Craig Sharpe was proposed to be appointed Non-Executive Chair and this was confirmed on 2 January 2024.

Financial Review

At end of the December 2023, the Company had total cash of A\$0.423M. This includes proceeds from the A\$0.7m convertible notes announced 2 January 2024.

Subsequent to the end of the half year, Mithril has received firm commitments to raise a further \$4.03m before costs. The issue of all securities associated with the convertible notes and the capital raising are subject to shareholder approval at a future meeting date anticipated to be in April 2024 (see ASX announcement [Mithril Completes \\$4.03M Placement and Additional Note Raise](#) - 4 March 2024).

The company has received further Mexican VAT refunds during the quarter and expects VAT refunds for the current and future years to be received on a timely basis with the Mexican subsidiary company's continued compliance lodgement of its VAT claims.

Competent Persons Statement

The information in this half yearly report that relates to metallurgical test results, mineral processing and project development and study work 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 half yearly report that relates to sampling techniques and data, exploration results and geological interpretation for Mithril's Mexican project, has been compiled by Mr Ricardo Rodriguez who is Mithril's Project Manager. Mr Rodriguez is a Member of the Australasian Institute of Mining and Metallurgy. This is a Recognised Professional Organisation (RPO) under the Joint Ore Reserves Committee (JORC) Code.

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

The information in this half yearly report that relates to Mineral Resources is reported by Mr Rodney Webster, Principal Geologist at AMC Consultants Pty Ltd (AMC), who is a Member of the Australasian Institute of Mining and Metallurgy. The report was peer reviewed by Andrew Proudman, Principal Consultant at AMC. Mr Webster is acting as the 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, for the reporting of the Mineral Resource estimate. A site visit was carried out by Jose Olmedo a geological consultant with AMC, in September 2021 to observe the drilling, logging, sampling and assay database.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

Mithril Resources Limited
Review of Operations
31 December 2023

Mithril Resources Limited Group
Tenement information - 31 December 2023

Australian Interests:

Mining Concession	Tenement title 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	0
West Kimberley Area	E04/2503	0
West Kimberley Area	E80/5191	0

[#]The Lignum Dam tenements are under an earn-in agreement with Great Bolder Resources. Great Bolder has completed exploration expenditures to earn 51% interest in the tenements although this interest is not yet formally registered. Mithril is considering options to fully divest its interest in these tenements.

The Kurnalpi tenements are currently in good standing and Mithril is looking to farm-out or divest these tenements.

Mithril continues to hold a 10% free carried interest in the Limestone Well tenements with Firefly Metals (formerly Auteco Minerals).

In July 2023, following advice from the Company's tenement consultant, the decision was taken to surrender and impair the West Kimberly Area tenements, two of which were due for renewal with rental payments and expenditure commitments.

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

Mithril has currently owns a 50% interest in the Copalquin mining concessions and has an exclusive option to purchase the remaining 50% (bringing Mithril's ownership of the Copalquin mining concessions to 100%) by paying US\$10M to the vendor on or any time before 7 August 2026 (the due date for payment was initially 7 August 2023, and was extended by 3 years by written agreement between Mithril and the vendor). Mithril has reached an agreement with the vendor for an extension of the payment date by a further 2 years (bringing the payment date to 7 August 2028).

Mithril Resources Limited**Contents****31 December 2023**

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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 2023

	Note	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Revenue from continuing operations	3	122,719	6,131
Expenses			
Administration expenses		(171,485)	(187,431)
ASIC and ASX listing fees		(14,899)	(35,654)
Employee benefits expense		(179,194)	(180,018)
Scheme implementation costs		(338,950)	-
Depreciation and amortisation expense		(31,707)	(24,197)
Finance costs		(4,272)	(722)
Loss before income tax expense from continuing operations		(617,788)	(421,891)
Income tax expense		-	-
Loss after income tax expense for the half-year		(617,788)	(421,891)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(393,872)	704,904
Other comprehensive income for the half-year, net of tax		(393,872)	704,904
Total comprehensive income for the half-year		<u>(1,011,660)</u>	<u>283,013</u>
		Cents	Cents
Earnings per share attributable to the owners of Mithril Resources Limited			
Basic earnings/(loss) per share		(0.02)	(0.01)
Diluted earnings/(loss) per share		(0.02)	(0.01)

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 2023

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		422,828	568,530
Trade and other receivables	4	99,781	334,856
Prepayments		24,253	21,773
Total current assets		<u>546,862</u>	<u>925,159</u>
Non-current assets			
Trade and other receivables		1,299	1,326
Exploration and evaluation	5	30,595,745	30,093,495
Total non-current assets		<u>30,597,044</u>	<u>30,094,821</u>
Total assets		<u>31,143,906</u>	<u>31,019,980</u>
Liabilities			
Current liabilities			
Trade and other payables		662,475	356,457
Borrowings	6	850,000	10,524
Employee benefits		16,461	26,369
Total current liabilities		<u>1,528,936</u>	<u>393,350</u>
Total liabilities		<u>1,528,936</u>	<u>393,350</u>
Net assets		<u><u>29,614,970</u></u>	<u><u>30,626,630</u></u>
Equity			
Issued capital	7	66,250,053	66,250,053
Reserves		6,604,376	6,998,248
Accumulated losses		<u>(43,239,459)</u>	<u>(42,621,671)</u>
Total equity		<u><u>29,614,970</u></u>	<u><u>30,626,630</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 2023

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	66,250,053	6,998,248	(42,621,671)	30,626,630
Loss after income tax expense for the half-year	-	-	(617,788)	(617,788)
Other comprehensive income for the half-year, net of tax	-	(393,872)	-	(393,872)
Total comprehensive income for the half-year	-	(393,872)	(617,788)	(1,011,660)
Balance at 31 December 2023	<u>66,250,053</u>	<u>6,604,376</u>	<u>(43,239,459)</u>	<u>29,614,970</u>

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>

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 2023

	Consolidated	
Note	31 Dec 2023	31 Dec 2022
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(409,173)	(411,906)
Interest received	-	1,200
Interest paid	(522)	(622)
Proceeds from Mexico VAT refunds and tax adjustments	334,901	-
GST paid on the sale of JV interest	-	(50,000)
	<u>(74,794)</u>	<u>(461,328)</u>
Net cash (used in) operating activities		
Cash flows from investing activities		
Payments for exploration assets – intangibles	(910,657)	(1,940,451)
Payments for exploration assets – tangibles	(1,127)	(8,159)
	<u>(911,784)</u>	<u>(1,948,610)</u>
Net cash (used in) investing activities		
Cash flows from financing activities		
Proceeds from issue of shares	-	1,130,000
Share issue transaction costs	-	(67,800)
Proceeds from related party borrowings	150,000	50,000
Proceeds from convertible notes borrowings	700,000	-
Repayment of borrowings	(10,524)	(60,524)
	<u>839,476</u>	<u>1,051,676</u>
Net cash provided by financing activities		
Net decrease in cash and cash equivalents	(147,102)	(1,358,262)
Cash and cash equivalents at the beginning of the financial year	568,530	2,271,886
Effects of exchange rate changes on cash and cash equivalents	1,400	(1,638)
	<u>422,828</u>	<u>911,986</u>
Cash and cash equivalents at the end of the financial half-year		

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 2023 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 2023 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 \$617,788 and a net cash outflow from operating and investing activities of \$986,578 during the period ended 31 December 2023.

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 2023			
Revenue			
Other revenue	120,744	1,975	122,719
Interest revenue	-	-	-
Total revenue	<u>120,744</u>	<u>1,975</u>	<u>122,719</u>
Profit/(Loss) before income tax expense	<u>78,666</u>	<u>(696,454)</u>	<u>(617,788)</u>
Income tax expense			-
Loss after income tax expense			<u>(617,788)</u>
Assets			
Segment assets	30,659,623	484,283	31,143,906
Liabilities			
Segment liabilities	149,002	1,379,934	1,528,936
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

Note 3. Revenue

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Other revenue</i>		
Interest revenue	-	5,646
Other revenue	122,719	485
	<u>122,719</u>	<u>6,131</u>

Note 4. Trade and Other Receivables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
GST and overseas taxes receivable	99,781	336,189
Other receivables	-	(1,333)
	<u>99,781</u>	<u>334,856</u>

An amount of \$93,747 included in GST and overseas taxes receivable relates to Mexican VAT refunds owing. The Directors expect this amount to be fully recoverable.

Note 5. Exploration and evaluation

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Exploration and evaluation - tangible	<u>320,142</u>	<u>356,669</u>
Opening balances	356,669	
Additions / Foreign exchange movements	(4,820)	
Less: Depreciation	<u>(31,707)</u>	
	<u>320,142</u>	
Exploration and evaluation - intangibles	<u>30,275,603</u>	<u>29,736,826</u>
Opening balances	29,736,826	
Additions / Foreign exchange movements	<u>538,777</u>	
	<u>30,275,603</u>	
Total	<u><u>30,595,745</u></u>	

Note 6. Borrowings

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Director loan	150,000	-
Convertible Notes to be issued	700,000	-
Other	-	10,524
	<u>850,000</u>	<u>10,524</u>

Refer to Note 8 for details on the Convertible Notes to be issued.

Note 7. Equity - issued capital

	Consolidated			
	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>3,368,804,470</u>	<u>3,368,804,470</u>	<u>66,250,053</u>	<u>66,250,053</u>

No movements in ordinary share capital occurred.

Note 8. Events after the reporting period

On 2 January 2024, the Company completed the issue of 700,000 Convertible Notes with a face value of \$1.00 each convertible into Ordinary Shares in the Company at a conversion price equal to the price set at the next equity capital raising. Cash proceeds were received prior to 31 December 2023 and recorded as borrowings on the Statement of Financial Position. On 5 March 2024, The Company completed and received \$300,000 from the issue of a further 300,000 Convertible Notes bringing the total funds raised to \$1 million before costs. The Convertible Note Agreements remain subject to and conditional upon (amongst other things) shareholder approval for the issue of the Convertible Notes. Subject to shareholder approval, each Convertible Note holder will be issued an additional 1,000 unlisted Options to acquire a Share in the Company for every \$1.00 raised. The Options will have an exercise price of \$0.001 and an expiry date of 3 years from the date of issue.

On 2 January 2024, Mr Craig Sharpe was appointed as Non-Executive Chair of the Company.

On 5 March 2024, the Company confirmed firm commitments for a share placement for the issue of 3,728,000,000 Shares at a price of \$0.001 each raising \$3.728 million before costs. The Directors have committed to subscribe for \$572,000 in the placement (including conversion of a \$150,000 director loan plus interest). Participants in the placement will receive one free attaching Option for every two Shares subscribed for under the placement. The Options will have an exercise price of \$0.002 and an expiry date of 3 years from the date of issue. The issue of the Shares and attaching Options are subject to shareholder approval at the upcoming AGM on a date not yet finalised.

No other matters or circumstances have arisen since 31 December 2023 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 2023

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 2023 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

14 March 2024
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 2023, 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 2023 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 \$617,788 (2022: \$421,891) and a net cash outflow from operating and investing activities of \$911,784 (2022: \$2,409,938) during the period ended 31 December 2023. 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.

Advisory. Tax. Audit.

Registered Audit Company 291969

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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 2023 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 14th day of March 2024