



Newrange Gold Corp.

NEWRANGE GOLD CORPORATION

ANNUAL AND SPECIAL SHAREHOLDER MEETING

TO BE HELD ON OCTOBER 5, 2023

MANAGEMENT INFORMATION CIRCULAR

**WITH RESPECT TO, AMONG OTHER THINGS, THE PROPOSED
ACQUISITION BY REVERSE TAKEOVER TRANSACTION OF
MITHRIL RESOURCES LIMITED**

September 1, 2023

Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority has in any way passed upon the merits of the Reverse Takeover described in this Information Circular.

NEWRANGE GOLD CORPORATION
Suite 250 – 750 West Pender Street, Vancouver, B.C. V6C 2T7

NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual General and Special Meeting (the “Meeting”) of the shareholders of Newrange Gold Corporation (the “Corporation”) will be held virtually on October 5, 2023 at 4:00 p.m. (local time), for the following purposes:

1. To receive the financial statements of the Corporation for the fiscal year ended April 30th, 2023 together with the auditor’s report thereon.
2. To set the number of directors for the ensuing year at four (4).
3. Conditional on and effective upon the closing of the Transaction (as defined herein) involving the Corporation and Mithril Resources Limited, as more particularly set out in the accompanying management information circular (“Information Circular”), to fix the number of directors at six (6);
4. To elect two alternate slates of directors, namely (i) a slate consisting of the four (4) incumbent directors of the Corporation (the “Incumbent Slate”), to take office immediately following the Meeting, and (ii), conditional on and effective upon the closing of the Transaction, an alternate slate of six (6) directors to replace the Incumbent Slate;
5. To appoint an auditor for the ensuing year.
6. To ratify and approve, by ordinary resolution, the Corporation’s rolling Share Option Plan.
7. To consider and, if thought advisable, to pass a special resolution (the “Consolidation Resolution”) to affect a consolidation of all of the Corporation’s issued and outstanding common shares on the basis of one (1) new common share of the Corporation for two (2) existing common shares of the Corporation (the “Consolidation”);
8. To consider and, if thought advisable, to pass an ordinary resolution approving the acquisition of all the issued and outstanding securities of Mithril Resources Limited (the “Acquisition Resolution”), all as more particularly described in the accompanying Information Circular;
9. To transact such further or other business as may properly come before the Meeting or any adjournment or adjournments thereof.

The Board of Directors has fixed September 1, 2023 as the Record Date for determining the shareholders entitled to receive notice of and vote at the Meeting. Shareholders unable to attend the Meeting in person are requested to read the enclosed Information Circular and Proxy (or Voting Instruction Form, a “VIF”) and then complete and deposit the Proxy or VIF in accordance with its instructions. Unregistered shareholders must deliver their completed VIF in accordance with the instructions given by their financial institution or other intermediary that forwarded it to them.

DATED at Vancouver, British Columbia this 1st day of September, 2023.

ON BEHALF OF THE BOARD OF DIRECTORS

Signed: “*Robert Archer*”

Robert Archer
President & CEO

These share holder materials are being sent to both registered and non-registered owners of the securities. If you are a non-registered share holder, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

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Appendix “B” – Management’s Discussion and Analysis of Mithril for the financial years ended June 30, 2023, 2022 and 2021

Appendix "C" – Pro Forma Financial Statements of the Resulting Issuer

GLOSSARY

The following is a glossary of certain terms used in this Information Circular including the Summary hereof. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“Acquisition”	means the proposed acquisition of all of the issued and outstanding shares in the capital of Mithril by the Corporation pursuant to the Scheme Implementation Deed which transaction will constitute a reverse takeover transaction pursuant to policy 5.2 of the Exchange, all as more particularly described in this Information Circular;
“Acquisition Shares”	means the 60,907,985 Common Shares (subject to rounding) to be issued to the Mithril Shareholders pursuant to the terms of the Scheme Implementation Deed;
“Acquisition Warrants”	means, collectively, 3,164,000 warrants (subject to rounding) exercisable at \$0.77 which expire on April 26, 2024 and 3,874,286 warrants (subject to rounding) exercisable at \$0.36 which expire on December 9, 2025 which will be issued to the Mithril Optionholders pursuant to the terms of the Scheme Implementation Deed;
“Associate”	has the meaning ascribed thereto in Appendix 1 of Exchange Form 3D1 (Information Required in an Information Circular for a Reverse Takeover or Change of Business), except as otherwise provided herein;
“ASIC”	Means the Australian Securities and Investment Commission;
“ASX”	means the Australian Securities Exchange Ltd.;
“Available Funds”	means the funds that will be available to the Resulting Issuer upon Completion of the Transactions, and as set out in “Part III - Information Concerning the Resulting Issuer After Completion of The Transactions - Available Funds and Principal Purposes”;
“BCBCA”	means the British Columbia <i>Business Corporation Act</i> , as amended, including all regulations promulgated thereunder;
“Board”	means the board of directors of the Corporation;
“Common Shares”	means the common shares without par value in the share capital of the Corporation.
“Completion of the Transactions”	means the closing of the Acquisition and Concurrent Financing;

“Concurrent Financing”	means the equity financing that the Corporation may complete, as agreed to in the Scheme Implementation Deed, wherein the Corporation may issue at least 20,000,000 units in the Corporation at a price of \$0.18 (post-Consolidation) per unit for aggregate proceeds at least \$3,600,000. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the holder to acquire one common share at \$0.27 for a period of two years;
“Control Person”	has the meaning ascribed thereto in Appendix 1 of Exchange Form 3D1 (Information Required in an Information Circular for a Reverse Takeover or Change of Business), except as otherwise provided herein;
“Corporation”	means Newrange Gold Corporation, a company incorporated under the laws of British Columbia;
“Escrow Agent”	means Computershare Investor Services Inc.;
“Escrow Agreement”	means the Exchange Form 5D Value Escrow Agreement for Tier 2 issuers among the Corporation, the Escrow Agent and certain shareholders of the Resulting Issuer, pursuant to which the Escrow Shares will be held in escrow;
“Escrow Shares”	means 16,242,399 Common Shares to be subject to the Escrow Agreement upon the Completion of the Transactions pursuant to the policies of the Exchange;
“Exchange”	means the TSX Venture Exchange;
“Final Exchange Bulletin”	means the bulletin issued by the Exchange following the Completion of the Transactions which evidences the final Exchange acceptance of the Transaction;
“Information Circular”	means this Information Circular dated September 1, 2023;
“Mithril”	means Mithril Resources Limited, a company incorporated under the laws of Australia;
“Mithril Optionholders”	means holders of options to acquire ordinary shares in the capital of Mithril;
“Mithril Shares”	means the issued and outstanding fully paid ordinary shares in the capital of Mithril;

“Related Party”	means (i) “related parties to the Corporation”, being promoters, officers, directors, other insiders of the Corporation and Associates or Affiliates thereof, and (ii) “related parties to the Acquisition”, being the promoters, officers, directors, other insiders and all other parties to or associated with the Acquisition and Associates or Affiliates of those parties;
“Resulting Issuer”	means the Corporation after the Completion of the Transactions and receipt of the Final Exchange Bulletin;
“Scheme Implementation Deed”	the Scheme Implementation Deed dated May 26, 2023 made between the Corporation and Mithril with respect to the Acquisition;
“Scheme of Arrangement”	means the statutory provision under Australian corporate laws whereby the Corporation is proposing to acquire Mithril, which requires consideration and approval by the Mithril Shareholders entitled to vote at a special meeting of Mithril Shareholders and the approval of Australian courts;
“SEDAR”	means the Canadian System for Electronic Document Analysis and Retrieval available through www.sedarplus.ca ;
“Transaction”	means, collectively, the Acquisition and the Concurrent Financing; and
“USA”	means the United States of America.

CURRENCY AND EXCHANGE RATES

In this Information Circular unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars, reference to “dollars” or “\$” or “CDN\$” are to Canadian dollars, references to “AUS\$” are to Australian dollars.

Where such amounts represent Canadian dollars equivalent of a stated AUS\$, the amounts have been converted into Canadian dollars at August 31, 2023 at the closing rate published by the Bank of Canada, being \$1.00 = AUS\$1.1467.

Terms and abbreviations used in the financial statements of the Corporation and in the appendices to this Information Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

GENERAL DISCLOSURE INFORMATION

No person has been authorized by the Corporation to give any information or make any representations in connection with the Transaction herein described other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized by the Corporation. Any statements in this Information Circular made by or on behalf of management are made in such persons' capacities as officers of the Corporation and not in their personal capacities. All information contained in this Information Circular with respect to Mithril and certain information relating to the Resulting Issuer has been supplied by Mithril for inclusion herein, and with respect to that information, the Corporation and its directors and officers have relied solely on Mithril. Based on its due diligence conducted in this respect, the Corporation has no reason to believe that such information is not accurate. A Shareholder should rely only on the information contained in this Information Circular and should not rely on certain parts of this Information Circular to the exclusion of others. The information contained in this Information Circular is accurate only as of the date of this Information Circular, regardless of the time of delivery of this Information Circular. Mithril's, as well as the Corporation's, business, financial condition, results of operations and prospects may have changed since the date of this Information Circular. The unaudited pro forma consolidated financial statements of the Resulting Issuer are based on the Corporation's management assumptions and adjustments which are inherently subjective. The unaudited pro forma consolidated financial statements may not be indicative of the consolidated financial position and consolidated results of operations that would have occurred if the transactions had taken place on the dates indicated or of the consolidated financial position or consolidated operating results which may be obtained in the future. The consolidated actual financial position and consolidated results of operations of the Resulting Issuer for any period following the closing of the transactions contemplated by this Information Circular will likely vary from the amounts set forth in the unaudited pro forma consolidated financial statements and such variation may be material. No person is authorized to give any information or to make any representation not contained in this Information Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Information Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation.

Neither delivery of this Information Circular nor any distribution of the securities referred to in this Information Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Information Circular.

Aggregated figures in graphs, charts and tables contained in this Information Circular may not add due to rounding. Historical statistical data and/or historical returns do not necessarily indicate future performance. Unless otherwise indicated, the market and industry data contained in this Information Circular is based upon information from industry and other publications and the knowledge of management and experience of the Corporation and Mithril in the markets in which they operate. While management of the Corporation and Mithril believe this data is reliable, market and industry data are subject to variations and cannot be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties inherent in any statistical survey. Neither the Corporation nor Mithril has independently verified any of the data from third-party sources referred to in this Information Circular or ascertained the underlying assumptions relied upon by such sources.

Except as otherwise indicated in this Information Circular, all information disclosed in this Information Circular is as of September 1, 2023 and the phrase "as of the date hereof" and equivalent phrases refer to that date.

SCIENTIFIC AND TECHNICAL INFORMATION

Robert Archer, a Qualified Person under NI 43-101, has reviewed and approved all information of a scientific or technical nature contained in this Information Circular.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

The information provided in this Information Circular, including information incorporated by reference, may contain "forward-looking statements" or "forward-looking information" (collectively referred to hereafter as "forward-looking statements") about the Corporation and the Resulting Issuer. In addition, the Corporation may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Corporation that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements include statements with respect to: the timing of completion and the expected benefits of the Acquisition for the Resulting Issuer; mineral resource and reserve estimates for properties discussed herein; production and other technical, economic and operational parameters; expected costs (including, without limitations, capital costs and operating costs), life of mine and other technical, economic and operational parameters; budgeted and/or proposed exploration activities and work programs;

available funds and proposed use of funds from the financings; the timing and use of proceeds and available funds; timing and expectations with respect to the Concurrent Financing; expected compensation of the officers and directors of the Resulting Issuer; and other statements that may relate to future financial conditions, results of operations, plans, objectives, performance or business developments of the Corporation and/or the Resulting Issuer. These statements speak only as of the date they are made and are based on information currently available and on the then current expectations of the Corporation and the Qualified Persons and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Consequently, all forward-looking statements made in this Information Circular and other documents of the Corporation are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation and/or the Resulting Issuer. The cautionary statements contained or referred to in this section should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation and/or persons acting on their behalf may issue. The Corporation undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

SUMMARY OF INFORMATION CIRCULAR

The following is a summary of information relating to the Corporation, Mithril and its mineral properties, the Acquisition and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere, or incorporated by reference, in this Information Circular. Certain capitalized words and terms used in this summary are defined in the Glossary.

The Meeting

The Annual General and Special Meeting of the shareholders of the Corporation will be held virtually on October 5, 2023 at 4:00 p.m. (local time), for the purposes set out in the “Notice of Meeting” set out above.

General

This Information Circular has been prepared in accordance with Exchange Policy 5.2 Changes of Business and Reverse Takeovers and Exchange Form 3D1 - Information Required in an Information Circular for a Reverse Take-Over or Change of Business.

The Acquisition

On May 26, 2023, the Corporation entered into the Scheme Implementation Deed with Mithril, a company existing under the laws of Australia, whereby it has agreed to acquire all of the issued and outstanding Mithril Shares pursuant to a statutory Scheme of Arrangement. The principal asset of Mithril consists of the Copalquin Gold-Silver Project in Durango, Mexico. Pursuant to the Scheme Implementation Deed, in consideration for the acquisition of all the issued and outstanding Mithril Shares, the Corporation will issue pro rata to the Mithril Shareholders 60,907,985 Common Shares (subject to rounding) (the “**Acquisition Shares**”) at a deemed price of \$0.18 (post Consolidation) per share (for aggregate deemed consideration of \$10,963,437). The Corporation will also issue pro rata to the Mithril Optionholders 3,164,000 warrants (subject to rounding) exercisable at \$0.77 which expire on April 26, 2024 and 3,874,286 (subject to rounding) warrants exercisable at \$0.36 which expire on December 9, 2025 (collectively, the “**Acquisition Warrants**”). See “Part II - Information Concerning Mithril”.

The Corporation will complete, as agreed to in the Scheme Implementation Deed, a financing wherein the Corporation will issue at least 20,000,000 units (“**Units**”) in the Corporation at a price of \$0.18 (post-Consolidation) for aggregate proceeds at least \$3,600,000 (the “**Concurrent Financing**”). Each Unit consists of one common share and one-half warrant, with each whole warrant entitling the holder to acquire one common share at a price of \$0.27 for a period of two years.

The Acquisition constitutes a Reverse Takeover under Exchange policies. The Completion of the Transactions contemplated by the Scheme Implementation Deed is subject to certain conditions, including (a) obtaining all necessary regulatory approvals, including the approval of the Exchange, including, without limitation, the Exchange being satisfied that after the Completion of the Transactions the Corporation will satisfy the Exchange’s minimum listing requirements for a Tier

2 Mining Company as prescribed by Policy 2.1 of the Exchange, (b) obtaining all shareholder and director approvals and consents; (c) the Corporation completing the Concurrent Financing; (d) the successful completion of the Scheme of Arrangement in Australia by Mithril, whereby Mithril Shareholders are being asked to consider and approve the Transaction; and (e) other conditions under the Scheme Implementation Deed including Australian court approval and any necessary approvals, waivers or confirmations required by third parties (such as a “letter of no objection” received from the ASIC, which are typical for this type of transaction). The Scheme Implementation Deed also details circumstances under which Mithril may be required to pay a break fee to the Corporation and circumstances where the Corporation may be required to pay Mithril a reverse break fee, both equivalent to approximately AUS\$110,000 and payable in certain circumstances.

Arm’s Length Transaction

The Acquisition was negotiated by the parties dealing at arm’s length with each other and, therefore, in accordance with the Policy, it is an Arm’s Length Transaction.

Interests of Insiders

Except as disclosed herein, no Insider, promoter or Control Person of the Corporation and no Associate or Affiliate of the same, has any interest in the Acquisition other than that which arises from the holding of the Common Shares.

Available Funds and Principal Purposes

Available Funds

The Available Funds are estimated to be \$3,518,490 of cash as derived from the following sources:

Source	Amount (\$)
Estimated working capital of the Corporation as at July 31, 2023	(\$15,510)
Estimated working capital of Mithril as at July 31, 2023	\$150,000
Proceeds from the Concurrent Financing (assuming gross proceeds of \$3,600,000 and estimated fees of approximately \$216,000)	<u>\$3,384,000</u>
Total	<u>\$3,518,490</u>

Principal Purposes of Funds

The Corporation intends to use the Available Funds as set out in the estimates below:

<u>Anticipated Use of Funds</u>	<u>Amount(\$)</u>
Estimated Costs to Complete the Transactions	\$140,000
Field costs at the Copalquin Project	\$1,860,000
Copalquin Property Payments	\$400,000
Salaries and Consulting Fees	\$800,000
General and Administrative Expenses	\$190,000
Unallocated Working Capital	\$128,490
Total	\$3,518,490

There may be circumstances where, for sound business reasons, the reallocation of funds may be necessary in order for the Resulting Issuer to achieve its stated business objectives.

Selected Pro Forma Information

The following table sets forth pro forma financial information of the Resulting Issuer as of April 30, 2023 after giving effect to the Transactions and should be read in conjunction with the pro forma financial statements attached as Appendix “C”.

	Resulting Issuer Pro Forma as at April 30, 2023 (\$)
Total Assets	\$31,527,689
Revenue	\$Nil
Total Expenses	\$6,625,017
Total Liabilities	\$1,088,325
Net Profit (Loss)	(\$6,625,017)

Details Respecting the Corporation’s Listing

The Common Shares are currently listed for trading on the Exchange under the trading symbol “NRG”. Upon Completion of the Transactions and subject to the satisfaction of the applicable listing requirements, the shares of the Corporation will continue to trade on the Exchange under the name Pinnacle Silver and Gold Corp. under the new symbol “PINN”.

The last trading price of the Common Shares on the Exchange, immediately preceding the date of halt in trading on March 6, 2023, was \$0.09 (pre-Consolidation).

The Mithril Shares are currently listed for trading on the ASX under the trading symbol “MTH”. On March 7, 2023, the date the Transaction was announced in Australia, the trading price of the Mithril Shares on the ASX was AUS\$0.0018. The trading price of the Mithril Shares on the ASX on August 31, 2023 was AUS\$0.0015.

Conditional Listing Approval

Documentation respecting the Acquisition has been filed with the Exchange, and the Exchange has conditionally accepted the Acquisition on August 30, 2023. Acceptance of the Acquisition by the Exchange will be subject to the Corporation fulfilling all of the requirements of the Exchange including the filing of final documentation in accordance with Exchange policies, the closing of the Concurrent Financing, the approval of the Corporation’s Shareholders as contemplated by this Information Circular and the payment of the remaining filing fees.

Conflicts of Interest

The directors and management of the Corporation are also involved in other projects including other projects in the mining industry and may have a conflict of interest in allocating their time between the business of the Corporation and other business or projects in which they are, or become, involved. Conflicts, if any, will be subject to the procedures and remedies under the BCABC. See “Part IV – Risk Factors”.

Risk Factors

In considering the approval of the Transaction, Corporation Shareholders should carefully consider the risks associated with the Transaction and the proposed business of the Resulting Issuer. If the Transaction is completed, the Corporation Shareholders will be subject to all of the risks associated with Mithril and the resulting business and operations of the Resulting Issuer. The Transaction should be considered highly speculative due to the nature of the business of the Corporation and Mithril’s relatively early stage of development. These risks include: the impact of general business and economic conditions; risks related to international operations, government and environmental regulation, delays in operations, actual results of mining and current exploration activities, conclusions of economic evaluations and changes in project parameters as plans continue to be refined; problems inherent to the marketability of minerals; industry conditions, including fluctuations in the price of metals, fluctuations in foreign exchange rates and fluctuations in interest rates; government entities interpreting existing tax legislation or enacting new tax legislation in a way that adversely affects the Resulting Issuer; stock market volatility; competition; the potential impact of natural disasters, terrorist acts, health crises and other disruptions and dislocations, including the COVID-19 pandemic and the conflict between Russia and Ukraine. For a more detailed description of these risks, and others, see “Part IV - Risk Factors”.

NEWRANGE GOLD CORPORATION
MANAGEMENT INFORMATION CIRCULAR

(As at September 1, 2023 and in Canadian dollars, except where indicated)

PERSONS MAKING THIS SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Newrange Gold Corporation (the “Corporation”) for use at the Annual General and Special Meeting of Shareholders of the Corporation to be held virtually on October 5, 2023 (the “Meeting”) and any adjournment thereof at the time and place and for the purposes set forth in the accompanying Notice of Meeting. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally or by telephone by the directors and regular employees of the Corporation. All costs of solicitation will be borne by the Corporation.

These security holder materials are being sent to both registered and non-registered owners of the common shares (“Common Shares”) of the Corporation. If you are a non-registered owner, and the Corporation or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares, have been obtained in accordance with applicable securities regulatory requirements from the Intermediary (as defined below) holding on your behalf. By choosing to send these materials to you directly, the Corporation (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions. (For further information relating to non-registered owners, see the discussion below under “INFORMATION FOR NON-REGISTERED (BENEFICIAL) OWNERS OF COMMON SHARES”).

INTRODUCTION

In order to limit the potential effects related to the COVID-19 pandemic, and to mitigate risks to the health and safety of our communities, Shareholders, and other stakeholders, unless we advise otherwise by way of news release, **the Corporation is holding a virtual Meeting which will be conducted via virtual conference.** Registered Shareholders and validly appointed proxyholders may contact Belinda Tyldesley, Corporation Consultant at closingbellservices@gmail.com to obtain a web link that will permit them to attend the Meeting by virtual conference.

Due to the COVID-19 pandemic and issues related to the verification of Shareholder identity, in person voting will not be permitted at the Meeting. If you are a Registered Shareholder and wish to have your vote counted, you will be required to complete, date, sign and return, in the envelope provided for that purpose, the accompanying form of proxy (“**Proxy**”) for use at the Meeting or any adjournment thereof (or vote in one of the other manners described below under the heading “Appointment of Proxyholders”).

If you are a Non-Registered Shareholder and have received this Notice of Meeting and accompanying materials through an Intermediary, please complete and return the voting instructions form provided to you in accordance with the instructions provided therein.

APPOINTMENT OF PROXYHOLDERS AND COMPLETION AND REVOCATION OF PROXIES

The persons named (the “Management Designees”) in the enclosed Proxy have been selected by the directors of the Corporation and have agreed to represent as Proxyholder the shareholders appointing them.

Shareholders have the right to designate a person (who need not be a shareholder) other than the Management Designees to represent them at the Meeting. Such right may be exercised by inserting in the space provided for that purpose on the Proxy the name of the person to be designated and by deleting therefrom the names of the Management Designees, or by completing another proper form of Proxy and delivering the same to the transfer agent of the Corporation. Such shareholder should notify the nominee of the appointment, obtain the nominee’s consent to act as Proxyholder and provide instructions on how the shareholder’s Common Shares are to be voted. The nominee should bring personal identification with them to the Meeting.

To be valid, the Proxy must be in writing, dated and executed by the shareholder or an attorney authorized in writing, with proof of such authorization attached (where an attorney executed the Proxy), unless the shareholder chooses to complete the Proxy by telephone or the internet as described in the enclosed Proxy form. The Proxy must then be delivered to the Corporation’s transfer agent, Computershare Investor Services Inc. (Attention: Proxy Department), 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1, Canada at least 48 hours, excluding Saturdays, Sundays and holidays, before the time for holding the Meeting or any adjournment thereof. Proxies received after that time, or prior to any re-commencement of the Meeting after an adjournment, may be accepted or rejected by the Chairman of the Meeting in the Chairman’s discretion, and the Chairman is under no obligation to accept or reject late Proxies.

A Proxy may be revoked by a shareholder personally attending at the Meeting and voting their Common Shares. A shareholder may also revoke their Proxy in respect of any matter upon which a vote has not already been cast by depositing an instrument in writing executed by the shareholder or by their authorized attorney in writing, or, if the shareholder is a company, under its corporate seal by an officer or attorney thereof duly authorized, either at the office of the transfer agent at the foregoing address at any time up to and including the last business day preceding the date of the Meeting, or any adjournment thereof at which the Proxy is to be used, or by depositing the instrument in writing with the Chairman of such Meeting, or any adjournment thereof prior to the commencement thereof.

INFORMATION FOR NON-REGISTERED (BENEFICIAL) OWNERS OF COMMON SHARES

The Common Shares owned by many shareholders of the Corporation are not registered on the records of the Corporation in the beneficial shareholders' own names. Rather, such Common Shares are registered in the name of a securities dealer, bank or other intermediary, or in the name of a clearing agency (referred to in this Information Circular as an "Intermediary" or "Intermediaries"). Shareholders who do not hold their Common Shares in their own names (referred to in this Information Circular as "non-registered owners") should note that **only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. A non-registered owner cannot be recognized at the Meeting for the purpose of voting his or her Common Shares unless such holder is appointed by the applicable Intermediary as a proxyholder.**

Non-registered owners who have not objected to their Intermediary disclosing certain ownership information about themselves to the Corporation are referred to as "NOBOs". Those non-registered owners who have objected to their Intermediary disclosing ownership information about themselves to the Corporation are referred to as "OBOs".

In accordance with applicable securities regulatory policy, the Corporation has elected to seek voting instructions directly from NOBOs. The Intermediaries (or their service companies) are responsible for forwarding this Information Circular and other Meeting Materials to each OBO, unless the OBO has waived the right to receive them.

Meeting Materials sent to non-registered owners who have not waived the right to receive Meeting Materials are accompanied by a request for voting instructions (a "VIF"). This form is provided instead of a proxy. By returning the VIF in accordance with the instructions noted on it, a non-registered owner is able to instruct the registered shareholder how to vote on behalf of the non-registered owner. VIFs, whether provided by the Corporation or by an Intermediary, should be completed and returned in accordance with the specific instructions noted on the VIF.

In either case, the purpose of this procedure is to permit non-registered owners to direct the voting of the Common Shares which they beneficially own. If a non-registered owner who receives a VIF wishes to attend the Meeting or have someone else attend on his or her behalf, then the non-registered owner may request a legal proxy as set forth in the VIF, which will grant the non-registered owner or his or her nominee the right to attend and vote at the Meeting.

In addition to those procedures, recent amendments to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("NI 54-101") allow a NOBO to submit to the Corporation or an applicable intermediary any document in writing that requests that such NOBO or its nominee be appointed as the NOBO's proxyholder. If such a request is received, the Corporation or the intermediary, as applicable, must arrange, without expense to the NOBO, to appoint such NOBO or its nominee as a proxyholder and to deposit that proxy within the time specified in this Information Circular, provided that the Corporation or the intermediary receives such written instructions at least one business day prior to the time at which proxies are to be submitted for use at the Meeting; accordingly, any such request must be received by 4:00 p.m. (Pacific time) on September 29, 2023.

The Corporation does not intend to pay for intermediaries to forward to OBOs under NI 54-101 the proxy-related materials and Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*, and an OBO will not receive those materials unless the OBO's intermediary assumes the cost of delivery.

IF YOU ARE A NON-REGISTERED OWNER AND WISH TO VOTE IN PERSON AT THE MEETING, PLEASE REFER TO THE INSTRUCTIONS SET OUT ON THE “REQUEST FOR VOTING INSTRUCTIONS” (VIF) THAT ACCOMPANIES THIS INFORMATION CIRCULAR.

VOTING OF PROXIES

Voting at the Meeting will be by a show of hands, each registered shareholder and each Proxyholder (representing a registered or unregistered shareholder) having one vote, unless a poll is required (if the number of Common Shares represented by Proxies that are to be voted against a motion are greater than 5% of the votes that could be cast at the Meeting) or requested, whereupon each such shareholder and Proxyholder is entitled to one vote for each Common Share held or represented, respectively. Each shareholder may instruct their Proxyholder how to vote their Common Shares by completing the blanks on the Proxy. All Common Shares represented at the Meeting by properly executed Proxies will be voted or withheld from voting when a poll is required or requested and, where a choice with respect to any matter to be acted upon has been specified in the form of Proxy, the Common Shares represented by the Proxy will be voted in accordance with such specification. **In the absence of any such specification as to voting on the Proxy, the Management Designees, if named as Proxyholder, will vote in favour of the matters set out therein.**

The enclosed Proxy when properly completed and delivered and not revoked confers discretionary authority upon the Management Designees, or other person named as Proxyholder, to vote with respect to amendments to or variations of matters identified in the Notice of Meeting and any other matters which may properly come before the Meeting. As of the date hereof, the Corporation is not aware of any such amendments, variations or any other matters which may come before the Meeting. If other matters come before the Meeting, then the Management Designees intend to vote in accordance with the judgment of the Corporation.

In order to approve a motion proposed at the Meeting a majority of greater than 50% of the votes cast will be required (an “ordinary resolution”) unless the motion requires a “special resolution” in which case a majority of 66-2/3% of the votes cast will be required.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

Other than as set forth herein, management of the Corporation is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Corporation since the commencement of the Corporation's last completed financial year, or of any proposed nominee for election as a director

of the Corporation, or of any associate or affiliate of any of such persons, in any manner to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

QUORUM

The Articles of the Corporation provide that a quorum for the transaction of business at any meeting of shareholders shall be two persons, who are, or who represent by proxy, shareholders who in the aggregate, hold at least five percent of the issued and outstanding Common Shares of the Corporation entitled to be voted at the Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Corporation is authorized to issue an unlimited number of Common Shares. As at September 1, 2023 (the “Record Date”) the Corporation had 37,753,820 Common Shares issued and outstanding. There are no other shares issued or outstanding of any class as at the Record Date. The Common Shares are the only shares entitled to be voted at the Meeting, and holders of Common Shares are entitled to one vote for each Common Share held.

Any shareholder of record at the close of business on September 1, 2023 who either personally attends the Meeting or who has completed and delivered a form of proxy in the manner and subject to the provisions described above shall be entitled to vote or to have his or her shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Corporation, no person or company beneficially owns, or controls or directs, directly or indirectly, voting securities carrying 10% or more of the voting rights attached to any class of voting securities of the Corporation as at the Record Date.

STATEMENT OF EXECUTIVE COMPENSATION

Unless otherwise noted the following information is for the Corporation’s last completed financial year (which ended April 30, 2023) and, since the Corporation has subsidiaries, is prepared on a consolidated basis.

Named Executive Officers

For the purposes of this Circular, a Named Executive Officer (“NEO”) of the Corporation means each of the following individuals:

- (a) a chief executive officer (“CEO”) of the Corporation;
- (b) a chief financial officer (“CFO”) of the Corporation; and
- (c) each of the Corporation’s three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, as determined in accordance with subsection 1.3(5) of Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*, and TSXV Form 3D1 at the end of financial year April 30, 2023.

The NEOs of the Corporation, including any of its subsidiaries, in the most recently completed financial year are Robert Archer, CEO and President, Robert Carrington, former President and CEO and David Cross, CFO, of the Corporation.

Oversight and description of director and named executive officer compensation

The Compensation Committee of the Corporation's board of directors (the "Board") is responsible for adopting appropriate procedures for executive compensation and making recommendations to the Board with respect to the compensation of the Corporation's executive officers. The Compensation Committee aims to ensure that total compensation paid to all NEOs is fair and reasonable and is consistent with the Corporation's compensation philosophy.

The Compensation Committee is also responsible for recommending compensation for the directors and granting stock options to the directors, officers and employees of, and consultants to, the Corporation pursuant to the Corporation's Plan.

The Compensation Committee currently comprises Ron Schmitz, David Salari and Colin Jones, all independent directors. Each member of the Compensation Committee has direct experience relevant to their responsibilities on the Committee, including acting as officers and directors of other publicly traded corporations so that they are familiar with remuneration in the Corporation's industry.

Philosophy

The philosophy used by the Compensation Committee in determining compensation is that the compensation should (i) reflect the Corporation's current state of development, (ii) reflect the Corporation's performance, (iii) reflect individual performance, (iv) align the interests of executives with those of the shareholders, (v) assist the Corporation in retaining key individuals, and (vi) reflect the Corporation's overall financial status.

Compensation Components

The compensation of the NEOs comprises primarily (i) base salary; and (ii) long-term incentive in the form of stock options granted in accordance with the Plan.

The Compensation Committee also relies on the experience of its members as officers and directors at other companies in similar lines of business as the Corporation in assessing compensation levels. These other companies are identified under the heading "Corporate Governance – Directorships" of this Circular. The purpose of this process is to:

- understand the competitiveness of current pay levels for each executive position relative to companies with similar business characteristics;
- identify and understand any gaps that may exist between actual compensation levels and market compensation levels; and
- establish as a basis for developing salary adjustments and short-term and long-term incentive awards for the Compensation Committee's approval.

To date, no specific formulas have been developed to assign a specific weighting to each of these components. Instead, the Board considers the Corporation's performance and assigns compensation based on this assessment and the recommendations of the Compensation Committee.

Base Salary

The Compensation Committee and the Board approve the salary ranges for the NEOs. The base salary review for each NEO is based on assessment of factors such as current competitive market conditions, compensation levels within the peer group and particular skills, such as leadership ability and management effectiveness, experience, responsibility and proven or expected performance of the particular individual. The Compensation Committee, using this information, together with budgetary guidelines and other internally generated planning and forecasting tools, performs an annual assessment of the compensation of all executive and employee compensation levels.

Share Option Plan

The Board has established an amended and restated share option plan effective August 21, 2023, (the "Plan") in accordance with the policies of the Exchange. The purpose of the Plan is to attract and motivate the directors, officers and employees of the Corporation (and any of its subsidiaries), employees of any corporation that provides management services and consultants to the Corporation, (collectively the "Optionees") and thereby advance the Corporation's interests by providing them an opportunity to acquire an equity interest in the Corporation through the exercise of stock options granted to them under the Plan.

The Plan provides that the Board, or a special committee of Directors appointed by the Board, may grant options to purchase Common Shares on the terms that the Directors may determine, within the limitations of the Plan.

The principal terms of the Plan are as follows:

1. the Plan is a rolling stock option plan reserving 10% of the issued Common Shares as at the date of grant or issuance of any options;
2. any options that have been duly exercised in cash, bank draft or wire transfer, cancelled, terminated, surrendered, forfeited or expired without being exercised shall be returned to the Plan for re-granting;
3. the number of Common Shares reserved for issuance, in any 12-month period, to any one Optionee shall not exceed 5% of the outstanding Common Shares at the time of grant;
4. the aggregate number of Common Shares reserved for issuance, in any 12-month period, to any one consultant of the Corporation may not exceed 2% of the outstanding Common Shares at the time of grant;

5. the aggregate number of Common Shares reserved for issuance, in any 12-month period to persons employed to provide investor relations activities may not exceed 2% of the outstanding Common Shares at the time of the grant;
6. the maximum aggregate number of Common Shares that are issuable pursuant to the Plan granted or issued to Insiders (as a group) (as defined in applicable securities laws and stock exchange policies) must not exceed 10% of the number of outstanding Common Shares at any point in time (unless the Corporation has obtained the requisite disinterested Shareholder approval);
7. the maximum aggregate number of Common Shares that are issuable pursuant to the Plan granted or issued in any 12-month period to Insiders (as a group) must not exceed 10% of the number of outstanding Common Shares, calculated as at the date any option is granted or issued to any Insider (unless the Corporation has obtained the requisite disinterested Shareholder approval);
8. the options granted will have a maximum term of 10 years from the date of grant;
9. the option is non-assignable and non-transferable;
10. if an option is set to expire during a “blackout period” self imposed by the Corporation, the expiry date of such option may be extended to no later than five business days following the expiry of the blackout period.
11. if an Optionee ceases to be a director, officer, employee, consultant or management company employee of the Corporation or a subsidiary of the Corporation, any option held by such Optionee may be exercised within 90 days (or 30 days in the case of an Optionee engaged in investor relations activities) after the date such Optionee ceases to be at least one of a director, officer, employee, consultant or management company employee of the Corporation or a subsidiary of the Corporation;
12. upon the death of the Optionee, the option may be exercised by such Optionee’s heirs or administrators and shall terminate on the date determined by the Board, which date shall not be later than the earlier of the expiry date of the option and one year from the date of death of the Optionee; and
13. the exercise price of any option shall be fixed by the Board when such option is granted, provided that such price shall not be less than the market price of the common shares of the Corporation, or such other price as may be permissible under the applicable rules and regulations of all regulatory authorities to which the Corporation may be subject, including the Exchange and the Corporation’s shareholders.

The Directors may determine, in its sole discretion, the time during which options shall vest and the method of vesting unless the option is granted to a consultant providing investor relations services to the Corporation in which case the option must vest over not less than 12 months with no more than one-quarter of the option vesting in any three month period and such vesting for a

consultant providing investor relations services can not be accelerated without the prior written acceptance from the Exchange.

The Directors may amend or discontinue the Plan at any time, provided that no such amendment may, without the consent of the Optionee, alter or impair any option previously granted to an Optionee under the Plan and provided further that any amendment to the Plan will require the prior acceptance of the Exchange and shareholders, as applicable.

The Compensation Committee believes that the Plan aligns the interests of the NEOs with the interests of shareholders by linking a component of executive compensation to the longer-term performance of the Corporation's Common Shares.

Options are generally granted on an annual basis subject to the imposition of trading black-out periods, in which case options scheduled for grant will be granted subsequent to the end of the black-out period. All options granted to NEOs are recommended by the Compensation Committee and approved by the Board. In monitoring option grants, the Compensation Committee takes into account the level of options granted by comparable companies for similar levels of responsibility and considers each NEO or employee based on reports received from management, its own observations on individual performance (where possible) and its assessment of individual contribution to shareholder value.

In addition to determining the number of options to be granted pursuant to the methodology outlined above, the Compensation Committee also makes the following determinations:

- the exercise price for each option granted;
- the date on which each option is granted;
- the vesting terms for each option; and
- the other material terms and conditions of each option grant.

The Compensation Committee makes these determinations subject to, and in accordance with, the provision of the Plan.

Risks of Compensation Policies and Practices

The Compensation Committee does not specifically consider the implications of risks associated with the Corporation's compensation policies and practices relating to the compensation arrangements currently in place with the Corporation's NEOs given that they are relatively simple in structure and do not include any compensation or incentive awards tied to performance goals or short-term objectives.

Director and Officer Hedging

The Corporation has not implemented any policies which restrict NEOs and directors from purchasing financial instruments (including prepaid variable forward contracts, equity swaps, collars or units of exchange funds) that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held directly or indirectly by the NEOs or director. However, management is not aware of any NEO or director purchasing such an instrument.

Compensation Governance

For a discussion on policies and practices to determine the compensation of the Corporation's NEOs and directors, see *"Statement of Executive Compensation – Oversight and Description of Director and Named Executive Officer Compensation"*.

Director and NEO Compensation (Excluding Compensation Securities)

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) contains a summary of the compensation paid to each director and NEOs during the two most recently completed financial years of the Corporation.

SUMMARY COMPENSATION TABLE							
NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED	SALARY (\$)	BONUS (\$)	COMMITTEE OR MEETING FEES (\$)	VALUE OF PERQUISITES (\$)	ALL OTHER COMPENSATION (\$)	TOTAL COMPENSATION (\$)
Robert Carrington Former President & Director ⁽¹⁾	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil 138,282	Nil 138,282
Robert Archer President, CEO & Director ⁽²⁾	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	115,000 120,000	115,000 120,000
David Cross CFO ⁽³⁾	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	63,000 63,000	63,000 63,000
David Salari Director	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Ron Schmitz Director	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	12,000 12,000	12,000 12,000
Colin Jones Director	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

(1) Mr. Carrington resigned from the Corporation effective October 15, 2021.

(2) Mr. Archer was appointed as CEO of the Corporation on January 2, 2019 and President of the Corporation on October 15, 2021. During the year ended April 30, 2023, \$115,000 (2022 - \$120,000) in fees were paid to Platoro Resource Corp. for management services.

(3) Mr. Cross was appointed as CFO of the Corporation on April 30, 2013. During the year ended April 30, 2023, \$63,000 (2022 - \$63,000) in fees were paid to Cross Davis & Company for administration, accounting and corporate secretary services.

Stock Options and Other Compensation Securities

Outstanding Option-Based Awards

No stock options, or other compensation securities, were granted or issued to directors and NEOs by the Corporation in the financial year ended April 30, 2023.

No stock options, or other compensation securities, were exercised by directors and NEOs in the financial year ended April 30, 2023.

Employment, Consulting and Management Agreements

The material terms of each agreement or arrangement under which compensation was provided during the most recently completed financial year or is payable in respect of services provided to the Corporation or any of its subsidiaries that were: (a) performed by a director or NEO; or (b) performed by any other party but are services typically provided by a director or NEO are as follows:

The Corporation entered into a consulting agreement with Platoro Resource Corp., for services to be performed by Robert Archer dated January 2, 2019 pursuant to which he has agreed to provide to the Corporation, on a non-exclusive basis, the executive services of its Principal as Chief Executive Officer and other management services to assist the Corporation with the business. In consideration for the provision of such services, the Corporation has agreed to pay Platoro Resource Corp. \$10,000 per month and reimburse Mr. Archer for any costs and expenses incurred in the promotion of the business, or in providing consulting services to the Corporation. The agreement may be terminated by either party on thirty days' notice. In the event that the agreement is terminated within three months before or 12 months after a Change of Control (as defined in the agreement), the Corporation will pay or provide to Mr. Archer all amounts or entitlement in respect of the fees and expenses to which Mr. Archer is entitled under the terms of the agreement and, in addition, the Corporation will pay Mr. Archer a payment equal to 12 months of the monthly fees payable under the agreement. Mr. Archer took on the additional role of President on October 15, 2021.

Pension Plan Benefits

The Corporation does not have a pension plan or deferred compensation plan.

Termination and Change of Control Benefits

The Corporation has not provided compensation, monetary or otherwise, during the preceding financial year, to any person who now acts or has previously acted as a NEO of the Corporation, in connection with or related to the retirement, termination or resignation of such person and the Corporation has provided no compensation to such persons as a result of a change of control of the Corporation, its subsidiaries or affiliates. The Corporation is not party to any compensation plan or arrangement with the NEOs where a NEO is entitled to receive more than \$50,000 from the Corporation as a result of the resignation, retirement or the termination of employment of such

person or a change of control of the Corporation or a change in the NEO's responsibilities following a change in control other than as described in "F. Employment Agreements".

There are no other agreements or arrangements containing provisions with respect to change of control, severance, termination or constructive dismissal.

CORPORATE GOVERNANCE

National Policy 58-101 *Disclosure of Corporate Governance Practices* ("NI 58-101") of the Canadian securities administrators requires the Corporation to annually disclose certain information regarding its corporate governance practices. That information is disclosed below.

Board of Directors

The Board has responsibility for the stewardship of the Corporation including responsibility for strategic planning, identification of the principal risks of the Corporation's business and implementation of appropriate systems to manage these risks, succession planning (including appointing, training and monitoring senior management), communications with investors and the financial community and the integrity of the Corporation's internal control and management information systems.

The Board sets long term goals and objectives for the Corporation and formulates the plans and strategies necessary to achieve those objectives and to supervise senior management in their implementation. The Board delegates the responsibility for managing the day-to-day affairs of the Corporation to senior management but the Board retains a supervisory role in respect of, and ultimate responsibility for, all matters relating to the Corporation and its business. The Board is responsible for protecting shareholders' interests and ensuring that the incentives of the shareholders and of management are aligned.

As part of its ongoing review of business operations, the Board reviews, as frequently as required, the principal risks inherent in the Corporation's business including financial risks, through periodic reports from management of such risks, and assesses the systems established to manage those risks.

In addition to those matters that must, by law, be approved by the Board, the Board is required to approve any material dispositions, acquisitions and investments outside the ordinary course of business, long-term strategy, and organizational development plans. Management of the Corporation is authorized to act without Board approval, on all ordinary course matters relating to the Corporation's business.

The Board also monitors the Corporation's compliance with timely disclosure obligations and reviews material disclosure documents prior to distribution.

The Board is responsible for appointment of senior management and for monitoring their performance.

The Board considers that the following directors are "independent" as defined in NI 58-101 meaning that they have no direct or indirect relationship with the Corporation which could, in the

view of the Board, reasonably be expected to interfere with the exercise of his independent judgment and is not otherwise deemed not to be independent: Ron Schmitz, David Salari and Colin Jones. The Board considers that Robert Archer, CEO and President of the Corporation, is not independent in view of his holding such positions within the Corporation.

The independent directors do not hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. However, to facilitate open and candid discussion among its independent directors, and to facilitate the Board's exercise of independent judgement in carrying out its responsibilities, the Corporation's independent directors are encouraged to meet at any time they consider necessary without any members of management or non-independent directors being present.

Directorships

Certain of the directors are presently a director of one or more other reporting issuers (public companies), as follows:

Director	Other Issuers
Robert Archer	Madoro Metals Corp. Torchlight Innovations Inc.
David Salari	N/A
Ron Schmitz	Kona Bay Technologies Inc. Stage Capital Corp. Ocean Shore Capital Corp. Winfield Resources Limited
Colin Jones	Eurotin Inc.

Orientation and Continuing Education

While the Corporation does not have formal orientation and training programs, new Board members are provided with:

1. information respecting the functioning of the Board, committees and copies of the Corporation's corporate governance policies;
2. access to recent, publicly filed documents of the Corporation including technical reports and the Corporation's internal financial information;
3. access to management and technical experts and consultants; and
4. a summary of significant corporate and securities responsibilities.

Board members are encouraged to communicate with management, auditors and technical consultants; to keep themselves current with industry trends and developments and changes in legislation with management's assistance; and to attend related industry seminars and visit the Corporation's operations. Board members have full access to the Corporation's records.

Ethical Business Conduct

The Board seeks to foster a culture of ethical conduct by striving to ensure the Corporation carries out its business in line with high business and moral standards and applicable legal and financial requirements. In that regard, the Board:

- has adopted a written Code of Business Conduct and Ethics (the “Code”) for its directors, officers, employees and consultants, a copy of which is available on SEDAR at www.sedar.com.
- has established a Corporate Governance Committee as described below under ‘Other Board Committees’.
- has established a Whistleblower Policy which details complaint procedures for financial concerns as further described below in ‘Audit Committee – Complaints’.
- encourages management to consult with legal and financial advisors to ensure the Corporation is meeting those requirements.
- is cognizant of the Corporation’s timely disclosure obligations and reviews material disclosure documents such as financial statements, Management’s Discussion & Analysis (MD&A) and press releases prior to their distribution.
- relies on its Audit Committee to annually review the systems of internal financial control and discuss such matters with the Corporation’s external auditor.
- actively monitors the Corporation’s compliance with the Board’s directives and ensures that all material transactions are thoroughly reviewed and authorized by the Board before being undertaken by management.

The Board must also comply with the conflict-of-interest provisions of the British Columbia *Business Corporations Act*, as well as the relevant securities regulatory instruments and stock exchange policies, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Board has responsibility for identifying potential Board candidates. The Board assesses potential Board candidates to fill perceived needs on the Board for required skills, expertise, independence and other factors. Members of the Board and representatives of the mining industry are consulted for possible candidates.

Compensation

The Corporation has established a Compensation Committee, the members of which are listed under "Particulars of Matters to be Acted Upon – Election of Directors". All of the directors of this committee are independent within the meaning of NI 58-101. The Compensation Committee will, among other things, recommend to the Board the compensation of the Corporation's directors and executive officers, based, in the case of the executive officers, on the factors outlined under “Statement of Executive Compensation – Compensation Discussion and Analysis” and, in the case

of directors, among other things, on the time commitment, effort and success of each individual's contribution towards the success of the Corporation and a comparison of the remuneration paid by the Corporation to publicly available information of the remuneration paid by other reporting issuers (public companies) that the Committee feels are similarly placed within the same business of the Corporation.

In addition, the executive officers and directors are granted stock options under the Corporation's Plan. The Compensation Committee will determine the terms of each stock option within the parameters set out in the Corporation's Plan and applicable stock exchange rules and policies.

Since the beginning of the Corporation's last financial year, no compensation consultant or advisor was retained to assist in determining compensation for any of the Corporation's directors and officers.

Other Board Committees

The Board has established a Corporate Governance Committee. See "Particulars of Matters to be Acted Upon - Election of Directors" for the members of this committee. The Corporate Governance Committee is responsible for advising the Board of the appropriate corporate governance procedures that should be followed by the Corporation and the Board and monitoring compliance with such procedures.

All of the members of the Corporate Governance Committee are independent within the meaning of NI 58-101.

Assessments

The Board has not, as yet, adopted any formal procedures for regularly assessing the effectiveness of the Board, its Committees or individual directors with respect to their effectiveness and contributions. Nevertheless, their effectiveness is subjectively measured on an ongoing basis by each director based on their assessment of the performance of the Board, its committees or the individual directors compared to their expectation of performance. In doing so, the contributions of an individual director are informally monitored by the other Board members, bearing in mind the business strengths of the individual and the purpose of originally nominating the individual to the Board.

AUDIT COMMITTEE

National Instrument 52-110 *Audit Committees* ("NI 52-110") of the Canadian securities administrators requires the Corporation's Audit Committee to meet certain requirements. It also requires the Corporation to disclose in this Circular certain information regarding the Audit Committee. That information is disclosed below.

Overview

The Audit Committee of the Board is principally responsible for:

- recommending to the Board the external auditor to be nominated for election by the Corporation's shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor; and
- reviewing the Corporation's annual and interim financial statements, Management Discussion & Analysis (MD&A) and press releases regarding earnings before they are reviewed and approved by the Board and publicly disseminated by the Corporation.

The Audit Committee's Charter

The Board has adopted a charter for the Audit Committee (the "Charter") which sets out the Committee's mandate, organization, powers and responsibilities. The complete Charter is attached as Schedule "A" to this Circular.

Composition of the Audit Committee

As at the date hereof, the members of the Audit Committee are Ron Schmitz, David Salari and Colin Jones. All the members of the Audit Committee are independent as defined in NI 52-110. Each of the members of the Audit Committee is financially literate within the meaning of Section 1.5 of NI 52-110, in that he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

The education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member and, in particular, any education or experience that would provide the member with:

1. an understanding of the accounting principles used by the Corporation to prepare its financial statements;
2. the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves;
3. experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities; and
4. an understanding of internal controls and procedures for financial reporting, are as follows:

Name Member	of	Education	Experience
Ron Schmitz		Vancouver Island University (Associate of Commerce)	Mr. Schmitz is the Principal and President of ASI Accounting Services Inc., which has provided administrative, accounting and office services to public and private companies since July 1995. Mr. Schmitz has also been a director, Chief Financial Officer or Executive Vice President of a number of other public companies since 1997.
David Salari		Registered Professional Engineer (Ontario) BA Sc - 1980 Metallurgical and Material Science University of Toronto Toronto, ON	Mr. Salari is a Registered Professional Engineer and Consulting Engineer and has been directly involved in generation and review of project cash flows, operating costs, and capital budgets for a number of mining projects of publicly listed companies.
Colin Jones		BSc Earth Sciences Massey University New Zealand MAusIMM	Mr. Jones has extensive experience formulating and reviewing project capital and operating costs and cash flows as well as financial analysis of potential investee companies as part of overall fund management and Independent Engineer services to banks.

Complaints

The Audit Committee established a “Whistleblower Policy” which outlines procedures for the confidential, anonymous submission by employees of concerns regarding the Corporation’s accounting, auditing and financial reporting obligations, without fear of retaliation of any kind. If an applicable individual has any concerns about the accuracy and integrity of the Corporation’s accounting or financial reporting matters which he or she considers to be questionable, incorrect, misleading or fraudulent, the applicable individual is urged to come forward with any such information, complaints or concerns, without regard to the position of the person or persons responsible for the subject matter of the relevant complaint or concern.

The applicable individual may report his or her concern in writing, on an anonymous basis if desired, and forward it to the Chairman of the Audit Committee in a sealed envelope labelled “*To be opened by the Audit Committee only.*” Further, if the applicable individual wishes to discuss any matter with the Audit Committee, this request should be indicated in the submission. Any

such envelopes received by the Corporation will be forwarded promptly and unopened to the Chairman of the Audit Committee.

Promptly following the receipt of any complaints submitted to it, the Audit Committee will investigate each complaint and take appropriate corrective actions.

The Audit Committee will retain as part of its records, any complaints or concerns for a period of no less than seven years. The Audit Committee will keep a written record of all such reports or inquiries and make quarterly reports on any ongoing investigation which will include steps taken to address each complaint.

The “Whistleblower Policy” is reviewed by the Audit Committee on an annual basis.

Audit Committee Oversight

Since the commencement of the Corporation’s most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Board.

Reliance on Certain Exemptions

Since the commencement of the Corporation’s most recently completed financial year, the Corporation has not relied on the exemption in section 2.4 (*De Minimis Non-audit Services*) of NI 52-110 or an exemption from NI 52-110, in whole or in part, granted by a securities regulator under Part 8 (*Exemptions*) of NI 52-110. As a Venture Issuer, the Corporation is entitled to rely on the exemption contained in section 6.1 of NI 52-110 from the requirements of Part 3 *Composition of the Audit Committee* (as described in ‘Composition of the Audit Committee’ above) and Part 5 *Reporting Obligations* of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in section III. B “Powers and Responsibilities – Performance & Completion by Auditor of its Work” of the Charter.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Corporation by its external auditor during the last two financial years.

Financial Year Ending	Audit Fees ⁽¹⁾	Audit Related Fees ⁽²⁾	Tax Fees ⁽³⁾	All Other Fees ⁽⁴⁾
April 30, 2023 (estimated)	\$55,000	Nil	\$11,000	Nil
April 30, 2022	\$45,549	Nil	\$10,200	Nil

(1) The aggregate fees billed by the Corporation’s auditor for audit fees.

- (2) The aggregate fees billed for assurance and related services by the Corporation's auditor that are reasonably related to the performance of the audit or review of the Corporation's financial statements and are not disclosed in the 'Audit Fees' column. These fees are related to the auditor's review of the Corporation's compliance and conversion to International Financial Reporting Standards.
- (3) The aggregate fees billed for professional services rendered by the Corporation's auditor for tax compliance, tax advice, and tax planning.
- (4) The aggregate fees billed for professional services other than those listed in the other three columns.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No individual who is, or who at any time during the year ended April 30, 2023 was, a director or Executive Officer or employee of the Corporation, a proposed nominee for election as a director of the Corporation or an associate of any such director, officer or proposed nominee is, or at any time since the beginning of the last completed financial year has been, indebted to the Corporation or any of its subsidiaries and no indebtedness of any such individual to another entity is, or has at any time since the beginning of such year been, the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or any of its subsidiaries.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out, as at the end of the Corporation's last completed financial year, information regarding outstanding options, warrants and rights (other than those granted *pro rata* to all shareholders) granted by the Corporation under its equity compensation plans.

Equity Compensation Plan Information

Plan Category	Number of shares issuable upon exercise of outstanding options, warrants and rights (1)	Weighted average exercise price of outstanding options, warrants and rights	Number of shares remaining available for future issuance under equity compensation plans (2)
Equity compensation plans approved by shareholders ⁽³⁾	295,583	\$0.84	2,989,288
Equity compensation plans not approved by shareholders	N/A	N/A	N/A
Total	295,583	\$0.84	2,989,288

(1) Assuming outstanding options, warrants and rights are fully vested.

(2) Excluding the number of shares issuable upon exercise of outstanding options, warrants and rights shown in the second column.

- (3) The Corporation is seeking shareholder approval of its Plan, pursuant to the policies of the Exchange, at the Meeting.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Other than as disclosed in this Information Circular, no informed person of the Corporation, proposed nominee for election as a director, or any associate or affiliate of the foregoing, had any material interest, direct or indirect, in any transaction or proposed transaction since the commencement of the Corporation's most recently completed financial year which has materially affected or would materially affect the Corporation or any of its subsidiaries.

PARTICULARS OF MATTERS TO BE ACTED UPON

To the knowledge of the Board, the only matters to be brought before the Meeting are those matters set forth in the accompanying Notice of Meeting.

Financial Statements, Audit Report & Management's Discussion & Analysis

The Board has approved the financial statements of the Corporation, the auditor's report thereon, and the Management's Discussion & Analysis for the year ended April 30, 2023, which will be tabled at the Meeting. **No approval or other action needs to be taken at the Meeting in respect of these documents.**

Appointment of Auditor

At the meeting, Management intends to re-nominate Davidson & Company LLP, Chartered Professional Accountants, to act as Auditors to the Corporation for the ensuing year at such compensation as determined by the Directors.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote for the appointment of Davidson & Company LLP, Chartered Professional Accountants, as auditors of the Corporation. Davidson & Company LLP, Chartered Professional Accountants, were first appointed auditors of the Corporation on November 8, 2012.

Election of Directors

Subject to and pending the Completion of the Transactions, it is proposed to keep the number of directors at four (4) immediately following the Meeting. **In the absence of instructions to the contrary, the enclosed form of proxy will be voted FOR the number of directors of the Corporation to be set, immediately following the Meeting, at four (4).**

At the Meeting, it is also proposed to increase the number of directors to six (6), conditional on and effective upon the Completion of the Transactions, for the purposes of creating space for the Alternate Slate. **In the absence of instructions to the contrary, the enclosed form of proxy will be voted FOR the number of directors of the Corporation to be set at six (6), conditional on and effective upon the Completion of the Transactions.**

The Board currently consists of four (4) members, being the "Incumbent Slate". The Board has proposed that the Incumbent Slate be nominated for re-election at the Meeting and take office immediately following the Meeting and has proposed that an alternate slate of six (6) directors, being the "Alternate Slate", be elected at the Meeting to replace the Incumbent Slate conditional on and effective upon the Completion of the Transactions. In the event that the Transaction is not completed, each member of the Incumbent Slate will continue to hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed unless prior thereto he or she resigns or his or her office becomes vacant by reason of death or other cause. In the event that Transaction is completed, each member of the Alternate Slate will hold office until the next annual meeting of shareholders or until his or her successor is duly elected or appointed unless prior thereto he or she resigns or his or her office becomes vacant by reason of death or other cause.

Robert Archer, Ron Schmitz and Colin Jones, all existing directors of the Corporation, form part of the Incumbent Slate and Alternate Slate. If both the Incumbent Slate and the Alternate Slate, conditional on the Completion of the Transactions, are elected, upon the Completion of the Transaction: (a) Robert Archer, Ron Schmitz and Colin Jones will remain on the Board; and (b) John Skeet, Stephen Layton and Garry Thomas shall be appointed as new directors of the Resulting Issuer.

In the absence of instructions to the contrary, proxies given pursuant to the solicitation by management will be voted FOR the election of the Incumbent Slate and the Alternate Slate, conditional on the Completion of the Transactions. Management does not contemplate that any of the nominees of either the Incumbent Slate or the Alternate Slate will be unable to serve as a director.

The Board unanimously recommends that Shareholders vote FOR the election of the persons named below and nominated for election as part of the Incumbent Slate and the Alternate Slate.

Incumbent Slate

The following table sets out the names of the Incumbent Slate nominees for election as directors, the offices they hold within the Corporation, their occupations, the length of time they have served as directors of the Corporation, and the number of Common Shares which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular.

Pursuant to the Advance Notice Policy of the Corporation adopted by the Board of Directors on May 13, 2013 and the Shareholders of the Corporation on December 3, 2013, any additional director nominations for the Meeting must have been received by the Corporation in compliance with the Advance Notice Policy.

Name and Province or State and Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation⁽⁴⁾ During the Past Five Years	Number of Common Shares⁽⁵⁾
Robert Archer British Columbia Canada	Director since February 27, 2018	Director and co-founder of Great Panther Mining Limited. President & CEO of the company until August 2017. Continued as a Director until June 2020. Director of Prize Mining corporation from March 2018 to December 2018. Director of Madero Metals Corp. (formerly Megastar Development Corp.) since May 2019. Director of Torchlight Innovations Inc. since August 2022.	1,972,606 ⁽⁷⁾
David Salari ^{(1) (2) (3)} Ontario Canada	Director since March 2, 2012	President and CEO of D.E.N.M. Engineering Ltd., an engineering firm specializing in resource based metallurgical design, project, and construction management, and in the commissioning of mining – mineral processing projects.	160,468 ⁽⁸⁾
Ron Schmitz ^{(1) (2) (3)} British Columbia Canada	Director since February 15, 2017	President of ASI Accounting Services Inc. which has provided administration, accounting and office services to public companies since July 1995. Also an executive and board member of other public companies.	340,428 ⁽⁹⁾
Colin Jones ^{(1) (2) (3)} Auckland New Zealand	Director since December 23, 2019	Principal Technical Consultant to Orimco Pty Ltd, an Australian corporate advisory and private equity fund manager. Director of Eurotin Inc a TSX listed exploration company.	Nil ⁽¹⁰⁾

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance Committee.
- (4) Includes occupations for preceding five years unless the director was elected at the previous Annual General Meeting and was shown as a nominee for election as a director in the Circular for that meeting.
- (5) Number of pre- Consolidation Common Shares of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each nominee as at September 1, 2023.
- (6) None of the proposed directors is to be elected under any arrangement or understanding between the proposed director and the Corporation or a third party (other than the directors and executive officers of the Corporation acting in that capacity).
- (7) 1,013,439 Common Shares are held by Platoro Resource Corp., a company wholly owned by Mr. Archer. Mr. Archer also owns 79,167 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 8, 2024. Mr. Archer also owns 58,333 warrants directly and 58,333 warrants indirectly through Platoro Resource Corp. to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 23, 2024. Mr. Archer also owns 85,833 warrants indirectly through Platoro Resource Corp. to acquire Corporation Shares at an exercise price of \$0.30 which expire on August 22, 2024 and 250,000 warrants to acquire Corporation Shares at an exercise price of \$0.12 which expire on April 27, 2026.
- (8) Mr. Salari owns 48,833 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 8, 2024.
- (9) 194,318 Corporation Shares are held by RAS Capital Corp., a company wholly owned by Mr. Schmitz. Mr. Schmitz owns 35,000 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 8, 2024. Mr. Schmitz also owns 41,667 warrants indirectly through RAS Capital Corp. to acquire

- Corporation Shares at an exercise price of \$0.30 which expire on August 22, 2024 and 100,000 warrants to acquire Corporation Shares at an exercise price of \$0.12 which expire on April 27, 2026.
- (10) Mr. Jones owns 16,667 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 8, 2024.

Pursuant to the provisions of the *Business Corporations Act* (British Columbia) the Corporation is required to have an Audit Committee whose members are indicated above. The Corporation does not have an Executive Committee.

No proposed director:

- (a) is, as at the date of this Circular, or has been, within 10 years before the date of this Circular, a director, chief executive officer or chief financial officer of any company (including the Corporation) that:
- (i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, which order was in effect for a period of more than 30 consecutive days (an “Order”) that was issued while the proposed director was acting in the capacity as director, chief executive officer or chief financial officer, or
 - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer;
- (b) is, as at the date of this Circular, or has been, within the 10 years before the date of this Circular, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within the 10 years before the date of this Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his assets.

Alternate Slate

The following table sets out the names of the Alternate Slate nominees for election as directors, their proposed offices, their occupations and the number of Common Shares which each beneficially owns, directly or indirectly, or over which control or direction is exercised, as of the date of this Information Circular.

Name and Province or State and Country of Residence	Present Office and Date First Appointed a Director	Principal Occupation ⁽¹⁾ During the Past Five Years	Number of Common Shares ⁽²⁾
John Skeet , B.App.Sc (Met), F. Aus IMM Melbourne, Australia	To serve as a Director upon Completion of the Transactions	Founder of Sun Minerals Pty Ltd, 2017; CEO of Mithril since June 9, 2020 and Managing Director since September 8, 2020	Nil
Stephen Layton MSAFAA, Australia Melbourne, Australia	To serve as a Director upon Completion of the Transactions	Director of Mithril since May 15, 2019; Master Practitioner Member of the Stockbrokers and investment Advisors Association - MSIAA, Non-Executive Director of EQ Resources Limited	Nil
Garry Thomas Assoc Civ Eng, WAIT Perth, Australia	To serve as a Director upon Completion of the Transactions	Founding director of Sun Minerals Pty Ltd 2017. Director of Mithril since August 17, 2020; Non-Executive Director of Oakajee Corporation Limited	Nil
Robert Archer British Columbia, Canada	Director since February 27, 2018	Director and co-founder of Great Panther Mining Limited. President & CEO of the company until August 2017. Continued as a Director until June 2020. Director of Prize Mining corporation from March 2018 to December 2018. Director of Madero Metals Corp. (formerly Megastar Development Corp.) since May 2019. Director of Torchlight Innovations Inc. since August 2022.	1,972,606 ⁽³⁾
Ron Schmitz British Columbia, Canada	Director since February 15, 2017	President of ASI Accounting Services Inc. which has provided administration, accounting and office services to public companies since July 1995. Also an executive and board member of other public companies.	340,428 ⁽⁴⁾
Colin Jones Auckland, New Zealand	Director since December 23, 2019	Principal Technical Consultant to Orimco Pty Ltd, an Australian corporate advisory and private equity fund manager. Director of Eurotin Inc a TSX listed exploration company.	Nil ⁽⁵⁾

- (1) Includes occupations for preceding five years unless the director was elected at the previous Annual General Meeting and was shown as a nominee for election as a director in the Circular for that meeting.
- (2) Number of pre-Consolidation Common Shares of the Corporation or any of its subsidiaries beneficially owned, or controlled or directed, directly or indirectly, by each nominee as at September 1, 2023. Mr. Skeet, Layton and Thomas will be issued Common Shares of the Corporation as part of the Transaction. Please see “Part III – Information Concerning the Resulting Issuer After Completion of the Transactions”.
- (3) 1,013,439 Common Shares are held by Platoro Resource Corp., a company wholly owned by Mr. Archer. Mr. Archer also owns 79,167 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 8, 2024. Mr. Archer also owns 58,333 warrants directly and 58,333 warrants indirectly through Platoro Resource Corp. to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 23, 2024. Mr. Archer also owns 85,833 warrants indirectly through Platoro Resource Corp. to acquire Corporation Shares at an exercise price of \$0.30 which expire on August 22, 2024 and 250,000 warrants to acquire Corporation Shares at an exercise price of \$0.12 which expire on April 27, 2026.
- (4) 194,318 Corporation Shares are held by RAS Capital Corp., a company wholly owned by Mr. Schmitz. Mr. Schmitz owns 35,000 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on

February 8, 2024. Mr. Schmitz also owns 41,667 warrants indirectly through RAS Capital Corp. to acquire Corporation Shares at an exercise price of \$0.30 which expire on August 22, 2024 and 100,000 warrants to acquire Corporation Shares at an exercise price of \$0.12 which expire on April 27, 2026. Ron 70,833 warrants and 17,500 options.

- (5) Mr. Jones owns 16,667 options to acquire Corporation Shares at an exercise price of \$0.72 which expire on February 8, 2024.

The directors on the Alternate Slate are being elected in connection with the Transaction and pursuant to an understanding between the Corporation and Mithril regarding the composition of the Resulting Issuer Board.

Approval and Ratification of Share Option Plan

The Board has established an amended and restated share option plan (the “Plan”) as described under ‘Statement of Executive Compensation – B. Oversight and description of director and named executive officer compensation– Share Option Plan’.

The policies of the Exchange require share option plans which reserve for issuance up to 10% (instead of a fixed number) of a listed company’s shares be approved annually by its shareholders. That approval is being sought at the Meeting by way of an ordinary resolution, as follows:

“BE IT RESOLVED THAT:

1. the Corporation’s share option plan (the “Plan”), as described in the Information Circular of the Corporation dated September 1, 2023, be and is hereby ratified, confirmed and approved, subject to acceptance by the TSX Venture Exchange;
2. the Corporation be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding capital of the Corporation at the time of the grant; and
3. any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver under the corporate seal or otherwise all such deeds, documents, instruments and assurances as in the opinion of such director or officer may be necessary or desirable to give effect to the foregoing resolutions and to complete all transactions in connection with the continuation of the Plan.”

Following approval of the Plan by the shareholders any options granted pursuant to the Plan will not require further shareholder or Exchange approval unless the exercise price is reduced or the expiry date is extended for an option held by an insider of the Corporation.

Unless otherwise directed, it is the intention of the Management Designees, if named as Proxyholder, to vote in favour of the ordinary resolution approving the Plan.

Consolidation

At the Meeting, Shareholders will be asked to consider and pass the following Special Resolution (the “**Consolidation Resolution**”) to approve the consolidation of the Common Shares on the basis of two (2) pre-consolidation Common Shares being consolidated into one (1) post-consolidation Common Share (the “**Consolidation**”).

“BE IT RESOLVED THAT:

1. the Corporation be and it is hereby authorized to consolidate all of its issued Common Shares without par value on a basis of two (2) pre-consolidation Common Share for one (1) post-consolidation Common Share;
2. if, as a result of the consolidation, a holder of Common Shares would otherwise be entitled to a fraction of a Common Share, any fraction, if it is less than one-half of a share, shall be cancelled, and if it is at least one-half of a share, shall be rounded up to one whole share;
3. any Director or Officer of the Corporation be and is hereby authorized and directed on behalf of the Corporation to prepare, sign and deliver all documents and to do all things necessary and advisable to give effect to these resolutions;
4. notwithstanding the shareholders' approval by this resolution of the proposal to consolidate the issued share capital of the Corporation, the Directors of the Corporation be and they are hereby authorized without further approval of the Shareholders to modify, vary or amend such terms and conditions in respect of the consolidation as may be required by the regulatory authorities having jurisdiction or as the Board may in its sole discretion deem in the best interests of the Corporation; and
5. notwithstanding the Shareholders' approval by this resolution of the proposal to consolidate the issued share capital of the Corporation, the Directors of the Corporation be and they are hereby authorized without further approval of the Shareholders to revoke the resolution consolidating the issued share capital of the Corporation before it is acted upon.”

No fractional Common Shares of the Corporation will be issued if, as a result of the Consolidation, a registered Shareholder would otherwise be entitled to a fractional share. Instead, any fractional Common Shares resulting from the Share Consolidation will be rounded down to the nearest whole share if the fraction is less than one-half of a share and will be rounded up to the nearest whole share if the fraction is at least one-half of a share.

Management recommends that Shareholders approve the Consolidation Resolution. If the Consolidation Resolution is approved by Shareholders, the Directors will have the authority, in their sole discretion, to implement or revoke the Consolidation Resolution and otherwise implement or abandon the Consolidation.

In the absence of instructions to the contrary, the Proxyholders intend to vote the Common Shares represented by each Proxy, properly executed, FOR the Consolidation Resolution.

Certain Risks Associated with the Consolidation

There can be no assurance that the total market capitalization of the Corporation (the aggregate value of all Common Shares at the market price then in effect) immediately after the Consolidation will be equal to or greater than the total market capitalization immediately before the Consolidation. In addition, there can be no assurance that the per-share market price of the Common Shares following the Consolidation will equal or exceed the direct arithmetical result of the Consolidation. The Consolidation may result in some Shareholders owning “odd lots” of less than 1,000 Common Shares on a post-Consolidation basis which may be more difficult to sell or require greater transaction costs per share to sell.

ACQUISITION OF MITHRIL RESOURCES LIMITED

PART I – INFORMATION CONCERNING THE CORPORATION

Name and Incorporation

The Corporation was incorporated under the BCBCA on May 16, 2006 under the name “Colombian Mines Corp.”, changed its name to “Colombian Mines Corporation” on July 11, 2006 and to “Newrange Gold Corporation” on November 8, 2016. On April 6, 2023, the Corporation consolidated its capital on the basis of six (old) shares for one (new) share.

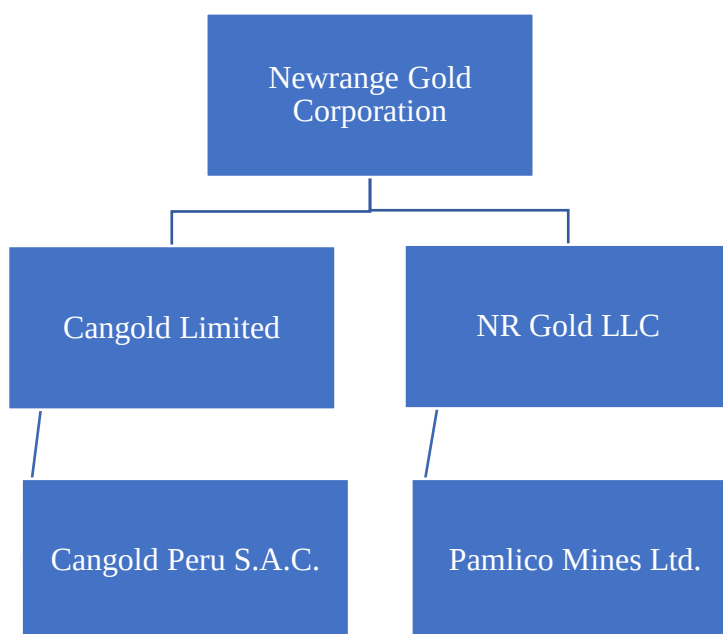
The Corporation is classified as a Tier 2 mining company as defined under Exchange policy and its common shares trade on the Exchange under the symbol “NRG”.

In connection with, and subject to, the Completion of the Transaction, the Board has authorized a change of name to “Pinnacle Silver and Gold Corp.” and expects to resume trading on the Exchange under the symbol “PINN”.

All disclosure in this Part I assumes that the Consolidation contemplated in this Information Circular has NOT been completed.

The head office of the Corporation is located at 250-705 West Pender Street, Vancouver, British Columbia V6C 2T7. The Corporation’s registered and records office is located at 1000-409 Granville Street, Vancouver, British Columbia, V6C 1T2.

The Corporation has two wholly-owned subsidiaries, namely Cangold Limited, a corporation continued under the laws of British Columbia, and NR Gold LLC., a corporation incorporated under the laws of Nevada, USA. Cangold Limited has a wholly-owned subsidiary, Cangold Peru S.A.C., a corporation incorporated under the laws of Peru. NR Gold LLC has a wholly-owned subsidiary, Pamlico Mines Ltd., a corporation incorporated under the laws of Nevada, USA.



Concurrent Financing

The Corporation may complete, as agreed to in the Scheme Implementation Deed, the Concurrent Financing wherein the Corporation may issue at least 20,000,000 units of the Corporation at a price of \$0.18 (post-Consolidation) for aggregate proceeds at least \$3,600,000. Each unit consists of one Corporation Share and one-half warrant with each whole warrant entitling the holder to acquire one Corporation Share at \$0.27 for a period of two years. The Corporation may pay finders fees of up to 6% payable in cash and 6% finders warrant with each finders warrant exercisable into one Common Share at \$0.27 (post-Consolidation) for a period of two years from the closing of the Concurrent Financing.

General Development of the Business

The Corporation is primarily engaged in the acquisition and exploration of mineral property interests and has focussed on identifying mineral property interests for acquisition.

North Birch, Canada

The North Birch Project, 110 km east of Red Lake, Ontario, consists of two contiguous properties, Western Fold and H Lake, that were optioned separately but now form one claim block that is 100% owned by the Corporation.

Western Fold Property, Canada

On December 22, 2021, the Corporation earned a 100% interest in the Western Fold Property. The property comprises approximately 2,300 hectares in the Birch-Uchi Greenstone Belt in the Red Lake Mining Division, approximately 12 kilometers northwest of the Springpole Gold Deposit (4.67 Moz Au Indicated - First Mining Gold Corp. website).

To earn the interest, the Corporation made the following payments.

- i) \$30,000;
- ii) \$70,000 on or before December 23, 2020;
- iii) \$100,000 on or before December 23, 2021;
- iv) 25,000 Common Shares (issued at a value of \$21,750);
- v) 58,333 Common Shares on or before December 23, 2020 (issued at a value of \$49,000); and
- vi) 83,333 Common Shares on or before December 23, 2021 (issued at a value of \$35,000).

The option agreement is subject to a 2% NSR. The Corporation may reduce the NSR to 1% by paying the optionor \$1,000,000 at any time.

H Lake, Canada

On January 13, 2020, the Corporation entered into an option agreement to purchase a 100% interest in the H Lake Property in the Red Lake Mining Division, Ontario. The project is contiguous with the western boundary of the Western Fold Property. To earn the interest the Corporation made payments totaling \$50,000 and issued 400,000 Common Shares.

- i) \$20,000;
- ii) \$30,000 on or before January 13, 2021;
- iii) 25,000 Common Shares (issued at a value of \$18,750); and
- iv) 41,666 Common Shares on or before January 13, 2021 (issued at a value of \$26,250).

Having made the aforementioned payments and share issuances, the Corporation exercised the option to acquire the property and now owns a 100% interest subject to a 2% NSR. The Corporation may reduce the NSR to 1% by paying the optionor \$1,000,000 at any time.

The primary target at the North Birch Project is the sheared limb of a folded iron formation sequence, modeled after the Musselwhite Gold Mine, approximately 190 kilometres to the north and operated by Newmont-Goldcorp. The 8-kilometre-long target horizon at North Birch is recessive and not exposed at surface but is interpreted from a prominent fold pattern in the airborne magnetics. The target horizon projects 2 kilometres along strike to the southeast into the Argosy Gold Mine, which closed in 1952 after producing 101,875 oz Au at 12.7 g/t Au (Ontario government archives). There are also multiple gold showings in the rocks to the south of the main target horizon and in iron formation elsewhere on the North Birch property, yet the main target horizon has never been drilled.

In 2021, the Corporation completed line cutting and an Induced Polarization (IP) geophysical survey comprising approximately 90 line kilometres, with the results being used to generate targets for follow up diamond drilling.

On March 9, 2022, the Corporation announced that the first diamond drill hole on the Primary Target Horizon at the 100% owned North Birch Project confirmed the presence of a strong deformation zone, well in excess of 100 metres wide, as originally interpreted from the geophysics and LiDAR surveys. The sheared and folded basalts and iron formation (“IF”) also display moderate to intense carbonate alteration and local quartz veining. Pyrite and pyrrhotite mineralization occur as disseminations, stringers and, locally, as ‘clots’ within quartz veins and veinlets.

At the North Birch Project, two diamond drill holes were completed for a total of 723 metres. Although the winter drill program was expected to include additional holes, highly variable weather forced a late start and early conclusion. The holes were drilled to test a folded sequence of Iron Formation (“IF”) and volcanic rocks in a structural setting similar to the Musselwhite Mine, 190 kilometres to the northeast.

In hole NB22001, gold and copper assays increased downhole as shearing intensified. Values were geochemically anomalous, with high values of 0.25 g/t Au and 363 ppm Cu, and the relationship of gold and copper to shearing, quartz-carbonate alteration and pyrite-pyrrhotite mineralization are all encouraging signs considering that this horizon has never been drilled before. Not only does the Corporation control about eight kilometres of this horizon but this first hole stopped in highly sheared IF at 460 metres (vertical depth of approximately 320 metres) as the drill had reached its depth limitation. Follow up holes will be drilled in the opposite direction due to the local topography and the sub-vertical dip of the zone.

Hole NB22002 was drilled 800 metres along stratigraphic strike to the northwest to test coincident magnetic and Induced Polarization anomalies. The hole was drilled to 263 metres at -50°, in massive to pillowed basalt and mafic tuff. While the anomalies were explained by the presence of chalcopyrite-pyrrhotite stringers, which returned no significant gold assays, a zone of strong biotite alteration with highly anomalous trace element geochemistry was intersected just below this zone, indicating strong hydrothermal activity. The deformation zone and IF intersected in the first hole were not seen in the second hole indicating that this structure does not appear to follow exactly along the main limb of the fold but likely trends closer to the central axis.

Argosy Gold Mine, Canada

On August 4, 2021, the Corporation entered into a share purchase agreement to purchase 100% of the issued and outstanding shares in the capital of Cangold Limited, which owns the Argosy Gold Mine in the Red Lake Mining Division of northwestern Ontario, from Great Panther Mining Limited.

On November 1, 2021, the Corporation closed the acquisition of a 100% interest in Cangold Limited., whereby the Corporation acquired all of the shares of Cangold in exchange for \$100,000 (paid) and the issuance of 743,501 Common Shares (issued at a value of \$356,881). On November 1, 2022, the Corporation issued 370,370 Common Shares (issued at a value of \$250,000).

The Argosy Gold Mine is the most significant past-producing gold mine in the Birch-Uchi Greenstone Belt, having produced 101,875 ounces of gold and 9,788 ounces of silver at a gold grade of 0.37 ounces per ton (12.7 grams per tonne) (Ontario Ministry of Northern Development and Mines archives). It closed in 1952 due to high operating costs and a \$35/oz gold price. Production came from only four veins, although more than 12 are now known, and only to a maximum depth of 900 feet (270 metres). The property consists of 44 patented claims and 17 Mining Licenses of Occupation comprising 604 hectares. The property is subject to an underlying 2.5% NSR.

Selected Financial Information and Management's Discussion and Analysis

Annual Information

The following information is taken from the audited financial statements of the Corporation for the fiscal years ended April 30, 2023, 2022 and 2021. These financial statements are filed on SEDAR at www.sedar.com, are available on the Corporation's website and are incorporated by reference hereto and should be read in conjunction herewith. The Corporation's financial statements were prepared on the basis of IFRS and are expressed in Canadian dollars.

	Fiscal Year Ended April 30, 2023 (\$)	Fiscal Year Ended April 30, 2022 (\$)	Fiscal Year Ended April 30, 2021 (\$)
Total Assets	1,122,020	1,196,915	5,530,020
Revenue	Nil	Nil	Nil
Total Expenses from continuing operations	1,07,380	5,939,300	4,203,227
Income from discontinued operations	Nil	161,210	2,072,948
Long Term Liabilities	Nil	Nil	Nil
Net Profit (Loss)	(1,057,380)	(5,778,090)	(2,130,279)

Quarterly Information

The following information is from the audited financial statements for the three-month period ended April 30, 2023 as compared to the three-month period ended April 30, 2022. These interim

financial statements are filed on SEDAR at www.sedar.com. The financial statements for the periods ended April 30, 2023 and April 30, 2022 were prepared on the basis of IFRS and expressed in Canadian dollars.

	Three Months Ended April 30, 2023 (\$)	Three Months Ended April 30, 2022 (\$)
Revenue	Nil	Nil
Total Expenses from continuing operations	47,396	3,236,217
Income (loss) from discontinued operations	Nil	165,313
Long Term Liabilities	Nil	Nil
Net Profit (Loss)	(47,396)	(3,070,904)

Management Discussion and Analysis

The following analysis has been adapted from the Corporation's management discussion and analysis of its financial and operational results for the years ended April 30, 2023, 2022 and 2021. These management discussion and analyses are filed on SEDAR at www.sedar.com, are available on the Corporation's website and are incorporated by reference hereto and should be read in conjunction herewith.

Year ended April 30, 2023

During the year ended April 30, 2023, the Corporation recorded a net loss of \$1,057,380 (2022 – \$5,778,090). Significant fluctuations include the following:

- i) Administration and office costs decreased to \$340,545 (2022 – \$447,857) due to a decrease in rent expenses and less trips taken during the current year.
- ii) Exploration expenditures, net, decreased to \$354,286 (2022 – \$2,980,461) due to a decrease in exploration costs during the current year subsequent to dropping an old project.
- iii) Foreign exchange loss increased to \$33,553 (2022 – gain of \$4,003) due to changes in the exchange rate during the current year.
- iv) Professional fees increased to \$155,148 (2022 – \$90,728) due to an increase in legal and audit fees incurred during the current year.

- v) Property investigation increased to \$90,897 (2022 – \$Nil) due to the legal and technical due diligence fees related to the Coricancha agreement during the current year.
- vi) Recovery of flow through premium liability decreased to \$40,047 (2022 – \$250,000) due to the lower flow through recovery during the current year.

As at April 30, 2023, the Corporation had a working capital deficiency of \$40,266.

Year ended April 30, 2022

During the year ended April 30, 2022, the Corporation recorded a net loss of \$5,778,090 (2021 – \$2,130,279). Significant fluctuations include the following:

- vii) Professional fees increased to \$90,728 (2021 – \$59,236) an increase in legal and audit fees occurred during current year.
- viii) Recovery of flow through premium liability increased to \$250,000 (2021 – \$Nil) due to the flow through recovery during the current year.
- ix) Realized loss on marketable securities increased to \$251,853 (2021 – \$33,756) due to the sale of marketable securities during the current year.
- x) Unrealized gain on marketable securities increased to \$163,407 (2021 – loss of \$124,591) due to an increase in market value during current year.
- xi) Write-off of mineral property increased to \$2,130,998 (2021 – \$Nil) due write-off of Pamlico gold project in Nevada in the current year.

Year ended April 30, 2021

During the year ended April 30, 2021, the Company recorded net loss of \$2,130,279 (2020 - loss of \$2,360,176). Significant fluctuations include the following:

- i) Exploration expenditures, net increased to \$2,866,964 (2020 - \$986,439) due to an increase in exploration on Pamlico property during the current year.
- ii) Foreign exchange loss increased to a loss of \$19,995 (2020 - \$6,619) due to the change in exchange rate during the current year.
- iii) Loss on settlement of debt decreased to \$Nil (2020 - \$6,853) due to the issuance of shares for debt during the comparative year. The loss was a result of the difference between the deemed price and the fair value at the date of issuance.
- iv) Professional fees decreased to \$59,236 (2020 - \$104,742) primarily as a result of a decrease in legal and audit fees occurred during current year.
- v) Property investigation decreased to \$Nil (2020 - \$10,701) due to no property investigation expenses during the current year.

vi) Realized loss on marketable securities increased to \$33,756 (2020 – gain of \$83,769) due to the sale of marketable securities during the current year.

vii) Share-based compensation decreased to \$177,100 (2020 - \$305,900) due to less share options granted during current year.

viii) Unrealized loss on marketable securities increased to \$124,591 (2020 – gain of \$189,252) due to a decrease in market value during current year.

Description of the Securities

The Corporation is authorized to issue an unlimited number of Common Shares without nominal or par value and without any special rights or restrictions. As of the date hereof, there are 37,753,820 Common Shares issued and outstanding as fully paid and non-assessable. In addition, 7,531,644 Common Shares are reserved for issuance under common share purchase warrants as set out below.

<i>Grant Date</i>	<i>Type of Securities</i>	<i>Number</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
February 23, 2022	Warrants	485,833	\$0.72	February 23, 2024
February 23, 2022	Finder's Warrants	10,500	\$0.72	February 23, 2024
April 20, 2022	Warrants	286,863	\$0.72	April 20, 2024
April 20, 2022	Finder's Warrants	24,088	\$0.72	April 20, 2024
August 22, 2022	Warrants	1,666,667	\$0.30	August 22, 2024
August 22, 2022	Finder's Warrants	14,992	\$0.30	August 22, 2024
April 27, 2023	Warrants	4,905,112	\$0.12	April 27, 2026
April 27, 2023	Finder's Warrants	137,589	\$0.12	April 27, 2026

In addition, 295,583 Common Shares are reserved for issuance under incentive stock options as set out below.

<i>Grant Date</i>	<i>Number</i>	<i>Exercise Price</i>	<i>Expiry Date</i>
April 8, 2019	33,333	\$1.02	April 8, 2024
February 8, 2021	245,583	\$0.72	February 8, 2024
February 25, 2022	16,667	\$0.48	February 25, 2025

The Corporation will issue 60,907,985 Acquisition Shares in conjunction with the Acquisition. In addition, the Corporation will issue 3,164,000 Acquisition Warrants exercisable at \$0.77 which expire on April 26, 2024 and 3,874,286 Acquisition Warrants exercisable at \$0.36 which expire on December 9, 2025.

Holders of the Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per Corporation Share at meetings of shareholders and, upon liquidation, to receive such assets of the Corporation as are distributable to holders of the Common Shares. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for

cancellation or surrender, or any pre-emptive or conversion rights. All Common Shares to be outstanding after Completion of the Transactions will be fully paid and non-assessable.

Principal Shareholders

To the knowledge of the directors and/or senior officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over the Common Shares carrying more than 10% of voting rights attached to all outstanding shares of the Corporation.

Share Option Plan

The Corporation currently has a rolling 10% stock option plan (the “**Share Option Plan**”) which provides that the Board of Directors may from time to time, in its discretion, and in accordance with Exchange requirements, grant to directors, officers, employee and consultants to the Corporation, non-transferable and non-assignable options to purchase Common Shares. The Corporation has 295,583 options outstanding under the Share Option Plan. The Share Option Plan was ratified by the Corporation’s shareholders at its last annual general meeting held on November 22, 2022.

The aggregate number of common shares reserved for issuance under the Share Option Plan and common shares reserved for issuance under any other share compensation arrangement granted or made available by the Corporation from time to time may not exceed in aggregate 10% of the Corporation’s common shares issued and outstanding at the time of grant. The Share Option Plan also provides for adjustments to outstanding options in the event of any consolidation, subdivision, conversion or exchange of the Corporation’s common shares, subject to the acceptance by the Exchange and Shareholders, when required.

The term of any options granted under the Share Option Plan will be fixed by the Board and may not exceed ten years. The exercise price of options granted under the Share Option Plan will be determined by the Board, provided that it is not less than the lowest price permitted by the Exchange policies.

Any options granted pursuant to the Share Option Plan will terminate: (a) the later of any applicable severance notice period and 90 days of the option holder ceasing to act as an officer, employee or consultant of the Corporation or any of its affiliates; or (b) within 90 days of the option holder ceasing to act as a director of the Corporation - unless such cessation is on account of death, disability or termination of employment with cause. If such cessation is on account of disability or death, the options terminate on the first anniversary of such cessation, and if it is on account of termination of employment with cause, the options terminate immediately.

The Share Option Plan is administered by the Board of the Corporation and shareholder approval is not required for option grants made in accordance with the Share Option Plan, except as required by the policies of the Exchange. Incentive stock options may be granted as may be determined by the incoming board of directors of the Resulting Issuer.

Prior Sales

In the twelve months prior to the date of the Information Circular the following securities of the Corporation have been issued:

Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
August 22, 2022	Common Shares	1,666,666	\$0.18	\$300,000 ⁽¹⁾
November 1, 2022	Common Shares	370,370	\$0.675	N/A ⁽²⁾
February 27, 2023	Common Shares	3,364,431	\$0.09	N/A ⁽³⁾
April 27, 2023	Common Shares	4,905,112	\$0.09	\$250,000 ⁽⁴⁾

- (1) Each unit consisted of one Corporation Share and one share purchase warrant (the “Units”), with each share purchase warrant entitling the holder to acquire one additional Corporation Share at an exercise price of \$0.30 until August 22, 2024. Insiders purchased a total of 1,115,000 Units.
- (2) These Common Shares were issued in consideration of the acquisition by the Corporation of the Argosy Gold Mine.
- (3) These Common Shares were issued as consideration for shares for debt at a deemed value of \$0.09 per Corporation Share. Insiders were issued a total of 1,027,778 Common Shares.
- (4) Each unit consisted of one Corporation Share and one share purchase warrant (the “Units”), with each share purchase warrant being exercisable for one additional Corporation Share at an exercise price of \$0.12 until April 27, 2026. Insiders purchased a total of 600,000 Units.

Escrow Securities

As of the date of this Information Circular, there are no Common Shares held in escrow.

Stock Exchange Price

The following table sets out trading information for the Common Shares for the periods indicated as reported by the Exchange.

Period	High C\$	Low C\$	Trading Volume
June 1 to Present	Not Trading	Not Trading	Nil
Month ended May 31, 2023 ⁽¹⁾	Not Trading	Not Trading	Nil
Month ended April 2023 ⁽¹⁾	Not Trading	Not Trading	Nil
Month ended March 2023	\$0.12	\$0.06	266,000
Month ended February 2023	\$0.12	\$0.06	1,974,279
Quarter ended January 31, 2023	\$0.15	\$0.06	10,448,401
Quarter ended October 31, 2022	\$0.24	\$0.15	3,179,168
Quarter ended July 31, 2022	\$0.45	\$0.15	12,458,750
Quarter ended April 30, 2022	\$0.48	\$0.27	5,515,428
Quarter ended January 31, 2022	\$0.54	\$0.36	12,626,497

Period	High C\$	Low C\$	Trading Volume
Quarter ended October 31, 2021	\$1.14	\$0.45	14,451,028
Quarter ended July 31, 2021	\$1.29	\$0.78	11,511,298

Notes:

- (1) The trading of the Common Shares was halted on March 6, 2023 following the filing of a news release announcing the Acquisition. Trading in the Common Shares remains halted pending Completion of the Transactions. The final closing price on March 6, 2023, the day on which the Common Shares traded prior to the halt in trading, was \$0.09 (\$0.015 pre 6:1 consolidation) per Corporation Share.

Legal Proceedings

The Corporation is not aware of any other pending or threatened litigation, claims, or assessments against it.

Auditor, Transfer Agent and Registrar

Auditor

The auditor of the Corporation is Davidson & Company LLP, Chartered Accountants, Vancouver, British Columbia.

Registrar and Transfer Agent

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. at its principal office in Vancouver, British Columbia.

Material Contracts

The Corporation has not entered into any contracts material to investors, other than in the ordinary course of business and other than:

- (a) Scheme Implementation Deed.
- (b) Consulting Agreement with Platoro Resources Corp. and Robert Archer.
- (c) Letter Agreement Dated August 31, 2023 with Drummond Gold, S.A. de C.V., Compania Minera Copalquin, S.A. de C.V. and the Corporation (the “Letter Agreement”).

Copies of these agreements may be inspected without charge at the Corporation’s registered office, 1000-409 Granville Street, Vancouver, British Columbia during normal business hours until the Completion of the Transactions and for a period of 30 days thereafter.

PART II – INFORMATION CONCERNING MITHRIL

The following information has been provided by Mithril and is presented on a pre-transaction basis and is reflective of the current business, financial and capital position of Mithril. See “Information Concerning the Resulting Issuer” for pro forma business, financial and share capital information relating to the Resulting Issuer following the Transactions.

Name and Incorporation

Mithril was incorporated on April 26 2002 under the laws of Australia. The authorized capital of Mithril is an unlimited number of common shares, of which 3,368,804,470 are issued and outstanding.

Mithril’s registered and head office is situated at Level 4, 100 Albert Road, South Melbourne, Victoria, Australia.

Mithril has one material wholly owned subsidiary, Sun Minerals Pty. Ltd. incorporated under Australian law in 2017, which in turn holds a 100% Mexican subsidiary, Drummond Gold S.A. de C.V. (“Drummond”) which holds an option right to the Copalquin Gold – Silver project in Durango state, Mexico.

The Acquisition

The Scheme Implementation Deed sets out each of Mithril’s and the Corporation’s rights and obligations in connection with the implementation of the Scheme.

A copy of the Scheme Implementation Deed is available on the Corporation’s website www.newrangelgold.com. All capitalized terms in this section not otherwise defined in this Information Circular are defined in the Scheme Implementation Deed.

The Deed Polls

On August 24, 2023, the Corporation executed the Share Deed Poll pursuant to which it agreed, subject to the Share Scheme becoming Effective, to provide each Scheme Shareholder with, or procure the provision to each Scheme Shareholder of, the Scheme Consideration to which it is entitled under the Share Scheme.

A copy of the Share Deed Poll is available on the Corporation’s website www.newrangelgold.com.

On August 24, 2023, the Corporation executed the Option Deed Poll pursuant to which it agreed, subject to the Option Scheme becoming Effective, to provide each Scheme Optionholder with, or procure the provision to each Scheme Optionholder of, the Scheme Consideration to which it is entitled under the Option Scheme.

A copy of the Option Deed Poll is available on the Corporation’s website www.newrangelgold.com.

Conditions Precedent

The Schemes will not become effective, and the obligations of the Corporation will not become binding, until and unless each Condition is satisfied or waived (where applicable).

The following conditions are outstanding as at the date of this Information Circular:

Conditions for the benefit of both Mithril and the Corporation

1. Mithril conducting and being satisfied in all respects with the results of its Due Diligence Enquiries in relation to the Corporation and the Scheme.
2. The Corporation conducting and being satisfied in all respects with the results of its Due Diligence Enquiries in relation to Mithril and the Scheme.
3. Before the Delivery Time on the Second Court Date:
 - a. the Corporation has received a written notice under FATA from the Treasurer (or the Treasurer's delegate) (if required) stating that, or to the effect that, the Australian Government does not object to the acquisition of all the Scheme Shares and Scheme Options by the Corporation under the Schemes, either without conditions or subject only to conditions that are acceptable to the Corporation (acting reasonably); or
 - b. following notice of the proposed acquisition of all the Scheme Shares and Scheme Options by the Corporation under the Schemes having been given by the Corporation to the Treasurer under FATA (if required), the Treasurer ceases to be empowered to make any order under Part 3 of FATA; or
 - c. where an interim order is made under FATA in respect of the Schemes, the subsequent period for making a final order prohibiting the Scheme elapses without a final order being made.
4. The Independent Expert provides the Independent Expert's Report to Mithril, stating that in its opinion:
 - a. the Share Scheme is in the best interests of the Mithril Shareholders; and
 - b. the Option Scheme is in the best interests of the Mithril Optionholders, and the Independent Expert does not change their opinion or withdraw the Independent Expert's Report by notice in writing to Mithril prior to the Delivery Time on the Second Court Date.
5. The approval of the Scheme Booklet by each of the Mithril Board and the Corporation's Board.
6. The Mithril Shareholder Approval is obtained.
7. The Mithril Optionholder Approval is obtained.
8. If, in the opinion of a suitably qualified expert engaged by Mithril for the purposes of providing tax advice in relation to the Scheme, the Mithril Options cannot be cancelled without adverse tax consequences for the Mithril Optionholders, Mithril obtaining such approvals, consents or other agreement from all relevant third parties to any required variation of the terms of the Mithril Options (or any of them) such that the Mithril Options are able to be transferred pursuant to the Option Scheme.
9. The Corporation's Shareholder Approval is obtained.
10. The Consolidation is completed.

11. Before the Delivery Time on the Second Court Date, all actions have been taken and arrangements have been put in place between the Parties so that all the Performance Rights and ESOP Options will have either:
 - a. lapsed before the Record Date;
 - b. been cancelled before the Record Date; or
 - c. vested and been exercised with effect from the Effective Date and any Mithril Shares resulting from the exercise will be issued and registered by Mithril before the Record Date.
 - d. The Consolidation is completed.
12. The Schemes are approved by the Court in accordance with section 411(4)(b) of the Corporations Act either unconditionally or on conditions that do not impose unduly onerous obligations on either party (acting reasonably) and an office copy of the Scheme Orders are lodged with ASIC as contemplated by section 411(10) of the Corporations Act.
13. No judgment, order, decree, statute, law, ordinance, rule or regulation, or other temporary restraining order, preliminary or permanent injunction, restraint or prohibition, entered, enacted, promulgated, enforced or issued by any court or other Governmental Agency of competent jurisdiction, remains in effect as at the Delivery Time on the Second Court Date that prohibits, materially restricts, makes illegal or restrains the Schemes from becoming Effective.
14. The following parties each issue or provide all such reliefs, consents, approvals, modifications or exemptions, or do such other acts which the parties agree are reasonably necessary or desirable to implement the Schemes and such reliefs, waivers, confirmations, consents, approvals, modifications or exemptions or other acts (as the case may be) have not been withdrawn suspended, varied or revoked prior to the Delivery Time on the Second Court Date:
 - a. ASIC;
 - b. ASX;
 - c. British Columbia Securities Commission;
 - d. TSXV; and
 - e. any other third parties from whom the parties must obtain consent under the relevant laws of each jurisdiction in which the parties operate.
15. The parties must comply with any requirements that may be imposed by the ASX, ASIC, TSXV and British Columbia Securities Commission in relation to the Schemes.
16. The parties must obtain any other Regulatory Approvals necessary to implement the Schemes.
17. No party materially breaches any of the covenants contained in the Scheme Transaction Documents (as applicable).
18. The Corporation completes the Concurrent Financing before the Delivery Time on the Second Court Date.

Conditions Precedent for the benefit of the Corporation only

1. No Mithril Prescribed Occurrence occurs between the Execution Date and the Delivery Time on the Second Court Date.
2. No Mithril Material Adverse Change occurs, or is discovered, announced or disclosed or otherwise becomes known to the Corporation, between the Execution Date and the Delivery Time on the Second Court Date.

3. No legal proceedings or regulatory actions or proceedings against Mithril as at the Delivery Time on the Second Court Date which may, if determined against the interest of Mithril, result in the occurrence of a Mithril Material Adverse Change.
4. The representations and warranties of Mithril set out in Schedule 2 to the Scheme Implementation Deed:
 - a. that are qualified as to materiality, are true and correct; and
 - b. that are not so qualified, are true and correct in all material respects, as at the Execution Date and as at the Delivery Time on the Second Court Date as though made on and as of that time.
5. The Scheme Booklet contains:
 - a. a unanimous statement from the Mithril Board that it considers the Scheme of Arrangement to be in the best interests of the Mithril Shareholders and the Mithril Optionholders; and
 - b. the Recommendations and Voting Intentions of the Mithril Board made in accordance with clause 6.1 of the Scheme Implementation Deed;
 and the Mithril Board has not withdrawn, qualified or varied those statements, Recommendations or Voting Intentions before the Share Scheme Resolution and the Option Scheme Resolutions are approved by the requisite majorities of Mithril Shareholders and Mithril Optionholders (as applicable).

Conditions Precedent for the benefit of Mithril only

1. No Newrange Prescribed Occurrence occurs between the Execution Date and the Delivery Time on the Second Court Date.
2. No Newrange Material Adverse Change occurs, or is discovered, announced or disclosed or otherwise becomes known to Mithril, between the Execution Date and the Delivery Time on the Second Court Date.
3. No legal proceedings or regulatory actions or proceedings against the Corporation as at the Delivery Time on the Second Court Date which may, if determined against the interest of the Corporation, result in the occurrence of a Newrange Material Adverse Change.
4. The representations and warranties of the Corporation set out in Schedule 3 of the Scheme Implementation Deed:
 - a. that are qualified as to materiality, are true and correct; and
 - b. that are not so qualified, are true and correct in all material respects, as at the Execution Date and as at the Delivery Time on the Second Court Date as though made on and as of that time.
5. Newrange must provide all material and information reasonably requested by Mithril in preparing the Scheme Booklet.

Pursuant to clause 8 of the Scheme Implementation Deed, Mithril and the Corporation have agreed to conduct their businesses and operations in the ordinary and regular course, except in relation to any matter required to be done or procured by that party pursuant to, or which is otherwise permitted by, the Scheme Implementation Deed or the Scheme, of which the other party, as applicable, has approved in writing, such approval not to be unreasonably withheld or delayed.

The parties have agreed that, until the Implementation Date and subject to various agreed exceptions, each of Mithril and the Corporation are prohibited from undertaking certain activities, including but not limited to the following:

1. purchase, lease, acquire or dispose of any assets, the value of which exceeds \$25,000 in aggregate, otherwise than in accordance with the operating budget of Mithril or the Corporation (as applicable);
2. enter into, terminate, amend or vary any material contracts;
3. do anything that would have a material adverse effect on the goodwill of the relevant party's business, including the relationship of the relevant business with customers, suppliers, landlords and key employees;
4. increase, reduce or otherwise alter its share capital or issue any convertible securities or grant any options or performance rights for the issue of shares or other securities in the relevant party, other than as contemplated under the Concurrent Financing;
5. declare or pay a dividend or make any other distribution to shareholders;
6. commit any expenditure on its Tenements beyond the annual expenditure forecast in most recent operational budgets of Mithril or the Corporation respectively or otherwise the applicable annual minimum expenditure for each applicable Tenement;
7. hire, or agree to hire, any employee, agent or contractor with a salary of \$150,000 or above, except in the ordinary course of business;
8. accelerate the rights of any of its Board members to benefits of any kind, other than with respect to the ESOP Options and Performance Rights as contemplated by the Conditions Precedent;
9. pay a Board member a termination payment;
10. incur any financial indebtedness or issue any indebtedness or debt securities;
11. enter into any new agreements, arrangements or understandings involving more than \$100,000 in aggregate;
12. make any change to its constitution or other constituent documents; and
13. create or agree to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property other than in the ordinary course of business.

Full details of the agreed prohibited activities are set out in clause 8.2 of the Scheme Implementation Deed, and the agreed exceptions to those prohibitions are set out in clause 8.3 of the Scheme Implementation Deed.

Exclusivity and Reimbursement Payment

Exclusivity

In accordance with clause 10 of the Scheme Implementation Deed, Mithril has agreed to certain exclusivity provisions that restrict it from encouraging, or engaging with, the proponent of a Competing Proposal.

During the Exclusivity Period, Mithril must not, and must ensure that each of its Related Bodies Corporate and its Representatives do not, directly or indirectly:

1. continue any and all existing negotiations or discussions in respect of any Competing Proposal;
2. solicit, invite, initiate, facilitate or encourage any enquiry, expression of interest, offer, proposal or discussion with any third party:
 - a. with a view to obtaining an expression of interest, proposal or offer in relation to (or that could reasonably be expected to lead to) a Competing Proposal; or
 - b. in relation to (or that could reasonably be expected to lead to) not proceeding with the Merger.
3. neither:
 - a. negotiate or enter into or participate in negotiations or discussions with any person;
 - b. communicate any intention to do any of these things, in relation to (or that may reasonably be expected to lead to) a Competing Proposal even if the Competing Proposal is not directly or indirectly solicited, encouraged or initiated by Mithril or any of its Representatives, or that person has publicly announced the Competing Proposal; and
4. make available to any person or permit any other person to receive any non-public information relating to any Mithril Group Member in connection with such person or party formulating, developing or finalising a Competing Proposal.

Exceptions

Section 9.12(a) does not prohibit Mithril from taking or refusing to take any action with respect to a Competing Proposal provided that:

1. the Competing Proposal is bona fide and is made by or on behalf of a person that the Mithril Board reasonably considers is of sufficient commercial standing to implement the Competing Proposal;
2. the Mithril Board has determined in good faith after:
 - a. consultation with Mithril's financial advisers that the Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
 - b. receiving advice from Mithril's external legal counsel practising in the area of corporate law, that taking the action or refusing to take the action (as the case may be) with respect to the Competing Proposal would be likely to constitute a breach of the fiduciary or statutory obligations of the Mithril Board;
3. Mithril has given notification of any relevant matters to the Corporation in accordance with the provisions of clause 10.3 of the Scheme Implementation Deed; and
4. Mithril has complied with the provisions of clause 10.4 of the Scheme Implementation Deed (the Corporation's right to respond).

Reimbursement Payment

Under the Scheme Implementation Deed, Mithril and the Corporation acknowledged that, if they enter into the Scheme Implementation Deed and the Scheme is subsequently not implemented, the Corporation will incur significant costs.

In these circumstances, the Corporation has requested that provision be made for certain break or reimbursement fees, without which the Corporation would not have entered into the deed or otherwise agreed to implement the Scheme.

The Mithril Board believes that the implementation of the Scheme will provide benefits to Mithril and that it is appropriate for Mithril to agree to the payments referred to below in order to secure the Corporation's participation in the Transaction.

Subject to clauses 11.2 and 11.3 of the Scheme Implementation Deed, Mithril must pay the Reimbursement Payment to the Corporation if:

1. any Mithril Board member:
 - a. fails to state that they consider the Schemes to be in the best interests of Mithril Shareholders and Mithril Optionholders;
 - b. fails to recommend that Mithril Shareholders and Mithril Optionholders approve the Schemes (as applicable);
 - c. publicly changes (including by attaching qualifications to), withdraws (including by abstaining) or adversely modifies that statement or recommendation; or
 - d. publicly recommends a Competing Proposal,and this deed is terminated other than in the case where:
 - e. the Independent Expert concludes in the Independent Expert's Report that the Schemes are not, or are no longer, in the best interests of Mithril Shareholders or the Mithril Optionholders (as applicable) (including in any updated or supplementary Independent Expert Report released, or which will be released, to ASX) provided that the reasons for the Independent Expert's conclusions do not include the existence of a Competing Proposal; or
 - f. a Regulatory Authority or court of competent jurisdiction requests or requires one or more of the Mithril Board members to withdraw or refrain from making such a statement or recommendation.
2. a Competing Proposal is publicly announced by a third party after the Execution Date and before the Second Court Date and, within six months after such announcement, that third party acquires:
 - a. all or a majority of the Mithril Shares; or
 - b. control of Mithril or the Mithril Group within the meaning of section 50AA of the Corporations Act;
3. before termination of this deed or the Implementation Date, Mithril enters into any arrangement, agreement or understanding (in writing or otherwise) to implement a Competing Proposal.
4. the Corporation terminates this deed as a result of:
 - a. Mithril being in material breach of its obligations under this deed; or
 - b. a Mithril Prescribed Occurrence.

The Corporation agrees to pay the Reimbursement Payment to Mithril if, at any time after the entry into the Scheme Implementation Deed and before completion of the Schemes, either of the following occurs:

1. the Corporation announces a transaction or proposed transaction which is a Newrange Competing Proposal and is publicly recommended, promoted or otherwise endorsed by all or a majority of the Corporation Board and Mithril terminates the Scheme Implementation Deed or the Merger does not otherwise proceed; or
2. Mithril terminates the Scheme Implementation Deed as a result of:

- a. the Corporation being in material breach of its obligations under the Scheme Implementation Deed; or
- b. a Newrange Prescribed Occurrence.

Issuance of Scheme Consideration

In the form of Newrange Consideration Shares

The Corporation must:

1. on the Implementation Date, issue each Share Scheme Participant 18.08 Consideration Shares (rounded to the nearest Consideration Share on an aggregated basis) for every 1000 Scheme Shares registered in the Share Scheme Participant's name in the Mithril Register at the Record Date, which obligation will be satisfied by causing the name and Registered Address (at the Record Date) of the Share Scheme Participant to be entered into the Newrange Register as the holder of Consideration Shares issued in book-entry form to that Share Scheme Participant; and
2. within ten Business Days after the Implementation Date, procure the dispatch to that Share Scheme Participant by pre-paid post to their Registered Address (as at the Record Date), of an uncertified holding statement in the name of the Share Scheme Participant relating to the number of Consideration Shares issued in book-entry form to that Share Scheme Participant.

An aggregate of 60,907,985 Common Shares (subject to rounding) will be issued to the Mithril Shareholders.

In the form of Newrange Consideration Warrants

The Corporation must:

1. on the Implementation Date, issue each Option Scheme Participant:
 - a. 18.08 Class A Warrants (rounded to the nearest Class A Warrant on an aggregated basis) for every 1000 Class A Options registered in the Option Scheme Participant's name in the Mithril Register at the Record Date in accordance with the Merger Ratio; and
 - b. 18.08 Class B Warrants (rounded to the nearest Class B Warrant on an aggregated basis) for every 1000 Class B Options registered in the Option Scheme Participant's name in the Mithril Register at the Record Date in accordance with the Merger Ratio,
 - c. which obligation will be satisfied by issuance of a warrant certificate issued to that Option Scheme Participant in accordance with the Merger Ratio; and
2. within ten Business Days after the Implementation Date, procure the dispatch to that Option Scheme Participant by pre-paid post to their Registered Address (as at the Record Date), of a warrant certificate or holding statement in the name of the Option Scheme Participant relating to the number of Newrange Warrants issued to that Options Scheme Participant.

3,164,000 Acquisition Warrants (subject to rounding) exercisable at \$0.77 which expire on April 26, 2024 and 3,874,286 Acquisition Warrants (subject to rounding) exercisable at \$0.36 which expire on December 9, 2025 will be issued to the Mithril Optionholders.

Joint holders

In the case of Scheme Shares or Scheme Options held in joint names:

1. the Newrange Consideration Shares or Newrange Consideration Warrants (as applicable) to be issued under this Scheme must be issued to and registered in the names of the joint holders;
2. any cheque required to be sent under this Scheme will be made payable to the joint holders and sent to either, at the sole discretion of Mithril, the holder whose name appears first in the Share Register as at the Scheme Record Date or to the joint holders; and
3. any other document required to be sent under this Scheme, will be forwarded to either, at the sole discretion of Mithril, the holder whose name appears first in the Share Register or Option Register as at the Scheme Record Date or to the joint holders.

Ineligible Foreign Shareholders

Restrictions in certain foreign countries make it impractical or unlawful for the Corporation's Shares to be offered, or issued, under the Scheme to Mithril Shareholders in those countries.

An Ineligible Foreign Shareholder means a Mithril Shareholder whose address as shown in the Mithril Register at 5:00 pm on the Record Date is a place outside of Australia or New Zealand, unless the Corporation is satisfied that the laws of a particular Ineligible Foreign Holder's country of residence would permit the issue of Newrange Consideration Shares or Newrange Consideration Warrants (as applicable) to that Ineligible Foreign Holder without the filing of any additional documents in that country of residence.

The Corporation is satisfied that the laws of the United States (subject to the availability of the US Exemption described below), Egypt, Hong Kong, Mauritius, Mexico, Monaco, Singapore, Thailand and Germany will permit the issue of Newrange Consideration Shares and Newrange Consideration Warrants without the filing of any additional documents in those jurisdictions.

United States

The Corporation and Mithril intend to rely on an exemption from the registration requirements provided by Section 3(a)(10) of the US Securities Act of 1933, as amended (**US Exemption**) in connection with the consummation of the Schemes and the issue of the Newrange Consideration Shares and the Newrange Consideration Warrants (as applicable) to Mithril Securityholders resident in the United States.

The Corporation will be under no obligation to issue any Newrange Consideration Shares or Newrange Consideration Warrants under this Scheme to any Ineligible Foreign Shareholder and instead:

- subject to clause 3.1 of the Scheme of Arrangement, the Corporation may, in place of issuance of Newrange Consideration Shares and Newrange Consideration Warrants as applicable to Ineligible Foreign Shareholders, on or before the Implementation Date, issue the Newrange Consideration Shares and

Newrange Consideration Warrants which would otherwise be required to be issued to the Ineligible Foreign Shareholders under this Scheme to the Sale Agent;

- if the Corporation determines to use a Sales Agent as referenced above, the Corporation must procure that as soon as reasonably practicable on or after the Implementation Date, the Sale Agent, in consultation with the Corporation sells or procures the sale of all the Newrange Consideration Shares and Newrange Consideration Warrants issued to the Sale Agent and remits to the Corporation the proceeds of the sale (after deduction of any applicable brokerage, stamp duty, currency conversion costs and other costs, taxes and charges) (**Proceeds**);
- if the Corporation determines to use a Sales Agent as referenced above, pay to each Ineligible Foreign Holder such fraction of the Proceeds as is equal to the number of Newrange Consideration Shares and/or Newrange Consideration Warrants (as applicable) which would have been issued to that Ineligible Foreign Holder (if they were eligible to receive the Scheme Consideration) divided by the total number of Newrange Consideration Shares and/or Newrange Consideration Warrants (as applicable) issued to the Sale Agent promptly after the last sale of the relevant securities by the Sale Agent.

The proposed Acquisition should be considered highly speculative due to the nature of Mithril's business. Future operations would be subject to all of the risks normally incident to the exploration and development of mineral properties. For a more detailed description of these risks, and others, see "Part IV – Risk Factors".

General Development of the Business

History

Mithril is a precious metals explorer based in Melbourne Australia, which has been listed in the Australian Stock Exchange since 2002. Through its 100% acquisition of Sun Minerals Pty Ltd. ("Sun Minerals") in May 2020, Mithril's focus is the Copalquin Gold – Silver Project, located in Durango State, Mexico, in which Mithril, under an option agreement, indirectly holds a 50% interest with the exclusive right to increase to a 100% interest. The Copalquin Property will be the material property for the Resulting Issuer.

Mithril also has interests in some legacy non-core Australian properties: a 10% free carried interest in the Limestone Well vanadium-titanium tenements in Western Australia with Auteco Minerals Limited; and in Western Australia an interest in the Lignum Dam tenements via a farm out agreement with Great Boulder Resources and a 100% interest in the Kurnalpi tenements. The plan is to divest these legacy, non-material property interests.

The Copalquin Option Agreement

Mithril's rights to the Copalquin Project were acquired through its acquisition on November 25, 2019 of Sun Minerals, and the interest Sun Minerals holds in the Copalquin Project is through Sun Minerals' Mexican subsidiary Drummond Gold S.A. de C.V. ("Drummond"). Drummond entered into an Option Agreement dated August 7, 2017, as amended April 24, 2019, August 30, 2019,

July 14, 2022 and August 7, 2023 (the “Option Agreement”) with Compania Minera Copalquin S.A. de C.V, an arm’s-length Mexican corporation (“CMC”). By assignment agreements dated July 1, 2020 (initial 10%), September 14, 2021 (an additional 15%) and July 14, 2022 (an additional 25%), Drummond now holds a 50% beneficial interest in the Copalquin Project, subject to fulfillment of the Option Agreement. In order to acquire the current 50% interest, Mithril issued 673,852,281 shares on the acquisition of Sun Minerals and 30,000,000 shares post-acquisition to CMC, spent US\$8,000,000 on exploration and paid cash of US\$1,675,000 to CMC.

To earn the remaining 50% interest in Copalquin, Mithril must pay US\$10,000,000 by August 7, 2028 (which may be paid by Resulting Issuer Shares in whole or in part at a 10% discount to the 20 day volume weighted average price (the “VWAP”) at the election of CMC provided that the VWAP is equal to or greater than US\$1.00 per share and the number of shares does not exceed 10,000,000 Resulting Issuer Shares) and pay US\$150,000 every six months until the option is exercised. Further, the Resulting Issuer is required to issue 750,000 Resulting Issuer Shares to CMC on the Closing of the Transaction at a deemed price of \$0.18 per Resulting Issuer Share. Pursuant to the Letter Agreement, the Corporation agrees to the obligations to issue the 750,000 Resulting Issuer Shares to CMC and issue the Resulting Issuer Shares if so elected by CMC in accordance with the preceding sentence.

Once the 100% interest is acquired, a NSR of 2.5% on production from the property will be granted to the owner. 1.5% of the NSR can be purchased at any time during the option period by payment of US\$4,500,000. When the 100% interest is acquired, and prior to production, pre-NSR payments of US\$50,000 per 1% of NSR will be paid every 6 months until production is established.

The Option Agreement and Assignment Agreements have been filed for recordation with the Mexican Public Registry of Mines. An independent legal title opinion on the mining concessions constituting the Copalquin Project will be obtained from RB Abogados of Mexico City, Mexico.

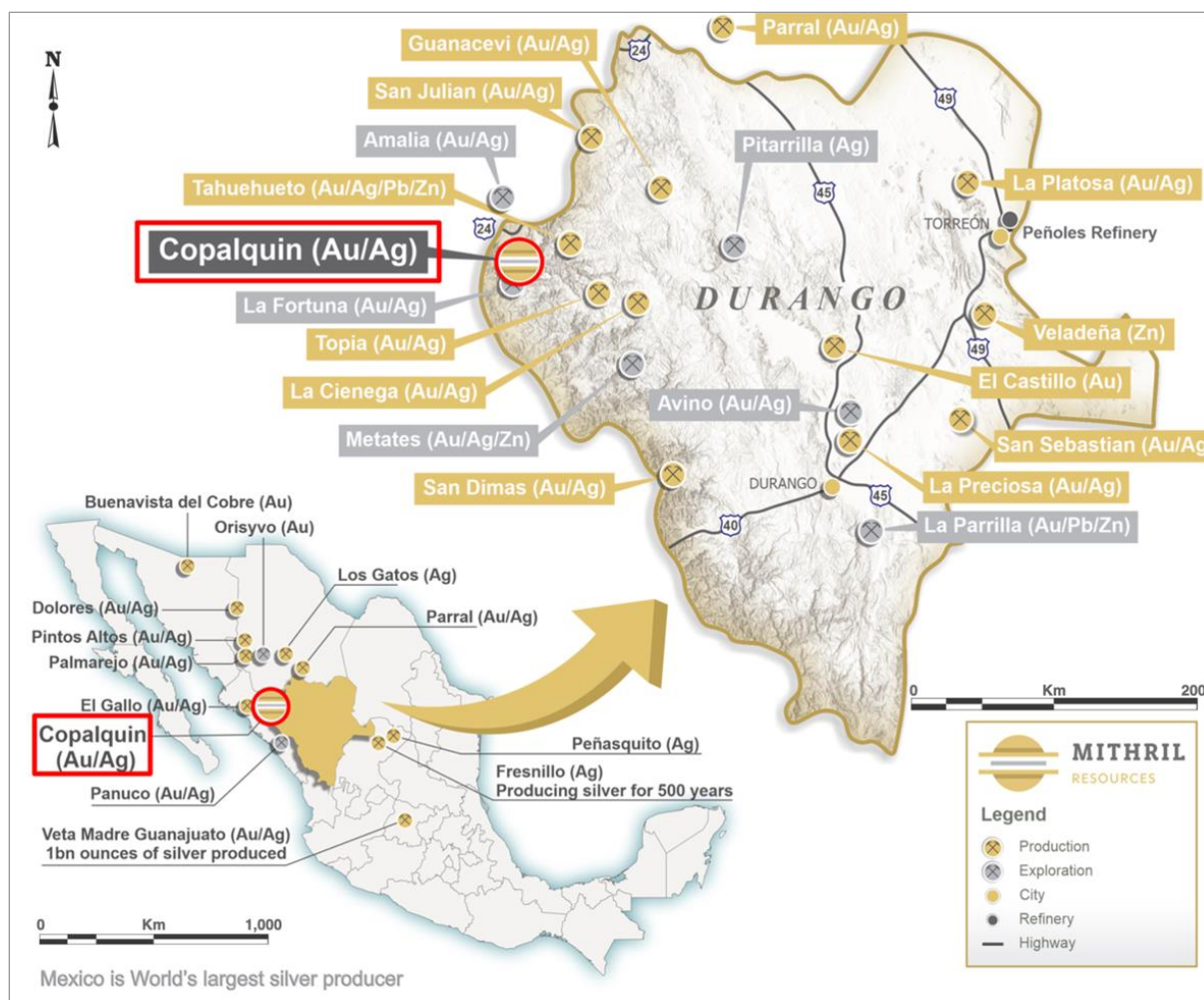
On May 27, 2020, Mithril completed its acquisition of Sun Minerals and hence Drummond as the operating entity in Mexico commenced its maiden drill program in the Copalquin District in July 2020.

The following disclosure is extracted as a summary from the NI 43-101 Technical report titled: “Copalquin Property Mineral Resource Estimate” effective July 18, 2023, authored by AMC Consultants Pty Ltd. (the “43-101 Report”). A copy is available for review under the Corporation’s disclosure on the SEDAR system (www.sedar.com).

Property Description and Location

The Copalquin Property is in the Copalquin Mining District, located in the municipality of Tamazula, Durango State and the municipality of Badiriguato, Sinaloa State along the western slopes of the Sierra Madre Occidental physiographic province of western Mexico.

Location of Copalquin Project:



The Copalquin Property comprises six overlapping mining concessions covering a total area of 7,005.3243 hectares (ha). All mining concessions are active and without any legal impediments. Current registered ownership of the concessions is 50% CMC, a private Mexican company and 50% Drummond, 100% owned by Sun Minerals the 100% owned subsidiary of Mithril.

Mining concessions

Title name	Title number	Issue date	Expiry date	Status	Area (ha)
La Soledad	52033	30 Sep 1961	30 Sep 2036*	Active	6
El Cometa	164869	11 Jul 1979	10 Jul 2029	Active	36
San Manuel	165451	18 Oct 1979	17 Oct 2029	Active	36
Copalquin	178014	2 Jun 1986	1 Jun 2036	Active	26
El Sol	236130	14 Jul 2003	15 Jul 2053	Active	6,000
El Corral	236131	14 Jul 2003	15 Jul 2053	Active	907.3243
Total	-	-	-	-	7,005.3243

Note: *See text for explanation for La Soledad.

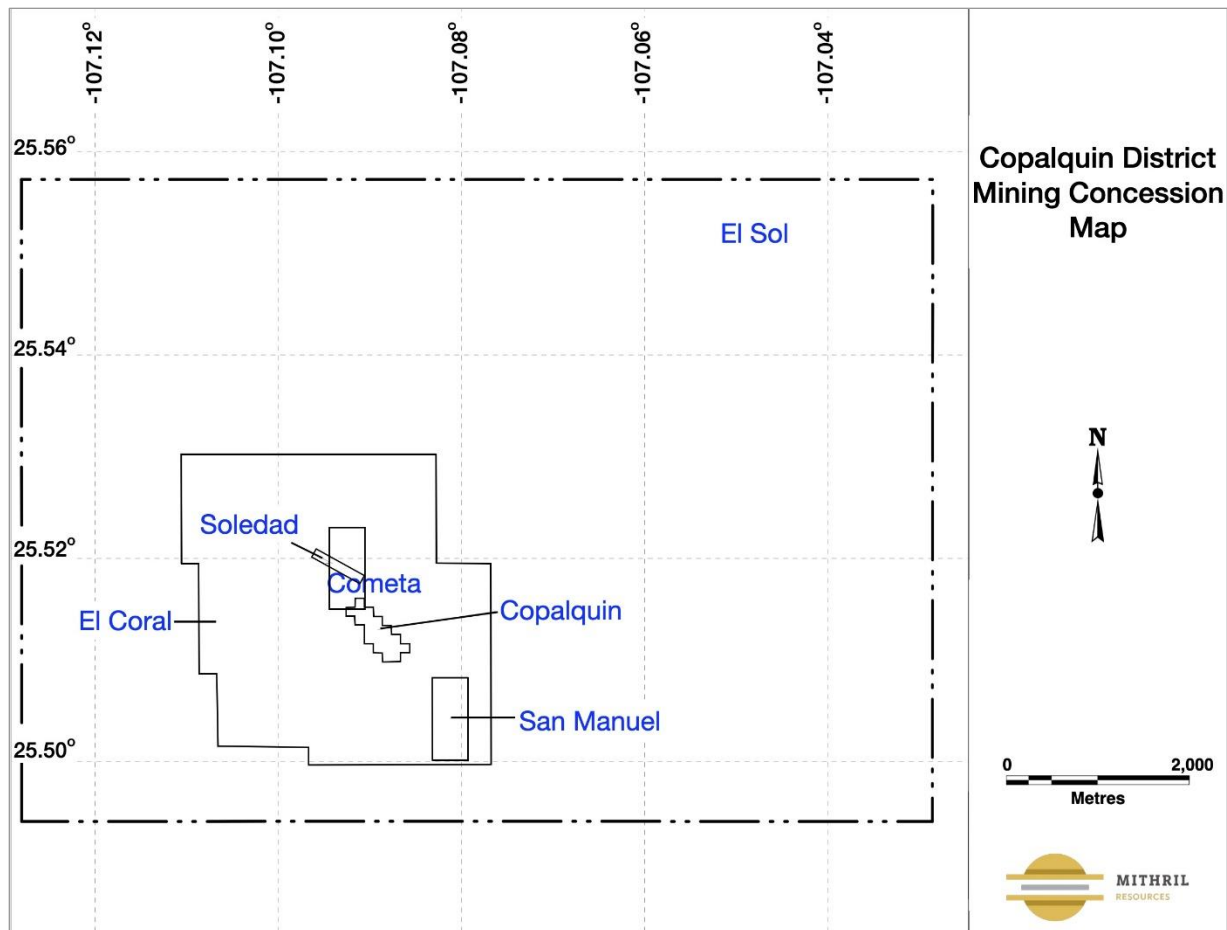
Applications can be made to extend the mining concessions by 50 years. The mining concession La Soledad is showing as expired since it was issued more than 50 years ago. However, it is important to highlight due to diverse modifications to the Mining Law, the validity of La Soledad was extended, which is why the status is active and the semestral mining duties are paid. Until now, the Mining Registry has not issued the official document to verify its exact expiry date. The above is from a legal opinion by EC Rubio, a Mexican law firm – Lic. Pablo Mendez Alvidrez, Punto Alto E4, Penthouse Centro Ejecutivo No. 5500, 31125, Chihuahua.

The text below is from a legal opinion by RB Abogados, a Mexican law firm – Lic. José Enrique Rodríguez del Bosque, Boulevard Adolfo Ruíz Cortinez No. 3332- 606, Colonia Jardines del Pedregal, Ciudad de México. C.P 0190

The term of existence of the mining concession “La Soledad”, title number 52033 (“La Soledad Concession”) expired on 29 September 2011, in accordance to provisions of the 1961 year Mining Law and its Article Third Transitory, mining concessions issued before year 1961 had a term of existence of 25 years, which term of existence may have been extended by the 1975 year Mining Law and its Article Seventh Transitory for an additional 25-year term (La Soledad Concession was issued in year 1911); therefore, such mining concessions issued prior to year 1961 had a term of existence of 50 years that may have been extended for additional 50 years as provided by the 1992 year Mining Law, however, we did not receive evidence that the term of existence of said mining concession was extended nor requested for extension by its holder.

Notwithstanding the foregoing, La Soledad Concession appears as existing and in force at the Book of Mining Concessions of the Public Mining Registry (PMR), which Books contains data of registration of all mining concessions issued by the Mexican Mining Bureau (MMB).

Mining Concessions map:



Surface rights

The Property does not include any registered ejidos (areas of communal land used for agriculture) or registered communities. However, there are communities within the mining concession area and these communities function as local community seeking opportunities to the benefit of the district communities as a whole.

Drummond works with the community, regardless of their formal registration and all community member land occupiers have legal possession of their fenced lots of land, having occupied for more than 10 years and individual agreements will be required with each occupier for land affected by a future mine development in order for an “Authority to Mine” to be granted. To date, no exploration work has been completed within fenced land.

At the exploration stage, while there are no formal agreements required, Drummond has completed work programs providing benefit to the district communities focussed on education - providing fortnightly support for 3 district schools, community road upgrades, transport of goods to the district, providing flights for medical programs, community events and employment of 20–25 local men and women.

Permits

Exploration and mining activities in Mexico are regulated by the General Law of Ecological Equilibrium and Environmental Protection (Ley General de Equilibrio Ecológico y Protección al Ambiente [LGEEPA]), and the Regulations Environmental Impact Assessment [REIA]). Laws pertaining to mining and exploration activities are administered by Secretariat of Environment and Natural Resources (Secretaría del Medio Ambiente y Recursos Naturales [SEMARNAT]) and the Federal Attorney for Environmental Protection (Procuraduría Federal de Protección al Ambiente [PROFEPA]) enforces SEMARNAT laws and policy.

Activities that exceed specified limits require authorization from SEMARNAT and comprise the presentation of an environmental impact assessment (Manifestación de Impacto Ambiental [MIA]). SEMARNAT authorizes activities that fall below the specified threshold under Article 31 of the LGEEPA and require the submission report known as an Informe Preventivo.

Exploration activities that are expected to generate impacts to the physical or social environment that are assessed as potentially of low significance by the regulators are regulated under Norma Oficial Mexicana NOM-120-SEMARNAT-2020 and its subsequent modifications.

The Project is not included within any specially protected, federally designated, ecological zones known as Áreas Naturales Protegidas (ANP).

An Informe Preventivo is in force for the area of exploration within the Copalquin mining concessions according to official notice SG/130.2.1.1/0835/21 dated 10 June 2021, issued by the Ministry of Environmental and Natural Resources to Drummond for a period of 3 years.

Environmental considerations

Mining commenced in the district in 1849 at El Refugio and expanded across the district up until the time of the Mexican revolution in 1910. Mining recommenced in the 1930s for several years and then again in the 1970s for less than 2 years. Modern exploration commenced in 1997 and continued until 2006, which included diamond drilling. Exploration work recommenced in 2020 using a man portable diamond drill rig, quad bike vehicles to move supplies on exploration and community tracks and with some helicopter support.

There are several dozen historic mines and workings across the district and some historic processing equipment and repurposed buildings at Copalquin village area and La Maquina village area, close to the Copalquin riverbed. Historically disturbed areas have revegetated. Due to the very low sulphide content of the material historically mined and processed, there is no evidence of acid rock drainage (ARD) observed.

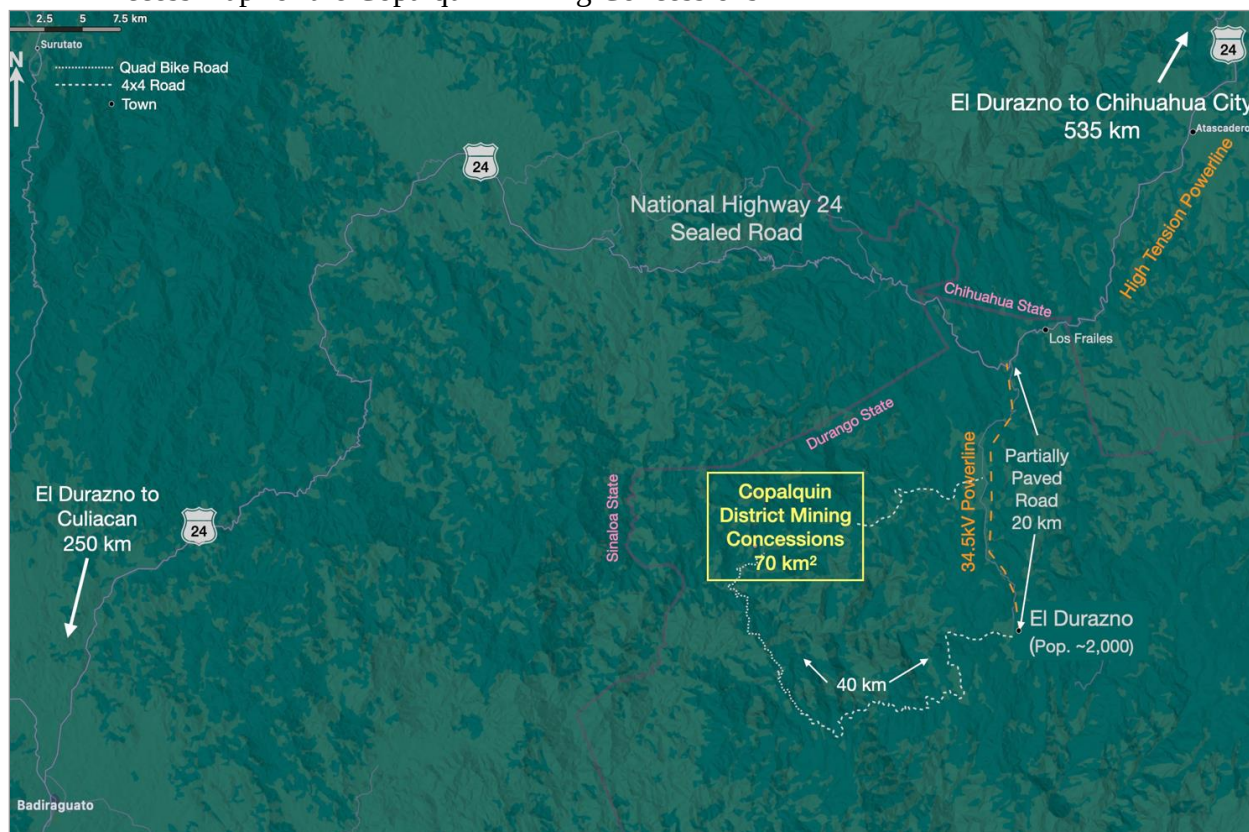
Accessibility, climate, local resources, infrastructure, and physiography

Access

The Property is accessed from Chihuahua via paved Federal Highway 45 to Los Frailes, then on partially paved road (one-hour drive) to El Durazno with a cross dirt road to the settlement of

Guajolote within the eastern side of the concession area. From Guajolote, there is a mule track into the central area of the district.

Access map for the Copalquin Mining Concessions



A dirt 4 x 4 road runs from El Durazno to El Barco to the south of the mining concession area. A track runs from this road to the village of El Limon near the south-west corner of the mining concession area. From El Limon, quad bike track connects through to villages within the mining concession area including the exploration camp and district airstrip.

The district airstrip is located near the centre of the mining concession area at Los Reyes, and this airstrip is used for daily flights connecting to towns in the region including El Durazno (10 minute flight), Tamazula de Victoria (20 minute flight), and the major city of Culiacan (30 minute flight).

Local infrastructure

The majority of the Property is located in the Tamazula municipality, Durango state. The north-west corner of the concession area is located in Badiriguato municipality, Sinaloa state. The Project area is also used for very small scale cattle grazing, with limited agricultural use.

On the eastern side of the property there is a 34.5 kilovolt (kV) powerline that runs from the main high-tension powerline along national highway 45, to the township of El Durazno, with a population of approximately 2,000 people, government hospital, police, and government administration building.

Drilling companies and mining contractors are available in the cities of Mazatlán, Durango, Hermosillo, Zacatecas, and other areas of Mexico. Contractors have a strong mining tradition and provide the Project with a local source of knowledgeable labour and contract services.

Climate Topography, Elevation and Vegetation

Annual rainfall averages around 900 mm per year, falling mostly in the summer months between June and October. Rain events are frequently torrential and of short duration. A second, less intense rainy season occurs some years between December and February. Exploration activities may be carried out year-round with allowances for weather delays during the rainy season.

The Copalquin Property is located on the western flank of the Sierra Madre Occidental, a mountain range that comprises the central spine of northern Mexico. The property area is hilly to mountainous with some steep-walled canyons forming in the middle valley that runs east to the south-west of the property. The majority of the main target areas are located at elevations of 1,000 m to 1,200 m. Vegetation ranges from pine trees at the higher elevation from 1,800 m and higher with a few small stands of pine trees at lower elevations. The district features mostly deciduous trees with one of the most common being oaks and some types of sycamore. There are some cacti such as *stenocereus* at the mid elevations and agave and prickly pear at higher elevations.

Local land holders graze small numbers of cattle and grow corn and other vegetables on small-scale plots. Avocado trees grow at the lower elevation in the valleys at 800 m and lower.

Local resources

The area is inhabited by subsistence farmers who have limited contact with coastal parts of Sinaloa and infrequently walk out to El Durazno, Durango. The El Limon village within the concessions has about 20 houses in various states of repair and an elementary school. Other settlements within the project area are Los Reyes with 6 houses and an elementary school, La Maquina with 6 houses, San Antonio with 11 houses, El Platano with 16 houses and an elementary school, El Peru with 6 houses and El Duraznal / Los Riscos with 6 houses. The original town of Copalquin has only one inhabited house remaining. A network of ATV tracks extends throughout the concessions from El Limon to the Los Reyes airstrip with tracks to the Copalquin site and the exploration camp.

An exploration camp has been established, capable of serving up to 30 people. The camp is made up of 7 dormitories, a kitchen with gas stove, 2 refrigerators, a chest freezer, a dining room, 4 showers, and 4 toilets. There are separate facilities for men and women. Power is provided by a 20 kilovolt-ampere (kVA) generator. Diesel and food are flown in by fixed wing aircraft. Mithril has erected three 30 feet x 50 feet steel frame tent style core sheds with steel core shelves. Each core shed has capacity for approximately 12,500 m of core in core boxes.

The Humaya hydroelectric plant is at the south end of Presa Adolfo Lopez Mateos about 60 kilometres (km) to the south-southwest of Copalquín. There are in addition 4 airstrips throughout the property area at Los Reyes, El Limon, El Platano, and Rancho La Soledad. The airstrip at El Alizal is currently the logistics point for cargoes from Chihuahua.

The Copalquin arroyo supplies water for drilling and for camp use.

Currently local residents fill field support positions, including core technicians, warehouse and inventory control and samplers. Drillers and geologists are recruited outside the area.

As the project progresses towards a mine design, areas for a plant site, dry-stack tailings storage and a limited waste dump are available in the somewhat less steep valleys between La Maquina and El Platano.

History

Ownership and work carried out

Pre 1980's

The Copalquin district was discovered in the mid-1800's based on evidence of early workings and prospects throughout the district. Los Reyes is the oldest mine in the district and was mined in the late 1800's. In the early 1880's the Refugio Gold and Silver Company of Nashville, Tennessee held the property, with development of the properties seeming to have commenced in mid-1885. Production at San Manuel, La Soledad, and Refugio mines was probably curtailed by the Mexican Revolution (1910-1920).

In the 1930's The Compania Minera La Cibola developed several mines with ore milled by stamp mill at the Hacienda de Santa Maria (now La Maquina) about 1.5 km south of the La Soledad mine and 1 km south of the Refugio mine. As early as the 1960's and through the 1980's Atalo and Francisco de la Rocha worked the San Manuel mine at some point partnering with Señor Miguel Angel Matas, the primary shareholder in the Mexican company CMC that currently owns the concessions. Señores de la Rocha and Matas installed the aerial tramway to bring ore down from San Manuel and built a 10 tpd flotation plant on the Copalquin arroyo with a jaw crusher, ball mill, classifier and flotation cells. Senor Matas bought the concessions from his partners and placed them into the private Mexican corporation CMC. Total historic production from the district has been estimated as being up to 250,000 ounces (oz) of gold and 11 million ounces of silver with 75% of the estimated ounces coming from La Soledad.

IMMSA and others 1980-1995

Several evaluations of the project were conducted in the 1980's and 1990's by Mexican mining / exploration companies. In 1983 extensive work was done by Industria Minera Mexico SA (IMMSA). IMMSA compiled and re-drafted all the maps of the underground workings originally drawn in the 1930's. In 1994 and 1995 the project was evaluated by Minas de la Alta Pimeria (Francisco Gold) and by Kennecott.

Bell Coast Capital Corp.

The first company to drill the project was the private Canadian company, Bell Coast Capital Corp. (Bell Coast), which optioned the property from CMC in 1996. Bell Coast drilled a total of 31 diamond drillholes on the Project in 1997 and 1998. Total metres drilled was 2,759.30 m. Fifteen holes were drilled in an area 50 m x 30 m pin cushioning the area around the bonanza intercept

discovered at Cometa in hole EC-002 (13.25 m @ 74.89 g/t gold and 706 g/t silver). Additionally, four other holes were drilled at Cometa, three holes were drilled at Refugio, six holes at La Soledad, and three holes at Los Reyes. The project was abandoned after the company was unable to attract finance due to the investment climate soured by the Bre-X scandal.

UC Resources

The Copalquin Project was optioned to the Canadian publicly listed company UC Resources in 2004. UC Resources completed soil sampling programs over the Refugio / Cometa / Soledad area and the Los Pinos Ridge integrating soil sample results from Bell Coast into their data. Between 2004 and 2007 UC Resources completed 39 diamond drillholes in two programs. The first program was drilled in November and December 2004 and the second between October 2006 and June 2007. Total metres drilled was 4,163.85 m. Seven holes were drilled from the EC-002 pad producing similar results to the Bell Coast holes including UC-003 (17.77 m @ 45.16 g/t gold and 118.2 g/t silver). The company again pin cushioned a small area in an apparent attempt to produce “news” for the Canadian investment market. During the period of the UC Resources option the concession package was increased to 61,651 ha including the 7,005 ha that make up the current project area. Little work was done outside of the main areas of interest. UC Resources successfully intersected the main mineralized zones at Refugio, Cometa (part of Refugio), and La Soledad. The project was dropped due to internal management issues which resulted in lawsuits that tied up the property from 2007 to at least 2015.

Sun Minerals 2017-2019

Sun Minerals, the Australian private company of John Skeet, optioned the Cia Minera Copalquin concessions that make up the current Copalquin Project in 2017. Sun Minerals resolved the remaining legal issues remnant from the UC Resources option and brought all the claims into good standing. Starting in 2017 Sun Minerals visited 13 of the known mines and collected 37 rock chip samples from them with favorable results. In 2018 and 2019 a district scale mapping program was undertaken that covered the core area including the mines of San Manuel, Los Reyes, Cometa, Refugio, and La Soledad. This mapping confirmed that the low angle normal fault is semi-continuous from Refugio to Cometa and extending east to Los Reyes. Also identified by this mapping are a series of rhyolite domes and dikes that are spatially related to the altered and mineralized zones. Soil sampling programs were carried out over all the main targets and hand constructed drill pads were built.

Sun Minerals was acquired by Mithril on 27 May 2020. Drilling commenced at the Copalquin property in July 2020 and the initial 5,000 m program was expanded to the point that over 30,000 m of diamond drilling are now complete. The company published a maiden resource estimate for the first target area in the district, according to the Australian JORC code (2012), in November 2021.

1 Summary of historical Work at Copalquin Project

Date(s)	Company	Notes
Pre-1850	Loera, 1995	Many tahonas throughout the area and artisanal mines along Los Reyes ridge suggest a long mining history.

~1880- ~1910	Killebrew, 1883 Champion, 1884 Jones, 1889 Woods, 1889	Refugio Gold and Silver Mining – Development starts in mid-1884. Remains suggest operations continued into early 20 th century.
1935	J.W. Patterson, 1935	Evaluated area, including mapping and sampling of workings. Quoted by Wilkins (1997).
1935	ASARCO (concession abstract)	ASARCO held an exploration agreement on La Soledad in 1935. There is no record of work being carried out.
1935-40	Compañía Minera Cíbola (Loera, 1995)	Said to have mined La Soledad. No records of production. No record of concession abstracts.
~1950-60	Atalo y Francisco de la Rocha (Loera, 1995)	Intermittent operation of San Manuel mine including installation of aerial tramway and 10 tpd mill at Copalquín. The mill includes a small jaw crusher, ball mill, classifier, and flotation cells.
1998	Bell Coast PR 1998/08/14	Completed 6 short, angled holes (336 m) on Mina el Cometa.
1998	Bell Coast PR 11/04	Completed Phase 2 drill program (25 holes, 1,899 m) at El Cometa, La Soledad, El Cometa Este, & Refugio.
2004-2005	UC Resources MD&A 06/30	UC, the operator, “has carried out various sampling programmes and ground geophysical work” and constructed a camp.
	PR 2005/01/18	Completed a grid, VLF-EM, limited surface sampling and 24 diamond drillholes (2,098 m). Continues into early 2005
2005-2007	UC Resources	Limited drilling (15 holes, ~1,900 m), “soil” grids, some mapping and limited regional sampling
2017-2019	Sun Minerals, Ltd	Collected underground rock chip samples from 13 mines, did a limited soil sampling program, made a semi-detailed geologic map of the core area of the project

Mineral Resources and production

Other than the JORC figures which have been re-reported and disclosed as the maiden resource estimate, there are no Mineral Resource and Mineral Reserve figures available. There has been some historical production from the Property as disclosed above.

Geological setting and mineralization

Regional geology

Northwestern Mexico, where the Property is located, lies near the western limit of the Sierra Madre Occidental, a north-west trending volcanic plateau composed of thick accumulations of andesitic to rhyolitic volcanic rocks. The rocks of the Sierra Madre Occidental are generally thought to reflect subduction-related continental arc magmatism that slowly migrated eastward during the early Tertiary in a long period of compressional stress and then retreated westward more quickly, reaching the western margin of the continent by the end of the Oligocene (Sedlock et al., 1993). Basement rocks in the region do not crop out in the project area, but are made up of Paleozoic metavolcanics, metasediments including slate, schist, quartzite, meta-andesite and phyllite as well as the Jurassic Guanecevi Conglomerate made up of terrigenous sandstones and conglomerates. The basement rocks are part of the Guerrero terrane accreted onto the North American craton in Jurassic times (SGM, 1999). These rocks may be observed on the road between Culiacan, Sinaloa and Tamazula, Durango.

The eastward migration of the volcanic arc is represented in the Sierra Madre Occidental by the Late Cretaceous-Early Tertiary “lower volcanic complex” (LVC) of calc-alkaline composition. Over 2,000 m of predominantly andesitic volcanic rocks, with some interlayered ash flows and associated intrusions, comprise the LVC. Deposition of the LVC rocks corresponds with the development of the Laramide orogeny in this region (Camprubi, 2003). The LVC andesites are the primary host rocks for mineralization throughout the Sierra Madre Occidental.

Intrusive rocks of the Sinaloa Batholith were emplaced over time ranging from Lower Cretaceous to Eocene, 135 Ma to 20 Ma (Henry et al, 2003). The Sinaloa batholith developed in three stages. Early gabbros may have been emplaced ca. 135 Ma. These predate the migration of the arc eastward across northern Mexico. A second period of foliated pre- or syntectonic rocks were emplaced before ca. 90 Ma, apparently while the region was being deformed (during eastward migration of the arc) and are mostly tonalites. The third phase of intrusions are post tectonic rocks which were emplaced between ca. 90 and 45 Ma, with one intrusion at 20 Ma, and after compressional deformation had ceased; they are predominantly granodiorite. Henry et al, 2003 notes that this youngest group of granodiorite intrusions intrudes into the LVC. Intrusions that make up the Sinaloa Batholith are generally older closer to the coast and progressively younger inland. The Servicio Geológico Mexicano (SGM) identifies a series of granodiorite intrusions that are Eocene, post-batholith, corresponding to Henry, 2003 third stage. This affects (crosscut) the Upper Cretaceous Granodiorite and all earlier units (SGM, 1999).

As the tectonic regime changed from compressional stress during the eastward migration of the volcanic arc to extensional stress during the retreat of the volcanic arc the region was affected by the Mid-Cenozoic ignimbrite flareup. Rhyolite ignimbrites, flows and hypabyssal (sub-volcanic) intrusives, with subordinate andesite, dacite, and basalt, formed during Eocene to Miocene caldera eruptions, 40 Ma to 20 Ma. These volcanic rocks form a one-kilometre-thick unit that unconformably overlies the LVC andesitic rocks and constitutes the “upper volcanic supergroup” of the Sierra Madre Occidental (Sedlock et al., 1993). The upper volcanic supergroup is also commonly referred to as the upper volcanic series (UVS). Gold and silver deposits in the Sierra Madre Occidental are commonly hosted in rocks of the lower volcanic series and the mineralizing systems are thought to be related to the Mid-Cenozoic ignimbrite flareup, which deposited the upper volcanic supergroup (Sedlock et al., 1993; Camprubi, 2003).

Local geology

The Copalquin District lies within the Sierra Madre Occidental physiographic province of north-western Mexico. The project is underlain by andesitic volcanics of the Cretaceous-Tertiary LVC. A Tertiary granodiorite to monzonite pluton intrudes the andesite and much of the area is capped by Tertiary (Oligocene to Miocene) rhyolite ignimbrites of the UVS. Mineralization is thought to be contemporaneous with the eruption of the UVS and related sub-volcanic intrusions. Semi-continuous breccia zones dipping at a low angle have formed within the andesite volcanics and parallel to the granodiorite contact. These zones include the El Cometa breccia and the Los Reyes breccia. The geometry of these zones is similar to the nearby El Gallo silver deposit of McEwen Mining which is also formed in a series of breccias parallel to the contact between intrusive rocks and LVS andesite. The low-angle breccias are mineralized with gold and silver. A series of moderately dipping normal faults strikes north-west and dips to the north-east including the Refugio, La Lina, El Leon, and Soledad structures which host veins mineralized with gold and

silver. North-south striking, steeply dipping faults at San Manuel also host mineralized veins. Both the low-angle breccias and the high-angle faults host extensive zones of mineralized quartz breccia.

It is likely that the low angle zones developed as tectonic breccias during the intrusion of the granodiorite and were later mineralized by hydrothermal activity related to the eruption of the UVS. There are a series of rhyolite domes and dikes that intrude the lower volcanic series and the granodiorite aligned along an east-west trend at least 5,000 m long from El Gallo in the west to San Antonio in the east. These subvolcanic intrusions are spatially adjacent to the mineralized veins and are thought to have been the heat sources that drove the circulating hydrothermal cells. Large areas of argillic alteration occur across the concessions. The alteration forms halos adjacent to the known structures and large zones where structures have not been identified. Argillic alteration is indicative of widespread penetration of hydrothermal fluids into the surrounding rocks and suggests a long-lived hydrothermal system was active at Copalquin.

The alteration from Refugio to Los Reyes is over 2,000 m long and from 100 to 400 m wide. Similar alteration is observed a further 2,000 m west at El Gallo. It is expected that the widest zones are related to shallow-dipping portions of the Cometa-Los Reyes structures where the structure is nearer the outcrop surface. Similar alteration is present well to the west at El Platano and well to the east at Constanica. It cannot be stressed enough that this strong, widespread argillic alteration forming a large-volume halo well out from the veins is the observable geologic characteristic that identifies Copalquin as a major epithermal centre.

Property geology

Host rocks and stratigraphy listed from oldest to youngest

Cretaceous – Tertiary (Eocene or older)

A thick accumulation of andesite volcanic made up of extrusive flows, autoclastic breccias and, possibly, tuffs. Part of the LVC:

Tau - The most prevalent unit is an undifferentiated group of grainy, magnetic flows. This unit is sometimes so densely phyrlic that it appears like a holocrystalline micro-diorite.

Taf - Fine grained andesite with 5%, tiny plagioclase phenocrysts to 0.5 mm in an aphanitic to finely granular groundmass, moderately magnetic, locally common zones of calcite filled amygdules near tops of flows.

Tapp – Dacite plagioclase hornblende porphyry - distinctly porphyritic with 15% euhedral plagioclase phenocrysts and 3% hornblende phenocrysts in an aphanitic, light colored groundmass. Hornblende locally varies to biotite. Local quartz phenocrysts, local devitrification spherulites. Unit frequently has characteristic chill margins at both upper and lower contacts indicating that it is likely intrusive.

Tertiary (Eocene to Oligocene) Large stock of holocrystalline rocks intrudes the andesite package. The latest phase of the Sinaloa Batholith:

Tgd – Granodiorite to monzonite - a felsic, holocrystalline rock that ranges from equigranular to slightly porphyritic with 60% plagioclase, 20% mafic minerals (hornblende, biotite, pyroxene), 15% orthoclase, 5% quartz. In some areas the feldspars are in equal proportion (monzonite), in other areas there is no orthoclase and no quartz (diorite).

Tertiary (Oligocene to Miocene) UVS rhyolite ignimbrites and subvolcanic domes and dikes:

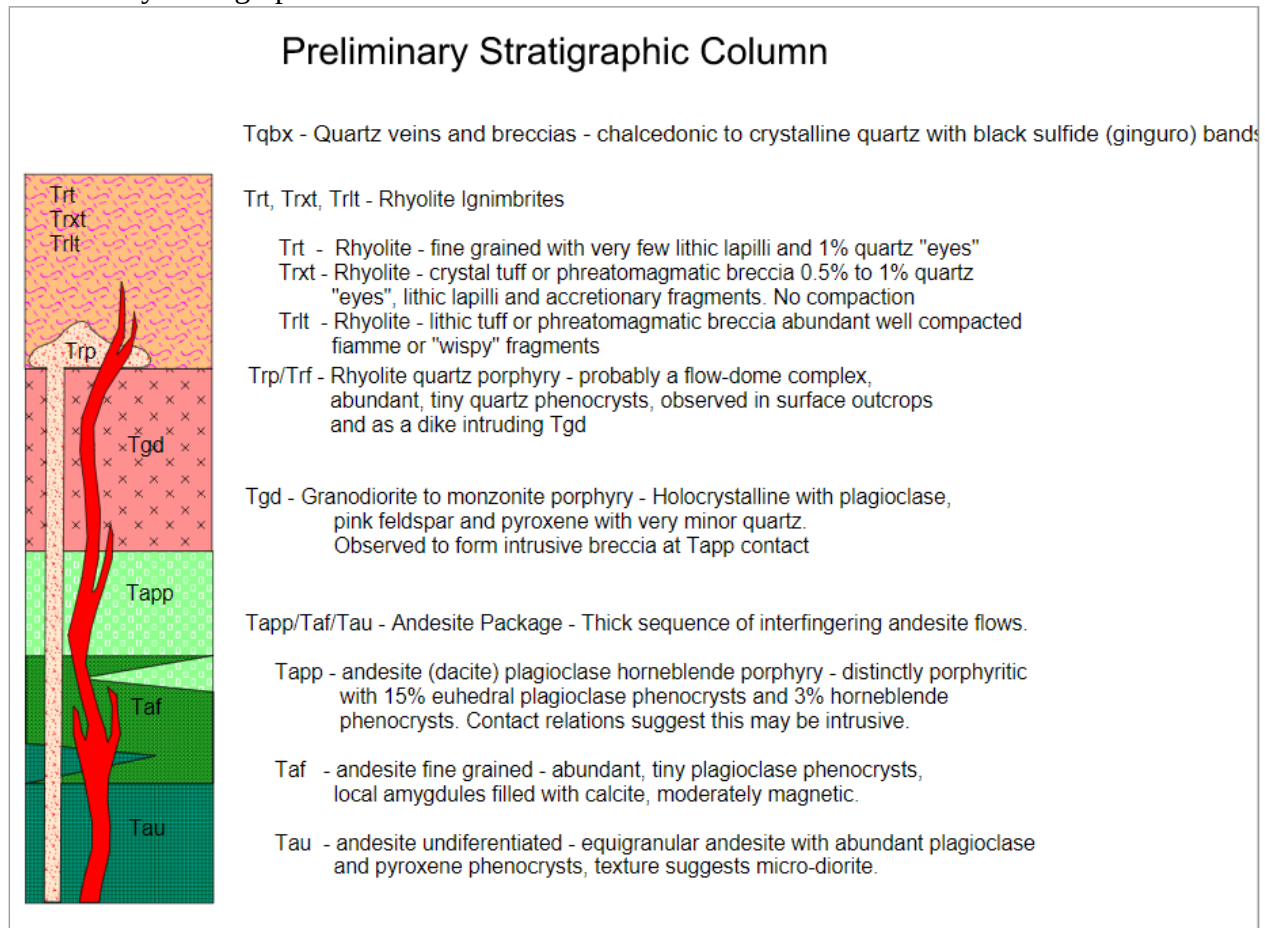
Trt, Trxt, Trlt – Textural varieties of rhyolite ignimbrite. Trt – rhyolite tuff fine grained, poorly to moderately welded, few lithic lapilli, sparse quartz eyes. Trlt – rhyolite lithic tuff well compacted near the base of cooling units with flattened pumice fiamme up to 20 mm long and 5 mm wide, moderately to densely welded grading upward into lithic tuff with less compaction. Trxt – rhyolite crystal tuff with abundant quartz fragments and feldspar fragments, few lithic lapilli and fiamme. Densely welded.

Trp / Trf - Rhyolite domes and dikes sparsely quartz phyrific fine-grained, light-colored rocks that locally exhibit flow banding and, in some areas, autoclastic brecciation as dome margin intrusive breccias.

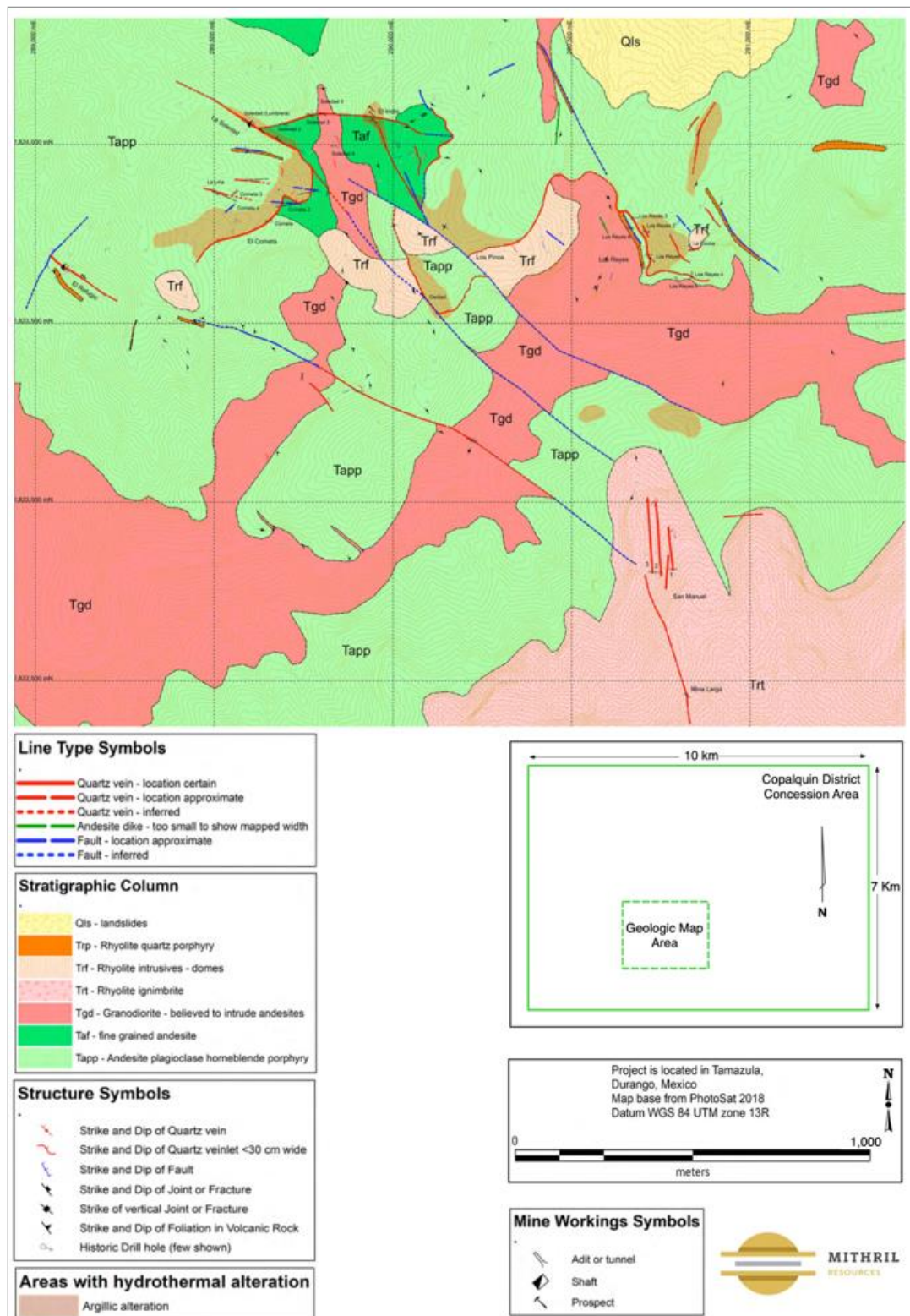
Tertiary (Miocene) post mineral mafic dikes related to late bi-modal volcanism:

Tdi – diabase dikes - aphanitic mafic rocks with no observed phenocrysts, strongly magnetic, local amygdules filled with calcite. The dikes preferentially intrude mineralized structures and cut through mineralization. They are seldom more than 1 m thick.

Preliminary Stratigraphic Column



The Geological map of the central part of the Copalquin Mining District with area shown relative to the concession in the inset map.



Structure

A multi kilometre long E-W striking, north dipping structural zone that roughly parallels the granodiorite / andesite contact appears to have initially been a series of concentric fractures caused

by doming as the granodiorite intrusion pushed up through the overlying rocks. The zone has been reactivated as a normal fault with the north side down dropped. The zone is well defined from Refugio to Los Reyes and may extend west as far as El Gallo and east as far as El Maizon. This early structural zone was later invaded by mineralizing fluids that deposited the mineralized quartz veins.

A series of N–S veins that dip steeply to the east at San Manuel cuts UVS ignimbrites. The veins are at least 500 m long from Dios Padre / Mina Larga in the south to San Manuel Level 1 in the north.

Later post mineral faults generally strike N – S and usually dip to the east. These faults divide the district into separate structural blocks. These faults have not been located in the field but are indicated by rock type changes from one ridge to the next and variations in flow foliations and compaction foliations (taken as dips in the volcanic rocks).

The UVS ignimbrites have varying dips around the rim of the Copalquin canyon. Ignimbrites along the north wall strike north and dip moderately (40 degrees) to the west. Ignimbrites along the eastern headwall of the canyon are nearly flat-lying striking north and dipping gently (5 to 10 degrees) to the west. Ignimbrites along the south wall of the canyon in the area of San Manuel strike north to north-east and dip moderately (30 degrees) to the east or south-east.

Alteration

Large areas of argillic alteration occur along a 5 km band from El Gallo to El Maizon. The alteration is best developed on the Cometa ridge where the exploration camp is located. Clay alteration forms broad haloes up to 200 m wide at Cometa / Refugio, Los Pinos and Los Reyes. Silicification is uncommon at surface and is observed mostly in the Trp / Trf rhyolite intrusives and in the Trlt rhyolite ignimbrites at San Manuel and El Gallo. In drill core silicification is limited to the breccia zone and does not extend into the hanging wall.

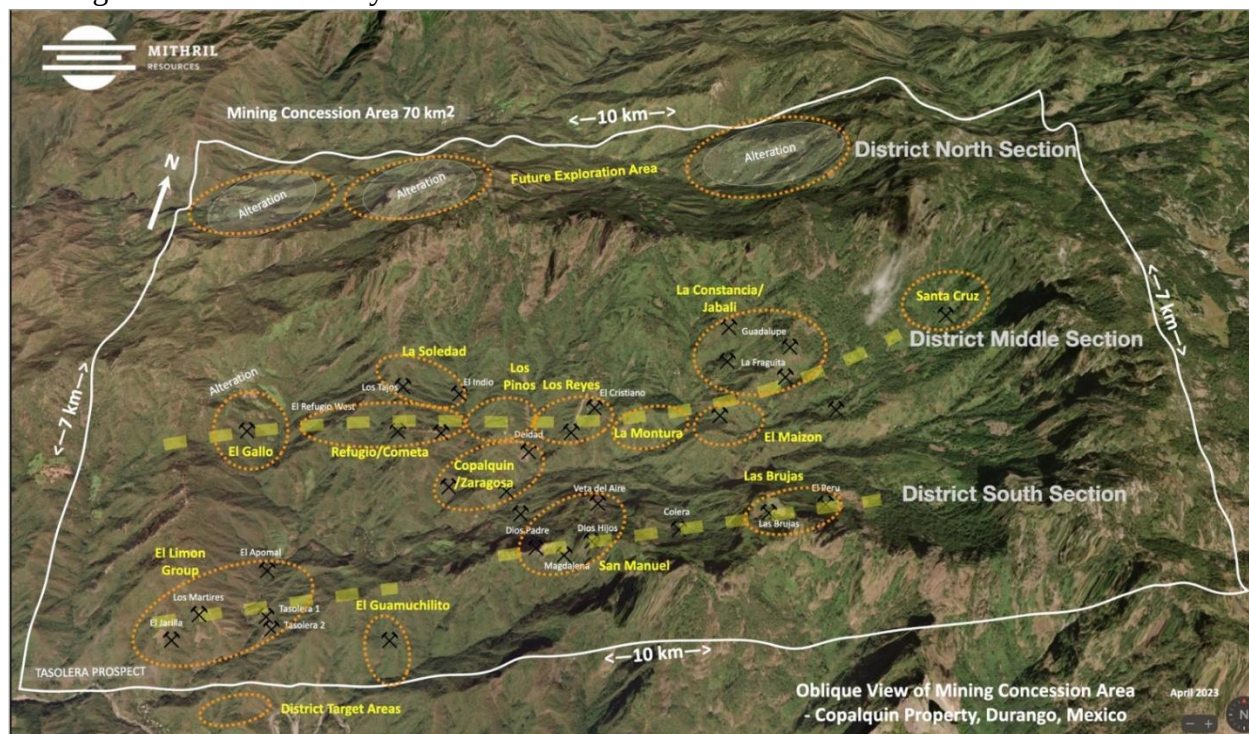
Vein mineralogy

Vein textures and mineralogy are consistent with low sulfidation epithermal veins developed from low salinity, near-neutral pH fluids dominated by meteoric water. Pulses of magmatic waters transported gold and silver into the hydrothermal system and the processes of boiling, fluid mixing, and cooling were triggers for deposition of the precious metals. Veins are filled with quartz as both early crystalline quartz and later crustiform bands of alternating chalcedony, finely crystalline quartz, carbonate minerals (ankerite, kutnahorite, rhodocrosite, and calcite) and adularia. Quartz after platy calcite is absent or rare suggesting that boiling occurred in intense, brief pulses that generated broad zones of hydrothermal breccia. Mineralized zones have silver sulfides present as black bands up to 8 mm wide and as disseminated aggregates. Visible gold in flecks up to 2 mm occurs in several drillholes in both the Refugio and Soledad veins. An exceptional occurrence of coarse, visible gold in coherent bands that were later broken into breccia fragments was observed in drillhole CDH-077.

Significant mineralized zones

All of the identified mineralized zones within the Property have mineral potential, the most prominent, Refugio, Le Soledad and Los Reyes are set out below. The 43-101 Report contains further analysis of the other areas. The district can only be considered to be about 25% explored and it is very possible that significant new discoveries may be found.

Mining concession boundary and vein locations



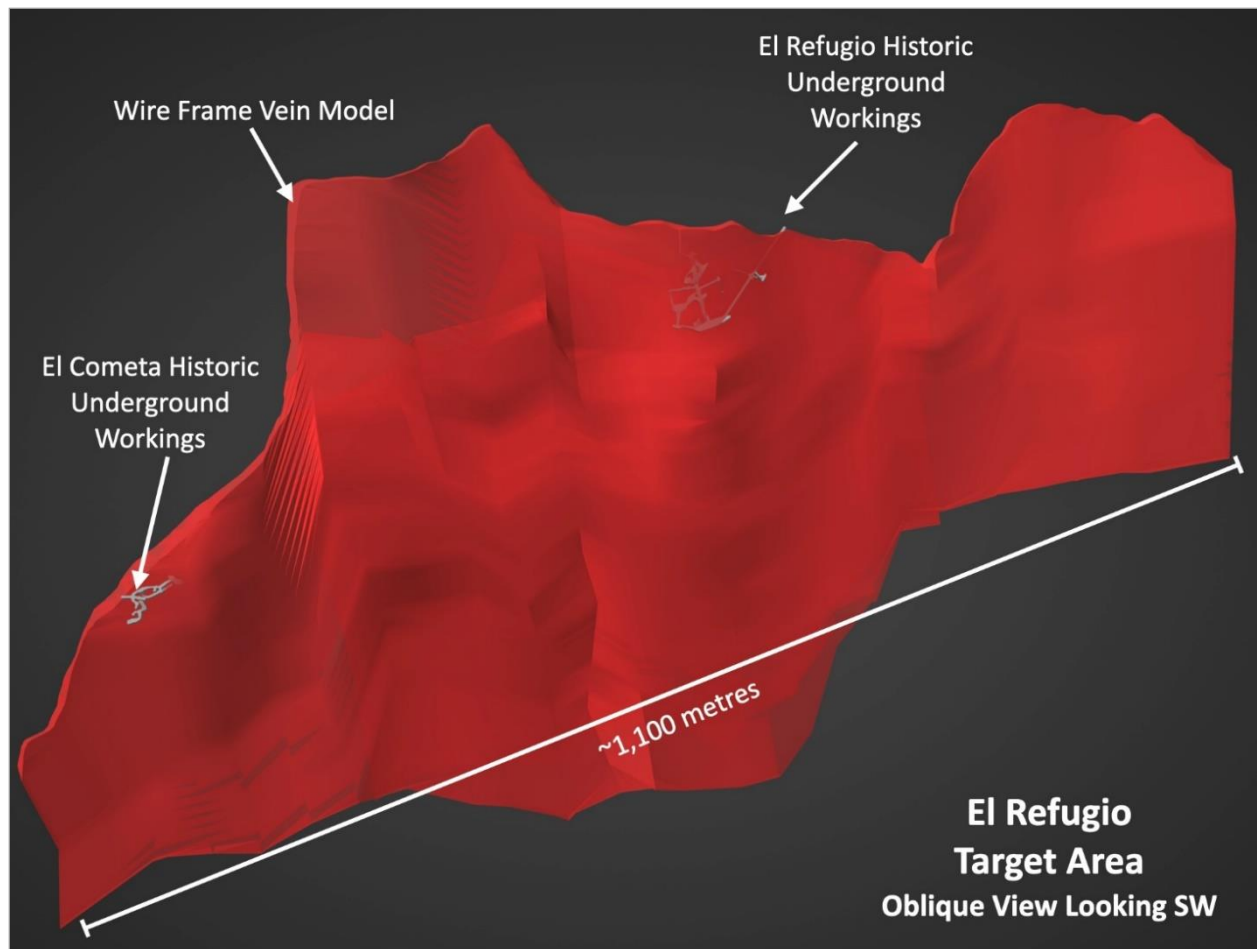
Refugio / Cometa

The Refugio / Cometa zone is the most consistently mineralized zone identified in the district. Two historic mines, El Cometa and Refugio lie along the trace of the structure and are separated by 620 m portal to portal. The El Cometa mine is developed on a structure striking 285 degrees and dipping 35 degrees to the NE. The Cometa workings have a total volume of 600 cubic metres (m^3) representing 1,500 tonnes of total past production. The mine is developed in a zone of hydrothermal breccia with rhyolite and andesite fragments in a matrix of multiple generations of quartz and chalcedony. The limits of the Cometa breccia are not exposed in the workings so it is at least 4 m true width. The surface exposure outside the mine is clay altered andesite with manganese oxide developed as desert varnish on the surface outcrops. This manganese oxide extends westward 250 m along the altered zone most of the way to the Refugio ridge. The El Refugio mine consists of a 110 m drift that accesses a 50 m long and 65 m high area of partially stopped material along a well-developed multi event hydrothermal breccia. The outer (footwall) portion of the breccia has a chloritic rock-flour matrix and does not enter into the stopped area. The apparently mineralized material has a quartz matrix and presence of black sulfide mineral thought to be acanthite. Total volume of the Refugio workings including the access tunnel and stopes is 2,400 m^3 representing 6,100 tonnes of total past production. The stopped zone strikes 265

degrees and dips 40 degrees north. The entire breccia zone in the working is observed to be 15 m wide. This corresponds well with the overall strike and width of the three-dimensional (3D) model of the Refugio / Cometa mineralized body.

The Refugio mineralized body as modelled from 83 diamond drillholes (54 in the resource model) is known to extend beyond the 1,100 m long by 400 m down dip by 8 m average width wireframe model. There are three parallel mineralized zones modeled from the drilling labeled Refugio_main, Refugio_2, and Refugio_3. Refugio_main hosts the bulk of the mineralization. The Refugio zone is made up of a multi-event hydrothermal breccia with earliest zones dominated by silicified rock fragments in a matrix of silicified rock flour. The early breccia grades inwards from the irregular, poorly defined footwall to a matrix supported quartz breccia with a white milky, crystalline quartz matrix to a zone of later banded vein with bands of black sulfide (ginguro bands) consisting of acanthite and electrum. The ginguro event usually has chalcedonic quartz present, but the black sulfide can occur in either crystalline quartz or chalcedony. The best mineralization event is found consistently along the hangingwall of the entire zone. The first mineralized sample in a mineralized intercept is usually one of the highest grades in the intercept. As the pre-existing fault was affected by multiple hydrothermal events of sealing, heating of constrained fluids well beyond boiling temperature, rupture of the seal and flash boiling the resulting breccias migrated from the margins of the structural zone towards the middle as is typical of vein filling processes. The high grade hangingwall is preserved and was not broken up by later brecciation events. Ultimately there was post mineral brecciation with another white quartz matrix breccia that contains fragments of the main stage ginguro bands.

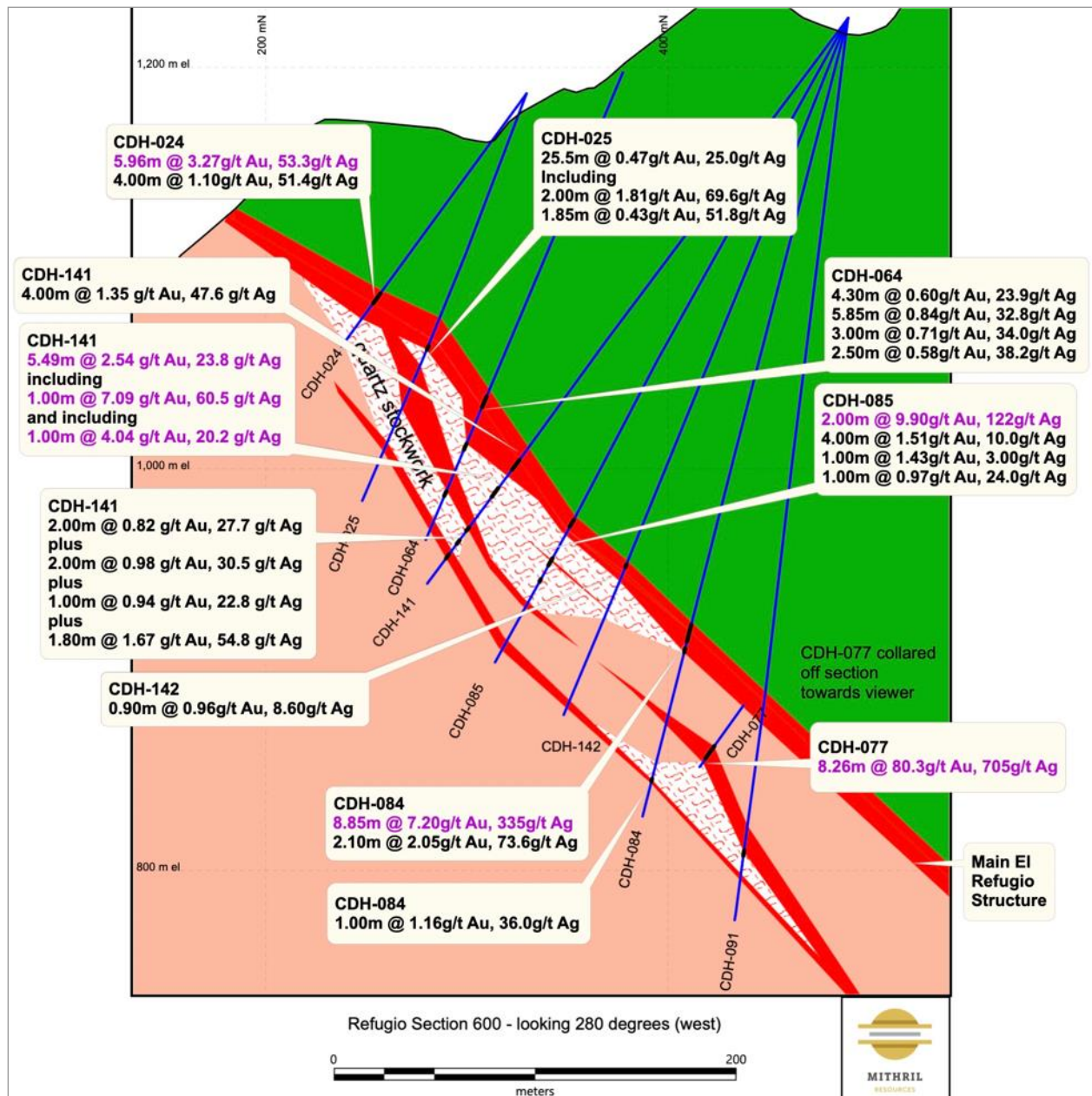
Oblique view of Refugio wireframe with Refugio and Cometa historic workings



Source: Mithril, 2023

The **Error! Reference source not found.** is Refugio Section 600 showing drillholes through the Refugio Mineralized Body. Note that the holes shown in blue attempt to intersect the veins at a 90 degree angle.

Refugio Section 600 showing drillholes through the Refugio Mineralized Body

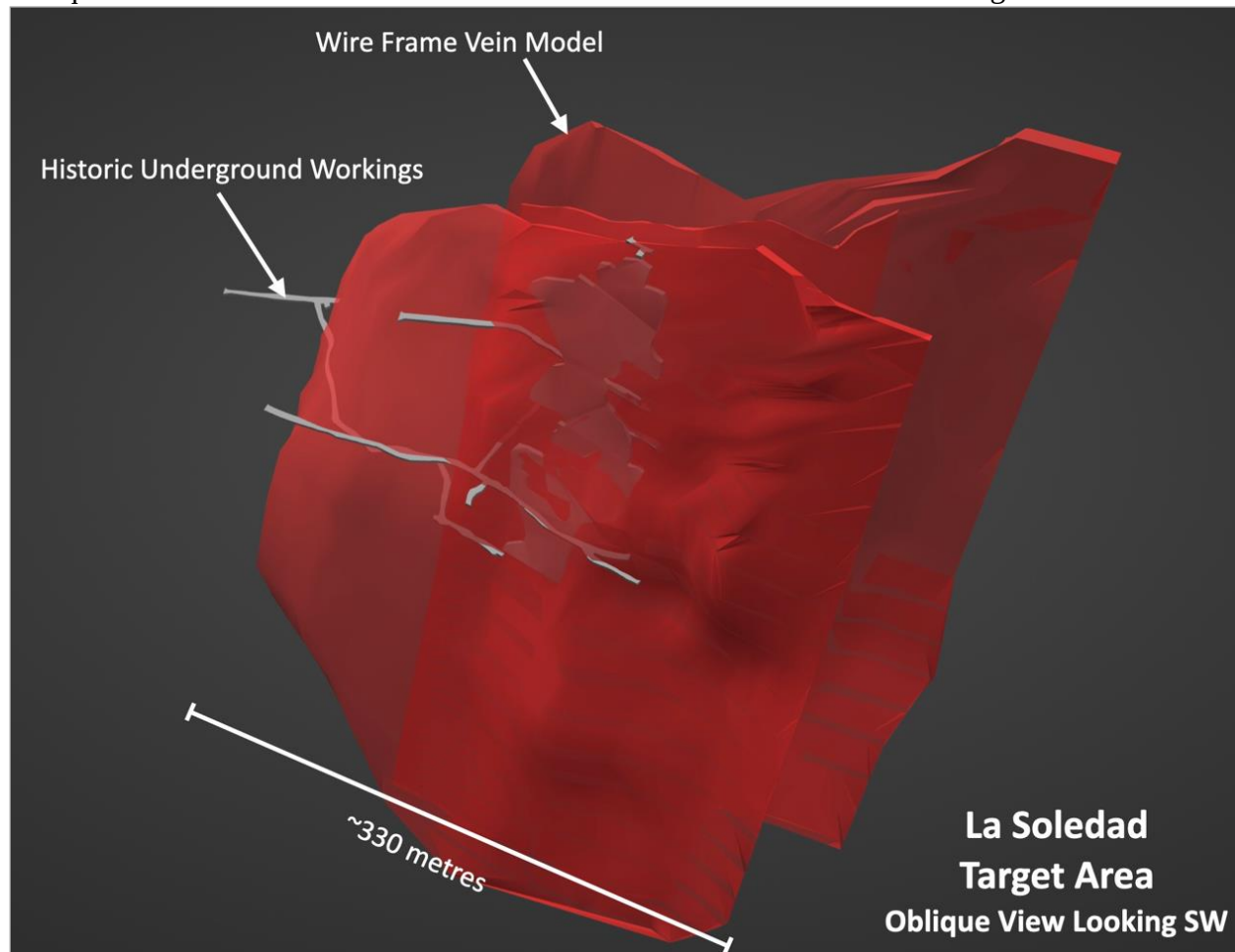


La Soledad

The La Soledad structure crops out as a 2 to 3 m wide quartz vein on the west side of the Soledad arroyo and has been confidently traced for 380 m and has evidence of another 120 m along strike to the north-west. The vein has been drill tested to a depth of 280 m below the outcrop. Clay alteration is less widely developed than at Refugio / Cometa but is still clearly present. The vein is emplaced in the dacite porphyry unit at surface and several drillholes intersect granodiorite marginal to the vein. The uppermost working, La Lumbra, on the La Soledad vein is located 280 m NNW from the El Cometa mine. The La Soledad mine has 4 horizontal levels and a significant stope approximately 60 m long x 140 m high by 2.5 m wide. La Soledad is reported as having had the largest historic production in the district. Reports of past production are considered speculative and are obviated by current drill results. The modelled volume of the Soledad stope is 21,500 m³

representing 55,000 tonnes of total past production. The Soledad vein curves from a 340 degree strike with a 75 degree easterly dip where it is first encountered in Soledad Level 4 to a 300 degree striking 65 to 70 degree NE dipping vein in the section that was stoped. Considering the 300 degree section as a dilatant zone indicates normal, left-lateral movement opened that section of the structure for the mineralizing fluids. Mithril's first hole was directed at the La Soledad target successfully intersecting the Soledad vein at 111 – 114 m and the Leon Vein at 162 to 178 m. The Soledad vein in hole CDH-001 includes two multi millimetre black sulfide bands at the margin and breccia with fragments of black sulfide in the core of the vein. The vein has abundant chlorite in the matrix.

Oblique view of the La Soledad wireframe with historic Soledad Mine workings



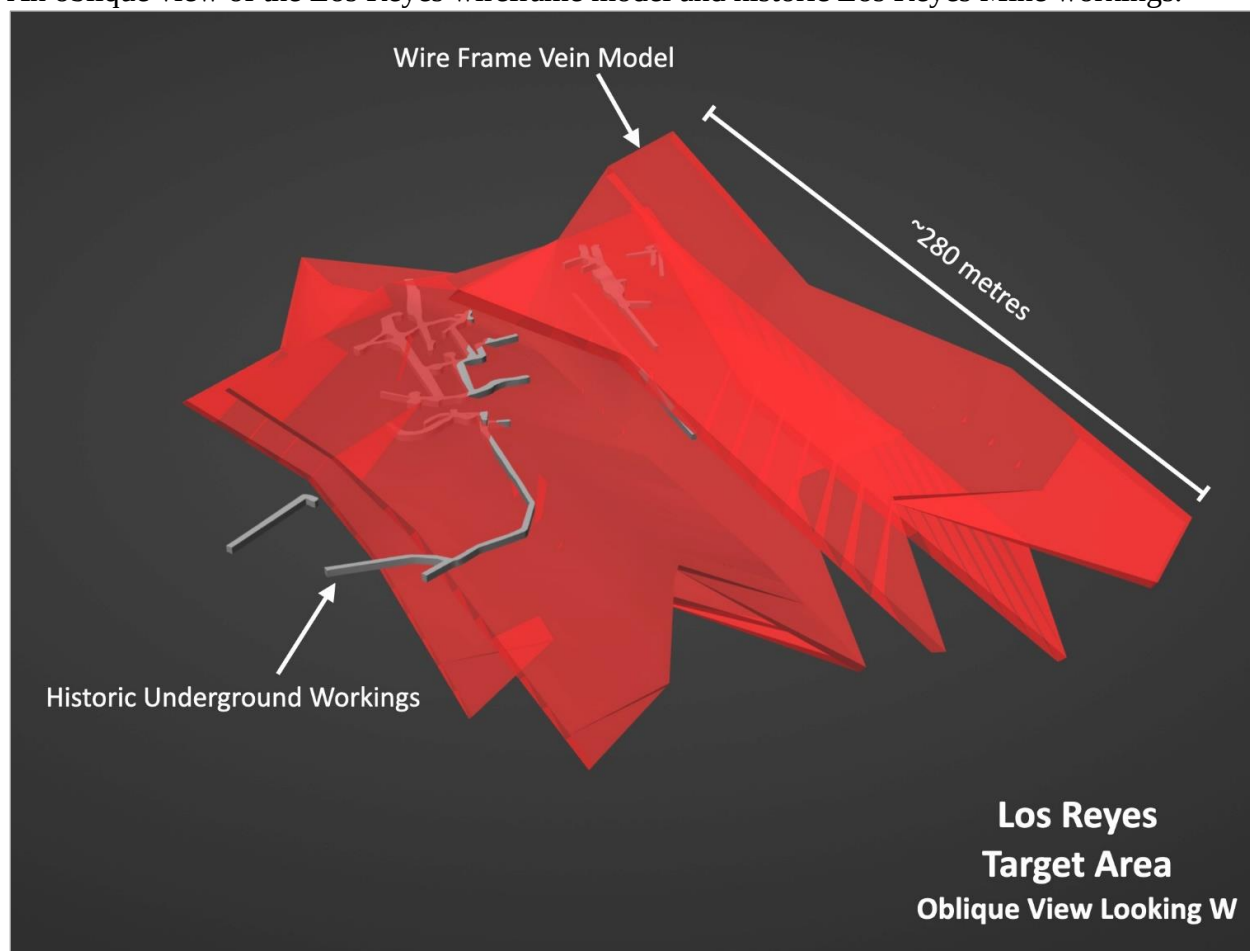
Soledad Section 40 showing drillholes through the Soledad vein system. Note that the holes shown in blue attempt to intersect the veins at a 90 degree angle.



Los Reyes

Los Reyes is reported as being the oldest mine in the district, possibly having been worked as early as the mid-1800's. The mine is located about 1,200 m east of the exploration camp on the same ridge as the airstrip. The Los Reyes mine comprises an exploration adit and four artesanal workings situated due north of San Manuel / Apolonia and passing immediately west of the Los Reyes airstrip. Earlier descriptions (e.g., Wilkins, 1997) reporting "280 m of drifts and cross cuts in which a 60 m long by 30 m wide area has been mined by gopher holes, typical of gambusinos". The main working is observed to be developed on a 340 degree striking 30 degree east dipping series of sheeted veins stacked parallel to one another. Each vein is from 20 to 50 centimetres (cm) wide. The surface trace of the structure is confidently traced over 500 m and appears to continue across the Los Pinos ridge to the west. The 3D model of the 5 separate workings that make up the Los Reyes mine has a volume of 4,200 m³ representing 10,700 tonnes of past production. This makes the mine the third largest in the district after La Soledad and San Manuel. The Los Reyes ridge is underlain by both the dacite porphyry and undifferentiated andesite intruded by a Trp / Trf flow-banded rhyolite dome and a number of Trp / Trf tabular rhyolite dikes. Clay alteration is widespread.

An oblique view of the Los Reyes wireframe model and historic Los Reyes Mine workings.



Exploration

Reconnaissance and underground sampling

After Mithril's subsidiary Sun Minerals (through its Mexican subsidiary Drummond), originally acquired the option on the Copalquin district, 13 of the known mines were visited and sampled under the supervision of geologist Ing. Ricardo Rodriguez. The Sun Minerals team collected 36 rock chip samples and one dump sample during the first field evaluation. Seven of the most significant results from this campaign are shown in the Table below. Since June 2020, and after the acquisition of Sun Minerals by Mithril, several other historical workings in the district have been sampled and the significant results from this sampling is also provided in the **Error! Reference source not found.** below.

The assay results for the samples returned anomalous to high values for gold and silver, which assisted in the initial evaluation of the Copalquin District and to evaluate and rank the various exploration target areas where the historical workings are located.

All rock samples were taken by hand under the direct supervision of Mithril and Sun Minerals personnel. The continuous rock chip channel samples were obtained by continuously sampling the

rock face over a measured interval and true width as shown in the **Error! Reference source not found..** Samples were marked by the supervising geologist and chipped along a line 5 – 10 cm wide using a chisel and 3-pound sledgehammer and collecting the sample on a clean plastic sheet. This sampling technique may not be as representative as a rock saw channel sample however care was taken to ensure a representative and high-quality sample and to minimize any bias.

Samples 5331 and 5330 from Platano (El Gallo historical workings), are localized rock chip samples and are selective in nature. This type of selective sampling is not representative of the structure observed in the workings. Sample bias is high and the aim is to provide the geologist with an indication of the possible extent of mineralization in the historical workings to assess and rank for further exploration work.

Sun Minerals rock chip samples – significant results

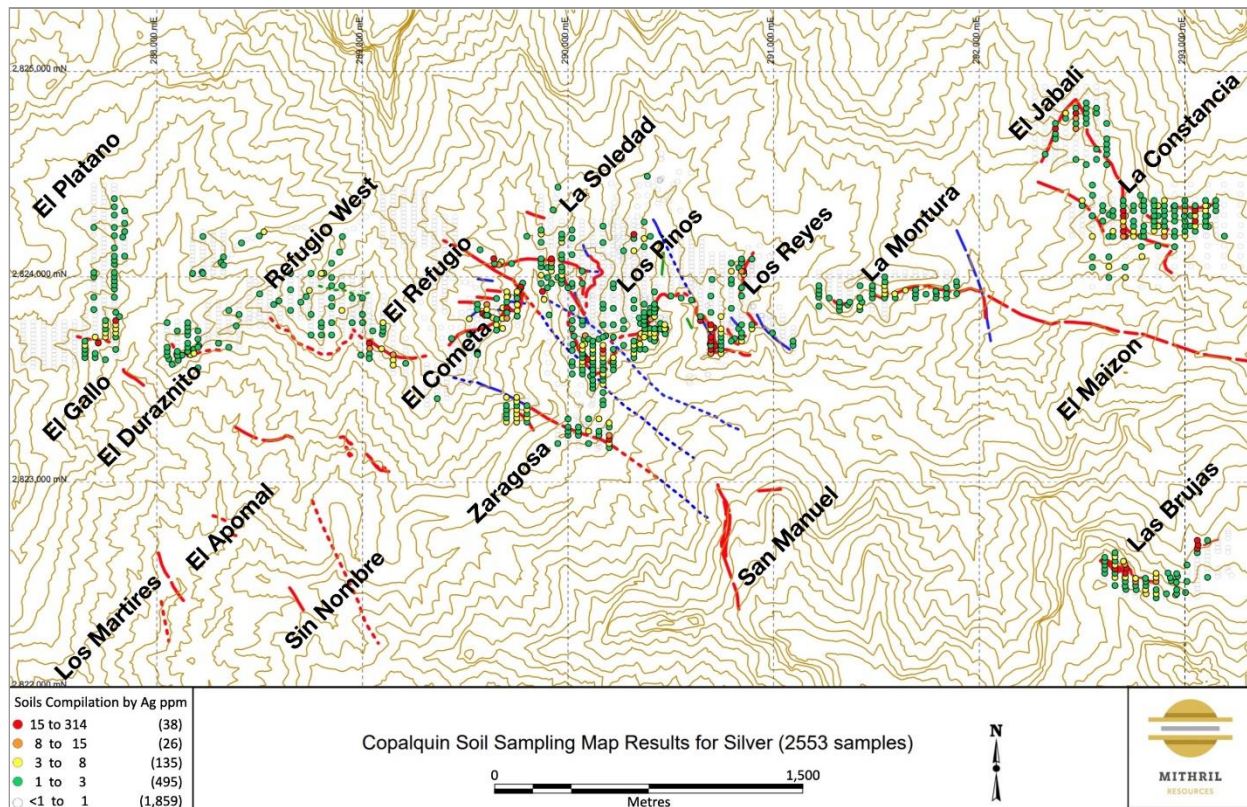
Sample	X	Y	Source	Location	Width (m)	Au (ppm)	Ag (ppm)
213156	293070	2824344	Sun Minerals	Guadalupe	0.6	18.65	802
213160	292713	2824302	Sun Minerals	Constancia	1.5	5.55	464
213165	289122	2823653	Sun Minerals	Refugio	1	2.17	100
213170	289638	2823793	Sun Minerals	Cometa	1.6	1.14	42
213172	289517	2823854	Sun Minerals	La Lina	1	5.23	249
213174	289646	2824094	Sun Minerals	Soledad	0.4	4.42	215
213187	290686	2823687	Sun Minerals	Los Reyes	1.2	7.23	507
5335	292670.6	2822552	Mithril	Las Brujas	0.5	49	665
858202	290817.5	2822435	Mithril	Dios Hijos	0.8	10.4	422
5336	292671.5	2822553	Mithril	Las Brujas	0.5	8.41	158
858201	290823.6	2822423	Mithril	Dios Hijos	1	7.93	336
5331	287618	2823686	Mithril	Platano	0	7.81	60
5330	287625	2823695	Mithril	Platano	0	1.82	71
5340	292682.2	2822565	Mithril	Las Brujas	1.69	1.725	39
5342	293078.2	2822665	Mithril	Mina Peru	1.6	1.56	30
5339	292684.8	2822561	Mithril	Las Brujas	0.9	1.475	74
6104	288013.4	2822651	Mithril	El Apomal	0.8	1.28	32

Soil sampling programs

Soil sampling is the primary target definition technique used on the Property. Although residual soils are not well developed and there is some downslope transport of material this method reliably identifies areas with gold and silver mineralization even where there are no observed outcropping quartz veins. Soil sampling has been ongoing from Bell Coast to UC Resources to Sun Minerals and continues under Mithril.

Soil sampling has been carried out by locating pre-planned points by handheld global positioning system (GPS) and digging to below the first color-change in the soil (or a maximum of 50 cm). In the arid environment there is a 1 to 10 cm organic horizon and a 10 to 30 cm B horizon above the regolith. Samples are sieved to -80 mesh in the field. Samples are collected on a 20 m x 50 m grid or every 20 m on N–S lines 50 m apart. These samples are considered representative of the medium being sampled and lines are appropriately oriented to the nearly E–W structural trend. A 15 gram portion of sample is split from the soil “pulp” for analysis by X-Ray fluorescence (XRF). Mithril uses an Olympus Vanta 50 kV X-Ray fluorescence analyzer with a lower detection limit for silver of 2 parts per million (ppm). Samples are then sent to ALS Global (ALS) for gold assay by Au-AA23.

Overall, the soil samples are considered representative and of appropriate quality for primary target definition. Within the soil sampling grids and where there are areas of poor development of soils, proximity to historical workings and steep terrain, these factors must be considered in assessing the results. Any of these factors alone or combined may cause sampling bias. In some cases, this has been observed to be the case and is taken into consideration when collecting samples and assessing the results.



Drilling summary

Three drilling campaigns were carried out during the period of 2020 to 2022. The overall number of holes drilled was 148 for a total of 32,713 m. These were all carried out by Mithril.

Summary of drill campaigns

Campaign	Holes	Metres
2020	48	7,393.20
2021	46	12,938.00
2021-22	54	12,381.65
Total	148	32,712.85

Type and extent of drilling

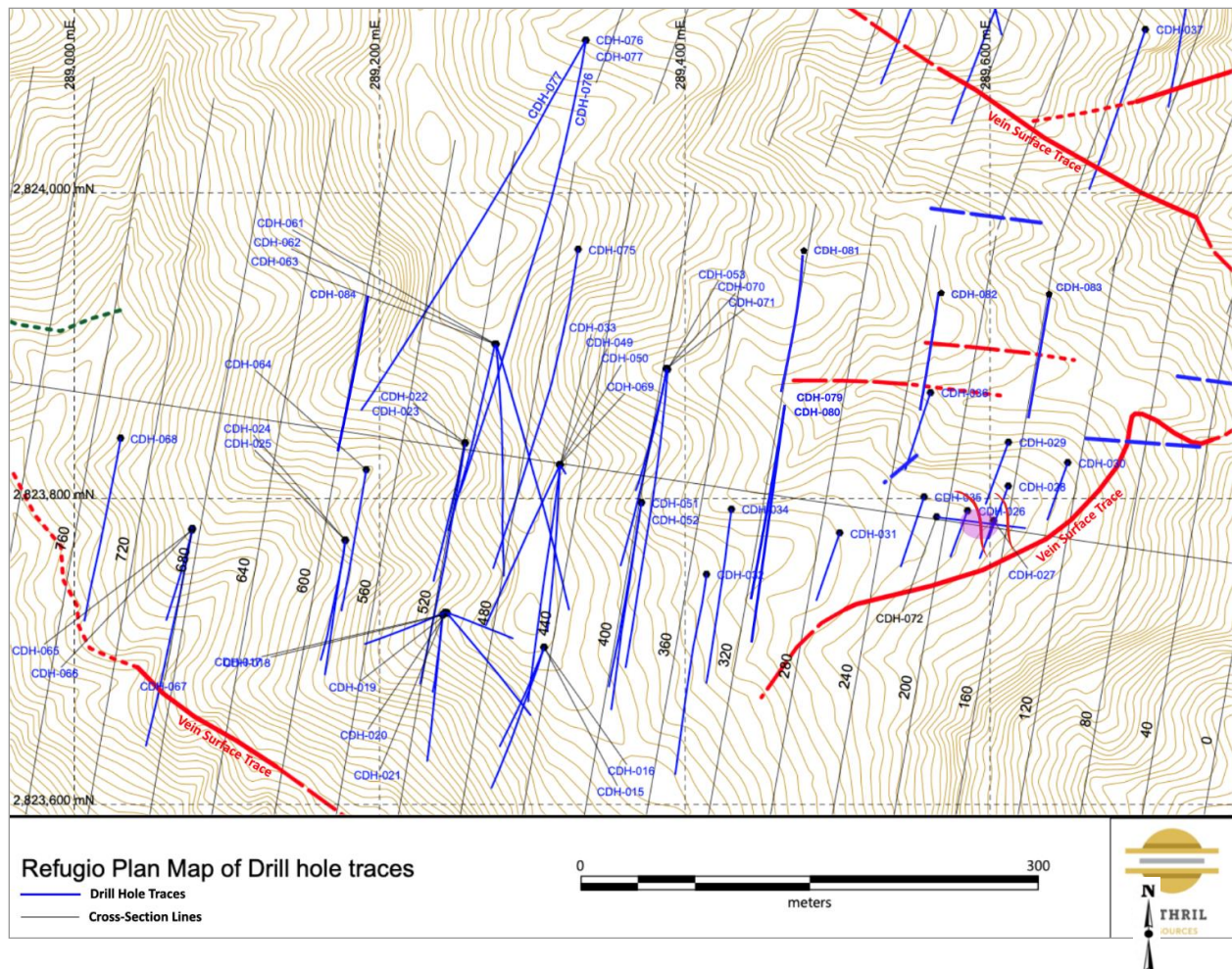
All drilling on the Property is diamond core drilling using a man portable MP-500 drill powered by three diesel motors. The drill is capable of drilling 400 m of HQ (63.5 mm), and 600 m NQ

(47.6 mm) core. The drill uses 1.5 m drill rods and a 3 m core barrel. Wooden blocks are placed in the core trays every 3 m and when a cavity (open workings) is encountered. Core recovery is measured based on the location of the blocks. Core recovery is measured based on measured length of core divided by length of drill run. Samples for the drill programs consist of ½ HQ core cut lengthwise with a diamond saw. Intervals are nominally 1 m but may vary between 1.5 m to 0.5 m based on geologic criteria. Cut lines are marked on the core by the geologists to assure that the orientation of sampling achieves unbiased sampling of possible structures. This is reasonably well observed in the core and is appropriate to the deposit type. Deeper portions of holes from CDH-075 onward consist of ½ NQ core. Sample sizes are tracked by core diameter and sample weights. The same side of the core is always sent to sample (left side of saw). Reported intercepts are calculated as either potentially underground mineable (below 120 m below surface) or as potentially open-pit mineable (near surface).

Core samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Core logging is both qualitative and quantitative in nature. Photos are taken of each box of core before samples are cut. Core is wetted to improve visibility of features in the photos. All core has been logged and photographed. Core is sawn and half core is taken for sample. Samples are prepared using ALS Minerals Prep-31 crushing, splitting, and pulverizing. This is appropriate for the type of deposit being explored. Visual review to assure that the cut core is ½ of the core is performed to assure representativity of samples. Field duplicate / second-half sampling is undertaken for 3% of all samples to determine representativity of the sample media submitted. Sample sizes are appropriate to the grain size of the material being sampled.

Drill plan

- 1 Drill plan view at El Refugio showing the drill traces and section lines



Core recovery

An average core recovery of 92% was noted. Core recovery is considered to be appropriate for Mineral Resource estimation. The authors believed there is no adverse relationship between recovery and grade identified to date.

Descriptions of campaigns

First drill campaign 2020

A total of forty-eight holes were drilled in the initial drill program in the period of July to December 2020. This program addressed targets at La Soledad, Refugio, Los Pinos, Los Reyes, La Constancia, and San Manuel.

This first drill program successfully confirmed the existence of high-grade gold and silver mineralization at La Soledad, El Refugio and Los Reyes targets with drill highlights summarized below.

Highlight drill intercepts - first drill campaign

Hole_ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
La Soledad					

Hole_ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
CDH-001	111.00	114.00	3.00	34.72	3,129.0
CDH-002	91.95	96.50	4.55	5.64	325.7
CDH-002	115.20	115.70	0.50	3.60	330.0
CDH-002	141.20	141.70	0.50	9.57	825.0
CDH-002	188.30	188.85	0.55	1.84	57.8
CDH-008	111.70	115.50	3.80	2.58	142.6
CDH-014	253.80	261.30	7.5	6.76	158.4
El Refugio					
CDH-015	146	149.85	3.85	4.48	119.3
CDH-019	159	162	3	2.06	52.3
CDH-020	169	170.5	1.5	5.08	117.5
	And				
CDH-020	176.85	185.55	8.7	3.07	93.6
CDH-022	227.4	232.45	5.05	1.93	123.7
CDH-024	123.6	129.56	5.96	3.27	53.3
	And				
CDH-024	135.35	139.35	4	1.10	51.4
CDH-027	10.9	22.6	11.7	1.16	70.0
CDH-029	29.6	32.5	2.9	1.93	215.7
CDH-033	206.3	215.65	9.35	7.84	138.1
	Including				
CDH-033	207	211	4	16.44	286.8
Los Reyes					
CDH-040	75.90		0.70	9.30	125.0
	84.82		1.20	2.05	85.0
	91.55		2.22	32.35	185.0
CDH-041	103	106	3.00	2.86	83.8

At the La Soledad target, drillhole CDH-001 confirmed a high-grade vein in close proximity to the estimate location to a historical drillhole. CDH-002 intercepted four separate veins and CDH-014 was the deepest hole, indicating depth potential at the target. This first campaign of holes confirmed La Soledad as a target requiring further modelling for future drilling.

The first drillhole (CDH-015) at the El Refugio target intercepted a broad quartz breccia structure with a vein of high-grade gold and silver mineralization. Further drilling during this campaign continued to intercept this structure along strike with numerous reportable intercepts (greater than 1 g/t gold equivalent with maximum 2 m of internal waste). Drillhole CDH-033 was down dip of CDH-015, with a considerably higher-grade intercept, indicating the requirement for deeper drilling at the El Refugio target in the next campaign.

The first rounds of scout drilling at Constancia and San Manuel, where there are historical workings and no previous drilling, did not intercept significant gold and silver mineralization other than a narrow vein at Constancia. The first holes at Los Pinos, where there is strong surface alteration and good soil geochemistry for gold and silver but no historic workings or drilling, was not successful in locating gold and silver mineralization in core.

The first drillholes at the Los Reyes target intercepted high-grade gold and silver with drillholes CDH-040 with multiple veins and CDH-041.

Initial drilling indicates a likely complex system requiring further drilling.

Second drill campaign 2021

The second drill campaign was resource development drilling focused on the two areas where the best results from the first campaign were obtained. The majority of the drill metres during the second campaign were drilled at the El Refugio target successfully following up the very positive drill results of the first campaign. Of the 46 holes in the second campaign 36 were targeted at Refugio and three at La Soledad. Five more holes were drilled at Los Reyes and two at Los Pinos. After hole CDH-094 the decision to calculate a resource estimate was made. The assays for holes CDH-091, CDH-092, and CDH-093 were not received before the close out date for the Mineral Resource.

Highlight drill intercepts – second drill campaign La Soledad and El Refugio targets

Hole_ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
La Soledad					
CDH-054	288.25	293.13	4.88	10.36	80.9
El Refugio					
CDH-072	35.2	42	6.8	74.04	840.5
	Including				
CDH-072	37.9	40	2.1	235.14	2,554.3
CDH-077	468.34	476.6	8.26	80.30	705
	Including				
CDH-077	468.34	474.6	6.26	106.00	913
CDH-079	86.6	99	12.4	7.60	332
	Including				
CDH-079	90	94.19	4.19	18.10	810
CDH-080	112.19	118.3	6.11	5.08	197
	Including				
CDH-080	116	118.3	2.3	9.47	399
CDH-084	312.15	321	8.85	7.20	235.3
	Including				
CDH-084	317	319.5	2.5	18.22	582.8
CDH-085	286	288	2	9.90	122.5
	Including				
CDH-085	286	287	1	19.00	209
CDH-086	250.71	263	12.29	4.08	85.2
	Including				
CDH-086	250.71	252.21	1.5	8.98	137
	Including				
CDH-086	258	260	2	15.35	333
CDH-094	144	162.67	18.67	9.64	278.8
	Including				
CDH-094	148.89	158.2	9.3	17.90	482.2

Drillhole CDH-077 was one of the deeper drillholes at the El Refugio target returning a very high-grade intercept and indicating potential mineralization at depth. Drillhole CDH-094 was drilled west and along strike at El Refugio giving indication of strike extension in this direction.

At La Soledad, drillhole CDH-054 followed up the drill intercept from CDH-014, returning a high-grade intercept at this developing, but more complex, target to the north of El Refugio.

With the positive drill results at El Refugio and the adjacent La Soledad target, a maiden Mineral Resource estimate was produced. Details of the Mineral Resource are discussed in Section **Error! Reference source not found.** of the 43-101 Technical Report.

Third drill campaign 2022

The third drill campaign was designed to drill test some other target areas across the district in between programs of drilling at El Refugio and La Soledad targets.

In this campaign efforts were almost evenly divided between the El Refugio and La Soledad targets and the other targets with 30 holes drilled at Refugio and La Soledad and 24 elsewhere on the Property.

The first part of the third drill campaign tested some deeper areas at El Refugio and along strike to the west. The most westerly drillholes intercepted relatively shallow mineralization supporting further drill road extensions and further drill testing west and along strike. The first drillholes approximately 1 km west of El Refugio, at the El Gallo target, successfully intercepted high-grade gold and silver mineralization with drillholes CDH-127 and CDH-128.

Drilling at the south-east area of La Soledad intercepted a complex sheeted vein system (drillholes CDH-109 to 111) up dip where there may be a deeper interaction with the La Soledad and El Refugio structures.

Highlight drill intercepts - third drill campaign

Hole_ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
El Refugio					
CDH-099	28	32.55	4.55	8.29	138.0
	Including				
CDH-099	28	29.7	1.7	20.24	298.0
CDH-137	331.33	337	5.67	4.37	174.0
	Including				
CDH-137	331.33	333	1.67	9.64	398.6
CDH-140	91.77	97.6	5.83	15.73	474.0
	Including				
CDH-140	93.77	95.58	1.81	45.50	1,387.0
CDH-143	185	192	7.00	3.40	227.0
	Including				
CDH-143	189	192	3	6.49	454.0
El Gallo					
CDH-127	21.37	21.91	0.54	4.48	412.0
CDH-127	25.5	26.5	1.00	2.69	179.0
CDH-128	43	44	1.00	1.64	5.00.0
CDH-128	50	53	3.00	1.76	126.0
La Soledad					
CDH-109	41	47	6.00	1.84	23.7
CDH-109	55	56	1.00	1.79	25.0
CDH-109	59.3	61	1.70	1.77	117.0
CDH-109	78.5	80.64	2.14	0.89	63.9
CDH-110	70.75	75.55	4.80	0.91	56.8
CDH-110	109	111.3	2.30	1.75	135.0

Hole_ID	From (m)	To (m)	Length (m)	Au (g/t)	Ag (g/t)
CDH-111	77.3	85.4	8.10	1.64	106.0
CDH-111	98	99	1.00	1.50	30.0
CDH-111	107	107.75	0.75	1.59	220.0
CDH-111	140	140.5	0.50	2.21	61.0
CDH-111	190	191	1.00	1.20	2.0
Los Reyes					
CDH-121	106.8	107.4	0.60	1.46	125.0
CDH-122	31	33.68	2.68	0.50	114.0
CDH-122	38.66	39.16	0.50	0.82	53.0
Los Pinos					
CDH-113	78.1	78.7	0.60	9.91	161.0

The last part of this campaign, completed in July 2022, focussed on El Refugio to follow-up the results from the drilling earlier in the year. It successfully targeted further high-grade gold and silver mineralization providing information to develop the next stage of drilling at this target area as a prelude to a Mineral Resource estimate update sometime in the future.

Importantly, the first high-grade intercept in drillhole CDH-113 was produced from a series of scout holes at the Los Pinos target. This target, located between El Refugio and Los Reyes, requires further drilling as this target continues to develop. Follow-up scout holes at the Los Reyes target returned reportable intercepts for gold and silver, again indicating further modelling and drilling at this target area.

Summary of Mithril drill campaigns at Copalquin- total of 148 holes and 32,712.85 m of drilling.

First drill campaign 2020				
Target area	Hole ID start	Hole ID end	No. holes	Total metres
La Soledad	CDH-001	CDH-014	14	2,306.3
Refugio	CDH-015	CDH-036	22	3,475.5
La Soledad	CDH-037	CDH-038	2	294.4
Los Reyes	CDH-039	CDH-041	3	366
Los Pinos	CDH-042	CDH-043	2	75
La Constancia	CDH-044	CDH-046	3	393
San Manuel	CDH-047	CDH-048	2	483
-	Total	-	48	7,393.2
Second drill campaign 2021				
Target area	Hole ID start	Hole ID end	No. holes	Total metres
Refugio	CDH-049	CDH-053	5	1,281
La Soledad	CDH-054	CDH-055	2	495
Los Reyes	CDH-056	CDH-060	5	888
Refugio	CDH-061	CDH-072	12	3,258
Los Pinos	CDH-073	CDH-074	2	420
Refugio	CDH-075	CDH-077	3	1,353
La Soledad	CDH-078	-	1	327
Refugio	CDH-079	CDH-094	16	4,916
-	Total	-	46	12,938
Third drill campaign 2021 - 2022				
Target area	Hole ID start	Hole ID end	No. holes	Total metres
Refugio	CDH-095	CDH-107	13	3,750.65
La Soledad	CDH-108	CDH-111	4	783
Los Pinos	CDH-112	CDH-119	8	1,332
Los Reyes	CDH-120	CDH-123	4	567
San Manuel	CDH-124	CDH-126	3	525

El Gallo	CDH-127	CDH-129	3	372
La Montura	CDH-130	CDH-135	6	1,260
Refugio	CDH-136	CDH-148	13	3,792
-	Total	-	54	12,381.65

Conclusions

Overall, there is over 5.5 km across the middle section of the Copalquin district where historical mines and workings are located and where high-grade gold and silver mineralization has been intercepted by drilling. Within this 5.5 km, the El Refugio maiden Mineral Resource estimate is located.

Significant intercepts have been encountered at many targets. At this time there are no known drilling, sampling, or recovery factors that could impact the accuracy and reliability of the results.

Sample preparation, analyses, and security

General

All samples are stored in a secure core storage facility on site until they are shipped off site by small aircraft and delivered directly to an ALS sample preparation laboratory in either Hemosillo, Sonora or Guadalajara, Jalisco. Pulps from sample preparation are sent for analysis to ALS in Vancouver, British Columbia, Canada or Reno, Nevada, USA. ALS is an accredited laboratory. ALS Global, Bureau Veritas and SGS laboratories are independent of the Corporation and Mithril and were contracted to provide geochemical assays of drill core, rock and soil samples and metallurgical testing. It is the QP's opinion that all samples (drill core, rock, and soil) were adequately prepared, adequate security was provided and adequate analytical procedures were followed. The laboratory accreditations are stated to meet the requirements of ISO/IEC 17025:2017 and ISO 9001:2015.

Soil samples

Soil Samples collected in 2020 and 2021 were analyzed for multi-element geochemistry by XRF. Mithril used a handheld Olympus Vanta 50 kV X-Ray fluorescence analyzer with a lower detection limit for silver of 2 ppm. Samples were then sent to ALS for gold assay by Au-AA23. Samples collected in 2022 and 2023 were analyzed by Au-AA23 and Ag-OG62.

Drill samples

Sample selection

Not all core was submitted for assay. Geologists select the zones to be sampled by visual observation of the drill core starting the sampled zone 10 m above the first apparent mineralized sample. Sample intervals are nominally 1 m. Geologists may adjust this sample length to geologic boundaries. No samples were to be taken less than 0.5 m long or greater than 1.5 m. Cut lines are marked on the core by the geologists to assure that the orientation of sampling achieves unbiased sampling of possible structures. This is reasonably well observed in the core and is appropriate to the deposit type. Core is sawn and half core is taken for sample. Visual review to assure that the

cut core is ½ of the core is performed to assure representativity of samples. Field duplicate / second-half sampling is undertaken for 3% of all samples to determine representativity of the sample media submitted.

Assaying

Samples were prepared using ALS Prep-31 for crushing, splitting, and pulverizing. This is appropriate for the type of deposit being explored. Drill samples were analysed for gold using the ALS method for fire assay AA-25, which has a detection range of 0.01 to 10 ppm using a 30 grams (g) nominal sample weight and instrumental Atomic Absorption Spectrometry (AAS) finish. Holes CDH-001 through CDH-060 and CDH-112 through CDH-144 were also assayed by ME-ICP61 for a suite of 33 elements. ME-ICP61 achieves near-total digestion using a four-acid leach, consisting of HF-HNO₃-HClO₄-HCl. The detection limit for silver is 0.5 to 100ppm. Any samples greater than 100 ppm Ag were re-assayed using ALS method Ag-OG62 which has a detection range of between 1 ppm to 1,500 ppm. Gold values greater than 10 ppm were re-assayed with Au_GRA21 with a gravimetric finish. Silver values greater than 1,500 ppm were assayed by Ag-GRA21 with a gravimetric finish. Samples with significant amounts of observed visible gold are also assayed by AuSCR21, a screen assay that analyses gold in both the milled pulp and in the residual oversize from pulverization. This method has been employed for holes CDH-075 and CDH-077.

Quality Assurance / Quality Control

QA/QC was carried out through the insertion of blanks, laboratory duplicates, and certified reference material (CRM) for gold and silver. Ten percent of drill samples are QA/QC samples consisting of: Four standards are inserted per 100 samples; Three blanks are inserted per 100 samples and may be placed after likely mineralized samples; Three core duplicates are included per 100 samples; and Standards are included with every 33 samples. Standards must be varied and reflect the full range of values found in mineralized material. Three pairs of duplicates are assayed every 100 samples and a minimum of three and a maximum of five blanks for every 100 samples. Every 90 days 10% of the mineralized zone analysed are selected with the pulps being sent to another laboratory (SGS Lakefield or ACME laboratory).

Approximately 240 blanks were included in the samples assayed.

Mithril has implemented industry standard practices for sample preparation, security, and analysis given the stage of the Project. This has included common industry QA/QC procedures to monitor the quality of the assay database, including inserting CRM samples into sample batches on a predetermined frequency basis and doing pulp duplicates and blank samples.

Mineral Reserve Estimate

The 43-101 Report available for review under the Corporation's disclosure on the SEDAR system provides detail on the calculation of the maiden Resource Estimate. Please refer to SEDAR for further detail. A summary and conclusions below.

Mineral Resource estimate

The estimated Mineral Resources above a 2 g/t AuEq cut-off and outside the areas of previous mining is shown below. Refugio Mineral Resources include Refugio_main, Refugio_2 and Refugio_3 modelled veins whilst Soledad includes Soledad_main, Soledad_mid, Leon and Lina modelled veins.

Mineral Resource above 2 g/t AuEq cut-off at 30 November 2021

-	-	Tonnes (kt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq (koz)
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
Soledad	Indicated	0	0.00	0.0	0.00	0	0	0
	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

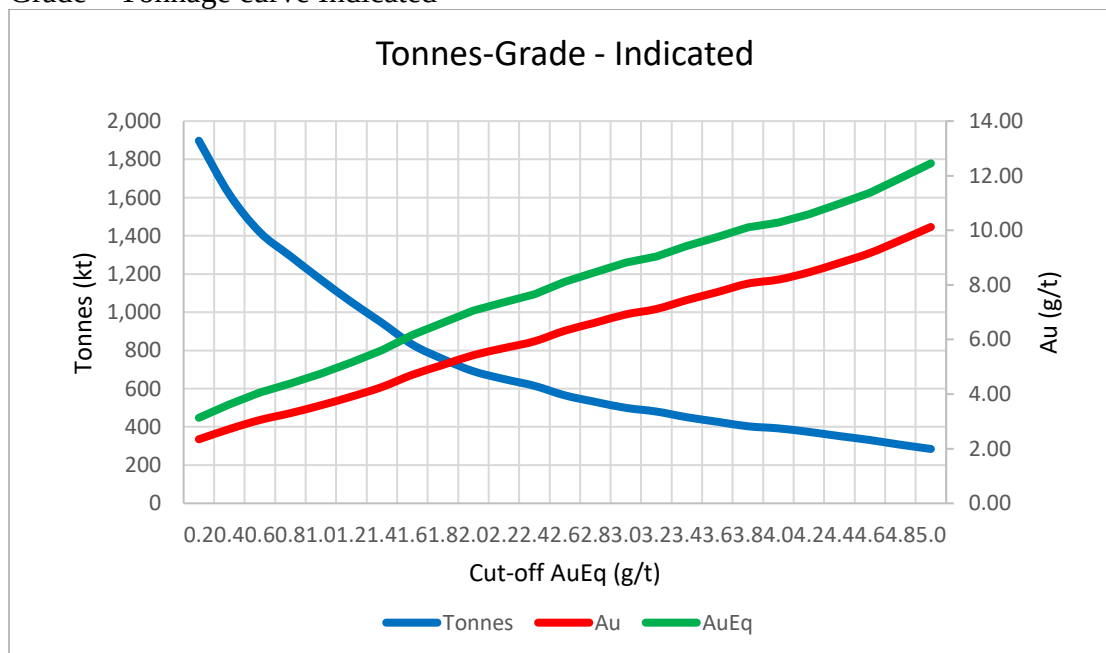
Notes:

- The Mineral Resources are stated according to the CIM Definition Standards (2014).
- Effective date is 30 November 2021.
- Mineral Resources are considered to have reasonable prospects for eventual economic extraction.
- All figures are rounded to reflect the relative accuracy of the estimate and totals may not add correctly.
- AuEq=Au+Ag/70 based on assumed prices of Au US\$1,798.34/oz and Ag US\$25.32/oz.
- Areas of previous mining have been removed.
- Metallurgical recoveries of 93% Au and Ag were used.
- A break even cut-off grade of 2.0 g/t AuEq was used based on costs from mines with similar mining and processing type, size, and location with assumed mining costs of \$95/t.

Grade tonnage curves

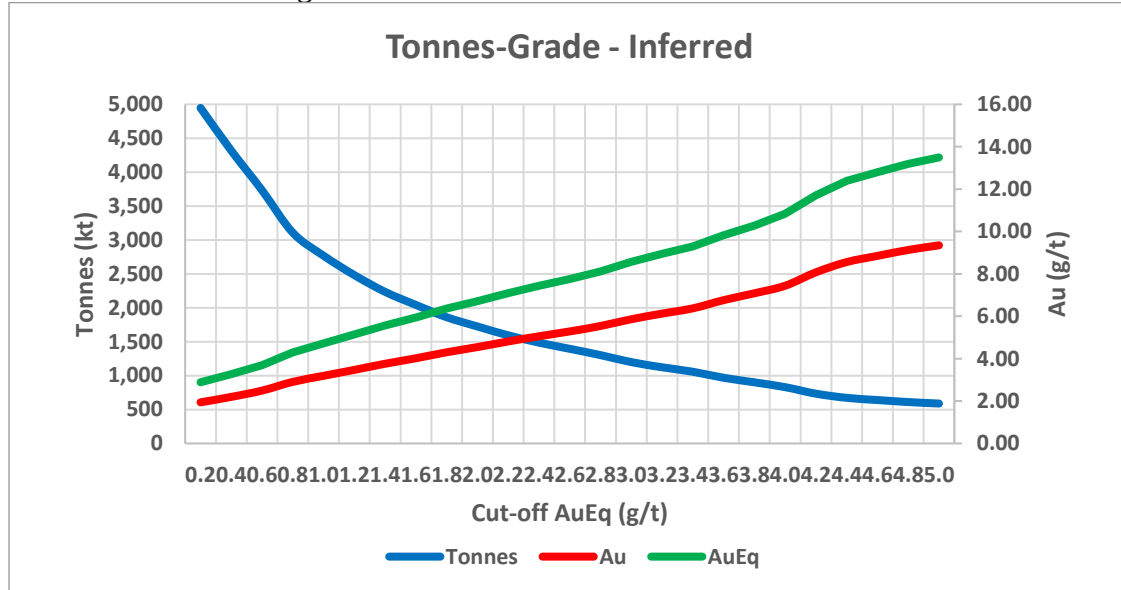
The tonnes, gold and AuEq grades are shown as a grade tonnage plot for Indicated Mineral Resource and for Inferred Mineral Resource.

Grade – Tonnage curve Indicated



Source: AMC, 2023

Grade – Tonnage curve Inferred

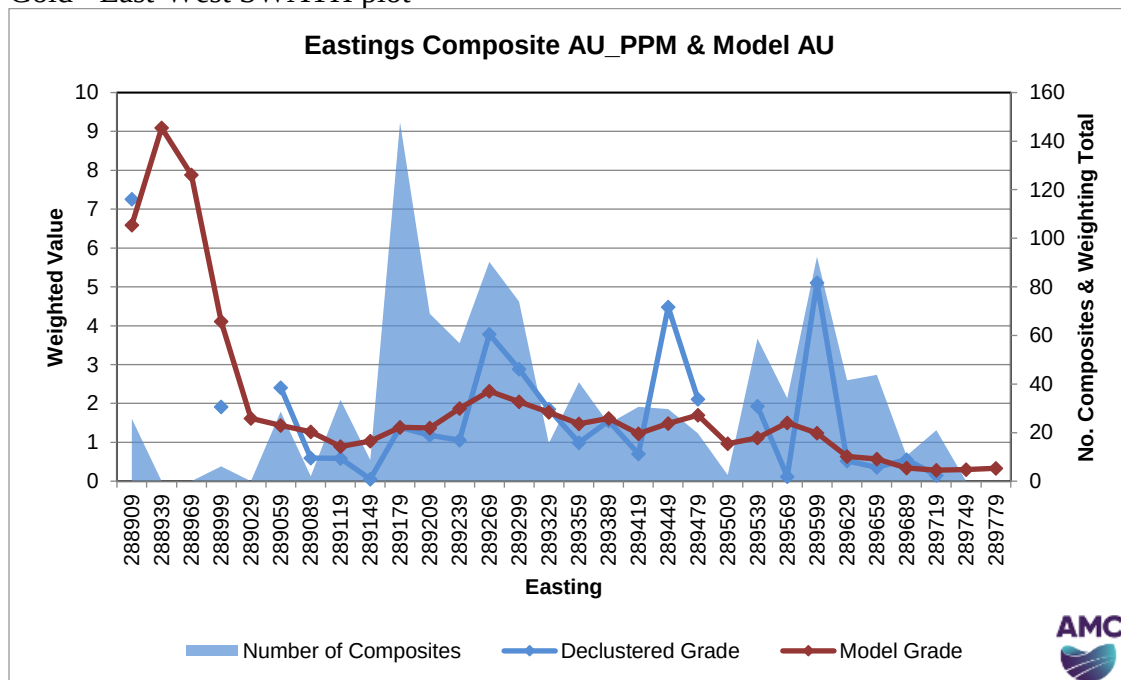


Source: AMC, 2023

Model validation

The block model grades were compared to the drillhole sample data along cross sections and long-sections. Good correlation was noted. Swath plots were prepared by the QP for the gold and silver block grades compared to the drillhole sample grades which showed good correlation. The **Error! Reference source not found.** shows an example of a SWATH plot for gold.

Gold - East-West SWATH plot



Source: AMC, 2023

Mineral Reserve estimates

There are no Mineral Reserves reported in the 43-101 Report.

Exploration and Development

Pending completion of the acquisition of Mithril by the Corporation, the exploration program has been delayed. Upon successful completion the Resulting Issuer will continue plans as set out in Part III below under “Milestones”.

Selected Consolidated Financial Information and Management's Discussion and Analysis

Annual Information

The following information is taken from the audited financial statements of Mithril for the fiscal years ended June 30, 2023, 2022 and 2021. These financial statements are attached as Appendix “A” to this Information Circular and should be read in conjunction herewith. Mithril’s financial statements were prepared on the basis of IFRS and are expressed in Australian dollars.

	Fiscal Year Ended June 30, 2023 (AUS\$)	Fiscal Year Ended June 30, 2022 (AUS\$)	Fiscal Year Ended June 30, 2021 (AUS\$)
Total Assets	31,019,980	28,408,305	21,784,065
Income	146,815	320,999	57,451
Total Expenses from continuing operations	2,244,896	953,303	1,746,069
Income from discontinued operations	N/A	N/A	N/A
Long Term Liabilities	N/A	N/A	N/A
Net Profit (Loss)	(1,467,770)	(234,517)	(1,423,128)

Quarterly Information

In accordance with the rules and policies of ASX and ASIC, Mithril prepares audited annual financial statements as well as half yearly reports and a quarterly cash flow report, but does not prepare interim quarterly financial statements.

Management Discussion and Analysis

Management discussion and analysis of Mithril's financial and operational results for the years ended June 30, 2023, 2022 and 2021 are attached to this Information Circular as Appendix "B". Additional information on Mithril including their Annual Report is available at www.asx.com.au and Mithril's website, www.mithrilresources.com.au and is incorporated herein by reference.

Description of Securities

Mithril's authorized share capital consists of unlimited Mithril Shares. As at the date of this Information Circular, 3,368,804,470 Mithril Shares are issued and outstanding.

The holders of Mithril Shares are entitled to receive notice of, and to attend and vote at, all meetings of shareholders (other than meetings at which only holders of another class or series of shares are entitled to vote). Each Mithril Share carries the right to one vote. In the event of the liquidation, dissolution or winding-up of Mithril, the holders of Mithril Shares will be entitled to receive on a pro rata basis, all of the assets remaining after the payment by Mithril of all of its liabilities. The holders of Mithril Shares are entitled to receive any dividends declared by Mithril in respect of the Mithril Shares, on a pro rata basis.

Consolidated Capitalization

There have been no material changes in the share and loan capital of Mithril, on a consolidated basis, since the date of the audited annual financial statements of the Mithril for the financial year ended June 30, 2023, attached to this Information Circular in Appendix "A".

The following table sets forth Mithril's share and loan capital for and as of the end of the periods indicated.

Designation of Security	Amount Authorised or to be Authorised	Amount outstanding as of the date of June 30, 2023	Amount outstanding as of September 1, 2023 prior to giving effect to the Transaction
Ordinary Shares	Unlimited	3,368,804,470	3,368,804,470
Placement Options	N/A	389,285,714	389,285,714
Incentive Options	N/A	25,000,000	25,000,000
Performance Rights	N/A	33,333,333	33,333,333
Long Term Debt	N/A	Nil	Nil

Prior Sales

In the twelve months prior to the date of the Information Circular the following securities of Mithril have been issued:

Date of Issue	Type of Securities	Number of Securities	Issue Price per Security	Gross Proceeds
November 16, 2022	Incentive Options	25,000,000	N/A (exercisable at AUSD\$0.015 per share)	N/A
December 9, 2022	Ordinary Shares	322,857,143	AUSD\$0.0035	AUSD\$1,130,000
December 9, 2022	Placement Options	161,428,571	N/A (exercisable at AUSD\$0.007 per share)	N/A
May 17, 2023	Ordinary Shares	105,714,286	AUSD\$0.0035	AUSD\$370,000
May 17, 2023	Placement Options	52,857,143	N/A (exercisable at AUSD\$0.007 per share)	N/A

Stock Exchange Price

The ordinary shares of Mithril trade on the Australian Stock Exchange (ASX) under the symbol MTH. The price range and volumes of sales for Mithril common shares over the past year on a monthly basis for the prior quarter and quarterly prior are:

Period	High AUSD\$	Low AUSD\$	Trading Volume
Month ended August 31, 2023	\$0.0020	\$0.0015	18,427,558
Month ended July 31, 2023	\$0.0020	\$0.0015	42,247,923
Month ended June 30, 2023	\$0.0020	\$0.0010	89,556,241

Month ended May 31, 2023	\$0.0030	\$0.0020	99,265,630
Month ended April 30 2023	\$0.0025	\$0.0020	71,433,429
Quarter ended March 31, 2023	\$0.0040	\$0.0010	333,807,962
Quarter ended December 31, 2022	\$0.0060	\$0.0030	121,745,649
Quarter ended September 30, 2022	\$0.0070	\$0.0040	165,508,094
Quarter ended June 30, 2022	\$0.0120	\$0.0045	264,578,131

Executive Compensation of Mithril

Executive compensation is required to be disclosed for (i) each Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) each of the three most highly compensated executive officers (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year (or three most highly compensated individuals) and whose total compensation was, individually, more than \$150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of Mithril, nor acting in a similar capacity, at the end of that financial year (the “**Named Executive Officers**”).

The Named Executive Officers of Mithril are John Skeet, Chief Executive Officer and Claire Newstead-Sinclair, Company Secretary. All dollar values presented in this section are in Australian Dollars.

Summary Compensation Table

The following table (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*) contains a summary of the compensation paid to each director and NEOs of Mithril during the two most recently completed financial years of the Corporation.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	FISCAL YEAR ENDED	SALARY (\$)	BONUS (\$)	COMMITTEE OR MEETING FEES (\$)	VALUE OF PERQUISITES (\$)	ALL OTHER COMPENSATION (\$)	TOTAL COMPENSATION (\$)
John Skeet CEO and Managing Director	2023 2022	AUS\$180,000 AUS\$180,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	AUS\$180,000 AUS\$180,000
Stephen Layton (2)	2023 2022	AUS\$48,000 AUS\$48,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	AUS\$48,000 AUS\$48,000
Claire Newstead-Sinclair Corporate Secretary	2023 2022	Nil Nil	Nil Nil	Nil Nil	Nil Nil	AUS\$60,000 AUS\$60,000	AUS\$60,000 AUS\$60,000
Garry Thomas Director	2023 2022	AUS\$48,000 AUS\$48,000	Nil Nil	Nil Nil	Nil Nil	Nil Nil	AUS\$48,000 AUS\$48,000

External Management Companies

No management services are provided to Mithril by NEOs through external management companies, provided that Ms. Claire Newstead-Sinclair provides her services as company secretary to Mithril through Vistra Australia Pty Ltd.

Options and other Performance Securities

The following table sets out information concerning the compensation securities granted during the financial year ended June 30, 2023 to Named Executive Officers, executive officers, and directors of Mithril.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
John Skeet, Director and Chief Executive Officer	Options	25,000,000/100%	November 16, 2022	AUS\$0.015	AUS\$0.005	AUS\$0.002	November 16, 2025
Stephen Layton, Director	N/A	Nil	Nil	Nil	Nil	Nil	Nil
Garry Thomas, Director	N/A	Nil	Nil	Nil	Nil	Nil	Nil

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Claire Newstead-Sinclair <i>Company Secretary</i>	N/A	Nil	Nil	Nil	Nil	Nil	Nil

The following table discloses the total amount of compensation securities held by the NEOs and directors of Mithril at the financial year ended June 30, 2023

Name and Position	Number and type of Compensation Securities
John Skeet, <i>Director and Chief Executive Officer</i>	25,000,000 options
Stephen Layton, <i>Director</i>	N/A
Garry Thomas, <i>Director</i>	33,333,333 performance rights
Claire Newstead-Sinclair <i>Company Secretary</i>	N/A

No compensation securities were re-priced, cancelled and replaced, had their term extended, or otherwise materially modified in Mithril's financial year ended June 30, 2023.

There are no restrictions or conditions for converting, exercising, or exchanging the compensation securities.

No compensation securities were exercised by NEOs and directors during the financial year ended June 30, 2023.

The compensation options and the performance rights are subject to private treaty agreements between Mithril and the holders of the compensation options and performance rights, pursuant to which those securities will be cancelled and extinguished for no consideration.

Oversight and Description of Director and Named Executive Officer Compensation

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

The Board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align Director and executive objectives with

shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The Non-Executive Directors and other executives receive a superannuation guarantee contribution required by the government, which was 10%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in Mithril's share option scheme. Options are valued using the Black-Scholes methodology.

Non-Executive Directors remuneration is set from a pool that is approved by shareholders, which presently is set at \$250,000 per annum. The Non-Executive Director fees have not been increased since the Group's initial public offering in 2002 and the Group has a policy of obtaining shareholder approval for any share based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules. The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. There is no direct relationship between the remuneration policy and the Group's performance.

Pension Plan Disclosure

Mithril does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement.

Employment, Consulting and Management Agreements

Except as described below, Mithril does not have any contracts, agreements, plans or arrangements that provides for payments to a director or NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of Mithril or a change in an NEO's responsibilities.

On June 9, 2020, Mithril entered into a services agreement with John Skeet for the provision of his services as CEO. The agreement provides for a gross salary of AUS\$180,000 per annum and is reviewable every two years. Mithril or the employee may terminate the employment contract without cause by providing 3 months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct Mithril can terminate employment at any time.

Management Contracts

There are no management functions of Mithril that are to any substantial degree performed by a person or company other than the directors or executive officers (or private companies controlled by them, either directly or indirectly) of Mithril.

Non-Arm's Length Party Transactions

Mithril has not completed any acquisition of assets or services or provision of assets or services through any transaction within the five years before the date of this Information Circular with a director, officer, promoter or principal securityholder of Mithril, or their Associates and Affiliates, other than executive compensation as described above and as set out below.

On May 27, 2020, Mithril announced the close of the acquisition of Sun Minerals Pty Ltd., for a total of 673,852,281 Mithril Shares. Sun Minerals is the holder of the Copalquin Project through its Mexican subsidiary, Drummond Gold S.A. de C.V.

John Skeet, the CEO of Mithril, and intended CEO of the Resulting Issuer, was and continues to be the Managing Director of Sun Minerals (now Mithril's 100% subsidiary). In the acquisition of Sun Minerals, Mr. Skeet received a total of 221,663,615 shares indirectly through Mr. Skeet's personal holding company, Trimin Pty. Ltd.

Garry Thomas, a non-executive director of Mithril, was a shareholder of Sun Minerals through the Thomas Family Superannuation Fund Pty. Ltd, and the Thomas Family Trust. Upon the acquisition of Sun Minerals by Mithril, Mr. Thomas indirectly received 278,685,273 shares of Mithril.

Independent Expert's Report

Mithril appointed RSM Corporate Australia Pty Ltd (the "Independent Expert") to prepare an Independent Expert's Report providing an opinion as to whether the Schemes are in the best interests of Mithril Shareholders and Mithril Optionholders.

The Independent Expert has assessed the value of the Scheme Consideration (on a non-controlling basis) as less than the value of the Mithril Shares and Mithril Options prior to the Schemes (**Difference in Value**). A summary of the valuations, as determined by the Independent Expert, is set out in the table below.

	Low to High values	Preferred value
Mithril Shares prior to Schemes	\$0.003 – \$0.005	\$0.004
Share Scheme Consideration	\$0.003 – \$0.004	\$0.0035
Class A Options	\$0.000 – \$0.000	\$0.0002
Option Scheme Consideration (Class A Warrants)	\$0.000 – \$0.000	\$0.0001
Class B Options	\$0.001 – \$0.002	\$0.0016
Option Scheme Consideration (Class B Warrants)	\$0.001 – \$0.002	\$0.0013

On the basis of the above valuations, the Independent Expert has concluded that each of the Schemes are not fair. However, the Independent Expert also considers that the advantages of the Schemes outweigh the disadvantages of the Schemes and are sufficient to compensate Mithril Securityholders for the Difference in Value.

Accordingly, the Independent Expert concluded that, in the absence of any other relevant information or Superior Proposal, the Share Scheme is reasonable and therefore is in the best interests of Mithril Shareholders and the Option Scheme is reasonable and therefore is in the best interests of Mithril Optionholders.

Legal Proceedings

Mithril is not currently aware of any legal proceedings that would interfere with its properties, assets, executives or business.

Material Contracts

The following are the Material Contracts to which Mithril or any of its subsidiaries is a party:

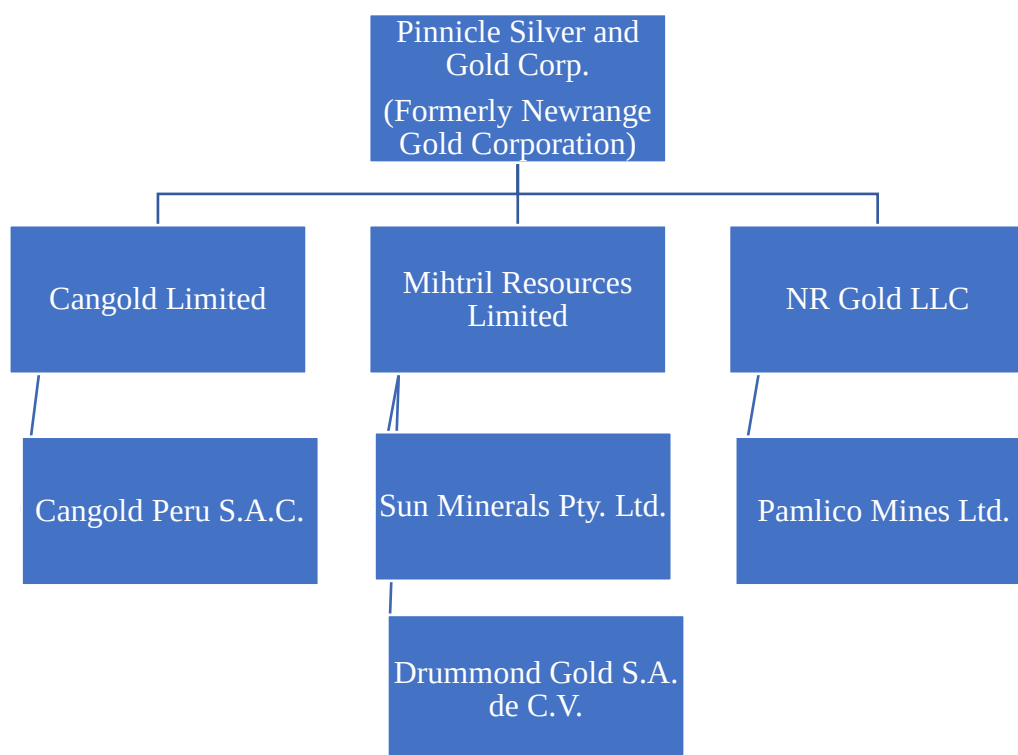
1. Option Agreement dated August 17, 2017, between Mithril's subsidiary Drummond and Compania Minera Copalquin S.A. de C.V, ("CMC") an arm's length Mexican corporation (the "Option Agreement").
2. Amendment agreements dated April 24, 2019, August 30, 2019, July 14, 2022 and August 7, 2023 amending the Option Agreement;
3. Assignment Agreements between Drummond and CMC dated July 1, 2020, September 14, 2021 and July 14, 2022, transferring 10%, 15% and 25% beneficial interests, respectively, to Drummond in the mining concessions constituting the Copalquin Project.

PART III - INFORMATION CONCERNING THE RESULTING ISSUER AFTER COMPLETION OF THE TRANSACTIONS

Name and Corporate Structure

Following Completion of the Transactions, the articles of incorporation of the Resulting Issuer are expected to be amended to change the corporate name of the Corporation to “Pinnacle Silver and Gold Corp.” and will trade on the Exchange under the symbol “PINN”. The Resulting Issuer’s registered and record office will be located at 1000-409 Granville Street, Vancouver, British Columbia, V6C 1T2. The Resulting Issuer will continue to be a British Columbia company incorporated under the *Business Corporations Act* (British Columbia).

Following Completion of the Transactions, the Resulting Issuer will continue to carry on the business activities of both the Corporation and Mithril and conduct its affairs in the ordinary course of business. The Resulting Issuer will have three wholly-owned subsidiaries, Mithril, Cangold Limited and NR Gold LLC. Mithril Resources Limited has a wholly-owned subsidiary, Sun Minerals Pty Ltd. which has a wholly-owned subsidiary, Drummond Gold S.A. de C.V, Cangold Limited has a wholly-owned subsidiary, Cangold Peru S.A.C. and NR Gold LLC has a wholly-owned subsidiary, Pamlico Mines Ltd.



All disclosure in this section assumes that the Consolidation has been completed as part of the Acquisition.

Narrative Description of the Business

Development of the Business and Objectives

The Copalquin Silver-Gold Project in Durango, Mexico will be the flagship project of the Resulting Issuer. While the Argosy Gold Mine and North Birch Projects in the Red Lake District of Ontario have significant merit and exploration potential, neither have any mineral resources and they are not considered to be material in the context of this discussion. As such, the primary focus of the Resulting Issuer in the short term, using the funds available, will be on the exploration and development of the Copalquin Project.

The Resulting Issuer will conduct business as a mining issuer with respect to the Resulting Issuer's combined properties. Management of the Resulting Issuer brings significant depth, expertise and experience to the Corporation to carry out these objectives, having worked in this part of Mexico for more than 20 years. See "Part IV - Risk Factors".

Milestones

Management of the Resulting Issuer has plans to expand the resource base of the Copalquin Project through continued drilling. Geological mapping, geochemical sampling, and airborne geophysical surveys will be used for targeting purposes. Simultaneously, the Resulting Issuer plans to advance metallurgical testing and mine planning studies as a way of preparing for more advanced studies to support the continued development of the project and its potential for production.

The first phase of these activities is expected to commence within a month of the Completion of the Transaction and continue for approximately four months. Results will be evaluated as they come in and subsequently disclosed in a timely fashion, while being used to plan the next phase of exploration and development. The cost of this first phase of field work is estimated to be \$1,860,000.

The proposed budget for exploration and resource drilling is set out below:

Item	Unit	Quantity (Metres)	Cost estimate (US\$)
Core Drilling	El Cometa	1,050	178,500
Core Drilling	Refugio West	1,825	310,250
Core Drilling	Los Reyes	300	51,000
Core Drilling	Refugio / Cometa	2,005	340,850
Core Drilling	Additional	500	85,000
Lidar Survey	-	-	50,000
Helicopter	-	-	38,000
Administration and Labour	-	-	<u>180,000</u>
Total	-	-	1,233,600

The proposed budget for metallurgical test work is set out below:

Item	Description	Cost estimate (US\$)
Core drilling	To provide whole core for metallurgy and geotechnical	85,000
Comminution	Unconfined compressive strength, crushing, grinding and abrasion indices	15,000
Flotation & cyanidation	Optimization work	25,000
Variability testing	Testing of different veins	25,000
Composite test work	Testing composite samples from other target areas	<u>20,000</u>
Total		170,000

Details of the recommended field program are contained in the NI 43-101 technical report available on SEDAR.

Whether the Resulting Issuer pursues a continuation of resource expansion or production potential or both will depend upon the outcome of the ongoing field work and upon market conditions.

The Resulting Issuer's ability to continue to develop its properties will be dependent on the Resulting Issuer completing further equity and/or debt financings.

The milestones may change at any time depending on market conditions. See "Risk Factors".

Exploration and Development

The Copalquin Project contains a low-sulphidation epithermal deposit with a maiden NI43-101-compliant mineral resource estimate ("MRE") as indicated below:

Mineral Resource above 2 g/t AuEq cut-off at 30 November 2021								
-	-	Tonnes (kt)	Au (g/t)	Ag (g/t)	AuEq (g/t)	Au (koz)	Ag (koz)	AuEq (koz)
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
Soledad	Indicated	0	0.00	0.0	0.00	0	0	0
	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

Notes:

- The Mineral Resources are stated according to the CIM Definition Standards (2014).
- Effective date is 30 November 2021.
- Mineral Resources are considered to have reasonable prospects for eventual economic extraction.
- All figures are rounded to reflect the relative accuracy of the estimate and totals may not add correctly.
- AuEq=Au+Ag/70 based on assumed prices of Au US\$1,798.34/oz and Ag US\$25.32/oz.
- Areas of previous mining have been removed.
- Metallurgical recoveries of 93% Au and Ag were used.

- A break even cut-off grade of 2.0 g/t AuEq was used based on costs from mines with similar mining and processing type, size, and location with assumed mining costs of \$95/t.

The MRE is contained in only one of at least four hydrothermal cells on the property. Not only do the others have potential to host a mineral resource but there is potential for others to be found on the district-scale 7,005 hectare property. Exploration at Copalquin will systematically explore the strike and depth of the structure hosting the known resource while evaluating other structures with potential to host silver and gold mineralization.

As noted above, the first phase of this exploration will focus primarily on expanding the resource in the El Refugio area and further developing other targets on the property for drilling in subsequent phases. Additional metallurgical and mine planning studies will advance the basis for any future mine development plans. Subsequent field programs will involve similar work and each phase will be predicated on the success of prior phases. This first phase, as recommended in the NI 43-101 Technical Report is estimated to take about 4-6 months to complete and interpret, at a cost of approximately \$1,860,000.

Description of Securities

Upon Completion of the Transactions, the securities of the Resulting Issuer will remain unchanged. See “Part I – Information Concerning the Corporation– Description of Securities”.

Common Shares

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares without nominal or par value of which, 99,784,895 Resulting Issuer Shares will be issued and outstanding as fully paid and non-assessable upon Completion of the Transactions assuming the completion of the Concurrent Financing and the Consolidation. In addition, up to 30,851,394 Resulting Issuer Shares will be reserved for issuance pursuant to common share purchase warrants and options that may be granted under the Share Option Plan.

Holders of Resulting Issuer Shares are entitled to dividends if, as and when declared by the directors, to one vote per Resulting Issuer Share at meetings of shareholders and, upon liquidation, to receive such assets of the Resulting Issuer as are distributable to holders of Resulting Issuer Shares. The Resulting Issuer Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights. All Resulting Issuer Shares to be outstanding after Completion of the Transactions will be fully paid and non-assessable.

Dividend Record and Policy

It is not contemplated that any dividends will be paid in the immediate or foreseeable future following Completion of the Transactions.

Pro Forma Financial Information

The following table sets forth pro forma financial information of the Resulting Issuer as of April 30, 2023 after giving effect to the Transactions and should be read in conjunction with the pro forma financial statements attached as Appendix “C”.

	Resulting Issuer Pro Forma as at April 30, 2023 (\$)
Total Assets	\$31,527,689
Revenue	\$Nil
Total Expenses	\$6,625,017
Total Liabilities	\$1,088,325
Net Profit (Loss)	(\$6,625,017)

Pro Forma Consolidated Capitalization of the Resulting Issuer

The following table sets forth the capitalization of the Resulting Issuer after Completion of the Transactions.

Designation of Security	Amount Authorized	Amount Outstanding After Completion of the Transactions
Common Shares	Unlimited	99,784,895 ⁽¹⁾⁽²⁾⁽³⁾
Long Term Debt	N/A	\$181,413

Notes:

- (1) On an undiluted basis. Does not include 30,851,394 Resulting Issuer shares reserved for issuance upon exercise of currently outstanding warrants, the warrants issued as part of the Concurrent Financing, the Acquisition Warrants and options that may issued pursuant to the Share Option Plan. Please refer to the Fully Diluted Share Capital below.
- (2) See “Information Concerning the Corporation – General Development of the Business”.
- (3) The Resulting Issuer had a deficit of \$42,178,508 on a consolidated basis as of June 30, 2023. See pro forma consolidated balance sheet of the Resulting Issuer as at June 30, 2023 attached to the Information Circular as Appendix “C”.

Fully Diluted Share Capital

In addition to the information set out in the capitalization table above, the following table sets out the diluted share capital of the Resulting Issuer after giving effect to the Acquisition, the Consolidation and the Concurrent Financing.

Description	Number of Securities	Percentage of Total Diluted Share Capital After Giving Effect to the Transactions⁽¹⁾
Common shares issued and outstanding as at the date of the Information Circular	18,876,910	14.4%
Common shares to be issued pursuant to the Acquisition	60,907,985 ⁽¹⁾	46.4%
Common shares to be issued pursuant to the Concurrent Financing	20,000,000	15.2%
Common shares to be issued pursuant to exercise of warrants issued in the Concurrent Financing	10,000,000	7.6%
Common shares to be issued to CMC pursuant to Copalquin Option Agreement	750,000	0.01%
Common shares to be issued pursuant to exercise of currently outstanding warrants ⁽²⁾	3,834,619 ⁽²⁾	2.9%
Common shares to be issued pursuant to exercise of the Acquisition Warrants ⁽³⁾	7,038,286 ⁽³⁾	5.4%
Reserved for issuance pursuant to Resulting Issuer Option Plan	9,978,489 ⁽⁴⁾	7.6%
Total Number of Diluted Securities	131,386,289	100%

Notes:

- (1) 16,242,399 of these Resulting Issuer shares are subject to escrow restrictions pursuant to the policies of the Exchange. See “Escrowed Securities”.
- (2) 248,167 warrants exercisable at \$1.44 which expire on February 23, 2024, 155,476 warrants exercisable at \$1.44 which expire on April 20, 2024, 840,830 warrants exercisable at \$0.60 which expire on August 22, 2024, 2,521,351 warrants exercisable at \$0.24 which expire on April 27, 2026 and 68,795 shares underlying finders fee warrants exercisable at \$0.18 which expire on April 27, 2026. Excludes any equity compensation issued to any finders pursuant to the Concurrent Financing.
- (3) 3,164,000 warrants (subject to rounding) exercisable at \$0.77 which expire on April 26, 2024 and 3,874,286 warrants (subject to rounding) exercisable at \$0.36 which expire on December 9, 2025.
- (4) Adjusted to take into consideration the Consolidation, there are currently 16,667 options exercisable at \$2.04 which expire on April 8, 2024, 122,792 options exercisable at \$1.44 which expire on February 8, 2024 and 8,334 options exercisable at \$0.96 which expire on February 25, 2025.

Available Funds and Principal Purposes

The following table sets forth the estimated working capital of the Resulting Issuer after giving effect to the Transactions as at July 31, 2023, the most recent month end prior to the date of this Information Circular:

Source	Amount (\$)
Estimated working capital of the Corporation as at July 31, 2023	(\$15,510)
Estimated working capital of Mithril as at July 31, 2023	\$150,000
Proceeds from the Concurrent Financing (assuming gross proceeds of \$3,600,000 and fees of \$216,000)	<u>\$3,384,000</u>
Total	<u>\$3,518,490</u>

The Corporation intends to use the Available Funds as set out in the estimates below:

Anticipated Use of Funds	Amount(\$)
Estimated Costs to Complete the Transactions	\$140,000
Field costs at the Copalquin Project	\$1,860,000
Copalquin Property Payments	\$400,000
Salaries and Consulting Fees	\$800,000
General and Administrative Expenses	\$190,000
Unallocated Working Capital	<u>\$128,490</u>
Total	<u>\$3,518,490</u>

The pro forma financial statements of the Resulting Issuer as at June 30, 2023, giving effect to the Transactions is attached to the Information Circular as Appendix “C”.

The Resulting Issuer will spend the funds available to it on completion of the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer may require additional funds in order to fulfill all of the Resulting Issuer’s expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional shares, incur indebtedness or use free cash flow. There is no assurance that additional funding required by the Corporation would be available if required.

Principal Shareholders

To the knowledge of the directors and management of the Corporation as of the date hereof, no shareholders (other than securities depositories) will beneficially own, directly or indirectly, or exercise control or direction over voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Resulting Issuer following Completion of the Transactions.

Directors, Officers and Promoters

Directors and Officers of the Resulting Issuer

The names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, following the successful Completion of the Transactions and the offices held by each in the Resulting Issuer and the principal occupation of the directors of the Resulting Issuer during the past five years are as follows:

Name and place of residence	Offices Held	Director or Officer of the Resulting Issuer Since	Principal Occupation During Previous Five Years	Number of Common Shares Owned After Completion of the Transactions⁽¹⁾⁽²⁾	Percentage of Common Shares Owned After Completion of the Transactions⁽³⁾
John Skeet Melbourne, Australia	President, CEO and Director	On Completion of the Transactions	Founder of Sun Minerals Pty Ltd, 2017; CEO of Mithril since June 9, 2020 and Managing Director since September 8, 2020	4,060,110 ⁽⁶⁾	4.1%
Stephen Layton ⁽⁵⁾ Melbourne, Australia	Director	On Completion of the Transactions	Director of Mithril since May 15, 2019; Master Practitioner Member of the Stockbrokers and Investment Advisors Association - MSIAA, Non-Executive Director of EQ Resources Limited	3,625,040 ⁽⁷⁾	3.6%
Garry Thomas ⁽⁴⁾ Perth, Australia	Director	On Completion of the Transactions	Founding director of Sun Minerals Pty Ltd 2017. Director of Mithril since August 17, 2020; Non-Executive Director of Oakajee Corporation Limited	6,841,464 ⁽⁸⁾	6.9%

Name and place of residence	Offices Held	Director or Officer of the Resulting Issuer Since	Principal Occupation During Previous Five Years	Number of Common Shares Owned After Completion of the Transactions⁽¹⁾⁽²⁾	Percentage of Common Shares Owned After Completion of the Transactions⁽³⁾
Robert Archer Vancouver, Canada	Chair and Director	February 27, 2018	Director and co-founder of Great Panther Mining Limited. President & CEO of the company until August 2017. Continued as a Director until June 2020. Director of Madero Metals Corp. (formerly Megastar Development Corp.) since May 2019	986,303 ⁽⁹⁾	1.0%
Ron Schmitz ⁽⁴⁾⁽⁵⁾ Vancouver, Canada	Director	February 15, 2017	President of ASI Accounting Services Inc. which has provided administration, accounting and office services to public companies since July 1995.	170,214 ⁽¹⁰⁾	0.1%
Colin Jones ⁽⁴⁾⁽⁵⁾ Auckland, New Zealand	Director	December 23, 2019	Principal Technical Consultant to Orimco Pty Ltd, an Australian corporate advisory and private equity fund manager. Director of Eurotin Inc a TSX listed exploration company	Nil ⁽¹¹⁾	Nil
David Cross Vancouver, Canada	CFO and Secretary		Partner of Cross Davis & Company LLP, a provider of accounting services for public companies	559,268 ⁽¹²⁾	0.6%

Notes:

- (1) The information as to shares beneficially owned or over which control or direction is exercised has been furnished by each of the proposed directors or has been extracted from insider reports filed by each of the individuals and publicly available on the Canadian System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca.

- (2) Excludes options expected to be held by such directors and officers following Completion of the Transactions. See “Options to Purchase Securities”. Also excludes any warrants acquired by such directors and officers pursuant to the Concurrent Financing.
- (3) Based on a total of 99,784,895 Resulting Issuer Shares expected to be outstanding following Completion of the Transactions, on an undiluted basis.
- (4) Proposed members of the Audit Committee.
- (5) Proposed members of the Compensation Committee.
- (6) Held indirectly through Trimin Pty Ltd.
- (7) 2,395,600 are held indirectly through Bodie Investments Pty Ltd. and 1,084,800 are held indirectly through Sindel Nominees Proprietary Limited. Mr. Layton also owns 90,400 warrants to acquire Resulting Issuer Shares exercisable at \$0.77 which expire on April 26, 2024 indirectly through Bodie Investments Pty Ltd. and 180,800 warrants to acquire Resulting Issuer Shares exercisable at \$0.36 which expire on December 9, 2025 held indirectly through Sindel Nominees Proprietary Limited.
- (8) 3,477,114 are held indirectly through Thomas Family Superannuation Fund Pty Ltd. and the balance are held jointly with Nancy Lee Thomas. Mr. Thomas also owns 774,676 warrants to acquire Resulting Issuer Shares exercisable at \$0.36 which expire on December 9, 2025 held indirectly through Thomas Family Superannuation Fund Pty Ltd.
- (9) 506,720 Resulting Issuer Shares are held by Platoro Resource Corp., a company wholly owned by Mr. Archer. Mr. Archer also owns 39,584 options to acquire Resulting Issuer Shares at an exercise price of \$1.44 which expire on February 8, 2024. Mr. Archer also owns 29,167 warrants directly and 29,167 warrants indirectly through Platoro Resource Corp. to acquire Resulting Issuer Shares at an exercise price of \$1.44 which expire on February 23, 2024. Mr. Archer also owns 42,917 warrants indirectly through Platoro Resource Corp. to acquire Resulting Issuer Shares at an exercise price of \$0.60 which expire on August 22, 2024 and 125,000 warrants to acquire Corporation Shares at an exercise price of \$0.24 which expire on April 27, 2026.
- (10) 97,159 Resulting Shares are held by RAS Capital Corp., a company wholly owned by Mr. Schmitz. Mr. Schmitz owns 17,500 options to acquire Resulting Issuer Shares at an exercise price of \$1.44 which expire on February 8, 2024. Mr. Schmitz also owns 20,834 warrants indirectly through RAS Capital Corp. to acquire Resulting Issuer Shares at an exercise price of \$0.60 which expire on August 22, 2024 and 50,000 warrants to acquire Resulting Issuer Shares at an exercise price of \$0.24 which expire on April 27, 2026.
- (11) Mr. Jones owns 6,334 options to acquire Resulting Issuer Shares at an exercise price of \$1.44 which expire on February 8, 2024.
- (12) Mr. Cross also owns 3,125 options to acquire Resulting Issuer Shares at an exercise price of \$1.44 which expire on February 8, 2024. Mr. Cross also owns 8,959 warrants to acquire Resulting Issuer Shares at an exercise price of \$1.44 which expire on February 23, 2024. Mr. Cross also owns 29,167 warrants to acquire Resulting Issuer Shares at an exercise price of \$0.60 which expire on August 22, 2024 and 125,000 warrants to acquire Corporation Shares at an exercise price of \$0.24 which expire on April 27, 2026.

All the directors and officers as a group will own 16,242,399 Resulting Issuer Shares on the Completion of the Transactions.

The directors will hold office until the next annual general meeting of the Resulting Issuer.

Management and Independent Directors of the Resulting Issuer

The following sets out details respecting the proposed management and directors of the Resulting Issuer after giving effect to the Acquisition.

John Skeet, age 59 (B.App.Sc)

Mr. Skeet has over 30 years' experience in gold-silver mining, both in management at operations and developing projects in Australia, Republic of Georgia and Mexico. He successfully developed Ballarat East, Quartzite Gold in Georgia, and Palmarejo Silver Gold Mine in Mexico, prior to the Coeur Mining takeover and was COO of Cerro Resources prior to its takeover by Primero Mining. He has 17 years' experience in Mexico. He founded Sun Minerals in 2017 and acquired the option to purchase the Copalquin Project in Mexico. Sun Minerals was acquired by Mithril in May 2020. Mr Skeet will hold the role as President & CEO of the Resulting Issuer under an employment agreement with a non-competition clause and anticipates spending 100% of his time managing the Resulting Issuer.

Stephen Layton, age 63 (MSIAA)

Mr. Layton has over 35 years' experience in equity capital markets in the UK and Australia. He has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms, specializing in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow. Master Practitioner Member of the Stockbrokers and Investment Advisors Association - MSIAA, Non-Executive Director of EQ Resources Limited. Mr. Layton will be an Independent Director of the Resulting Issuer and anticipates spending approximately 10% of his time in that role.

Garry Thomas, age 72 (Assoc. Civ CE)

Mr. Thomas is a civil engineer with over 35 years' experience in civil construction, mine development and operations. He has been involved in the implementation of mining operations in Australia, Indonesia, Laos, Russia, Zimbabwe, Ghana, Zambia, South Africa, Algeria, Mexico and Mali. He has managed the construction and commissioning of over 20 CIL/CIP, flotation and heap leach plants in Australasia, Russia and Africa as well as many plant upgrades including construction at Palmarejo, Mexico prior to the Coeur Mining take over. Mr. Thomas founded Intermet Engineering which he sold to Sedgman Metals. Non-Executive Director of Oakajee Corporation Limited. Mr. Thomas will be an Independent Director of the Resulting Issuer, and anticipates spending approximately 10% of his time in that role.

Robert (Bob) Archer, age 66 (P. Geo, HBSc, Laurentian University, Sudbury, Ontario)

Mr. Archer has more than 40 years' experience in the mining industry, working throughout the Americas. After spending more than 15 years with major mining companies, Mr. Archer held several senior management positions in the junior mining sector and co-founded Great Panther Mining Limited, building it from concept into a mid-tier precious metals producer. He served as President & CEO of Great Panther from 2004-2017 and Director until 2020, and joined the Corporation as a Director in February 2018 followed by his appointment as CEO in January 2019 and President in October 2021. Mr. Archer will be Executive Chair of the Resulting Issuer with a non-competition clause and anticipates spending at least 75% of his time in that role.

Ron Schmitz, age 57 (Associate of Commerce, Vancouver Island University)

Mr. Schmitz is the Principal and President of ASI Accounting Services Inc., a firm who has provided administrative, accounting and office services to public and private companies since July 1995. Mr. Schmitz has served as a Director and/or Chief Financial Officer of various public companies since 1997, and currently holds these positions with various public and private companies. Mr. Schmitz will be an Independent Director of the Resulting Issuer and anticipates spending approximately 10% of his time in that role.

Colin Jones, age 64 (Bsc (Earth Sciences), Massey University, NZ)

Mr. Jones is Principal Consultant for Orimco Resource Investment Advisors, Perth, Australia. He has 40 years' experience as a mining, exploration and consulting geologist in a number of different geological environments on all continents. He has managed large exploration and due diligence projects, and has undertaken numerous bankable technical audits, technical valuations, independent expert reports and due diligence studies worldwide, most of which were on behalf of major international resource financing institutions and banks. Mr. Jones will be an Independent Director of the Resulting Issuer and anticipates spending approximately 10% of his time in that role.

David Cross, age 47 (CPA, CGA)

Mr. Cross is a CPA and CGA with over 21 years' experience in the junior sector with a focus on finance and corporate governance. He is currently a partner of Cross Davis and Company LLP Chartered Professional Accountant, which specializes in accounting and management services for private and publicly-listed companies within the mining industry. Mr. Cross will be the CFO and Corporate Secretary of the Resulting Issuer and anticipates spending approximately 20% of his time in that role.

Promoter

No person will be or has been within the two years preceding the date of this Information Circular a Promoter of the Resulting Issuer.

Cease Trade Orders and Bankruptcy

As at the date of this Information Circular and within the ten years before the date of this Information Circular, no director, officer or promoter of the Resulting Issuer is or has been a director, officer or promoter of any person or company (including the Resulting Issuer), that while that person was acting in that capacity:

- (a) was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has:

- (a) been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, or a securityholder anticipated to hold sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or a personal holding company of such persons, has, within the past ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager, or trustee appointed to hold the assets of that individual.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors and officers of the Resulting Issuer holding positions as directors or officers of other companies. Some of the directors and officers have been and will continue to be engaged in the identification and evaluation of assets and businesses, with a view to potential acquisition of interests in businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers will be in direct competition with the Resulting Issuer. Conflicts, if any, will be subject to the procedures and remedies under the BCBCA or other applicable corporate legislation. See also “Part IV - Risk Factors – Conflicts of Interests”.

Other Reporting Company Experience

The following table sets out the proposed directors, officers and Promoter(s) of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers:

<u>Name of Director, Officer or Promoter</u>	<u>Name of Reporting Company</u>	<u>Trading Market</u>	<u>Position</u>	<u>From/To</u>
Robert Archer	Great Panther Mining Limited	TSX/NYSE	Director	February 2004 to June 2020

Ron Schmitz	Torchlight Innovations Inc.	TSXV	Director	August 2022 to present
	Prize Mining Corp.	TSXV	Director	March 2018 to December 2018
	Madoro Metals Corp.	TSXV	Director	May 2019 to present
	NV Gold Corporation	TSXV	CFO	November 2009 to present
	Black Lion Capital Corp.	TSXV	Director and CFO	February 2015 to April 2021
	Molystar Resources Inc.	Not Listed	Director	June 2019 to April 2020
	Alto Ventures Ltd.	TSXV	CFO	February 2020 to August 2020
	VAR Resources Corp.	TSXV	Director	September 2020 to August 2022
	Kona Bay Technologies Inc.	TSXV	CFO Director	March 2021 to August 2022
			CFO	December 2020 to February 2023
Colin Jones	Stage Capital Corp.	Not Listed	Director	March 2021 to February 2023
			Director	January 2019 to present
	Ocean Shore Capital Corp.	TSXV	CFO	August 2020 to present
			Director	June 2021 to present
Garry Thomas	Winfield Resources Limited	Not listed	Director	February 2022 to present
	Clarity Metals Corp.	TSXV	Director	June 2023 to present
	Eurotin Inc.	CSE	Director	April 2011 to October 2021
Stephen Layton	Oakajee Corporation Limited	ASX	Independent Director	March 3, 2012 to present
David Cross	EQ Resources Limited	ASX	Independent Director	Nov. 16, 2017 to present
	New Age Exploration Limited	ASX	Independent Director	Sept 2018 to Sept 2020
	International Tower Hill Mines Ltd.	TSX	CFO	May 2015 to present

Zeb Nickel Corp.	TSXV	CFO	August 2019 to present
New Target Mining Inc.	TSXV	CFO and Director	July 2020 to present
Alaska Energy Metals Corporation	TSXV	CFO	Sept 2020 to present
Aloro Mining Corp.	TSXV	CFO	July 2021 to present
NOA Lithium Brines Inc.	TSXV	CFO and Director	May 2023 to present
Interconnect Ventures Corporation	TSXV	CFO	Oct 2013 to Nov 2018
Centr Brands Corp.	CSE	Director	Aug 2017 to Nov 2019
RavenQuest BioMed Inc.	CSE	CFO and Director	Sep 2017 to Nov 2019
Speakeasy Cannabis Club Ltd.	CSE	CFO	Feb 2019 to June 2019
Advantage Lithium Corp.	TSXV	CFO and Director	Dec 2018 to Apr 2020
Enduro Metals Corp.	TSXV	CFO	Apr 2020 to June 2020
Victory Batter Metals Corp.	CSE	Director	Dec 2014 to Jun 2020
DXI Capital Corp.	NEX	CFO	Jun 2020 to Dec 2020
Wealth Minerals Ltd.	TSXV	CFO	Oct 2010 to Jan 2010
Progressive Planet Solutions Inc.	TSXV	CFO	Jun 2018 to Apr 2021
TinOne Resources Inc.	TSXV	CFO	Aug 2019 to Feb 2022
AI/ML Innovations Inc.	CSE	CFO	Jun 2021 to Apr 2023
New Energy Metals Corp.	TSXV	CFO	Dec 2018 to Dec 2021

Notes:

- (1) The information as to other reporting companies has been furnished by each of the proposed directors, officers or Promoters or has been extracted from insider reports filed by each of the individuals and publicly available on the Canadian System for Electronic Disclosure by Insiders (SEDI) at www.sedi.ca.

Executive Compensation

Summary Compensation Table

The information below contains disclosure of anticipated compensation, to the extent known, for the proposed Named Executive Officers of the Resulting Issuer, being Robert Archer (Executive Chair), John Skeet (President and Chief Executive Officer) and David Cross (Chief Financial

Officer and Secretary), and the next three highest paid executive officers (none) for the 12 month period after giving effect to the Acquisition:

Name and principal position	Salary (\$)	Share-based awards (\$)	Option-based awards (\$)	Non-equity incentive compensation data compensation (\$)		Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
				Annual incentive plans	Long-term incentive plans			
Robert Archer Executive Chair	180,000	Nil	Nil	Nil	Nil	Nil	Nil	180,000
John Skeet ⁽¹⁾ President, Chief Executive Officer and Director	240,000	Nil	Nil	Nil	Nil	Nil	Nil	240,000
David Cross Chief Financial Officer and Secretary	24,000	Nil	Nil	Nil	Nil	Nil	Nil	24,000

Notes:

- (1) It is currently anticipated that John Skeet will enter into an employment agreement with the Resulting Issuer subsequent to the Completion of the Transactions and will be paid \$240,000 per year.
- (2) It is currently anticipated that Robert Archer will enter into an employment agreement with the Resulting Issuer subsequent to the Completion of the Transactions and will be paid \$180,000 per year.

Options Granted to Executive Officers

The Corporation may, in the discretion of the board of directors, grant options from time to time to current and incoming executive officers, including the President and CEO and CFO and Secretary.

It is anticipated that the Resulting Issuer will continue to grant Resulting Issuer Options under the Share Option Plan after the Closing of the Transactions in the sole discretion of the Resulting Issuer Board.

Any further grants under the Share Option Plan will be determined in the normal course of business.

As of the date of this Information Circular, the following options have been granted.

All executive officers and past executive officers of the Resulting Issuer, as a group (2 people)	All directors and past directors of the Resulting Issuer who are not also executive officers, as a group (3 people)	All executive officers and past executive officers of all subsidiaries of the Resulting Issuer, as a group	All consultants of the Resulting Issuer, as a group (8 people)
42,710 options exercisable into Corporation Shares at \$1.44 until February 8, 2024	50,251 options exercisable into Corporation Shares at \$1.44 until February 8, 2024	Nil	16,666 options exercisable into Corporation Shares at \$2.04 until April 8, 2024 29,830 options exercisable into Corporation Shares at \$1.44 until February 8, 2024 8,333 options exercisable into Corporation Shares at \$0.96 until February 25, 2025

It is anticipated that on Completion of the Transaction, the above chart will represent all the options that will be granted by the Resulting Issuer.

Termination of Employment, Change in Responsibilities and Employment Contracts

It is anticipated that the Resulting Issuer will enter into employment agreements with certain of its officers pursuant to which such officers will be entitled to an annual salary, cash bonuses and Stock Options. It is also anticipated that such agreements will contain change of control and termination provisions customary for management of companies of similar size and industry.

Except as disclosed herein, it is not anticipated that there will be any compensatory plans, contract or arrangements between the Resulting Issuer and a Named Executive Officer in the 12 months following Completion of the Transactions with respect to: (a) the resignation, retirement or other termination of employment of the Named Executive Officer; (b) a change in control of the Resulting Issuer; or (c) a change in the Named Executive Officer's responsibilities following a change in control of the Resulting Issuer involving an amount, where the Named Executive Officer is entitled to receive more than \$100,000, including periodic payments or instalments.

Compensation of Directors

The Resulting Issuer may, in the discretion of the board of directors, grant options from time to time to current or incoming directors.

It is currently anticipated that directors of the Resulting Issuer who are not Named Executive Officers, will receive, in the 12 months following Completion of the Transactions, compensation pursuant to:

- (a) standard arrangements for the compensation of directors for their services in their capacity as directors, including any additional amounts payable for committee participation or special assignments;

- (b) other arrangement, in addition to, or in lieu of, any standard arrangement, for the compensation of directors in their capacity as director; or
- (c) arrangements for the compensation of directors for services as consultants or experts, as set out in the following table:

Name	Fees (\$)	Share- based awards (\$)	Option- based awards (\$)	Non-equity incentive compensation data compensation (\$)	Pension value (\$)	All other Compensation (\$)	Total Compensation (\$)
Stephen Layton	24,000	Nil	Nil	Nil	Nil	Nil	24,000
Garry Thomas	24,000	Nil	Nil	Nil	Nil	Nil	24,000
Ron Schmitz	24,000	Nil	Nil	Nil	Nil	Nil	24,000
Colin Jones	24,000	Nil	Nil	Nil	Nil	Nil	24,000

Compensation Discussion and Analysis

It is currently expected that the Resulting Issuer will continue the executive compensation practice of the Corporation upon Completion of the Transactions. See the Corporation's Statement of Executive Compensation. At the Meeting, the Corporation will seek approval of the Share Option Plan to allow for the continued grant of Resulting Issuer Options by the Resulting Issuer.

Indebtedness of Directors and Officers

No director, executive officer or other senior officer of the Resulting Issuer, or any Associate of any such director or officer is, or has been at any time since the beginning of the most recently completed financial year of the Corporation, indebted to the Corporation or Mithril nor is, or at any time since the last fiscal year of the Corporation or Mithril has, any indebtedness of any such person been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Corporation or Mithril.

Investor Relations Arrangement

The Resulting Issuer has no investor relations or promotional arrangement.

Stock Options & Share Option Plan

The Corporation may issue new options in amounts and at exercise prices to be determined at the discretion of the board of directors of the Resulting Issuer having regard to the policies of the Exchange. The shareholders of the Resulting Issuer may approve a resolution at a meeting of the

shareholders of the Resulting Issuer adopting a new Share Option Plan or amending the existing Share Option Plan.

Escrowed Securities

Upon Completion of the Transactions, an aggregate of 16,242,399 Escrow Shares will be held in escrow with the Escrow Agent under the provisions of the Escrow Agreement. These securities are viewed by the Exchange as “value securities” and will be released as to 10% upon the date of issuance of the Final Exchange Bulletin respecting the Transactions and an additional 15% thereof on each of the 6, 12, 18, 24, 30 and 36 month anniversaries of the Completion of the Transactions.

If the Resulting Issuer meets the Tier 1 minimum listing requirements of the Exchange subsequent to the release of the Final Exchange Bulletin, the release of the Escrow Shares will be accelerated. An accelerated escrow release will not commence until the Resulting Issuer has made an application to the Exchange for listing as a Tier 1 Company and the Exchange has issued a bulletin that announces the acceptance for listing of the Resulting Issuer’s Shares on Tier 1 of the Exchange.

All holders of Escrow Shares must obtain Exchange consent to transfer the Resulting Issuer Shares then subject to escrow, other than in specified circumstances set out in the Escrow Agreement.

The following table sets out, as of the date hereof and to the knowledge of the Corporation or Mithril, the name and municipality of residence of the securityholders whose Resulting Issuer Shares will be Escrow Shares.

Name and Municipality of Securityholder	Designation of Class	Prior to Completion of the Transactions⁽¹⁾		After Completion of the Transactions⁽¹⁾	
		Number of Securities Held in Escrow	Percentage of Class	Number of Securities to be Held in Escrow	Percentage of Class
John Skeet Melbourne, Australia	Common Shares	Nil	0.0%	4,060,110 ⁽²⁾	4.1%
Stephen Layton Melbourne, Australia	Common Shares	Nil	0.0%	3,625,040 ⁽³⁾	3.6%
Garry Thomas Perth, Australia	Common Shares	Nil	0.0%	6,841,464 ⁽⁴⁾	6.9%
Robert Archer Vancouver, Canada	Common Shares	Nil	0.0%	986,303 ⁽⁵⁾	1.0%

Name and Municipality of Securityholder	Designation of Class	Prior to Completion of the Transactions ⁽¹⁾		After Completion of the Transactions ⁽¹⁾	
		Number of Securities Held in Escrow	Percentage of Class	Number of Securities to be Held in Escrow	Percentage of Class
Ron Schmitz Vancouver, Canada	Common Shares	Nil	0.0%	170,214 ⁽⁶⁾	0.2%
David Cross Vancouver, Canada	Common Shares	Nil	0.0%	559,268	0.5%

Notes:

- (1) Based on a total of 99,784,895 Resulting Issuer Shares expected to be outstanding following Completion of the Transactions, on an undiluted basis. Does not include options or warrants to purchase Resulting Issuer shares owned by such securityholders.
- (2) Held indirectly through Trimin Pty Ltd.
- (3) 2,395,600 are held indirectly through Bodie Investments Pty Ltd. and 1,084,800 are held indirectly through Sindel Nominees Proprietary Limited.
- (4) 3,477,114 are held indirectly through Thomas Family Superannuation Fund Pty Ltd. and the balance are held jointly with Nancy Lee Thomas.
- (5) 506,720 Resulting Issuer Shares are held by Platoro Resource Corp., a company wholly owned by Mr. Archer.
- (6) 97,159 Resulting Shares are held by RAS Capital Corp., a company wholly owned by Mr. Schmitz.

Sponsorship

Pursuant to the Sponsorship Policy of the Exchange, sponsorship is generally required in conjunction with the Transaction. The Exchange has provided the Corporation with a waiver from the requirement to obtain a Sponsor in connection with the transactions contemplated herein.

Experts

AMC Consultants Pty Ltd. prepared the Technical Report entitled “Copalquin Property Mineral Resource Estimate”, Newrange Gold Corp., Durango State, Mexico; In accordance with the requirements of National Instrument 43-101 “Standards of Disclosure for Mineral Projects” of the Canadian Securities Administrators, AMC Project: 123016, Effective date: 26 May 2023

Qualified Persons responsible for the preparation and signing of this Technical Report						
Qualified Person	Position	Employer	Independent of Mithril	Date of site visit	Professional designation	Sections of report
Rodney Webster	Principal Geologist	AMC Consultants Pty Ltd	Yes	No visit	MAIG	Sections 2-6, and 8, 9, 11, 14 -24, 27, parts 1, 25 and 26
Robert Chesher	Technical Manager	AMC Consultants Pty Ltd	Yes	No visit	FAusIMM	Section 13, parts 1, 25, 26

José Olmedo	Principal Geologist	Self employed	Yes	7-10 August 2021	SME 426799RM	Sections 7, 10, 12, parts 1, 25, 26
Other experts who have assisted the Qualified Persons						
Expert	Position	Employer	Independent of Mithril	Visited site	Sections of report	
Peter Mokos	Principal Mining Engineer	AMC Consultants Pty Ltd	Yes	No	Section 14.6	

RB abogados prepared the Legal Title Report dated July 12, 2023.

Davidson & Company LLP, Chartered Professional Accountants, prepared the auditors' report for the annual financial statements of the Corporation for the years ended April 30, 2023, 2022 and 2021. Davidson & Company LLP has advised the Corporation that, as of the date of this Information Circular, it is independent in accordance with the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

Nexia Melbourne Audit Pty Ltd., prepared the auditor's report for the annual financial statements of Mithril for the years ended June 30, 2023, 2022 and 2021, which are attached as part of Appendix “A” hereto. Nexia Melbourne Audit Pty Ltd. has advised that it is independent in accordance with the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

Other Material Facts

To the knowledge of management of the Corporation and Mithril, there are no other material facts relating to the Corporation, Mithril, the Resulting Issuer or the Transaction that are not otherwise disclosed in this Information Circular and are necessary in order for the Information Circular to contain full, true and plain disclosure of all material facts relating to the Corporation, Mithril and the Resulting Issuer, assuming Completion of the Transactions.

Auditors

See “Information Concerning the Corporation - Auditors”.

Transfer Agent And Registrar

See “Information Concerning the Corporation - Transfer Agent and Registrar”.

Board Approval

The contents and mailing to the Corporation Shareholders of this Information Circular have been approved by the Board of the Corporation. No person is authorized to give any information or to make any representations in respect of the matters addressed herein other than those contained in this Information Circular and, if given or made, such information must not be relied upon as having been authorized.

PART IV – RISK FACTORS

The following risk factors related to the Transaction and the Resulting Issuer's business should be considered by Shareholders. These risk factors should be considered in conjunction with the other information contained in or incorporated by reference into this Circular. The following risk factors are not a definitive list of all risk factors associated with the Transaction. Additional risks and uncertainties, including those currently unknown or considered immaterial by the Corporation, may also adversely affect the trading price of the Corporation's Shares or the Resulting Issuer Shares and/or the businesses of the Corporation and the Resulting Issuer. As such, in addition to the risk factors in this Information Circular, Shareholders should also consider the risk factors related to the Resulting Issuer's assets and business included in the Corporation's and Mithril's most recently filed financial statements for the years ended April 30, 2023 and June 30, 2023, respectively.

Risks Related to the Transaction and the Resulting Issuer's Business on Completion of the Transactions

Closing of the proposed Transaction is subject to a number of conditions, including, but not limited to, Exchange acceptance and Shareholder approval. The Corporation and Mithril also have termination rights in certain circumstances under the Scheme Implementation Deed. There can be no assurance that a party won't terminate the agreement and there can be no assurance that any or all closing conditions will be obtained. Failure to complete the Transaction could possibly negatively impact the trading price of the Corporation's Shares.

Speculative Nature of Investment Risk

The Resulting Issuer Shares will remain listed for trading on the Exchange. An investment in the Resulting Issuer's securities is highly speculative. Securities of companies involved in the resource industry have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. The price of the Resulting Issuer Shares is also likely to be significantly affected by short-term changes in commodity prices, the Resulting Issuer's financial condition or results of operations as reflected in its quarterly and annual financial statements, currency exchange fluctuations and the other risk factors identified herein.

Risks Related to the Resulting Issuer's Business

The operations of the Resulting Issuer will be speculative due to the nature of its principal business which will be to explore for and develop precious metals in the Americas, initially focusing on Mexico and Ontario. These risk factors could materially affect the Resulting Issuer's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Resulting Issuer.

Exploration and Development Risks

Some of the Resulting Issuer's properties are in early exploration stages and are without a known body of commercial ore. Exploration for mineral resources involves a high degree of risk and few

properties that are explored are ultimately developed into producing mines. Discovery of mineral deposits is dependent upon a number of factors, not the least of which are the technical skills of the exploration personnel involved and the capital required for the programs. The cost of conducting mineral exploration programs may be substantial and the likelihood of success is difficult to assess. There is no assurance that the Resulting Issuer's mineral exploration activities will result in any discoveries of new bodies of commercial ore. There is also no assurance that even if commercial quantities of ore are discovered that an ore body would be developed and brought into commercial production. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit such as size, grade and proximity to infrastructure, commodity prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection. Most of the above factors cannot be predicted and are beyond the control of the Resulting Issuer. The Resulting Issuer attempts to mitigate its exploration risk by maintaining a diversified portfolio that includes different metal commodity targets in a couple of geologic and political environments.

Financial Markets

The Resulting Issuer will be dependent on the equity markets as its main source of operating working capital and funding for any advanced exploration and development activities that may be needed on its projects. The Resulting Issuer's capital resources are largely determined by the strength of the resource markets and by the status of the Resulting Issuer's projects in relation to these markets, and its ability to compete for investor support of its projects. Consequently, there can be no assurance that equity financing will be available to the Resulting Issuer in the amount required at any time or for any period or if available, that it can be obtained on terms satisfactory to the Resulting Issuer.

Operations

The operations of the Resulting Issuer may be disrupted by a variety of risks and hazards normally encountered in the exploration, development and production of precious metals, including, without limitation, unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, personal injury or loss of life and damage to tailings dams, property, and environmental damage, all of which may result in possible legal liability. The occurrence of any of these events could result in a prolonged interruption of the Resulting Issuer's activities that would have a material adverse effect on its business, financial condition, results of operations and prospects. Further, the Resulting Issuer may be subject to liability or sustain losses in relation to certain risks and hazards against it cannot insure or for which it may elect not to insure. The occurrence of operational risks and/or a shortfall or lack of insurance coverage could have a material adverse impact on its results of operations and financial condition. The exploration for and development of mineral deposits involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. The exploration for, development, mining and processing of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenditures may be

required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the management will result in profitable commercial mining operations. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: cash costs associated with extraction and processing, the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices which are highly cyclical; government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; and political stability. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in one or more of mining operations not receiving an adequate return on invested capital. Accordingly, there can be no assurance mining operations which are not currently in production will be brought into a state of commercial production.

Commodity Prices

The price of the Corporation's Shares and the Resulting Issuer's financial results may be significantly adversely affected by a decline in the price of metals. The price of metals fluctuates widely, especially in recent years, and is affected by numerous factors beyond the Resulting Issuer's control, including but not limited to, the sale or purchase of the metals by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, and the political and economic conditions of major gold, silver and copper producing countries throughout the world.

Global Financial Conditions

Market events and conditions, including the disruptions in the international credit and financial markets and other financial systems, along with political instability, falling currency prices expressed in United States dollars, the uncertainty surrounding global supply chain and the critical measures implemented by governments globally related to the recent spread of diseases have resulted in commodity prices remaining volatile. These conditions have also caused fear and a loss of confidence in global credit markets, resulting in a climate of greater volatility, tighter regulations, less liquidity, widening credit spreads, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks and investment banks, insurers and other financial institutions have caused the broader credit markets to be volatile and interest rates to fluctuate. These events are illustrative of the effect that events beyond the Resulting Issuer's control may have on commodity prices, demand for metals, including gold, silver, copper, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Resulting Issuer's business. These factors may impact the ability of the Resulting Issuer to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Resulting Issuer. Increased levels of volatility and market turmoil can adversely impact the Resulting Issuer's operations and the value and the price of the Resulting Issuer Shares could be adversely affected. The re-emergence of a global financial crisis or recession or reduced economic activity in the Americas and other industrialized or developing countries, or disruption in key sectors of the economy, may adversely affect the Resulting Issuer's business. If such global

volatility and market uncertainty were to continue, the Resulting Issuer's operations and financial condition could be adversely impacted.

Natural Disasters, Terrorist Acts, Health Crises, Incidents of War and Other Disruptions or Dislocations, including by the COVID-19 Pandemic, whether those effects are Local, Nationwide or Global

Upon the occurrence of a natural disaster, pandemic or upon an incident of war (for example, the current and ongoing conflict between Russia and Ukraine), riot or civil unrest, the impacted country, and the overall global economy, may not efficiently and quickly recover from such an event, which could have a materially adverse effect on the Resulting Issuer. Terrorist attacks, public health crises including epidemics, pandemics or outbreaks of new infectious diseases or viruses, and related events can result in volatility and disruption to global supply chains, operations, mobility of people, patterns of consumption and service and the financial markets, which could affect interest rates, credit ratings, credit risk, inflation, business, financial conditions, results of operations and other factors relevant to the Resulting Issuer. In March 2020, the World Health Organization declared a global pandemic related to COVID-19. The impact on global commerce has been far-reaching. There has been stock market volatility, volatility in commodity and foreign exchange markets, restrictions on the conduct of business in many jurisdictions including (in 2020) the temporary suspension of mining activities and mine development, and the global movement of people and some goods has been restricted. There is ongoing uncertainty surrounding COVID-19 and its variants and the extent and duration of the impacts that it may have on supply, demand and prices for the commodities relating to the Resulting Issuer's business, on the operations of its partners, on its employees and on global financial markets. Global markets have been adversely impacted by emerging infectious diseases and/or the threat of outbreaks of viruses, other contagions or epidemic diseases, including currently, the novel COVID-19 pandemic as discussed above. A significant new outbreak or continued outbreaks of COVID-19, its variants and other infectious diseases, could result in a widespread crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn which could adversely affect the Resulting Issuer's business and the market price of the Resulting Issuer Shares. Many industries, including the mining industry, have been impacted by these market conditions. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on commodity prices, demand for metals, availability of credit, investor confidence, and general financial market liquidity, all of which may adversely affect the Resulting Issuer's business and the market price of the Resulting Issuer's securities. In addition, there may not be an adequate response to emerging infectious diseases, or significant restrictions may be imposed by a government, either of which may impact mining operations. There are potentially significant economic and social impacts, including labour shortages and shutdowns, delays and disruption in supply chains, social unrest, government or regulatory actions or inactions, including quarantines, declaration of national emergencies, permanent changes in taxation or policies, decreased demand or the inability to sell and deliver concentrates and resulting commodities, declines in the price of commodities, delays in permitting or approvals, suspensions or mandated shut downs of operations, governmental disruptions or other unknown but potentially significant impacts. At this time the Resulting Issuer cannot accurately predict what effects these conditions will have on its operations or financial results, including due to uncertainties relating to the ultimate geographic spread, the duration of the outbreak, and the length restrictions or responses that have been or may be imposed by the

governments. Any new outbreaks or the continuation of the existing outbreaks or threats of any additional outbreaks of a contagion or epidemic disease could have a material adverse effect on the Resulting Issuer, its business and operational results.

Tax

The introduction of new tax laws or regulations, or changes to, or differing interpretation of, or application of, existing tax laws or regulations in Canada, Australia or Mexico or any of the countries in which the Resulting Issuer's assets are located could result in an increase in the Resulting Issuer's taxes, or other governmental charges, duties, withholding taxes or impositions. No assurance can be given that new tax laws, rules or regulations will not be enacted or that existing tax laws, rules or regulations will not be changed, interpreted or applied in a manner which could result in the Resulting Issuer's past and future profits being subject to increased levels of income tax.

Dependence Upon Key Management Personnel

The Resulting Issuer will be dependent upon the services of a small number of key management personnel who are highly skilled and experienced. The Resulting Issuer's ability to manage its activities will depend in large part on the efforts of these individuals. The Resulting Issuer faces intense competition for qualified personnel, and there can be no assurance that the Resulting Issuer will be able to attract and retain such personnel. The loss of the services of one or more of such key management personnel could have a material adverse effect on the Resulting Issuer.

Competition

The Resulting Issuer competes with other companies for asset acquisitions and resources, some of which may possess greater financial and technical resources. Such competition may result in the Resulting Issuer being unable to enter into desirable transactions, to recruit or retain qualified employees or to acquire the capital necessary to fund its acquisitions. Existing or future competition in the mining industry could materially adversely affect the Resulting Issuer's prospects for entering into additional asset acquisitions and similar transactions in the future.

Dividend Policy

The Resulting Issuer's board of directors will determine whether to pay cash dividends on its issued and outstanding shares. The declaration of dividends will depend upon the Resulting Issuer's future earnings, its capital requirements, its financial condition and other relevant factors. The Resulting Issuer's board does not intend to declare any dividends on its shares for the foreseeable future. It is anticipated that the Resulting Issuer will retain any earnings to finance the growth of its business and for general corporate purposes.

Conflicts of Interest

Certain of the Directors and officers of the Resulting Issuer will also serve as directors and/or officers of other companies involved in natural resource exploration, development and mining operations and consequently there exists the possibility for such Directors and officers to be in a

position of conflict. Any decision made by any of such Directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Resulting Issuer and its shareholders. In addition, each of the Directors is required to declare and refrain from voting on any matter in which such Directors may have a conflict of interest in accordance with the procedures set forth in the BCBCA and other applicable laws.

Future Sales or Issuances of Securities

The Resulting Issuer may issue additional securities to finance future activities. The Resulting Issuer cannot predict the size of future issuances of securities or the effect, if any, that future issuances and sales of securities will have on the market price of the Resulting Issuer's Shares. Sales or issuances of substantial numbers of the Resulting Issuer's Shares, or the perception that such sales could occur, may adversely affect prevailing market prices of the Resulting Issuer's Shares. With any additional sale or issuance of Resulting Issuer's Shares, investors will suffer dilution to their voting power.

Evolving Corporate Governance and Public Disclosure Regulations

The Resulting Issuer will be subject to changing rules and regulations promulgated by a number of Canadian governmental and self-regulated organizations, including the Canadian Securities Administrators, the Exchange and the International Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity making compliance more difficult and uncertain. The Resulting Issuer's efforts to comply with these and other new and existing rules and regulations have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from operations to compliance activities.

Activist Shareholders

Publicly traded companies are often subject to demands or publicity campaigns from activist shareholders advocating for changes to corporate governance practices, such as executive compensation practices, social issues, or for certain corporate actions or reorganizations. There can be no assurance that the Resulting Issuer will not be subject to any such campaign, including proxy contests, media campaigns or other activities. Responding to challenges from activist shareholders can be costly and time consuming and may have an adverse effect on the Resulting Issuer's reputation. In addition, responding to such campaigns would likely divert the attention and resources of the Resulting Issuer's management and Board, which could have an adverse effect on the Resulting Issuer's business and results of operations. Even if the Resulting Issuer were to undertake changes or actions in response to activism, activist shareholders may continue to promote or attempt to effect further changes and may attempt to acquire control of the Resulting Issuer. If shareholder activists are ultimately elected to the Board, this could adversely affect the Resulting Issuer's business and future operations. This type of activism can also create uncertainty about the Resulting Issuer's future strategic direction, resulting in loss of future business opportunities, which could adversely affect the Resulting Issuer's business, future operations, profitability and the Resulting Issuer's ability to attract and retain qualified personnel.

Reputation Damage

Reputational damage can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. While the Resulting Issuer does not ultimately have direct control over how it and its directors, officers and employees are perceived by others, reputational loss could have a material adverse impact on the Resulting Issuer's financial performance, financial condition, cash flows and growth prospects.

Risks Related to Mines and Mining Operations

Climate Change

Governments are moving to introduce climate change legislation and treaties at the international, national, state/provincial and local levels. Regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more stringent. The Paris climate accord was signed by 195 countries in December 2015 and marked a global shift toward a low-carbon economy. If the current regulatory trend continues, the Resulting Issuer expects that this will result in increased costs at some of mining operations. In addition, the physical risks of climate change may also have an adverse effect on some mining operations. These risks include the following:

- sea level rise: changes in sea level could affect ocean transportation and shipping facilities which are used to transport supplies, equipment and workforce to some of mining operations and products from those operations to world markets;
- extreme weather events: extreme weather events (such as increased frequency or intensity of hurricanes, increased snowpack, prolonged drought) have the potential to disrupt some mining operations. Extended disruptions to supply lines could result in interruption to exploration and development.
- resource shortages: some mining operations depend on regular supplies of consumables (diesel, tires, et cetera) and reagents to operate efficiently. In the event that the effects of climate change or extreme weather events cause prolonged disruption to the delivery of essential commodities is likely to be reduced.

There is no assurance that efforts to mitigate the risks of climate changes will be effective and that the physical risk of climate change will not have an adverse effect on the Resulting Issuer.

Commodity Prices

The price of metals has fluctuated widely in recent years, and future serious price declines could cause continued development of and commercial production from mining operations to be impracticable. Future development and production from mining operations is dependent on metal prices that are adequate to make these properties and projects economically viable. In addition to adversely affecting the reserve estimates and financial conditions, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be

economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

Environmental Risks and Hazards

All phases of mining operations are subject to governmental regulation including environmental regulation in the various jurisdictions in which they operate. Environmental legislation is evolving and becoming stricter, with increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and heightened responsibility for Resulting Issuer's officers, directors and employees. There is no assurance that possible future changes in environmental regulation will not adversely affect the Resulting Issuer's operations. Also, environmental hazards may exist on the Resulting Issuer's properties that are unknown at present, that were caused by previous or existing owners or operators of the properties, and that could impair the commercial success, levels of production and continued feasibility and project development and mining operations on these properties. The Resulting Issuer may become liable for such environmental hazards caused by previous owners or operators of the properties. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The occurrence of any environmental violation or enforcement action may have an adverse impact on the Resulting Issuer's operations or the Resulting Issuer's reputation and could adversely affect the Resulting Issuer's results of operations. Government regulation relating to emission levels (such as carbon taxes) and energy efficiency is becoming more prevalent and stringent. While some of the costs associated with reducing emissions may be offset by increased energy efficiency and technological innovation, the Resulting Issuer expects that increased government regulation will result in increased costs if the current regulatory trend continues.

Government Regulation

The Resulting Issuer's exploration and development activities are subject to extensive laws and regulations governing prospecting, exploration, development, production, exports, taxes, labour standards, waste disposal, protection and remediation of the environment, reclamation, historic and cultural resources preservation, mine safety and occupational health, handling, storage and transportation of hazardous substances and other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing mining operations in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Resulting Issuer will not proceed with the exploration, development of or operations of a mine. Moreover, it is possible that future regulatory developments, such as increasingly strict environmental protection laws, regulations and enforcement policies thereunder and claims for damages to property and persons resulting from mining operations could result in substantial costs and liabilities for the Resulting Issuer in the future such that they would not proceed with the development of, or continue to operate, a mine. Government approvals, licences and permits are

currently, and will in the future be, required for the Resulting Issuer. To the extent such approvals are required and not obtained, the Resulting Issuer may be curtailed or prohibited from proceeding with planned operations, which could have an impact on the business and financial condition of the Resulting Issuer. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed. The risks of expropriation, cancellation or dispute of licenses could also result in substantial costs, losses, and liabilities in the future. Amendments to current laws, regulations and permits governing the Resulting Issuer's operations and activities, or more stringent implementation thereof, could have a material adverse impact on the Resulting Issuer, resulting in increased capital expenditures or abandonment or delays in development of properties.

Permitting

The Resulting Issuer is subject to receiving and maintaining permits from appropriate governmental authorities. Although the Resulting Issuer believes that it currently has all required permits for its operations as currently conducted, there is no assurance that delays will not occur in connection with obtaining all necessary renewals of such permits for the existing operations, additional permits for any possible future operations or additional permits associated with new legislation. Prior to any development on any of the properties, permits from appropriate governmental authorities may be required. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. The Resulting Issuer may be required to compensate those suffering loss or damage by reason of the mining activities and may be liable for civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Infrastructure

Natural resource exploration, development and mining activities are dependent on the availability of mining, drilling and related equipment in the particular areas where such activities are conducted. A limited supply of such equipment or access restrictions may affect the availability of such equipment and may delay exploration, development or extraction activities. Certain equipment may not be immediately available or may require long lead time orders. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration, development or production. Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect mining operations.

Uncertainty of Mineral Resource and Mineral Reserve Estimates

The figures for Mineral Resources presented in this Information Circular as derived from the technical report filed in respect of Mithrils's project, are estimates only and no assurance can be

given that the estimated Mineral Resources and any future Mineral Resources will be recovered or that they will be recovered at the rates estimated. Mineral Resource estimates are based on limited sampling and geological interpretation, and, consequently, are uncertain because the samples may not be representative. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. Due to the uncertainty of inferred Mineral Resources, there is no assurance that inferred Mineral Resources will be upgraded to Proven and Probable Mineral Reserves as a result of continued exploration. Any future Mineral Reserve and Mineral Resource estimates may require revision (either up or down) based on actual production experience. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain Mineral Reserves (if any) and Mineral Resources uneconomic and may ultimately result in a restatement of estimated Mineral Reserves and/or Mineral Resources.

Replacement of Depleted Mineral Reserves and Mineral Resources

Because mines have limited lives based primarily on Proven and Probable Mineral Reserves and/or Measured and Indicated Mineral Resources, the Resulting Issuer must continually replace and expand their Mineral Reserves and Resources depleted by its production. Mineral Reserves and Mineral Resources can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. Exploration is highly speculative in nature. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish Proven and Probable Mineral Reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful. There is a risk that depletion of Mineral Reserves and/or Mineral Resources will not be offset by discoveries or acquisitions.

Uninsured Risks

The mining industry is subject to significant risks that could result in damage to, or destruction of, mineral properties or producing facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability. Where the Resulting Issuer considers it practical to do so, it maintains insurance in amounts that it believes to be reasonable, including insurance for workers' compensation, theft, general liability, all risk property, automobile, directors and officers' liability and fiduciary liability and others. Such insurance, however, contains exclusions and limitations on coverage. Accordingly, the insurance policies may not provide coverage for all losses related to its business (and specifically do not cover environmental liabilities and losses). The occurrence of losses, liabilities or damage not covered by such insurance policies could have a material adverse effect on the Resulting Issuer, its results of operations and financial condition.

Land Title

There can be no assurances that there are no title defects affecting the Resulting Issuer's properties and mineral claims. It is possible that the Resulting Issuer may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected encumbrances or defects or government actions. If any claim or

challenge is made regarding title, the Resulting Issuer may be subject to monetary claims or be unable to develop or operate as permitted or to enforce its rights.

International Interests

The Resulting Issuer's operations are currently conducted in Canada and Mexico and as such, the operations are exposed to various levels of political, economic and other risks and uncertainties. These risks and uncertainties vary from country to country and include, but are not limited to, terrorism (including narcoterrorism), international sanctions, hostage taking, military repression, crime, political instability, currency controls, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, the escalation of international conflicts such as the current invasion of Ukraine by Russia and the response by the international community consisting of a variety of sanctions on Russia and the related withdrawal of products and services, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits, approvals and contracts, uncertainties with respect to the rule of law and local court systems, corruption, illegal mining, changes in taxation and mining laws, regulations and policies, restrictions on foreign exchange and repatriation, and changing political conditions and governmental regulations relating to foreign investment and the mining business. Many countries have experienced political, social and economic unrest in the past and protestors have from time-to-time targeted foreign mining companies and their mining operations. Changes, if any, in mining or investment policies or shifts in political attitude may adversely affect the Resulting Issuer's operations in these countries. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income taxes, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use, mine safety and the rewarding of contracts to local contractors or requiring foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation, cancellation or dispute of licenses or entitlements which could result in substantial costs, losses and liabilities in the future. The occurrence of these various factors and uncertainties related to the economic and political risks for operations in foreign jurisdictions cannot be accurately predicted and could have an adverse effect on the Resulting Issuer resulting in substantial costs, losses and liabilities in the future.

APPROVAL OF THE ACQUISITION OF MITHRIL

At the Meeting, Shareholders will be asked to consider, and if thought advisable, to pass the following ordinary resolution approving the acquisition of Mithril pursuant to the Scheme Implementation Deed:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION THAT:

1. The acquisition by the Corporation of all of the issued and outstanding securities of Mithril Resources Limited pursuant to the Scheme Implementation Agreement as set out in the

management information circular of the Corporation dated September 1, 2023 (the "Information Circular") in exchange for:

- (a) 60,907,985 common shares of the Corporation (subject to rounding) at a deemed price of \$0.18 per share;
- (b) 3,164,000 warrants (subject to rounding) exercisable at \$0.77 which expire on April 26, 2024; and
- (c) 3,874,286 warrants (subject to rounding) exercisable at \$0.36 which expire on December 9, 2025;

be and is hereby authorized and approved.

2. Subject to the acceptance of the TSX Venture Exchange (the "Exchange"), the Completion of the Transactions (as such term is defined in the Information Circular) on such terms and conditions as the board of directors of the Corporation may determine in its sole discretion, and all matters related and transactions ancillary thereto in accordance with the terms of Scheme Implementation Deed be and are hereby authorized and approved.

3. Notwithstanding the approval of these resolutions by the shareholders of the Corporation, or the approval of the Transaction (as such term is defined in the Information Circular) by the Exchange, the board of directors of the Corporation is hereby authorized and empowered without further notice to, or approval of, the shareholders of the Corporation (but subject to the terms of Scheme Implementation Deed), to: (a) amend, modify or supplement the Scheme Implementation Deed in accordance with the respective terms and (b) not proceed with the Transaction, at any time prior to the closing of the Transaction.

4. Any one director or officer of the Corporation be, and is hereby, authorized, empowered and instructed, acting for, in the name and on behalf of the Corporation, to execute or cause to be executed, under the seal of the Corporation or otherwise, and to deliver or cause to be delivered all such other documents and to do or to cause to be done all such other acts and things as in such person's opinion may be necessary or desirable in order to carry out the intent of the foregoing paragraphs of these resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document or the doing of such act or thing."

The Board, after consultation with representatives of the Corporation's management team and legal advisors and having taken into account such other matters as it considered necessary and relevant, unanimously determined that the Acquisition and the entering into of the Scheme Implementation Deed are in the best interests of the Corporation and authorized the Corporation to enter into the Scheme Implementation Deed and all related agreements. **Accordingly, the Board unanimously recommends that Shareholders vote FOR the Acquisition Resolution.**

In the absence of instructions to the contrary, proxies given pursuant to the solicitation by management will be voted FOR the Acquisition Resolution. For the Acquisition Resolution to be approved by the Shareholders, the Acquisition Resolution must be passed by a simple majority (50% plus one vote) of the votes cast at the Meeting by Shareholders and who, being entitled to, vote in person or by proxy at a general meeting of the Corporation.

OTHER BUSINESS

While there is no other business other than that business mentioned in the Notice of Meeting to be presented for action by the shareholders at the Meeting, **it is intended that the Proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.**

ADDITIONAL INFORMATION

Additional information relating to the Corporation is on SEDAR at www.sedar.com. Shareholders may contact the Corporation at Suite 250 – 750 West Pender Street, Vancouver, British Columbia V6C 2T7, Canada by mail, telephone (1-604-558-4300) or e-mail (dcross@crossdavis.com) to request copies of the Corporation's financial statements and MD&A, or any other document of the Corporation that is referred to herein.

Financial information for the Corporation's most recently completed financial year is provided in its comparative financial statements and MD&A which are filed on SEDAR.

DATED this 1st day of September, 2023.

ON BEHALF OF THE BOARD

Signed: "*Robert Archer*"

Robert Archer
President & CEO

SCHEDULE “A”

CHARTER FOR THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF NEWRANGE GOLD CORPORATION

I. MANDATE

The Audit Committee (The “**Committee**”) of the Board of Directors (the “**Board**”) of Newrange Gold Corp. (the “**Company**”) shall assist the Board in fulfilling its financial oversight responsibilities. The Committee’s primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company’s financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirements;
3. The qualifications and independence of the Company’s independent external auditor (the “**Auditor**”); and
4. The performance of the Company’s internal accounting procedures and Auditor.

II. STRUCTURE AND OPERATIONS

A. Composition

The Committee shall be comprised of three or more independent members.

B. Qualifications

Each member of the Committee must be a member of the Board.

A majority of the members of the Committee shall not be officers or employees of the Company or of an affiliate of the Company.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement.

C. Appointment and Removal

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member’s successor is duly appointed or until such

member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

E. Sub-Committees

The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that a decision of such subcommittee to grant a pre-approval shall be presented to the full Committee at its next scheduled meeting.

F. Meetings

The Committee shall meet at least once in each fiscal year, or more frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.

At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee believes would be appropriate to discuss privately. In addition, the Committee will meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

III. DUTIES

A. Introduction

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other

conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

B. Powers and Responsibilities

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

Independence of Auditor

- 1). Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company, consistent with Independence Standards Board Standard 1.
- 2). Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3). Require the Auditor to report directly to the Committee.
- 4). Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

Performance & Completion by Auditor of its Work

- 5). Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work.
- 6). Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-appointment by the Company's shareholders of the existing, Auditor and the compensation of the Auditor.

- 7). Pre-approve all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by the Auditor unless such non-audit services:
- a) which are not pre-approved, are reasonably expected not to constitute, in the aggregate, more than 5% of the total amount of fees paid by the Company to the Auditor during the fiscal year in which the non-audit services are provided.
 - b) were not recognized by the Company at the time of the engagement to be non-audit services; and
 - c) are promptly brought to the attention of the Committee by Management and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board to whom authority to grant such approvals has been delegated by the Committee.

Internal Financial Controls & Operations of the Company

- 8). Establish procedures for:
- a) The receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters.
 - b) The management inquiry letter provided by the Auditor and the Company's response to that letter; and
 - c) The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Preparation of Financial Statements

- 9). Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
- 10). Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
- 11). Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- 12). Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.

- 13). Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
 - a) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor or management.
 - b) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

Public Disclosure by the Company

- 14). Review the Company's annual and quarterly financial statements, management discussion and analysis (MD&A) and any earnings press releases before the Board approves and the Company publicly discloses this information.
- 15). Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
- 16). Review any disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Manner of Carrying Out its Mandate

- 17). Consult, to the extent it deems necessary or appropriate, with the Auditor but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
- 18). Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
- 19). Have the authority, to the extent it deems necessary or appropriate, to retain independent legal, accounting or other consultants to advise the Committee and to set and pay the compensation to any such advisors.
- 20). Meet, to the extent it deems necessary or appropriate, with management and the Auditor in separate executive sessions at least quarterly.

- 21). Make regular reports to the Board.
- 22). Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
- 23). Annually review the Committee's own performance.
- 24). Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
- 25). Not delegate these responsibilities other than to one or more independent members of the Committee the authority to pre-approve, which the Committee must ratify at its next meeting, non-audit services to be provided by the Auditor

C. Limitation of Audit Committee's Role

While the Committee has the responsibilities and powers sets forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

APPENDIX “A”

Audited Financial Statements of Mithril as at and for the financial years ended June 30, 2023, 2022 and 2021



ABN 30 099 883 922

Annual Report - 30 June 2023

Mithril Resources Limited

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30 June 2023

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Mithril Resources Limited
Corporate directory
30 June 2023

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 Level 4, 100 Albert Road SOUTH MELBOURNE VIC 3205
Principal place of business	Vistra Australia 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
30 June 2023

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mithril Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

Information on Directors

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

Name:	John Skeet (Appointed 8 September 2020)
Title:	Chief Executive Officer / Managing Director
Qualifications:	B.App.Sc
Experience and expertise:	Mr. Skeet has over 30 years experience in gold-silver mining, both in management at operations and developing projects in Australia, Republic of Georgia and Mexico. He successfully developed Ballarat East, Quartzite Gold in Georgia, and Palmarejo Silver Gold Mine in Mexico, prior to the Coeur Mining takeover and was COO of Cerro Resources prior to its takeover by Primero Mining. He has 16 years experience in Mexico. He founded Sun Minerals in 2017 and acquired the option to purchase the Copalquin Project in Mexico.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	224,563,615 ordinary shares
Interests in Options:	25,000,000 Options exercisable at \$0.15 expiring 16 November 2025
Name:	Mr Stephen Layton (Appointed 15 May 2019)
Title:	Non-Executive Director
Qualifications:	MSIAA
Experience and expertise:	Mr Layton has over 35 years' experience in equity capital markets in the UK and Australia. Mr Layton has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms. Mr Layton specialised in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow.
Other current directorships:	EQ Resources Ltd
Former directorships (last 3 years):	New Age Exploration Ltd (resigned 26 September 2020)
Interests in shares:	200,500,000 ordinary shares
Interests in Options:	5,000,000 Options exercisable at \$0.15 expiring 26 April 2024 10,000,000 Options exercisable at \$0.007 expiring 9 December 2025
Name:	Mr Garry Thomas (Appointed as Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
Title:	Non-Executive Director
Qualifications:	Assoc. CE
Experience and expertise:	Mr Thomas is a civil engineer with over 35 years' experience in civil construction, mine development and operations. He has been involved in the implementation of mining operations in Australia, Indonesia, Laos, Russia, Zimbabwe, Ghana, Zambia, South Africa, Algeria, Mexico and Mali. He has managed the construction and commissioning of over 20 CIL/CIP, flotation and heap leach plants in Australasia, Russia and Africa as well as many plant upgrades including construction of at Palmarejo, Mexico prior to the Coeur Mining take over. Mr Thomas founded Intermet Engineering which he sold to Sedgman Metals.
Other current directorships:	Oakajee Corporation Ltd
Former directorships (last 3 years):	N/A
Interests in shares:	378,399,559 ordinary shares
Interests in Options:	42,857,143 Options exercisable at \$0.007 expiring 9 December 2025

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

Mithril Resources Limited
Directors' report
30 June 2023

Company Secretary

Claire Newstead-Sinclair is the Company Secretary.

Ms Newstead-Sinclair is a Chartered Accountant and Member of the Governance Institute of Australia at the Corporate Business Service Provider, Vistra Australia. Ms Newstead-Sinclair has been CFO and Company Secretary for several ASX listed and unlisted public and private companies in a range of industries including biotechnology, healthcare and mineral exploration.

Principal activities

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

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

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

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$2,098,081 (30 June 2022: \$632,304).

During the 2022-2023 reporting year, the company's activities were focused on the advancement of the Copalquin Gold-Silver property in Mexico. The Copalquin mining concessions cover the historic Copalquin Mining District, an area of 70 km² which includes several dozen historic mines and workings including some notable historic producing mines with multiple levels of mine development.

Copalquin is located in the north-west of Durango State, Mexico 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.

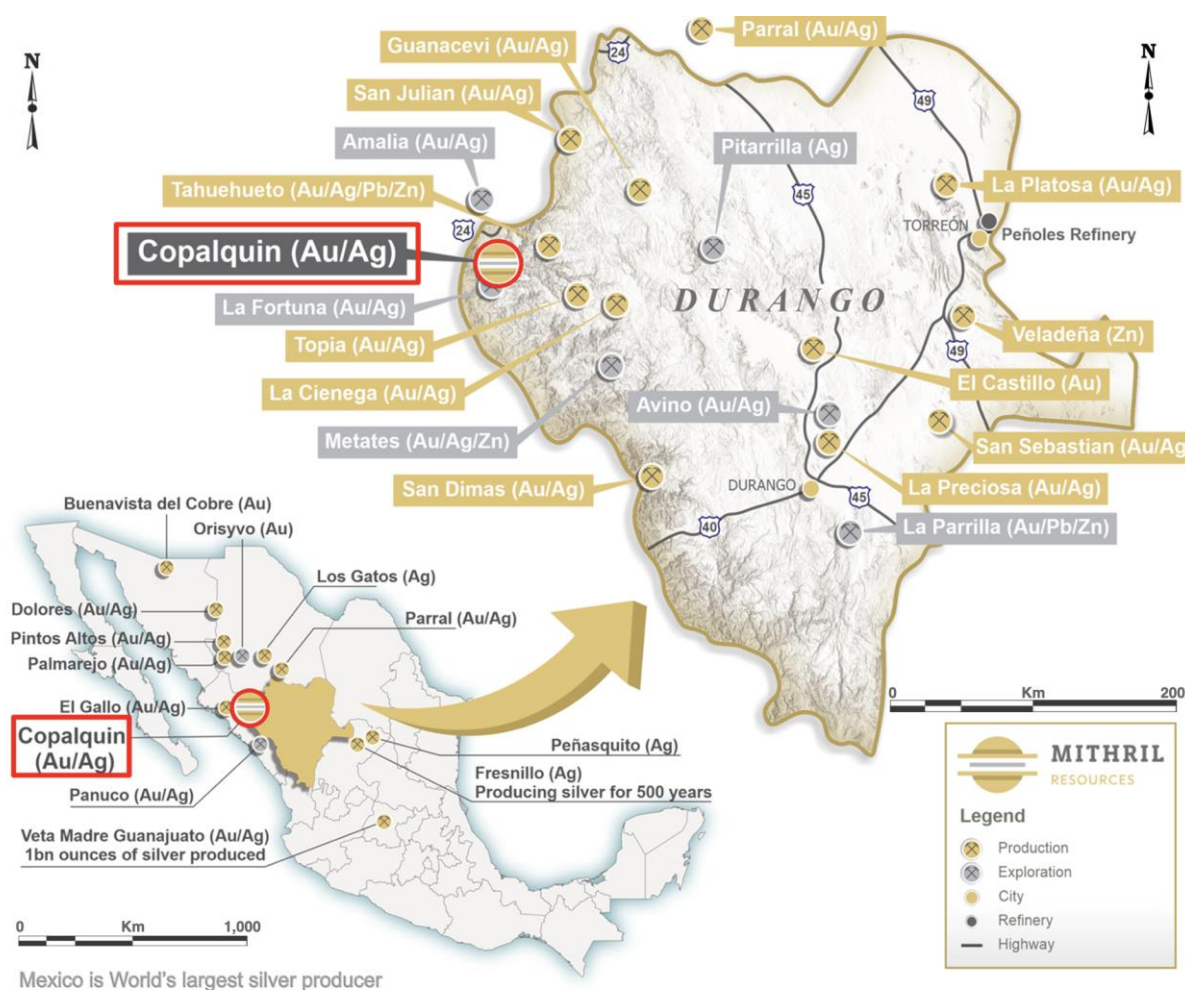


Figure 1 – Copalquin District location map with locations of mining and exploration activity within the state of Durango

Within 15 months of drilling in the Copalquin District, Mithril released 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 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.

Mining study and metallurgical test work supports a future 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, demonstrating its multi-million-ounce gold and silver potential.

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 extended by 3 years). Mithril currently holds a 50% interest in the Copalquin mining concessions.

Exploration Activities – Copalquin

Drilling

At the start of the reporting year, the company completed follow up drilling at the El Refugio resource area to drill test some gaps in the previous drilling. No further drilling in the district was completed after July 2022.

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

1. 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

An excellent drill intercept confirming high-grade gold-silver at the western end of the El Refugio resource area with first drilling on section 800

2. 5.83m @ 15.7 g/t gold, 474 g/t silver from 91.77m, (CDH-140), including
3. 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

4. 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

5. 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
6. 4.00m @ 2.27 g/t gold, 170 g/t silver from 106.0m, (CDH-146)

Petrography Work

During the year petrographic work on drill core and rock chip samples from across the Copalquin district was reported. 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 the 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 drilling and development work progress in this key area in the Copalquin District. 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, future drilling is to target veins like those intercepted by holes CDH-077 and CDH-094.

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 weight % NaCl equiv.) 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 drill holes 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 drill hole 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 El 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 2 Petrography sample details with locations shown in Figure 3, Figure 4 and Figure 5 below

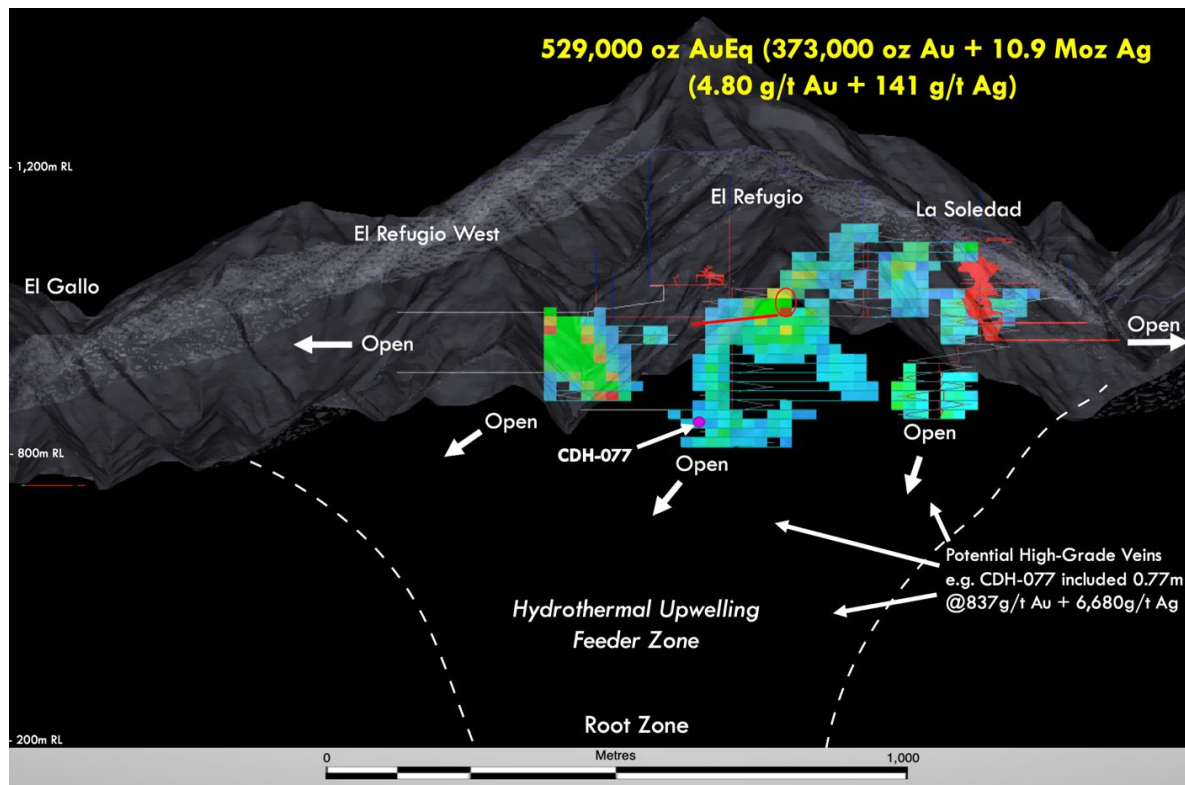


Figure 2 Schematic long section – El Refugio showing the depth potential confirmed by the recent petrography

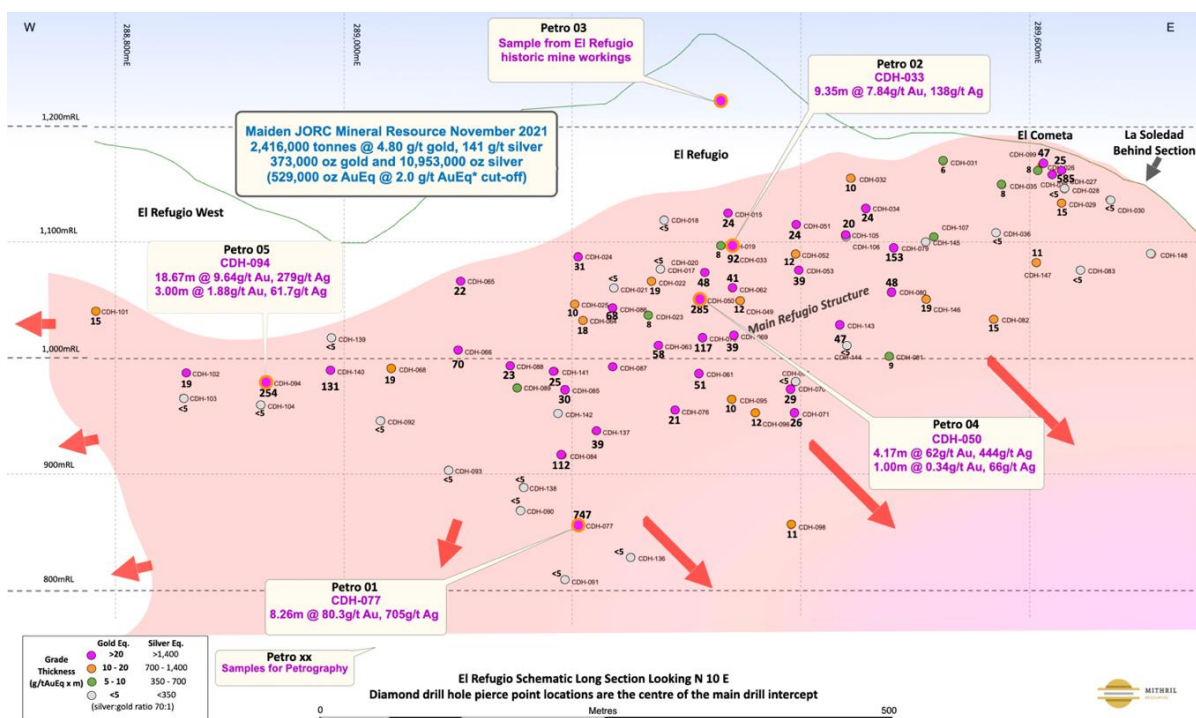


Figure 3 - Schematic long section for El Refugio showing the drill hole pierce points and locations of samples used for petrographic analysis. Arrows highlighting the direction for resource expansion drilling.

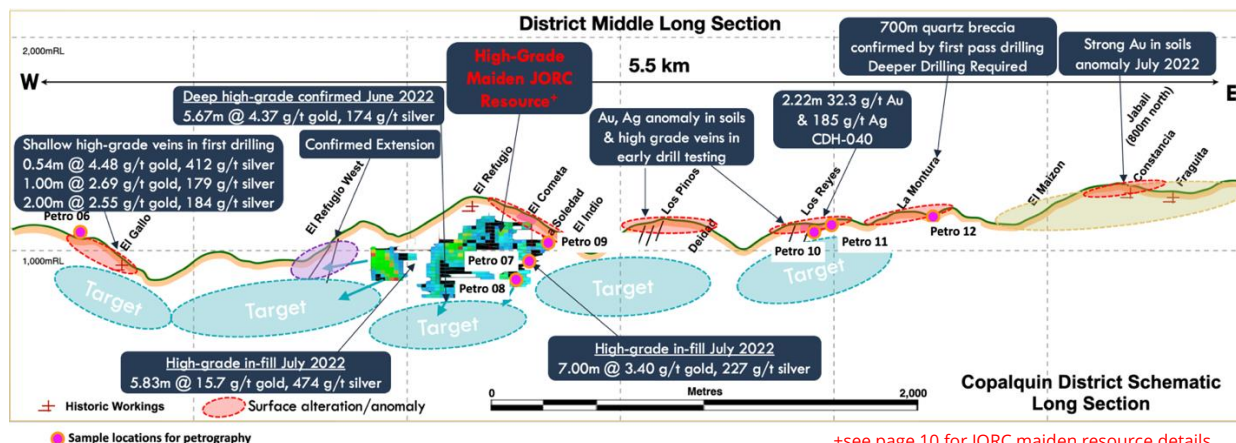


Figure 4 - Schematic long section of the Copalquin District Middle Section showing the locations of the petrography samples and which includes the maiden JORC resource at El Refugio/La Soledad.

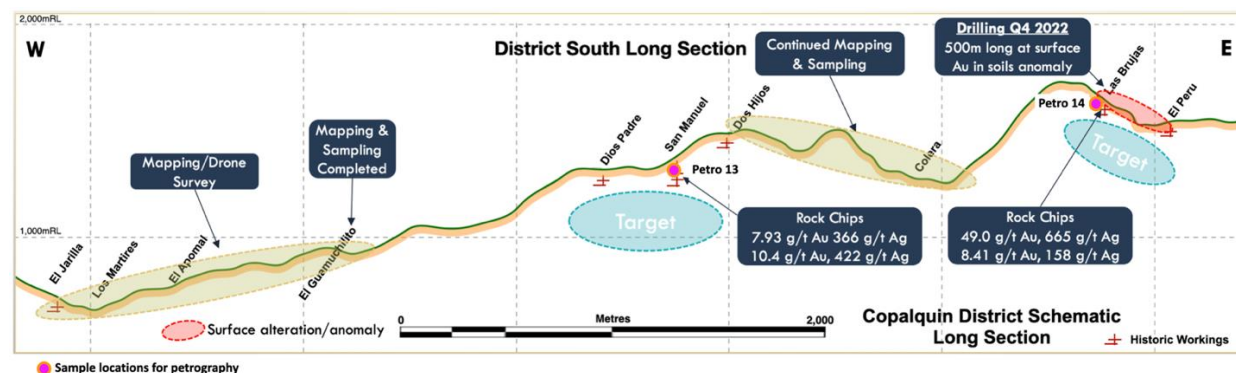


Figure 5 - Schematic long section of the District South Section, Copalquin Mining District showing the locations of the petrography samples.

District target generation, advancement and drilling preparation work continued throughout the second half of the reporting year during the dry season months (Jan-Jun). Soil sampling programs were undertaken with results from samples pending. The current silver in soils map is shown below in Figure 7 with most work being directed to the middle section across the Copalquin district with further work planned for San Manuel target area on the southern section of the district.

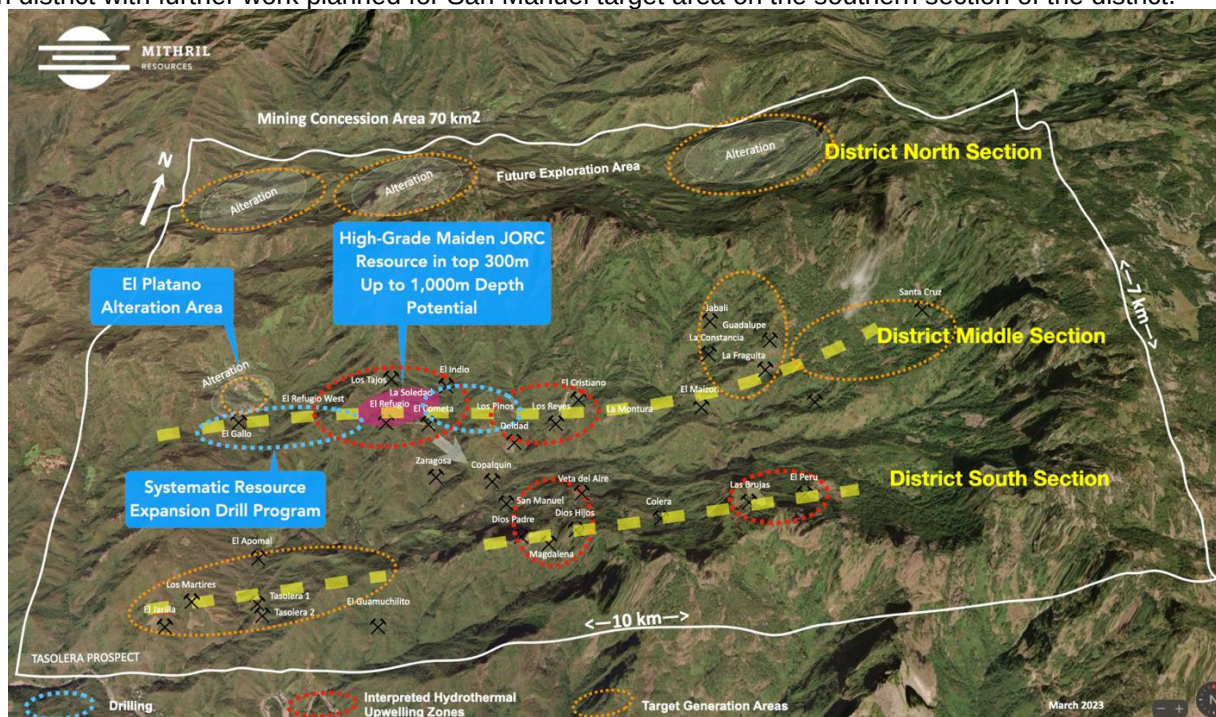


Figure 6 - Satellite image of the Copalquin Mining District 70km² concession area showing the two main lines of historic workings, areas of exploration work and the location of the maiden JORC MRE at El Refugio.

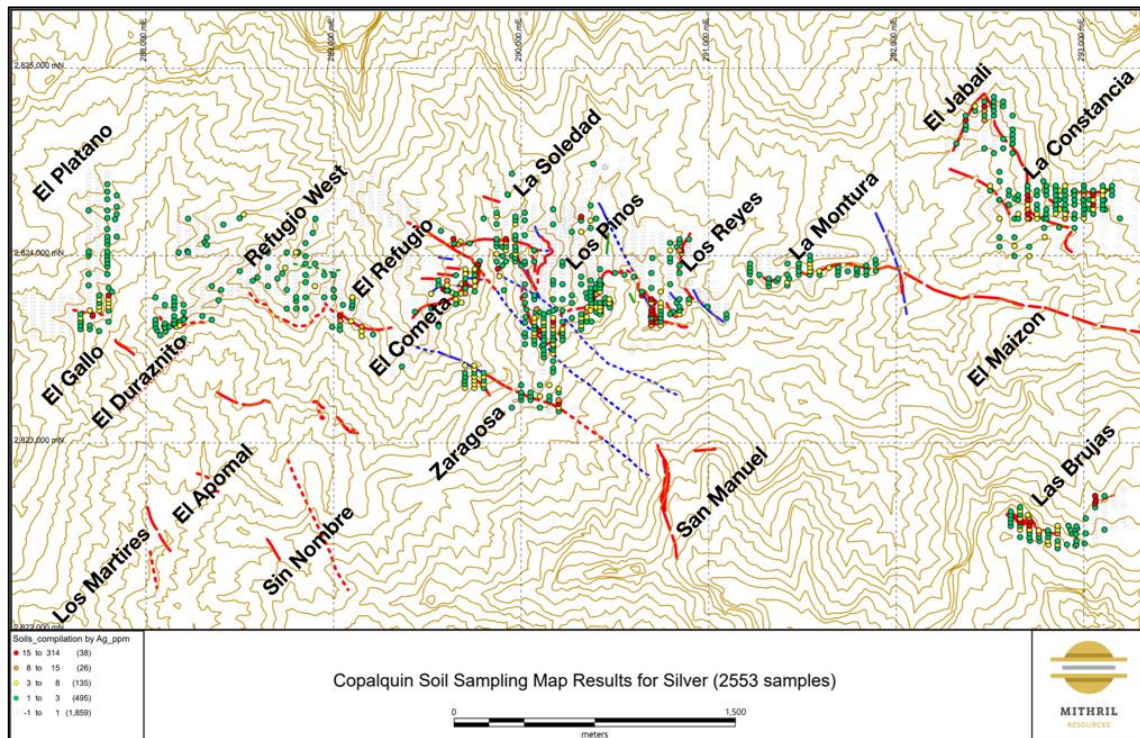


Figure 7 Soil sampling map for silver, across middle and southern sections of the Copalquin Mining District

A drill core relogging program was completed during the year and considerable work 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

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.

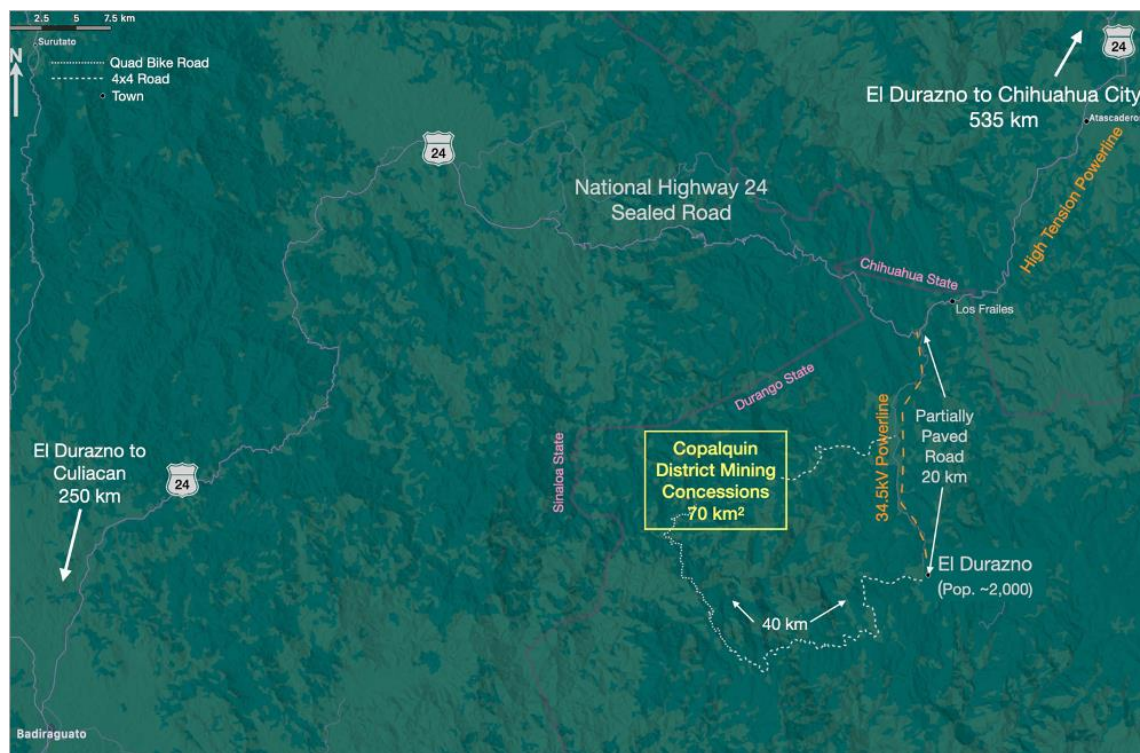


Figure 8 Copalquin District location and surrounding road access, major regional town of El Durazno and distances to cities. All-terrain vehicle track connecting to unsealed road with total length of 40 km between Copalquin and El Durazno.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Mithril's Copalquin District, located in the Sierra Madre mountains in the western most area of Durango State, Mexico is an isolated site currently with mule road and light aircraft access only. There are small settlements throughout the district, with El Limon just outside the south-west corner of the concession area, the largest with about 20 dwellings. In the second half of the nineteenth century, it is reported that the Copalquin settlement was home to over 2,000 inhabitants with cobblestone street, church and mine buildings. Now there is just one family residing in the Copalquin settlement. Many of the families have been in the district for generations. While there are no records of ejidos (land grants given after the Mexican revolution) or registered communities, the inhabitants have legal possession of the land if fenced and occupied for longer than 10 years. Mithril's (and previously Sun Minerals') approach is to proceed as if the community is registered, with all members having legal possessions of land as we progress future applications for development with the Mexican authorities.

Mithril is the only employer in the Copalquin district, and all of our non-professional staff are from within the district. Our people are skilled and hard-working, developed from living in an isolated location. Skills possessed include carpentry, dwelling and road construction, mule handling, farming and mining. Mithril has implemented job specific training and encourages online learning.

Throughout 2022-23, Mithril has progressed study work on infrastructure enhancements that will be of benefit to both our exploration developments and the local community. Specific community focussed developments are for education, medical, environmental management and communications.

The Company's philosophy towards community support focuses mainly on 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.



Photo 1 – Inside the Los Reyes school house during a community day in 2023.

During the year, the Company supported the local community to upgrade the all-terrain vehicle track to give access from key areas within the Copalquin District to the nearby township of El Durazno, approximately 12 km east of the Copalquin Mining District, and 40 km via all-terrain vehicle track. This opens up future transport and development options to advance exploration and a future development in the district (Figure 8).

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 a future mine development in the district, the operational footprint can be minimised with underground mining, high-grade, low tonnage, waste rock storage underground and dry-stack tailings management anticipated for the Copalquin development.

Competent Persons Statement

The information in this announcement that relates to exploration results 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 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.

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 available on the Mithril Resources Limited Website www.mithrilresources.com.au

Mithril Resources Limited Group **Tenement information** **30 June 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	100.00 [^]
West Kimberley Area	E04/2503	100.00 [^]
West Kimberley Area	E80/5191	100.00 [^]

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

[#]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 Auteco Minerals.

Mithril Resources Limited
Directors' report
30 June 2023

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) and is in the process of finalising documentation for this 2 year extension.

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

Mithril has executed a binding Scheme Implementation Deed under which Newrange Gold Corp. will acquire 100% of the issued capital of Mithril. The Scheme is yet to be approved and subject to various conditions including approval by Mithril and Newrange shareholders.

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the year under review the majority of work carried out was in the Northern Territory, Western Australia and Durango (Mexico) and the Group followed procedures and pursued objectives in line with guidelines published by the Australian and Mexican Governments. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable wherever it explores.

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

Occupational Health, Safety and Welfare

In running its business, Mithril aims to protect the health, safety and welfare of employees, contractors and guests. The Group reviews its OHS&W policy at regular intervals to ensure a high standard of OHS&W, and to reflect best practice in injury and accident prevention.

Corporate Governance

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

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

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
26/04/2022	26/04/2024	\$0.015	170,000,000
22/06/2022	26/04/2024	\$0.015	5,000,000
16/11/2022	16/11/2025	\$0.015	25,000,000
Various	09/12/2025	\$0.007	214,285,714
			<u>414,285,714</u>

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

Shares issued on the exercise of options

No ordinary shares of Mithril Resources Limited were issued during the year ended 30 June 2023 and up to the date of this report on the exercise of options granted:

Remuneration report (audited)

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

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

Stephen Layton	Non-Executive Director (Appointed 15 May 2019)
Garry Thomas	Alternate-Director / Non-Executive Director (Appointed Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
John Skeet	Chief Executive Officer / Managing Director (Appointed Managing Director 8 September 2020)

Principles used to determine the nature and amount of remuneration

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

The Board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The Non-Executive Directors and other executives receive a superannuation guarantee contribution required by the government, which was 10%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Company share option scheme. Options are valued using the Black-Scholes methodology.

Non-Executive Directors remuneration is set from a pool that is approved by shareholders, which presently is set at \$250,000 per annum. The Non-Executive Director fees have not been increased since the Group's initial public offering in 2002 and the Group has a policy of obtaining shareholder approval for any share based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules. The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

There is no direct relationship between the remuneration policy and the Entity's performance.

Mithril Resources Limited
Directors' report
30 June 2023

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, more than 97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

	Short-term benefits	Post- employment benefits	Share-based payments	
	Cash salary and fees	Super- annuation	Options	Total
	\$	\$	\$	\$
2023				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	-	48,000
Garry Thomas	43,636	4,364	-	48,000
<i>Executive Director:</i>				
John Skeet	180,000	-	52,500	232,500
	<u>271,636</u>	<u>4,364</u>	<u>52,500</u>	<u>328,500</u>

2022				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	-	48,000
Dudley Leitch*	825	78	-	903
Garry Thomas	43,636	4,364	-	48,000
<i>Executive Director:</i>				
John Skeet	180,000	-	-	180,000
	<u>272,461</u>	<u>4,442</u>	<u>-</u>	<u>276,903</u>

* Mr Leitch resigned as a Director on 7 July 2022.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI	
	2023	2022	2023	2022
<i>Non-Executive Directors:</i>				
Stephen Layton	100%	100%	-	-
Dudley Leitch	N/A	100%	N/A	-
Garry Thomas	100%	100%	-	-
<i>Executive Director:</i>				
John Skeet	77.4%	100%	22.6%	-

Mithril Resources Limited
Directors' report
30 June 2023

Service agreements

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

Name:	John Skeet
Title:	Chief Executive Officer (Appointed Managing Director 8 September 2020)
Agreement commenced:	9 June 2020
Term of agreement:	Reviewed every two years
Details:	Mr Skeet's gross salary, is \$180,000. The Company or the employee may terminate the employment contract without cause by providing 3 months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023.

Issue of options

There were 25,000,000 Options issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023 as follows:

	Grant date	Expiry date	Fair value per right at grant date
John Skeet	16 November 2022	16 November 2025	\$0.0021

Performance rights

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

	Grant date	Expiry date	Fair value per right at grant date
Garry Thomas	24 November 2020	23 November 2024	\$0.019

Performance rights granted carry no dividend or voting rights.

Further information regarding the performance rights and Options can be found in note 27.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Stephen Layton	140,500,000	-	60,000,000	-	200,500,000
Garry Thomas	292,685,273	-	85,714,286	-	378,399,559
John Skeet	224,163,615	-	400,000	-	224,563,615
	<u>657,348,888</u>	<u>-</u>	<u>146,114,286</u>	<u>-</u>	<u>803,463,174</u>

Mithril Resources Limited
Directors' report
30 June 2023

Options

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

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Options</i>					
Stephen Layton	5,000,000	-	10,000,000	-	15,000,000
Garry Thomas	-	-	42,857,143	-	42,857,143
John Skeet	-	25,000,000	-	-	25,000,000
	<u>5,000,000</u>	<u>25,000,000</u>	<u>52,857,143</u>	<u>-</u>	<u>82,857,143</u>

Performance rights holding

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

	Balance at the start of the year	Granted during the year	Vested during the year	Balance at the end of the year
<i>Performance rights over ordinary shares</i>				
Garry Thomas	33,333,333	-	-	33,333,333

Other transactions with key management personnel and their related parties

Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$nil (2022: \$45,360) relating to consultancy services provided by Trimin for legal and administration services for Mexico. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$84,035 (2022: \$20,914).

This concludes the remuneration report, which has been audited.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each Director were:

	Directors Meetings	
	Attended	Held
John Skeet	9	9
Stephen Layton	9	9
Garry Thomas	9	9

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

Indemnity and insurance of officers

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

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was \$45,622 (2022: \$46,680).

Mithril Resources Limited
Directors' report
30 June 2023

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the Directors



John Skeet
Managing Director

21 August 2023

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 year ended 30 June 2023, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 21st day of August 2023

Advisory. Tax. Audit.

Registered Audit Company 291969

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Nexia Melbourne Audit Pty Ltd (ABN 86 005 105 975) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Mithril Resources Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Income			
Other income	5	144,900	25,611
Interest received		1,915	2,309
Profit on sale of tenement interest		-	293,079
Expenses			
Administration expenses		(625,266)	(429,629)
ASIC and ASX listing fees		(65,001)	(88,528)
Share-based payments	27	(52,500)	-
Employee benefits expense	6	(360,035)	(317,551)
Occupancy expense		-	(3,100)
Travel expenses		(36,680)	(71,275)
Depreciation and amortisation expense		(53,389)	(43,220)
Impairment of exploration assets	11	(1,049,436)	-
Interest expense		(2,589)	-
Loss before income tax expense		(2,098,081)	(632,304)
Income tax expense	7	-	-
Loss after income tax expense for the year		(2,098,081)	(632,304)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		3,565,851	866,821
Other comprehensive income for the year, net of tax		3,565,851	866,821
Total comprehensive income for the year		<u>1,467,770</u>	<u>234,517</u>
		Cents	Cents
Basic earnings per share	25	(0.07)	(0.02)
Diluted earnings per share	25	(0.07)	(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 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	8	568,530	2,271,886
Trade and other receivables	9	334,856	938,391
Other assets	10	21,773	20,102
Total current assets		<u>925,159</u>	<u>3,230,379</u>
Non-current assets			
Trade and other receivables		1,326	1,082
Exploration and evaluation	11	30,093,495	25,176,844
Total non-current assets		<u>30,094,821</u>	<u>25,177,926</u>
Total assets		<u>31,019,980</u>	<u>28,408,305</u>
Liabilities			
Current liabilities			
Trade and other payables	12	356,457	670,498
Borrowings		10,524	-
Employee benefits	13	26,369	20,383
Total current liabilities		<u>393,350</u>	<u>690,881</u>
Total liabilities		<u>393,350</u>	<u>690,881</u>
Net assets		<u><u>30,626,630</u></u>	<u><u>27,717,424</u></u>
Equity			
Issued capital	14	66,250,053	64,808,617
Reserves	15	6,998,248	3,432,397
Accumulated losses		(42,621,671)	(40,523,590)
Total equity		<u><u>30,626,630</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 year ended 30 June 2023

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 year	-	-	(2,098,081)	(2,098,081)
Other comprehensive income for the year, net of tax	-	3,565,851	-	3,565,851
Total comprehensive income for the year	-	3,565,851	(2,098,081)	1,467,770
<i>Transactions with Owners in their capacity as Owners:</i>				
Shares issued during the period (note 14)	1,550,000	-	-	1,550,000
Transactions costs	(108,564)	-	-	(108,564)
Balance at 30 June 2023	<u>66,250,053</u>	<u>6,998,248</u>	<u>(42,621,671)</u>	<u>30,626,630</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 year	-	-	(632,304)	(632,304)
Other comprehensive income for the year, net of tax	-	866,821	-	866,821
Total comprehensive income for the year	-	866,821	(632,304)	234,517
<i>Transactions with Owners in their capacity as Owners:</i>				
Shares issued during the period (note 14)	6,950,000	-	-	6,950,000
Transactions costs	(429,122)	-	-	(429,122)
Balance at 30 June 2022	<u>64,808,617</u>	<u>3,432,397</u>	<u>(40,523,590)</u>	<u>27,717,424</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 year ended 30 June 2023

	Note	Consolidated 2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	27,614
Payments to suppliers and employees (inclusive of GST)		(935,681)	(973,287)
		(935,681)	(945,673)
Interest received		58,454	1,896
Mexico VAT/IVA received		878,582	-
Net cash provided by/(used in) operating activities	24	1,355	(943,777)
Cash flows from investing activities			
Payments for exploration activities		(3,086,242)	(6,591,897)
Proceeds from disposal of exploration assets		-	500,000
Net cash (used in) investing activities		(3,086,242)	(6,091,897)
Cash flows from financing activities			
Proceeds from issue of shares	14	1,500,000	6,800,000
Share issue transaction costs		(86,367)	(419,022)
Repayment of borrowings		(41,696)	-
Net cash provided by financing activities		1,371,937	6,380,978
Net increase/(decrease) in cash and cash equivalents		(1,712,950)	(654,696)
Cash and cash equivalents at the beginning of the financial year		2,271,886	2,920,481
Foreign exchange movements		9,594	6,101
Cash and cash equivalents at the end of the financial year	8	<u>568,530</u>	<u>2,271,886</u>

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

Note 1. General information

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

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

Vistra Australia
Level 4, 100 Albert Road
SOUTH MELBOURNE VIC 3205

The financial statements were authorised for issue, in accordance with a resolution of Directors, on the date of signing the Directors' Declaration.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$2,098,081 (2022: \$632,304) and a net cash outflow from operating and investing activities of \$3,084,887 (2022: \$7,035,674) during the year ended 30 June 2023.

The Group 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 Group 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 Group has the ability to meet its debts as and when they fall due. The cashflow forecasts incorporate the binding Scheme Implementation Deed under which Newrange Gold Corp. will acquire 100% of the issued capital of Mithril. The Scheme is yet to be approved and subject to various conditions including approval by Mithril and Newrange shareholders.

The Group'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 Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The Group 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. Significant accounting policies (continued)

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mithril Resources Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Mithril Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mithril Resources Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign exchange reserve in equity.

The foreign exchange reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income

Interest

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

Current and non-current classification

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

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

Note 2. Significant accounting policies (continued)

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

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

Joint Arrangement

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Mithril Resources Ltd has determined that it has both joint ventures and joint operations.

In relation to its joint venture operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Mithril Resources Ltd has recognised:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

Impairment of non-financial assets

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

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

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

Capitalisation of exploration and evaluation expenditure

The Group's policy for exploration and evaluation is discussed in Note 11. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the consolidated statement of profit or loss and other comprehensive income.

Share-based payment transactions

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

Recovery of deferred tax assets

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

Note 4. Operating segments

Identification of reportable operating segments

The Board has considered the requirements of AASB 8 Operating Segments and has determined that the Group has two operating segments: Mexican operations and Australian operations.

In determining these operating segments, the Board has considered the location of the Group's exploration activities which represent its principal operations. The results of these operating segments are monitored by the Board and form the basis for which strategic decisions are made.

The Copalquin Gold Silver Project in Durango, Mexico constitutes a separately identifiable operating segment to the Group's Australian operations given the Board's intention to regularly review the financial information from its Mexican operations to determine the future allocation of resources.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Note 4. Operating segments (continued)

Operating segment information

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 2023			
Revenue			
Other revenue	144,900	-	144,900
Interest revenue	-	1,915	1,915
Total revenue	<u>144,900</u>	<u>1,915</u>	<u>146,815</u>
Operating expenses	(16,379)	(713,157)	(729,536)
Share-based payments	-	(52,500)	(52,500)
Employee benefits expense	-	(360,035)	(360,035)
Depreciation and amortisation	(53,389)	-	(53,389)
Impairment of assets	-	(1,049,436)	(1,049,436)
Loss before income tax expense	<u>75,132</u>	<u>(2,173,213)</u>	<u>(2,098,081)</u>
Income tax expense			-
Loss after income tax expense			<u>(2,098,081)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	3,565,851	-	3,565,851
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>3,640,983</u>	<u>(2,173,213)</u>	<u>1,467,770</u>
Assets			
Cash and cash equivalents	420,713	147,817	568,530
Trade and other receivables	304,706	30,150	334,856
Other assets	15	21,758	21,773
Exploration and evaluation	29,985,967	108,854	30,094,821
Total assets	<u>30,711,401</u>	<u>308,579</u>	<u>31,019,980</u>
Liabilities			
Trade and other payables	105,477	261,504	366,981
Employee benefits	26,369	-	26,369
Total liabilities	<u>131,846</u>	<u>261,504</u>	<u>393,350</u>

Note 4. Operating segments (continued)

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 2022			
Revenue			
Other revenue	25,611	293,079	318,690
Interest revenue	-	2,309	2,309
Total revenue	<u>25,611</u>	<u>295,388</u>	<u>320,999</u>
Operating expenses	(2,706)	(589,826)	(592,532)
Share-based payments	-	-	-
Employee benefits expense	-	(317,551)	(317,551)
Depreciation and amortisation	(43,220)	-	(43,220)
Impairment of assets	-	-	-
Loss before income tax expense	<u>(20,315)</u>	<u>(611,989)</u>	<u>(632,304)</u>
Income tax expense			-
Loss after income tax expense			<u>(632,304)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	866,821	-	866,821
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>846,506</u>	<u>(611,989)</u>	<u>234,517</u>
Assets			
Cash and cash equivalents	42,517	2,229,369	2,271,886
Trade and other receivables	956,236	(17,845)	938,391
Other assets	542	20,642	21,184
Exploration and evaluation	24,059,437	1,117,407	25,176,844
Total assets	<u>25,058,732</u>	<u>3,349,573</u>	<u>28,408,305</u>
Liabilities			
Trade and other payables	571,117	99,381	670,498
Employee benefits	20,383	-	20,383
Total liabilities	<u>591,500</u>	<u>99,381</u>	<u>690,881</u>

Note 5. Other income

	Consolidated	
	2023	2022
	\$	\$
Mexico tax adjustments	144,900	-
Other income	-	25,611
Other income	<u>144,900</u>	<u>25,611</u>

Mexico tax adjustments

Mexico tax adjustments income is recognised when there is reasonable assurance that the Company has the rights and the tax adjustments will be received.

Note 5. Other income (continued)

Other income

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

Note 6. Employee benefits expense

	Consolidated	
	2023	2022
	\$	\$
Salaries and wages	352,050	311,241
Superannuation	7,985	6,310
	<u>360,035</u>	<u>317,551</u>

Note 7. Income tax

	Consolidated	
	2023	2022
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,098,081)	(632,304)
Tax at the statutory tax rate of 25% (2022: 25%)	(524,520)	(158,076)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not allowable for income tax purposes	45,453	36,186
Share based payments	13,125	-
	(465,942)	(121,890)
Current year tax losses not recognised	465,942	121,890
Income tax expense	<u>-</u>	<u>-</u>

The Group has tax losses arising in Australia of \$40,832,235 (2022: \$39,394,702) that may be available and may be offset against future taxable profits. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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

Accounting policy for income tax

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

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

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

Note 7. Income tax (continued)

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

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

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

Mithril Resources Ltd and its wholly owned Australian resident entities are part of a tax consolidated group.

The head entity within the tax-consolidated group is Mithril Resources Ltd. Mithril Resources Ltd and each of its wholly-owned controlled entities recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Mithril Resources Ltd recognises the entire tax-consolidated group's retained tax losses.

Note 8. Cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
Cash at bank	568,530	1,271,886
Short-term deposits	-	1,000,000
	<u>568,530</u>	<u>2,271,886</u>

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

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Accounting policy for cash and cash equivalents

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

Note 9. Trade and other receivables

	Consolidated	
	2023	2022
	\$	\$
Other receivables	(1,333)	629
GST and overseas taxes receivable	336,189	937,762
	<u>334,856</u>	<u>938,391</u>

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for expected credit loss is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in the current and prior financial year and no receivables are past due at balance date.

Note 9. Trade and other receivables (continued)

Accounting policy for trade and other receivables

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

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Other assets

	Consolidated	
	2023	2022
	\$	\$
Prepayments	<u>21,773</u>	<u>20,102</u>

Note 11. Exploration and evaluation

	Consolidated	
	2023	2022
	\$	\$
Tangible exploration assets		
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	<u>356,669</u>	<u>333,727</u>
Intangible exploration assets		
Exploration and evaluation - Australia	108,854	1,117,407
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	<u>29,627,972</u>	<u>23,725,710</u>
	<u>29,736,826</u>	<u>24,843,117</u>
	<u><u>30,093,495</u></u>	<u><u>25,176,844</u></u>

Note 11. Exploration and evaluation (continued)

Movements

Consolidated	Australian Projects \$	Copalquin Gold Silver Project \$	Total \$
Balance at 1 July 2021	1,232,261	16,841,882	18,074,143
Additions through expenditures capitalised	92,067	6,356,912	6,448,979
Foreign exchange translation	-	860,643	860,643
Disposal of interest in Limestone Well project	(206,921)	-	(206,921)
Balance at 30 June 2022	1,117,407	24,059,437	25,176,844
Additions through expenditures capitalised	40,883	2,552,553	2,593,436
Foreign exchange translation	-	3,372,651	3,372,651
Impairment expense	(1,049,436)	-	(1,049,436)
Balance at 30 June 2023	108,854	29,984,641	30,093,495

* write-off of capitalised exploration expenditures for the tenements that were relinquished during the year, included in impairment of exploration assets expense.

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

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

Exploration and Evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves.

Acquisition of Copalquin Gold Silver Project (Mexico)

On 27 May 2020 the Company completed the acquisition of Sun Mineral Pty Ltd (Sun Minerals). Sun Minerals holds the exclusive option to earn up to a 100% interest in the high-grade Copalquin Gold Silver Project in Durango, Mexico as set out below:

- (a) At the completion of the Transaction Sun Minerals held a 10% interest in the concessions forming Copalquin.
- (b) If, on or before 7 August 2023, Sun Minerals:
 - (i) incurs expenditure of US \$4 million on Copalquin, Sun Minerals will hold a 25% interest in the concessions forming Copalquin; and
 - (ii) incurs further expenditure of US \$4 million (aggregate expenditure of US \$8 million) on Copalquin, Sun Minerals will hold a 50% interest in the concessions forming Copalquin.
- (c) At any time on or before 7 August 2023, Sun Minerals may make a cash payment of US \$10 million to CMC (and/or its nominee) to acquire the remaining interests then held by CMC. CMC may elect to receive the US \$10 million through the issue of fully paid Mithril shares at a deemed issue price per share that is the higher of:
 - (i) a 10% discount for the 20-day VWAP of fully paid Mithril shares on ASX, ending on the trading day immediately before any such election; or
 - (ii) \$0.01 (1 cent).
 Following payment of the US \$10 million (in cash, fully paid Mithril shares or a combination of both) the Group will hold a 100% interest on the concessions forming Copalquin.

Requirements (b)(i) and (b)(ii) above have been completed and Sun Minerals holds a 50% interest in the concessions.

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

Note 11. Exploration and evaluation (continued)

- (a) the rights to tenure of the area of interest are current; and
(b) at least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off as an impairment loss.

Note 12. Trade and other payables

	Consolidated	
	2023	2022
	\$	\$
Trade payables	225,530	595,870
Other payables	130,927	74,628
	<u>356,457</u>	<u>670,498</u>

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 13. Employee benefits

	Consolidated 2023 \$	2022 \$
Annual leave	26,369	20,383
	<u>26,369</u>	<u>20,383</u>

Accounting policy for employee benefits

Short-term employee benefits

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

Note 14. Issued capital

	2023 Shares	Consolidated 2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	<u>3,368,804,470</u>	<u>2,930,233,041</u>	<u>66,250,053</u>	<u>64,808,617</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2021	2,350,233,041		58,287,739
Issue of shares – placement	8 September 2021	220,000,000	\$0.015	3,300,000
Increase in Copalquin project, Mexico	14 October 2021	10,000,000	\$0.015	150,000
Issue of shares – placement	13 April 2022	350,000,000	\$0.01	3,500,000
Transaction costs (net of tax)				(429,122)
Balance	30 June 2022	<u>2,930,233,041</u>		<u>64,808,617</u>
Increase in Copalquin project, Mexico	18 August 2022	10,000,000	\$0.005	50,000
Issue of shares – placement	9 December 2022	322,857,143	\$0.0035	1,130,000
Issue of shares – placement	16 May 2023	105,714,286	\$0.0035	370,000
Transaction costs (net of tax)				(108,564)
Balance	30 June 2023	<u>3,368,804,470</u>		<u>66,250,053</u>

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

Note 14. Issued capital (continued)

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

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 15. Reserves

	Consolidated	
	2023	2022
	\$	\$
Foreign exchange reserve	4,580,419	1,067,068
Share options reserve	176,996	124,496
Performance rights reserve	2,240,833	2,240,833
	<u>6,998,248</u>	<u>3,432,397</u>

Foreign exchange reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserves

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

Movements in reserves

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

Consolidated	Share options reserve \$	Performance rights reserve \$	Foreign exchange reserve \$	Total \$
Balance at 1 July 2021	124,496	2,240,833	200,247	2,565,576
Movement in foreign exchange reserve	-	-	866,821	866,821
Balance at 30 June 2022	<u>124,496</u>	<u>2,240,833</u>	<u>1,067,068</u>	<u>3,432,397</u>
Share options issued	52,500	-	-	52,500
Movement in foreign exchange reserve	-	-	3,513,351	3,513,351
Balance at 30 June 2023	<u>176,996</u>	<u>2,240,833</u>	<u>4,580,419</u>	<u>6,998,248</u>

Note 16. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Board has determined that the current level of foreign currency risk resulting from its operations in Mexico is not significant to the Group.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions but are not expected to have a significant impact on the Group's operating result.

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2022						
Cash and cash equivalents	50	<u>11,359</u>	<u>11,359</u>	50	<u>(11,359)</u>	<u>(11,359)</u>
	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2023						
Cash and cash equivalents	50	<u>2,843</u>	<u>2,843</u>	50	<u>(2,843)</u>	<u>(2,843)</u>

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2023.

Note 16. Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Compensation

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

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	271,636	272,461
Post-employment benefits	4,364	4,442
Share-based payments	52,500	-
	<u>328,500</u>	<u>276,903</u>

Full details of the remuneration of each director of the Company and each of the other key management personnel are disclosed in the Remuneration Report contained within the Directors' Report.

Other transactions with key management personnel

Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$nil (2022: \$45,360) relating to consultancy services provided by Trimin. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$84,035 (2022: \$20,914).

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided:

	Consolidated	
	2023	2022
	\$	\$
Audit or review of the financial statements	<u>49,344</u>	<u>44,720</u>

Note 19. Capital and leasing commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to meet minimum expenditure requirements in respect of tenement lease rentals. There are also Mexican government mining concession rents and purchase option payments to the concession owner each six month period.

These are not considered commitments as the Company can walk away from the projects and not continue payments at any time.

Note 20. Related party transactions

Parent entity

Mithril Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

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

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year other than those disclosed in note 17.

Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2023	2022
	\$	\$
Current payables:		
Director's fees payable	16,500	16,500

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date other than those disclosed in note 17.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	(1,120,161)	(900,215)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss	(1,120,161)	(900,215)

Note 21. Parent entity information (continued)

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	198,271	2,248,382
Total non-current assets	27,019,700	24,452,117
Total assets	27,217,971	26,700,499
Total current liabilities	261,504	117,807
Total liabilities	261,504	117,807
Net assets	26,956,467	26,582,692
Equity		
Issued capital	66,250,053	64,808,617
Share options reserve	176,996	124,496
Performance rights reserve	2,240,833	2,240,833
Accumulated losses	(41,711,415)	(40,591,254)
Total equity	26,956,467	26,582,692

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Significant accounting policies

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

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

Note 22. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2023 %	2022 %
Minex (Aust) Pty Ltd	Australia	100%	100%
Minex (West) Pty Ltd	Australia	100%	100%
Mithril Resources Investments Pty Ltd	Australia	100%	100%
Sun Minerals Pty Ltd	Australia	100%	100%
Drummond Gold S.A. de C.V.	Mexico	100%	100%
Carlton Gold S.A. de C.V.	Mexico	100%	100%

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

Note 23. Events after the reporting period

Mithril has executed a binding Scheme Implementation Deed under which Newrange Gold Corp. will acquire 100% of the issued capital of Mithril. The Scheme is yet to be approved and subject to various conditions including approval by Mithril and Newrange shareholders.

No other matters or circumstances have arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 24. Cash flow information

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

	Consolidated	
	2023 \$	2022 \$
Loss after income tax expense for the year	(2,098,081)	(632,304)
Adjustments for:		
Depreciation and amortisation	53,389	43,220
Impairment of non-current assets	1,049,436	-
Net gain on disposal of exploration assets	-	(293,079)
Share-based payments	52,500	-
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	734,397	1,590
(Increase)/decrease in prepayments	(1,671)	963
Increase/(decrease) in trade and other payables	205,399	(66,988)
Increase/(decrease) in employee benefits	5,986	2,821
Net cash provided by/(used in) operating activities	<u>1,355</u>	<u>(943,777)</u>

Note 25. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax	<u>(2,098,081)</u>	<u>(632,304)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>3,132,687,053</u>	<u>2,611,520,712</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>3,132,687,053</u>	<u>2,611,520,712</u>
	Cents	Cents
Basic earnings per share	(0.07)	(0.02)
Diluted earnings per share	(0.07)	(0.02)

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 26. Contingent liabilities

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 27. Share-based payments

The Group established the Mithril Resources Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of the Company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options can't be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options issued under the plan.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

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

2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
16/11/2022	16/11/2025	\$0.015	-	25,000,000	-	-	25,000,000
			-	25,000,000	-	-	25,000,000

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.38 years (2022: nil years).

Note 27. Share-based payments (continued)

Performance rights granted to directors and key management personnel

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

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

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

Options granted to directors and key management personnel

At the Annual General Meeting held on 16 November 2022 the shareholders of the Company granted approval for the issue of 25,000,000 Options to Mr John Skeet. Details of the Options issued are set out below and can be found in the Notice of General Meeting announcement dated 14 October 2022.

Fair value of Options granted:

The fair value of performance rights granted was independently determined using a Black-scholes pricing model. For the performance rights granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
16/11/2022	16/11/2025	\$0.005	\$0.015	100.00%	-	3.25%	\$0.0021

Share-based payments during the year are:

	Consolidated	
	2023	2022
	\$	\$
Options issued to Directors and key management personnel	52,500	-

Note 27. Share-based payments (continued)

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

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

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

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

Mithril Resources Limited
Directors' declaration
30 June 2023

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

John Skeet
Managing Director

21 August 2023

Independent Auditor's Report to the Members of Mithril Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mithril Resources Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$2,098,081 (2022: \$632,304) and a net cash outflow from operating and investing activities of \$3,084,887 (2022: \$7,035,674) during the year ended 30 June 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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

Advisory. Tax. Audit.

Independent Auditor's Report to the Members of Mithril Resources Limited

Key audit matter

How our audit addressed the key audit matter

Exploration and evaluation assets

Refer to Notes 3 and 11

At 30 June 2023, the carrying value of exploration and evaluation assets was \$30,093,495.

In accordance with *AASB 6 Exploration and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- Obtaining schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date;
- Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- Reviewing the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes;
- Reviewing and considering whether any facts or circumstances existed that suggested impairment was required;
- Assessing the adequacy of the related disclosures in Note 11 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

Independent Auditor's Report to the Members of Mithril Resources Limited

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 18 of the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Mithril Resources Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 21st day of August 2023

Mithril Resources Limited
Shareholder information
30 June 2023

Details of Shares as at 1 August 2023:

Top Holders

The 20 largest holders of Fully Paid Ordinary Shares were:

Name	No. of Shares	%
TRIMIN PTY LTD	221,663,615	6.58
GARRY THOMAS + NANCY-LEE THOMAS <THOMAS FAMILY A/C>	181,081,267	5.38
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	139,528,822	4.14
BODIE INVESTMENTS PTY LTD	132,500,000	3.93
NORTHER STAR NOMINEES PTY LTD	110,500,000	3.28
THOMAS FAMILY SUPERANNUATION FUND PTY LTD	104,604,006	3.11
MR HALL HERBERT STEWART	101,279,025	3.01
MR DUDLEY ROY LEITCH	98,600,000	2.93
LIGHT FAMILY NOMINEES PTY LTD <THE LIGHT FAMILY A/C>	88,000,000	2.61
THOMAS FAMILY SUPERANNUATION FUND PTY LTD <THOMAS FAMILY SUPER A/C>	87,714,286	2.60
MR MIGUEL MATAS MARTINEZ	78,300,000	2.32
SINDEL NOMINEES PROPRIETARY LIMITED	60,000,000	1.78
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	58,541,559	1.74
MR ADAM RALPH LYSTER & MRS LUCY ANNE LYSTER <HILLTOP SUPER FUND A/C>	33,074,832	0.98
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	26,910,133	0.80
ACCORD MBO PTY LTD <MBO SUPER FUND A/C>	25,490,000	0.76
PIERCE ASIA PTY LTD	23,333,333	0.69
MR BILLY-JOE THOMAS	23,125,280	0.69
CLUB 7 SUPER FUND PTY LTD <CLUB 7 SUPER FUND A/C>	22,000,000	0.65
MR VIGINIO VIGOLO + MRS SUSAN MICHELLE VIGOLO <VSV FAMILY A/C>	20,128,750	0.60
	1,636,374,908	48.57

Distribution Schedules

A distribution of each class of equity security as at 1 August 2023:

Fully Paid Ordinary Shares

Range	Total holders	No. of shares	% Units
500,001 Over	641	3,078,033,949	91.37
250,001 to 500,000	349	132,475,907	3.93
10,001 to 250,000	1,867	156,140,571	4.63
5,001 to 10,000	147	1,232,258	0.04
1,001 to 5,000	289	775,054	0.02
1 to 1,000	313	146,731	0.00
	3,606	3,368,804,470	100.00

Unquoted Options

Range	Total holders	No. of Unquoted Options	% Units
100,001 and Over	140	411,665,711	99.37
10,001 to 100,000	12	2,620,000	0.63
5,001 to 10,000	0	0	0.00
1,001 to 5,000	0	0	0.00
1 to 1,000	0	0	0.00
	152	414,285,714	100.00

Mithril Resources Limited
Shareholder information
30 June 2023

Unquoted Performance Rights

Range	Total holders	No. of Unquoted Options	% Units
100,001 and Over	1	33,333,333	100.00
10,001 to 100,000	0	0	0.00
5,001 to 10,000	0	0	0.00
1,001 to 5,000	0	0	0.00
1 to 1,000	0	0	0.00
	1	33,333,333	100.00

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholding notices given to the Company, are set out below:

Substantial Shareholder	No. of shares	%
John Skeet	224,563,615	6.67
Stephen Layton	200,500,000	5.95
Garry Thomas	378,399,559	11.08

Unmarketable Parcels

Holdings less than a marketable parcel of ordinary shares (being 2,747 at \$0.0015 per share as at 1 August 2023):

Fully Paid Ordinary Shares	Holders	No. of shares	% of issue shares
Holdings less than a marketable parcel	2,747	333,334	0.0015

Voting Rights

The voting rights attaching to fully paid ordinary shares are:

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

Unquoted Options do not carry any voting rights.

Mithril Resources Limited
Shareholder information
30 June 2023

Tenement information

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 **

* The Lignum Dam tenements are under an earn-in agreement with Great Boulder Resources. Great Boulder has completed exploration expenditures to earn 51% interest in the tenements although this interest is not yet formally registered.

** Decision taken to surrender these tenements in July 2023.

Mexican Operations:

Concession	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 Gold Silver Project in Durango, Mexico increased to 50% in July 2022. Mithril holds an exclusive option to purchase a 100% interest in the concessions by paying US\$10m on or anytime before 7 August 2026. 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) and is in the process of finalising documentation for this 2 year extension.



ABN 30 099 883 922

Annual Report - 30 June 2022

Mithril Resources Limited

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Mithril Resources Limited
Corporate directory
30 June 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 Level 4, 100 Albert Road SOUTH MELBOURNE VIC 3205
Principal place of business	Vistra Australia 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 12, 31 Queen 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

Managing Director's Letter

Dear Fellow Shareholders,

Despite the challenges of travel and working during the global pandemic, travel continued between Australia and Mexico to support in-country personnel and maintain relationships with our stakeholders. The on-site team led by Mithril's highly experienced Chief Geologist, Hall Stewart kept the exploration work progressing, achieving great success by the end of our first two years in the Copalquin District. The Board acknowledges and thanks the great effort and success achieved by all our Mexico based personnel under more challenging conditions than are typical for remote site exploration.

Following our first and successful year as an explorer for gold and silver in the prolific Sierra Madre Trend of Mexico, the company successfully delivered a high-grade gold-silver maiden JORC mineral resource estimate (MRE) for its first drill target area at the flagship Copalquin District project. This high-quality resource is well positioned for upgrading and expansion with favourable development characteristics indicated by the initial mining and metallurgical study work.

Our strategy for Copalquin remains to continue expansion and increase resource confidence at El Refugio, progress its development, while developing the other target areas within the 70km² district. At El Refugio, there is considerable upside at depth as well as west of the main upwelling feeder zone where initial drilling at El Refugio West and a further kilometre west at El Gallo, has produced high-grade gold-silver intercepts. East of El Refugio, at Los Pinos there are excellent geological indications for additional resource potential.

For this year, Mithril set its goal to deliver a maiden high-grade JORC resource estimate following the first year of exploration in the Copalquin District which was successfully delivered in November 2021. In just two years, we have achieved great success in the Copalquin District, and I am extremely grateful to our shareholders for the continued support and we look forward to delivering continued news of our developments in Mexico throughout the next year.

Sincerely,

John Skeet



Mithril Resources Limited
Directors' report
30 June 2022

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mithril Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Information on Directors

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

Name:	John Skeet (Appointed 8 September 2020)
Title:	Chief Executive Officer / Managing Director
Qualifications:	B.App.Sc
Experience and expertise:	Mr. Skeet has over 30 years experience in gold-silver mining, both in management at operations and developing projects in Australia, Republic of Georgia and Mexico. He successfully developed Ballarat East, Quartzite Gold in Georgia, and Palmarejo Silver Gold Mine in Mexico, prior to the Coeur Mining takeover and was COO of Cerro Resources prior to its takeover by Primero Mining. He has 16 years experience in Mexico. He founded Sun Minerals in 2017 and acquired the option to purchase the Copalquin Project in Mexico.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	224,163,615 ordinary shares
Name:	Mr Stephen Layton (Appointed 15 May 2019)
Title:	Non-Executive Director
Qualifications:	MSIAA
Experience and expertise:	Mr Layton has over 35 years' experience in equity capital markets in the UK and Australia. Mr Layton has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms. Mr Layton specialised in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow.
Other current directorships:	EQ Resources Ltd
Former directorships (last 3 years):	New Age Exploration Ltd (resigned 26 September 2020)
Interests in shares:	140,500,000 ordinary shares
Interests in Options:	5,000,000 Options exercisable at \$0.15 expiring 26 April 2024
Name:	Mr Garry Thomas (Appointed as Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
Title:	Non-Executive Director
Qualifications:	Assoc. CE
Experience and expertise:	Mr Thomas is a civil engineer with over 35 years' experience in civil construction, mine development and operations. He has been involved in the implementation of mining operations in Australia, Indonesia, Laos, Russia, Zimbabwe, Ghana, Zambia, South Africa, Algeria, Mexico and Mali. He has managed the construction and commissioning of over 20 CIL/CIP, flotation and heap leach plants in Australasia, Russia and Africa as well as many plant upgrades including construction of at Palmarejo, Mexico prior to the Coeur Mining take over. Mr Thomas founded Internet Engineering which he sold to Sedgman Metals.
Other current directorships:	Oakajee Corporation Ltd
Former directorships (last 3 years):	N/A
Interests in shares:	285,685,273 ordinary shares

Mithril Resources Limited
Directors' report
30 June 2022

Name:	Mr Dudley Leitch (Resigned 7 July 2021)
Title:	former Non-Executive Director
Qualifications:	BSc
Experience and expertise:	Mr Leitch is a geologist and mining entrepreneur with over 40 years developing mining projects and running ASX mining/exploration companies with projects in Australia, Mexico, USA. He has previously held directorships in a number of Australian and international mining companies.

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

Company Secretary

Claire Newstead-Sinclair is the Company Secretary.

Ms Newstead-Sinclair is a Chartered Accountant and Member of the Governance Institute of Australia at the Corporate Business Service Provider, Vistra Australia. Ms Newstead-Sinclair has been CFO and Company Secretary for several ASX listed and unlisted public and private companies in a range of industries including biotechnology, healthcare and mineral exploration.

Principal activities

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

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

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

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$632,304 (30 June 2021: \$1,688,618).

Exploration Highlights

- Delivered a high-grade gold-silver maiden JORC mineral resource estimate (MRE) at the first drill target area in the Copalquin District, Mexico
- The maiden JORC MRE for the El Refugio-La Soledad target area was delivered after only 15 months of drilling and for an all-in cost of only USD14.30 per ounce of gold equivalent*
- With 373,000 oz of gold (4.80g/t) and 10.9 million ounces (141g/t) contained within only 2.4 million tonnes (equivalent to 529,000oz of gold*), this is a high-grade resource with excellent expansion upside and development prospects
- Metallurgical test work and conceptional mine design work indicate a simple project development scenario for this first resource area in the Copalquin Mining District
- Drilling reported after the financial year end at El Refugio successfully intercepted further high-grade gold and silver giving excellent indications for resource upgrade and expansion in this important area of the district
- Exploration work was completed in other parts of the district, developing further targets for future exploration programs, including drilling
- Currently over 10km of strike length to explore within the Copalquin gold-silver mining district

Photo 1 Top – children from La Maquina school on Earth Day with Mithril Senior Geologist, Ing. Darcy Garcia. Top Middle – Trekking to El Jabali, eastern end of the District Middle Section. Bottom Middle – Ing. Darcy Garcia with children on Independence Day. Bottom – Globexplore Drilling in the Copalquin District.



Corporate Highlights

- Two placements were completed during the 2021-22 financial year, A\$3.3m in September 2021 and A\$3.5m in April 2022 (both amounts before costs) with proceeds used to continue exploration and drilling at the Copalquin gold-silver district in Mexico
- The company successfully conducted its exploration and drilling programs in Mexico continuously during the Covid-19 pandemic months
- Having completed over US\$8m of direct exploration expenditure on the 70 km² Copalquin mining concessions since July 2020, Mithril, via its 100% owned Mexican subsidiary, is now registered as 50% owner of the mining concessions. As per the Purchase Option Agreement, Mithril can purchase 100% of the concessions by paying US\$10m on or before August 2026¹
- Value added tax (VAT) refunds were received during the year for exploration expenditures in Mexico. Typically, there is detailed scrutiny and requests for detailed information by the Mexican tax office to support claims for the monthly VAT refund. The company has successfully received over US\$520,000 in VAT refunds during the year

- **Sale of the Limestone Well tenements was completed to Mithril's earn-in partner Auteco Minerals Ltd. Effectively, Auteco accelerated its 80% earn-in for the Limestone Well tenements by paying to Mithril A\$500k for a 90% interest and leaving Mithril with a 10% free carried interest, which Auteco can purchase at any time for A\$10m¹**

**See notes with maiden JORC Resource in Table 1*

¹See list of ASX releases for further information

Environmental, Social and Governance

Mithril's Copalquin District, located in the Sierra Madre mountains in the western most area of Durango State, Mexico is an isolated site currently with mule road and light aircraft access only. There are small settlements throughout the district, with El Limon just outside the south-west corner of the concession area, the largest with about 20 dwellings. In the second half of the nineteenth century, it is reported that the Copalquin settlement was home to over 2,000 inhabitants with cobblestone street, church and mine buildings. Now there is just one family residing in the Copalquin settlement. Many of the families have been in the district for generations. While there are no records of ejidos (land grants given after the Mexican revolution) or registered communities, the inhabitants have legal possession of the land if fenced and occupied for longer than 10 years. Mithril's (and previously Sun Minerals') approach is to proceed as if the community is registered, with all members having legal possessions of land as we progress future applications for development with the Mexican authorities.



Photo 2 - Children from the Copalquin District at Christmas 2021 celebration.

While there are no records of ejidos (land grants given after the Mexican revolution) or registered communities, the inhabitants have legal possession of the land if fenced and occupied for longer than 10 years. Mithril's (and previously Sun Minerals') approach is to proceed as if the community is registered, with all members having legal possessions of land as we progress future applications for development with the Mexican authorities.

Mithril is the only employer in the Copalquin district, and all of our non-professional staff are from within the district. Our people are skilled and hard-working, developed from living in an isolated location. Skills possessed include carpentry, dwelling and road construction, mule handling, farming and mining. Mithril has implemented job specific training and encourages online learning.

Throughout 2021-22, Mithril has progressed study work on infrastructure enhancements that will be of benefit to both our exploration developments and the local community. Specific community focussed developments are for education, medical, environmental management and communications.

Key points about our ESG work

- The company philosophy operating in the Copalquin district is to support communities via children's education and providing employment opportunity
- Mithril supports three community schools in the district
- Employs 28 local people under the federal employment laws
- Developing infrastructure in the district for long term benefit
- Exploration work using man-portable diamond core drill
- Drilling contractor with developed environmental management practices

- Future mine development – low impact underground mining, high-grade, low tonnage, waste rock storage underground, dry-stack tailings management
- Fully compliant with all federal laws – permitting, taxation, employment
- Successfully receiving VAT refunds
- Board and management with successful track record working in remote locations
- Excellent relationships with local community and the mining concession partner

Copalquin Gold-Silver District, Durango State, Mexico

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 in November 2021, demonstrating the high-grade gold and silver resource potential for the district. This maiden resource is detailed below.

- **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**

*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 (See ASX Announcement 17 Nov 2022 - [Maiden JORC Resource 529,000 Ounces @ 6.81g/t](#))

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 continuing work in the Copalquin District to expand the resource footprint and 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 detailed in ASX announcement dated 25 November 2019.

Mexico – Mining and Economy

- Mexico attracts most foreign direct investment (FDI) in Latin America ^
- In addition to being open to FDI, integrated into the world economic order: a member of USMCA (formerly NAFTA), OECD, G20 and the Pacific Alliance
- Strategic geographic location and acts as a transit platform to North America and Latin America
- A wide variety of natural resources, allowing development of all types of industries at very competitive prices
- Cost of labour (a young and abundant labour force) is not very high and is relatively well qualified
- Seventh biggest tourist destination in the world and has in parallel a large and important industrial base

Mexico Global Metal Production Rankings^		
Metal	Mexico	Australia
Silver	#1	#5
Lead	#5	#2
Zinc	#6	#2
Gold	#9	#3
Copper	#9	#6

Table 2 - Global ranking for Mexico and Australia metal production. ^ Sources: Santander, Gold Council, Silver Institute, Nat. Res. Canada, Statista 2020-21

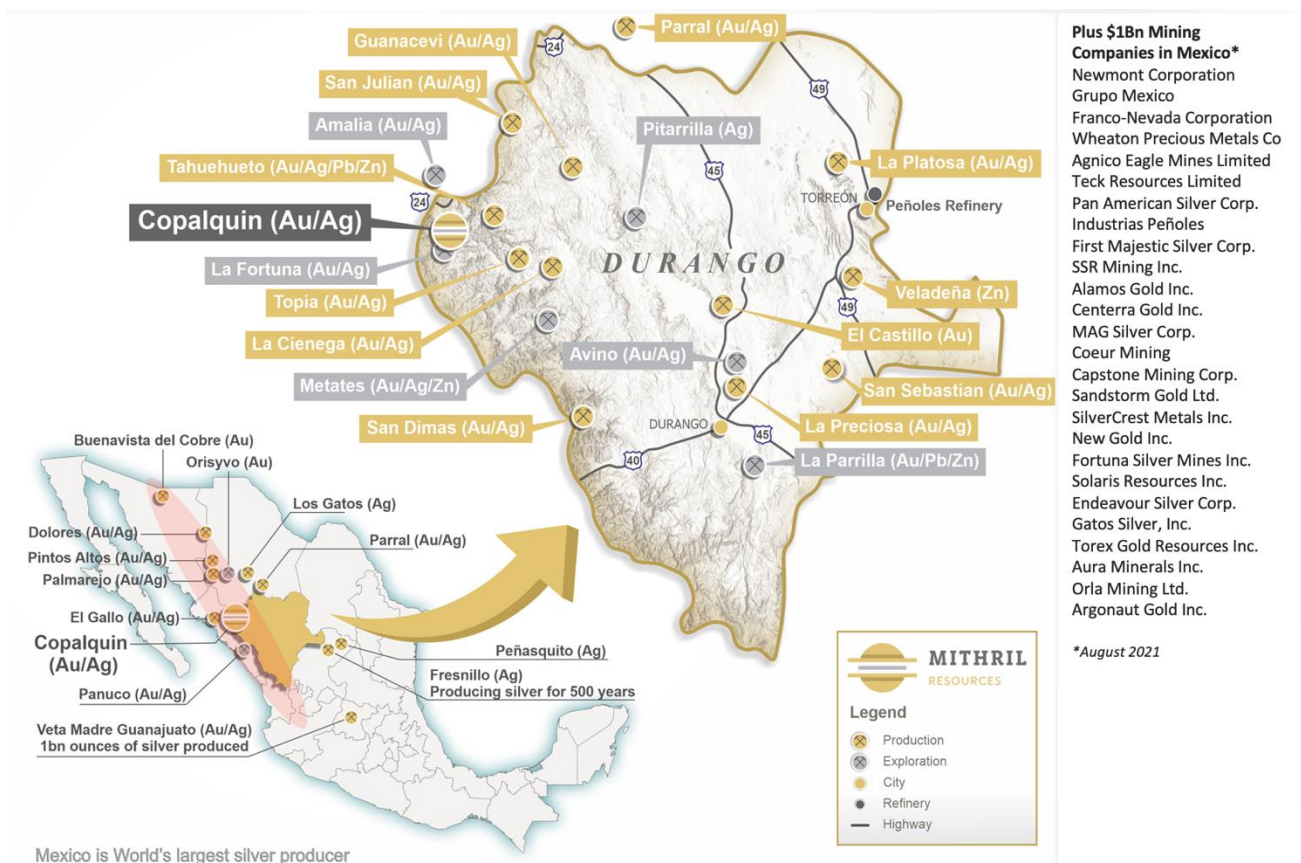


Figure 1 - Copalquin District location map with locations of mining and exploration activity within the state of Durango.

Exploration in the Copalquin District, Mexico

Exploration drilling progressed in the district during the second half of 2021 with the maiden JORC mineral resource estimate delivered for El Refugio-La Soledad in November 2021 (see Table 1).

During the first half of 2022, exploration work focussed on expanding and developing exploration targets in this vast mining district utilising mapping and soil sampling best undertaken during the cooler dry season months when there is minimal vegetation cover in the district.

Drilling at El Refugio recommenced in May 2022, producing significant drill intercepts and geological information that indicated and support resource expansion east and west, and most importantly at depth with El Refugio identified as a major hydrothermal upwelling feeder zone in the district.

Drilling in the Copalquin gold-silver district has expanded known mineralisation at El Refugio to 1,000m long x 350m deep and a further 1,000m west to El Gallo.

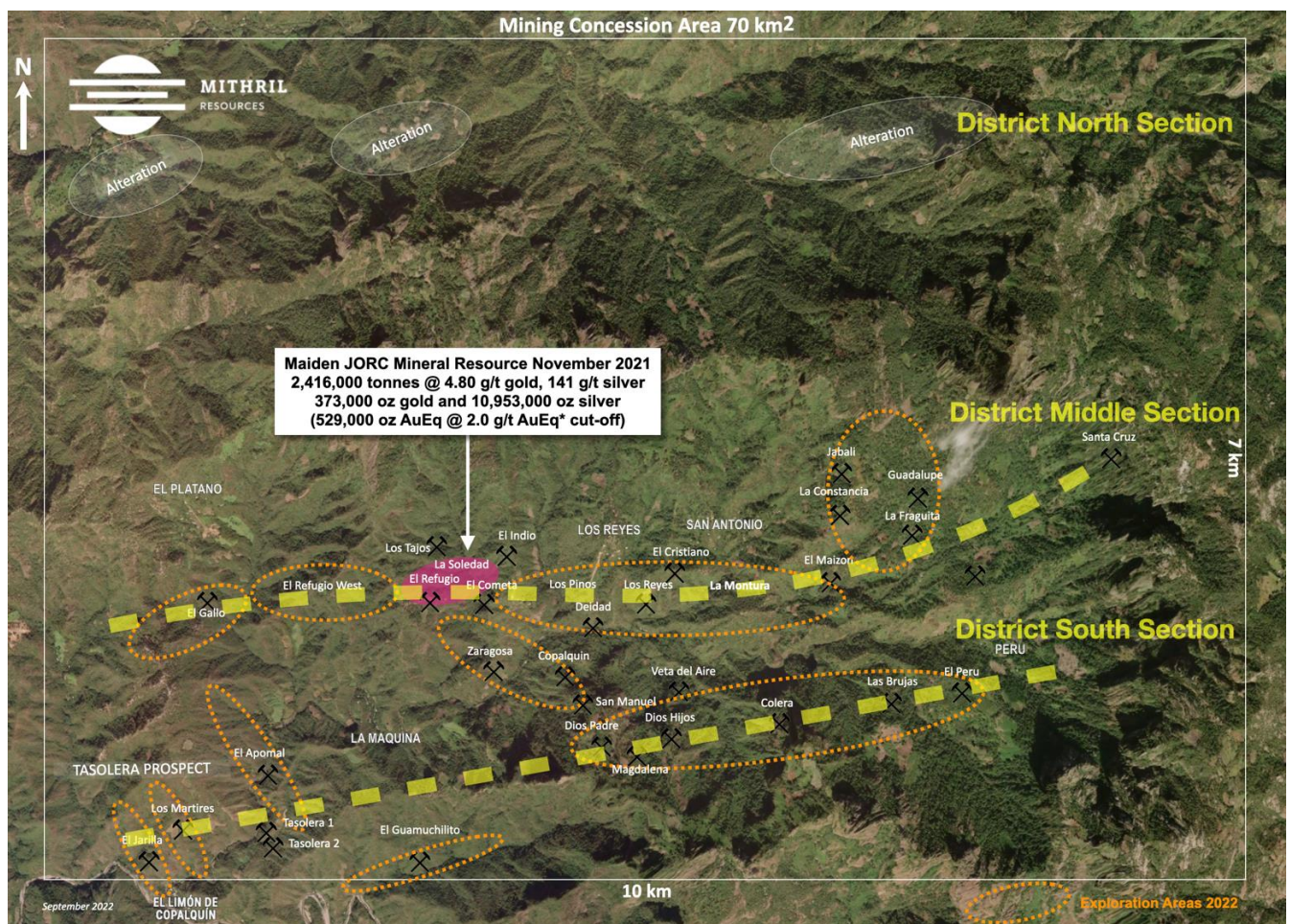


Figure 2 – Copalquin 70km² concession area showing exploration target areas and District long section locations shown in Figure 3

During the year, Mithril continued to advance its exploration work in the Copalquin District, successfully expanding its drill targets and the district's resource potential. (*ASX Announcement 5 May 2022*).

Figure 2 above and Figures 3 and 4 below, show the progress and status of exploration work in the district which is well set up for continued exploration across this important mining district within the prolific Sierra Madre gold-silver trend of Mexico. Figure 5 shows the schematic long section at El Refugio with its impressive distribution of high-grade intercepts and clear indications for expansion at this important target area in the Copalquin district.

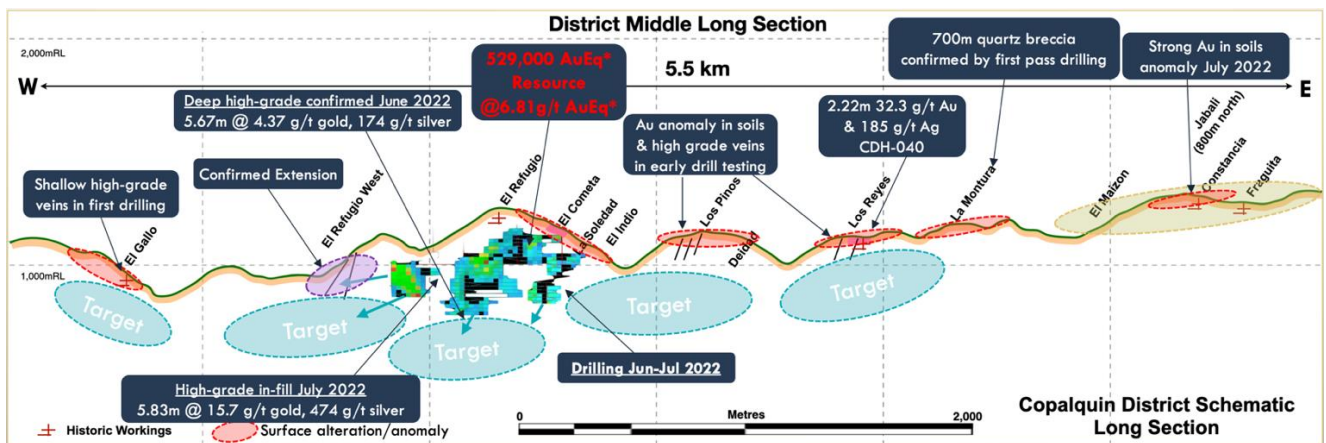


Figure 3 – Schematic long section of the Copalquin District middle mineralised trend which includes the maiden JORC resource at El Refugio/La Soledad.

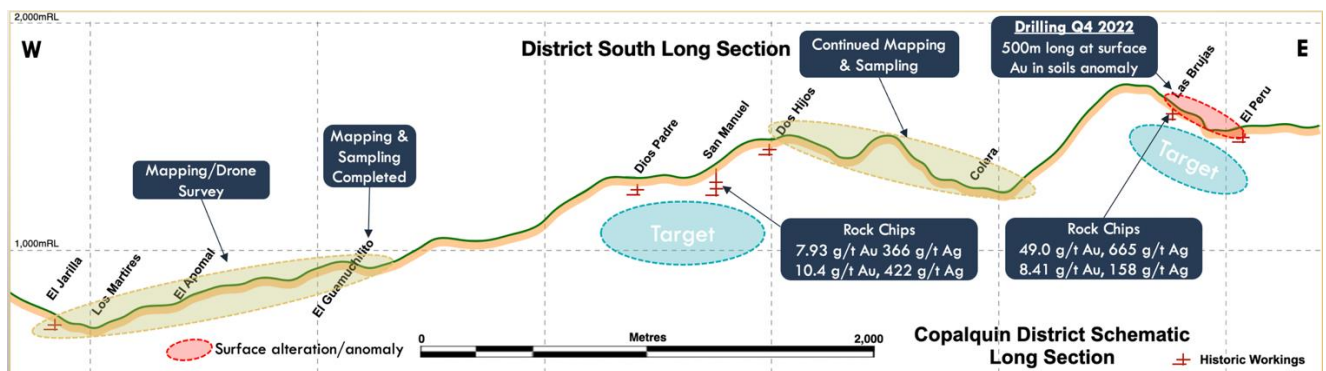


Figure 4 – Schematic long section of the southern part of the Copalquin District

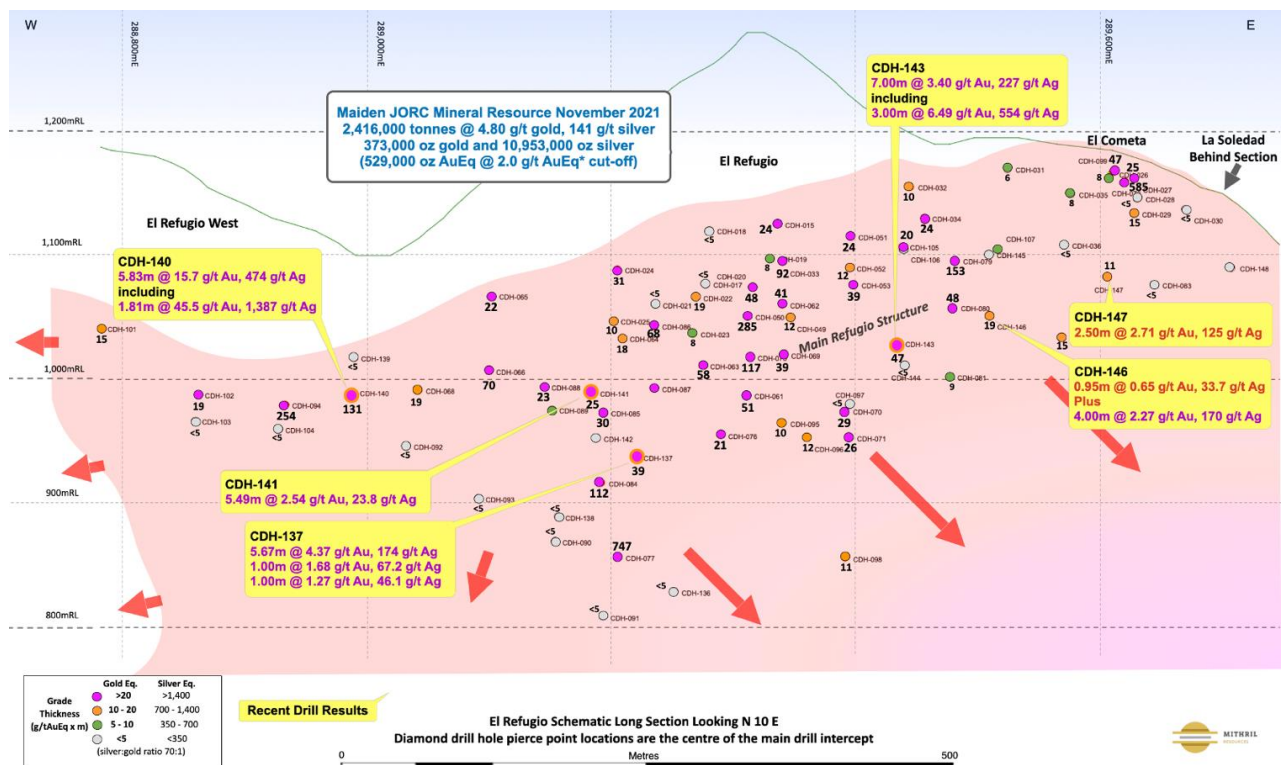


Figure 5 – Long section for the El Refugio target in the Copalquin district showing drill hole pierce points. Grade thickness as shown is the sum of all intercepts shown for each hole, pierce points are the midpoint of the main intercept. Highlighted intercepts are from drilling completed May-July 2022.

MINING CONCEPTS STUDY WORK COMPLETED

In March 2022, the Company released details on the recently completed conceptual mining study by AMC Consulting. ([ASX Announcement 1 March 2022](#)) This study and the recently reported high metallurgical recoveries ([ASX Announcement 18 January 2022](#)) are seen as positive steps towards development in the district for production of gold and silver from high-grade resources.

Conceptual Mine Design and Exploration Access for Deeper Drilling

In Q1 2022, AMC Consultants commenced and completed a mining concepts design study for the El Refugio-La Soledad maiden JORC mineral resource estimate. The study considered open pit potential and various underground mining techniques. The positioning of the underground mine development was also assessed.

The study work shows that there is some open pit potential requiring further drilling work to better define near surface high-grade material at El Cometa. The most likely scenario from the study indicates that the resource would be most effectively mined by underground methods.

For the underground mining, the preferred mining method recommended is mechanised Avoca bench (a variant of long hole open stope benching with rockfill) using a bottom-up extraction sequence as shown in the schematic below.

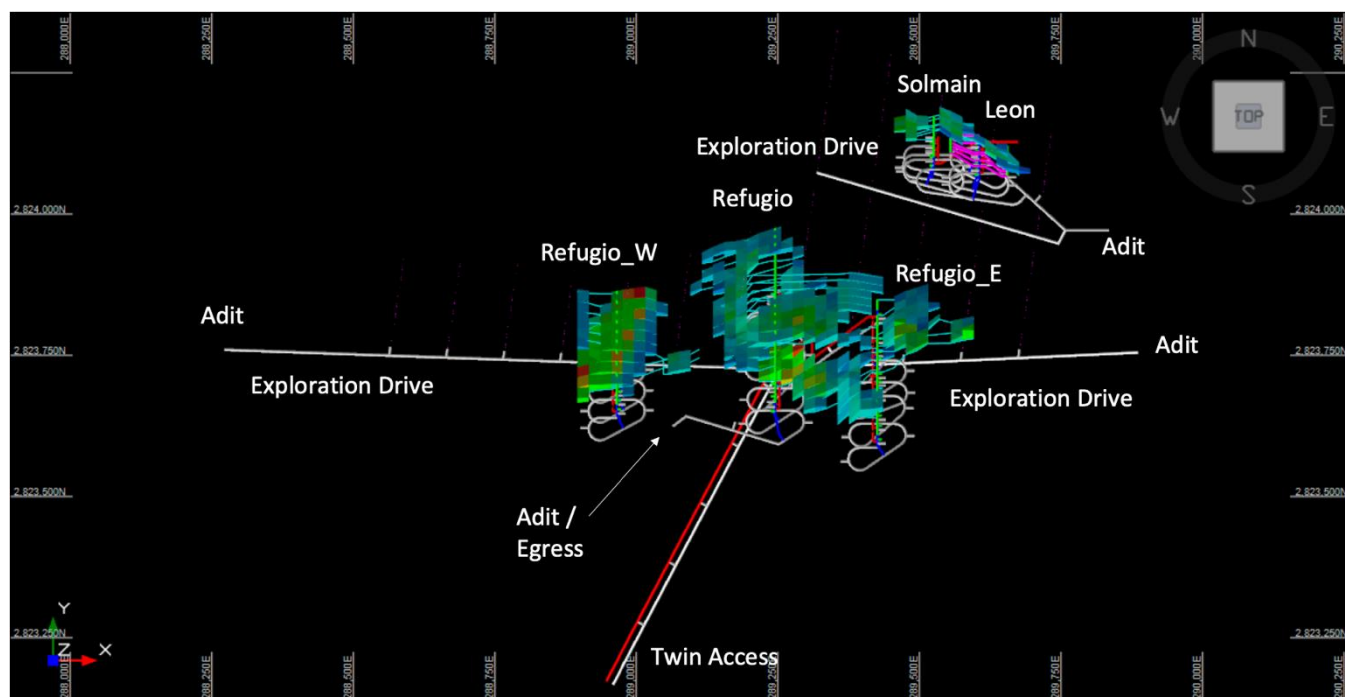


Figure 6 – Plan view of the conceptual mine plan using the maiden MRE for El Refugio-La Soledad

Higher Grade Access for a First Stage Mining Development

Subsequent to this mining study, which also considered additional access for deeper exploration drilling, a shorter access at a higher elevation has been identified to access a high-grade portion of the indicated resource within the maiden JORC resource MRE block model (see Figure 7, below).

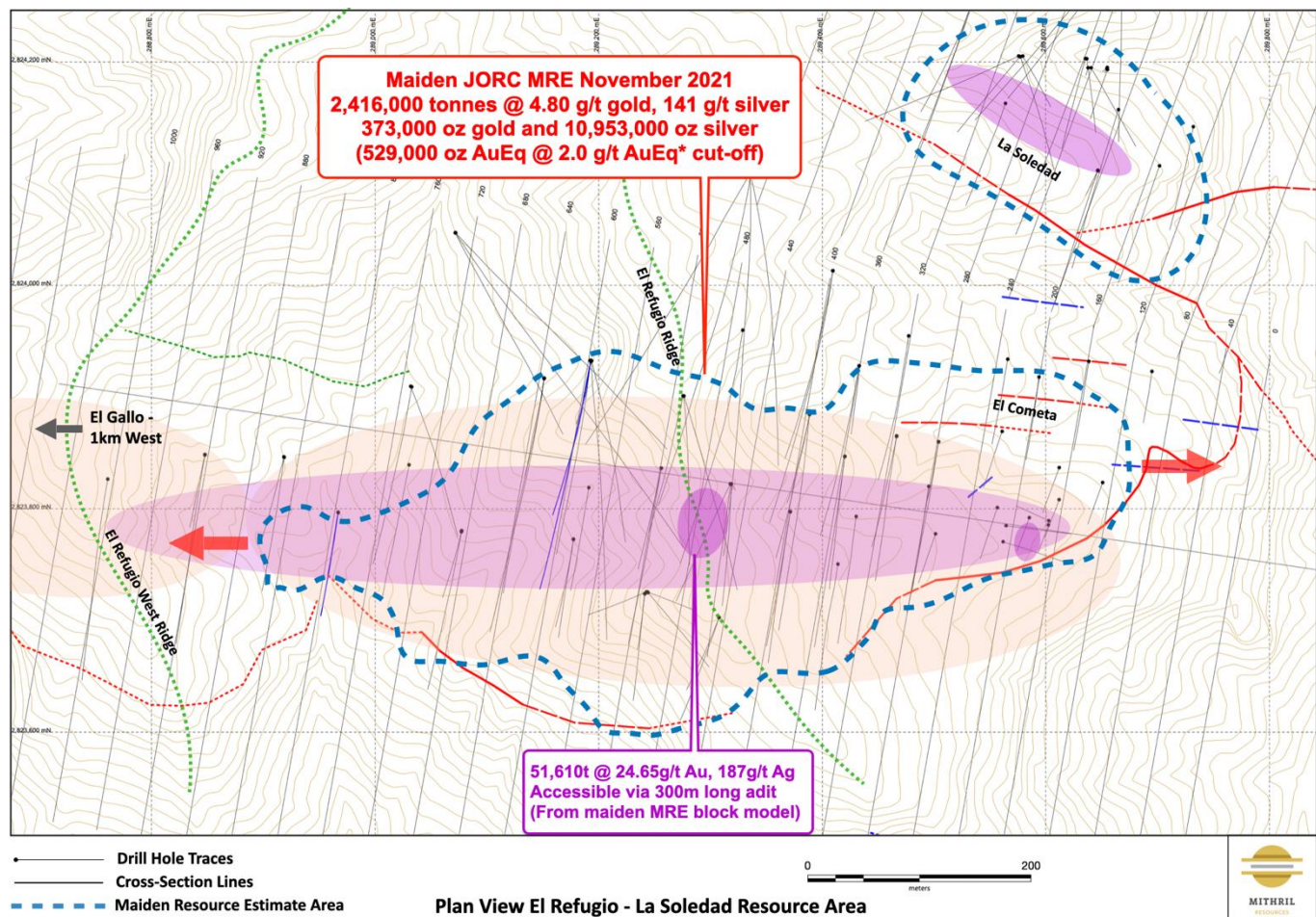


Figure 7 – Plan view of the El Refugio-La Soledad Maiden JORC Resource area showing the higher-grade area within the resource block model that can be accessed by a 300m long adit as part of mining development at El Refugio.

METALLURGICAL TEST WORK

HIGH RECOVERIES OF GOLD AND SILVER – EL REFUGIO COMPOSITE SAMPLE

A metallurgical test work program following the maiden mineral resource estimate (MRE) was completed by SGS Laboratories. ([ASX Announcement 25 February 2022](#)) Building on Mithril's excellent high-grade gold and silver maiden mineral resource estimate ([ASX Announcement 17 November 2021](#)), the high recoveries of gold and silver from the flotation and leaching test work reinforce attractive project metrics for the district.

The sample used for the test work is a composite sample from El Refugio crushed drill core. The average grade of the composite is similar to the average grade of the maiden JORC resource estimate for El Refugio. The calculated composite grade from the flotation test work is 4.52 g/t gold and 124 g/t silver.

Flotation test work has been completed using the same reagent scheme determined for the Palmarejo deposit (located in the Sierra Madre Trend and north of the Copalquin District) test work, due to the similarities in geology and mineralogy between Palmarejo and El Refugio at Copalquin.

The test work yielded excellent results summarised in Table 3 below.

Description	Test		Duplicate Test	
	Au %	Ag %	Au %	Ag %
48 hr Leaching Time				
Flotation Concentrate (% recovered) A	94.2	87.6	92.9	87.9
Leaching of Flotation Concentrate B	97.3	93.4	97.4	92.9
Flotation Tailings (% remaining) C	5.8	12.4	7.1	12.1
Leaching of Flotation Tailing D	85.8	76.5	82.9	75.7
Total Recovery to solution (B x A)+(DxC)	96.6	91.3	96.4	90.8

Table 3 - Summary of the flotation and the flotation product cyanide leaching recoveries giving the final gold and silver recoveries to solution.

Intensive cyanide leaching of the flotation concentrate and low-level cyanide leaching of the flotation tailings allows high recovery of silver to be achieved. Cyanide leaching of silver is slower under the typical conditions used for gold only leaching. Recovering a high proportion of the silver into a concentrate (by flotation or gravity) allows the concentrate to be leached under intensive conditions resulting in higher silver recovery. The overall recovery to solution is 96.5% for gold and 91% for silver. Gold and silver would be extracted from solution using the widely used Merrill-Crowe zinc precipitation method and then smelted to produce metal gold-silver ingots.

The process flowsheet for El Refugio-La Soledad resource material being tested is as shown below in Figure 8. This is the same flowsheet used at similar deposits in the Sierra Madre Trend, Mexico including Coeur Mining's Palmarejo and SilverCrest Metals' Las Chispas (production commenced July 2022).

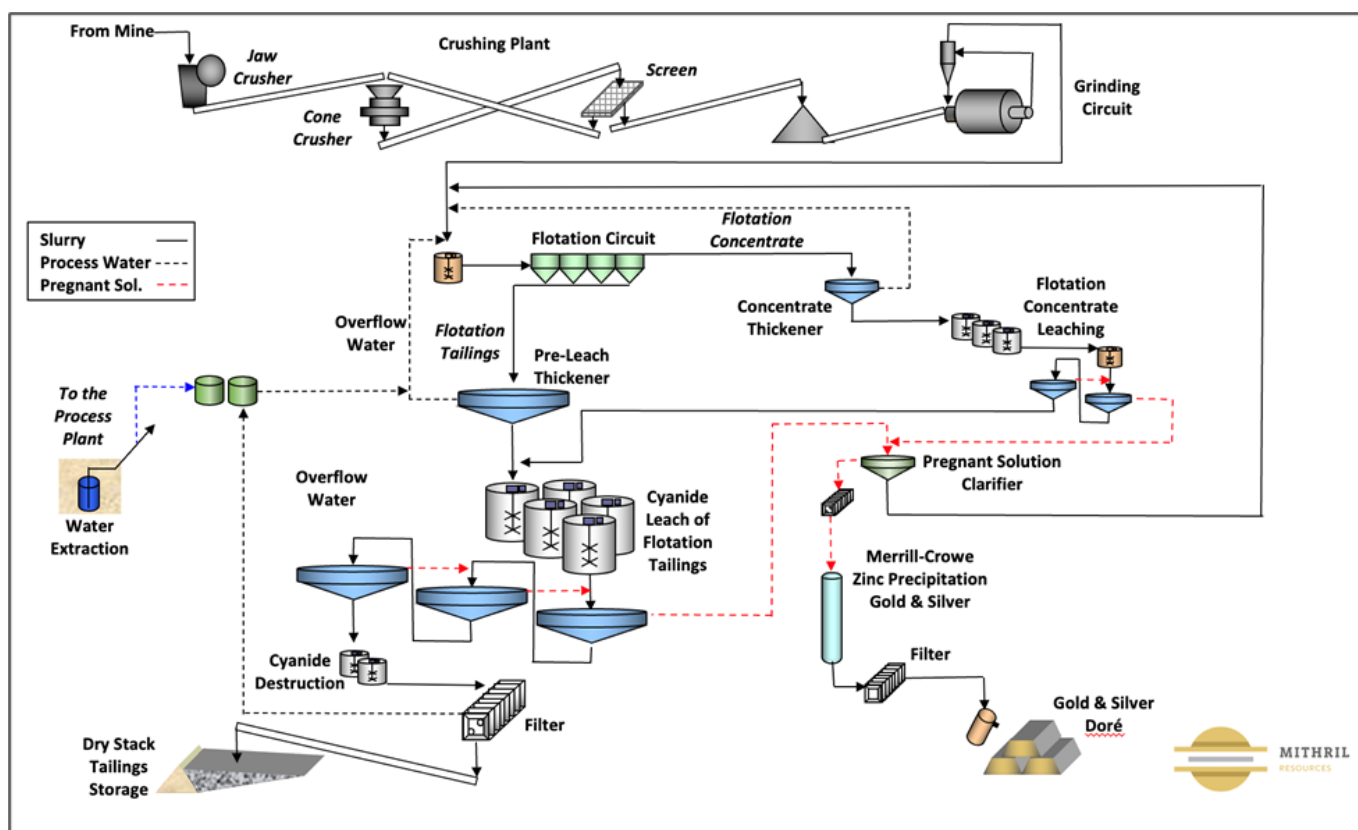


Figure 8 – Process flow sheet proposed for the El Refugio-La Soledad typical of other properties in the Sierra Madre Trend with similar geology

Further metallurgical test work will allow the crushing, grinding, thickening, flotation and filtration equipment sizes to be determined.



Figure 9 – Left, inside level 2 of the El Jabali historic mine workings. Right, quartz amethyst inside the wall of the workings.

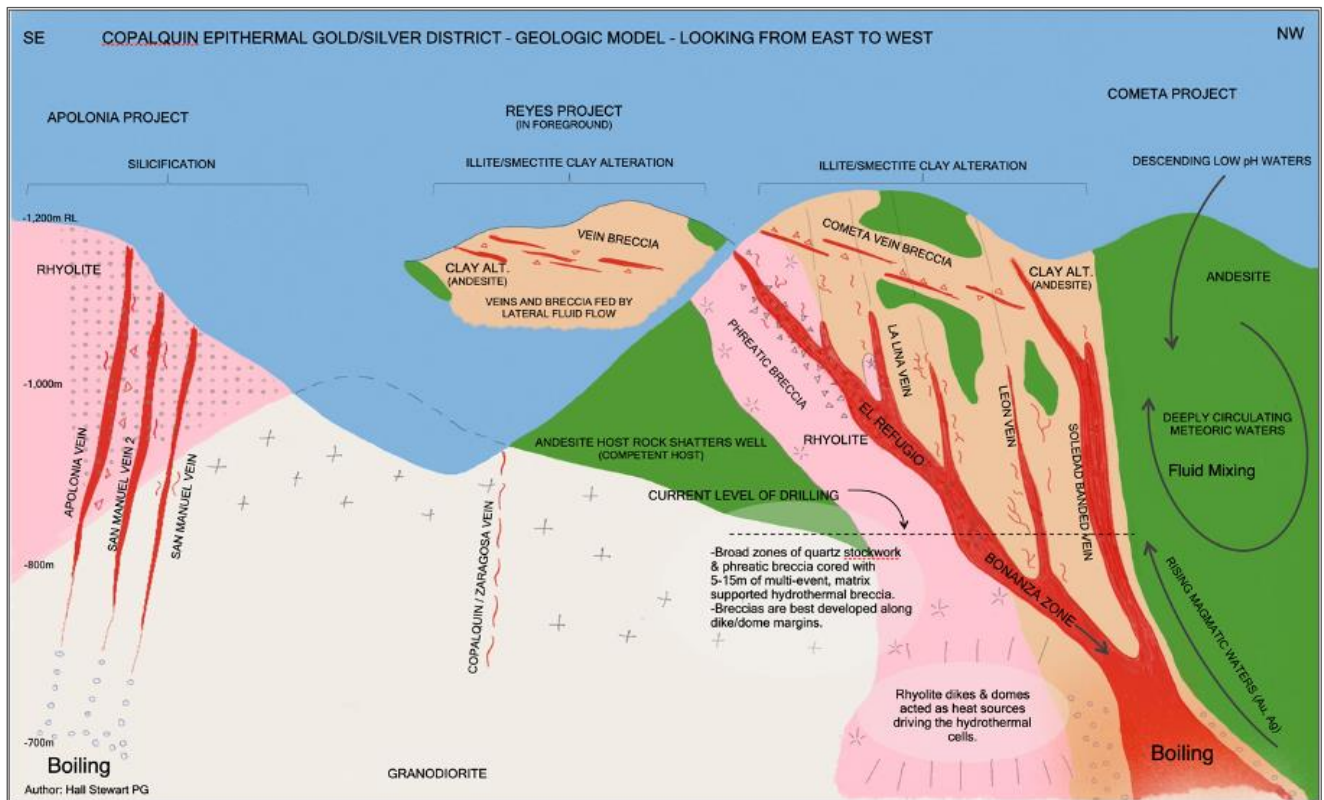


Figure 10 - Copalquin District Geologic Model for epithermal gold/silver - geologic model (author: Hall Stewart PG, Chief Geologist)

CORPORATE ACTIVITIES

Two share placements were completed during the year for A\$3.3M and A\$3.5M (both before costs) in September 2021 and April 2022, respectively. Proceeds were allocated to exploration work at the Copalquin property in Mexico.

Mexican value added tax (VAT) refunds were received throughout the year with a total of over US\$520,000 received. Refunds of a further ~US\$500 are pending from the Mexican tax office with good expectation for receipt of these refunds.

Amendments have been agreed with the Copalquin mining concession vendor to extend the purchase option period by 3 years until August 2026. Having invested over US\$8m in direct exploration costs on the concessions, Mithril via its Mexican subsidiary now holds 50% interest in the mining concessions and can purchase 100% by paying USD10m in cash, shares or a combination of both to the vendor at any time up to August 2026. (see announcement for details 25 Nov 2019 [*Transformative high-grade gold silver project acquisition*](#))

The company completed the sale of its Limestone Well tenements to Mithril's earn-in partner Auteco Minerals Ltd. Effectively, Auteco accelerated its 80% earn-in for the Limestone Well tenements by paying to Mithril A\$500k for a 90% interest and leaving Mithril with a 10% free carried interest, which Auteco can purchase at any time for A\$10m.

The Company continues with its community relations in the Copalquin district via support of three district schools and environmental activities/education.

In late November 2021, the Company announced the appointment of Ms Claire Newstead-Sinclair as Company Secretary, replacing Mr Adrien Wing effective 1 December 2021 ([*ASX Announcement 23 November 2021*](#)). The Board of Directors thanked Mr Adrien Wing for his significant contributions during his time with the Company. Mr Wing provided tremendous support to the Company during his earlier tenure as Director, as well as to the Board as Company Secretary.

Ms Newstead-Sinclair is a Chartered Accountant and Member of the Governance Institute of Australia at the Corporate Business Service Provider, Vistra Australia. Ms Newstead-Sinclair has been CFO and Company Secretary for several ASX listed and unlisted public and private companies in a range of industries including biotechnology, healthcare and mineral exploration.

In conjunction with this appointment the Company relocated its Registered Office and Principal Place of Business to: Vistra Melbourne, Level 4, 100 Albert Road South Melbourne, VIC 3205 Australia.

Mithril Resources Limited
Directors' report
30 June 2022

Further details, JORC tables and Competent Persons Statements for exploration results in this Annual Report are in ASX Releases listed below.



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>
05 May 2022	<u>Exploration Continues To Expand, Copalquin District, Mexico</u>
13 Apr 2022	<u>MTH Raises A\$3.5m To Expand High Grade Gold-Silver Resources</u>
17 Mar 2022	<u>High-Grade Multiple Vein Intercepts</u>
08 Mar 2022	<u>Investor Presentation</u>
01 Mar 2022	<u>Mining Concepts Study Completed - Copalquin</u>
25 Feb 2022	<u>Further Excellent Metallurgy Results</u>
28 Jan 2022	<u>Quarterly Activities Report and Appendix 5B</u>
18 Jan 2022	<u>Exploration & Metallurgy Results - Copalquin District Mexico</u>
17 Nov 2021	<u>Maiden JORC Resource 529,000 Ounces @ 6.81g/t</u>
05 Nov 2021	<u>Mithril Drills 9.64 G/T Gold and 278.8 G/T Silver over 18.67m</u>
12 Oct 2021	<u>Binding Term Sheet for Sale of Limestone Well</u>
08 Sep 2021	<u>Drilling Intercepts 18.2 G/T Gold & 583 G/T Silver</u>
11 Aug 2021	<u>Mithril Extends High-Grade Gold Silver</u>
28 Jul 2021	<u>Quarterly activities and cashflow report</u>
12 Jul 2021	<u>Mithril Drills 80.3 G/T Gold, 705 G/T Silver Over 8.26m</u>
25 Nov 2019	<u>Transformative High-Grade Gold Silver Project Acquisition</u>

AUSTRALIAN PROJECTS

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

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

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

Billy Hills Zinc (Billy Hills)

- Mithril 100%; and
- CBH Resources Limited earning up to 80% interest by completing expenditure of A\$4M over 5 years.
- Native title clearance for the first phase of drilling has been granted.

Kurnalpi Project (Kurnalpi)

- Mithril 100%; and
- Carnavale Resources earning an initial 80% interest by keeping the tenements in good standing over three years and paying Mithril A\$250,000 cash. Subsequent to the year end, Carnavale has elected to withdraw from the tenement earn-in.

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*](#)

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 18 August 2022, the Group's interest in the Copalquin Gold Silver Project in Durango, Mexico increased to 50% upon satisfied expenditure requirements and the issue of 10,000,000 shares to the owner of the concessions.

No other matters or circumstances have arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the year under review the majority of work carried out was in the Northern Territory, Western Australia and Durango (Mexico) and the Group followed procedures and pursued objectives in line with guidelines published by the Australian and Mexican Governments. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable wherever it explores.

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

Occupational Health, Safety and Welfare

In running its business, Mithril aims to protect the health, safety and welfare of employees, contractors and guests. The Group reviews its OHS&W policy at regular intervals to ensure a high standard of OHS&W, and to reflect best practice in injury and accident prevention.

Corporate Governance

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

The Company has established a set of corporate governance policies and procedures and these can be found within the Company's Corporate Governance Statement located on the Company's website:

www.mithrilresources.com.au/corporate-governance

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
26/04/2022	26/04/2024	\$0.015	170,000,000
22/06/2022	26/04/2024	\$0.015	5,000,000
			<u>175,000,000</u>

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

Shares issued on the exercise of options

No ordinary shares of Mithril Resources Limited were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted:

Remuneration report (audited)

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

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

Stephen Layton	Non-Executive Director (Appointed 15 May 2019)
Garry Thomas	Alternate-Director / Non-Executive Director (Appointed Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
John Skeet	Chief Executive Officer / Managing Director (Appointed Managing Director 8 September 2020)
Dudley Leitch	Non-Executive Director (Resigned 7 July 2021)
Adrien Wing	Company Secretary (Resigned 15 February 2021)

Principles used to determine the nature and amount of remuneration

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

The Board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

The Non-Executive Directors and other executives receive a superannuation guarantee contribution required by the government, which was 10%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Company share option scheme. Options are valued using the Black-Scholes methodology.

Non-Executive Directors remuneration is set from a pool that is approved by shareholders, which presently is set at \$250,000 per annum. The Non-Executive Director fees have not been increased since the Group's initial public offering in 2002 and the Group has a policy of obtaining shareholder approval for any share based remuneration (such as options) to be granted to Directors in accordance with the ASX Listing Rules. The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

There is no direct relationship between the remuneration policy and the Entity's performance.

Voting and comments made at the Company's 2021 Annual General Meeting ('AGM')

At the 2021 AGM, more than 93% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Mithril Resources Limited
Directors' report
30 June 2022

Details of remuneration

Amounts of remuneration

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

	Short-term benefits	Post- employment benefits	Share-based payments	
	Cash salary and fees \$	Super- annuation \$	Performance Rights \$	Total \$
2022				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	-	48,000
Dudley Leitch*	825	78	-	903
Garry Thomas	43,636	4,364	-	48,000
<i>Executive Director:</i>				
John Skeet	180,000	-	-	180,000
	<u>272,461</u>	<u>4,442</u>	<u>-</u>	<u>276,903</u>
2021				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	-	48,000
Adrien Wing**	80,000	-	-	80,000
Dudley Leitch	43,836	4,164	-	48,000
Garry Thomas***	38,297	3,639	643,333	685,269
<i>Executive Director:</i>				
John Skeet****	180,000	-	-	180,000
	<u>390,133</u>	<u>7,803</u>	<u>643,333</u>	<u>1,041,269</u>

* Mr Leitch resigned as a Director on 7 July 2022.

** Mr Wing resigned as a Director on 15 February 2021.

*** Mr Thomas was appointed as an Alternate-Director on 15 June 2020 and appointed as a Non-Executive Director on 17 August 2020.

**** Mr Skeet was appointed as CEO on 9 June 2020 and appointed Managing Director on 8 September 2020.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI	
	2022	2021	2022	2021
<i>Non-Executive Directors:</i>				
Stephen Layton	100%	100%	-	-
Adrien Wing	n/a	100%	n/a	-
Dudley Leitch	100%	100%	-	-
Garry Thomas	100%	6.1%	-	93.9%
<i>Executive Director:</i>				
John Skeet	100%	100%	-	-

Mithril Resources Limited
Directors' report
30 June 2022

Service agreements

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

Name:	John Skeet
Title:	Chief Executive Officer (Appointed Managing Director 8 September 2020)
Agreement commenced:	9 June 2020
Term of agreement:	Reviewed every two years
Details:	Mr Skeet's gross salary, is \$180,000. The Company or the employee may terminate the employment contract without cause by providing 3 months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

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

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
22/06/2017	22/06/2017	22/06/2022	\$0.100	\$0.021
10/10/2018	10/10/2018	10/10/2021	\$0.010	\$0.006

Options granted carry no dividend or voting rights.

Performance rights

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

	Grant date	Expiry date	Fair value per right at grant date
Performance rights	24 November 2020	23 November 2024	\$0.019

Performance rights granted carry no dividend or voting rights.

Details of performance rights over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the years ended 30 June 2021 and 2022 are set out below:

Name	Grant date	Number of rights granted	Number of rights vested	Value of rights granted \$	Value of rights expensed in the period \$	Number of rights lapsed	Value of rights lapsed \$
Garry Thomas	24 Nov 2020	33,333,333	-	643,333	643,333	-	-

Further information regarding the performance rights can be found in note 27.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Stephen Layton	115,500,000	-	25,000,000	-	140,500,000
Dudley Leitch	124,051,195	-	-	(124,051,195)	-
Garry Thomas	292,685,273	-	-	-	292,685,273
John Skeet	221,663,615	-	2,500,000	-	224,163,615
	<u>753,900,083</u>	<u>-</u>	<u>27,500,000</u>	<u>(124,051,195)</u>	<u>657,348,888</u>

Options

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

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Options</i>					
Stephen Layton	-	-	5,000,000	-	5,000,000
Dudley Leitch	-	-	-	-	-
Garry Thomas	-	-	-	-	-
John Skeet	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>

Performance rights holding

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

	Balance at the start of the year	Granted during the year	Vested during the year	Balance at the end of the year
<i>Performance rights over ordinary shares</i>				
Garry Thomas	33,333,333	-	-	33,333,333

Other transactions with key management personnel and their related parties

Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$45,360 (2021: \$45,360) relating to consultancy services provided by Trimin relating to consultancy services provided for legal and administration services for Mexico. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$20,914 (2021: nil).

This concludes the remuneration report, which has been audited.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Directors Attended	Meetings Held
John Skeet	6	6
Stephen Layton	6	6
Dudley Leitch*	-	-
Garry Thomas	6	6

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

* Resigned 7 July 2021

Indemnity and insurance of officers

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

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was \$46,680 (2021: \$23,200).

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the Directors



John Skeet
Managing Director

30 September 2022

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 year ended 30 June 2022, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 30th day of September 2022

Mithril Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$	
Income				
Other income	5	25,611	53,166	
Interest received		2,309	4,285	
Profit on sale of tenement interest		293,079	-	
Expenses				
Administration expenses		(429,629)	(472,506)	
ASIC and ASX listing fees		(88,528)	(127,112)	
Share-based payments	27	-	(643,333)	
Employee benefits expense	6	(317,551)	(396,566)	
Occupancy expense		(3,100)	(7,440)	
Travel expenses		(71,275)	(65,293)	
Depreciation and amortisation expense		(43,220)	(21,238)	
Impairment of exploration assets	11	-	(12,581)	
Loss before income tax expense		(632,304)	(1,688,618)	
Income tax expense	7	-	-	
Loss after income tax expense for the year		(632,304)	(1,688,618)	(3,300,000)
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation		866,821	265,480	
Other comprehensive income for the year, net of tax		866,821	265,480	
Total comprehensive income for the year		234,517	(1,423,138)	
		Cents	Cents	
Basic earnings per share	25	(0.02)	(0.08)	
Diluted earnings per share	25	(0.02)	(0.08)	

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

Mithril Resources Limited
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 \$	Consolidated 2021 \$	
Assets				
Current assets				
Cash and cash equivalents	8	2,271,886	2,920,481	
Trade and other receivables	9	938,391	767,371	
Other assets	10	20,102	21,065	
Total current assets		<u>3,230,379</u>	<u>3,708,917</u>	
Non-current assets				
Trade and other receivables		1,082	1,005	
Exploration and evaluation	11	25,176,844	18,074,143	
Total non-current assets		<u>25,177,926</u>	<u>18,075,148</u>	
Total assets		<u>28,408,305</u>	<u>21,784,065</u>	
Liabilities				
Current liabilities				
Trade and other payables	12	670,498	804,474	
Employee benefits	13	20,383	17,562	
Total current liabilities		<u>690,881</u>	<u>822,036</u>	
Total liabilities		<u>690,881</u>	<u>822,036</u>	
Net assets		<u>27,717,424</u>	<u>20,962,029</u>	13
Equity				
Issued capital	14	64,808,617	58,287,739	
Reserves	15	3,432,397	2,565,576	
Accumulated losses		<u>(40,523,590)</u>	<u>(39,891,286)</u>	
Total equity		<u>27,717,424</u>	<u>20,962,029</u>	

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

Mithril Resources Limited
Statement of changes in equity
For the year ended 30 June 2022

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 year	-	-	(632,304)	(632,304)
Other comprehensive income for the year, net of tax	-	866,821	-	866,821
Total comprehensive income for the year	-	866,821	(632,304)	234,517
<i>Transactions with Owners in their capacity as Owners:</i>				
Shares issued during the period (note 14)	6,950,000	-	-	6,950,000
Transactions costs	(429,122)	-	-	(429,122)
Balance at 30 June 2022	<u>64,808,617</u>	<u>3,432,397</u>	<u>(40,523,590)</u>	<u>27,717,424</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	50,264,467	1,656,763	(38,202,668)	13,718,562
Loss after income tax expense for the year	-	-	(1,688,618)	(1,688,618)
Other comprehensive income for the year, net of tax	-	265,480	-	265,480
Total comprehensive income for the year	-	265,480	(1,688,618)	(1,423,138)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 27)	-	643,333	-	643,333
Shares issued during the period (note 14)	8,530,000	-	-	8,530,000
Transactions costs	(506,728)	-	-	(506,728)
Balance at 30 June 2021	<u>58,287,739</u>	<u>2,565,576</u>	<u>(39,891,286)</u>	<u>20,962,029</u>

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

Mithril Resources Limited
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 \$	2021 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		27,614	1,440
Payments to suppliers and employees (inclusive of GST)		(973,287)	(1,515,495)
		(945,673)	(1,514,055)
Interest received		1,896	3,982
Government grants received		-	63,542
Net cash (used in) operating activities	24	(943,777)	(1,446,531)
Cash flows from investing activities			
Payments for exploration activities		(6,591,897)	(4,854,757)
Payments for security deposits		-	(1,005)
Proceeds from disposal of exploration assets		500,000	-
Net cash (used in) investing activities		(6,091,897)	(4,855,762)
Cash flows from financing activities			
Proceeds from issue of shares	14	6,800,000	8,530,000
Share issue transaction costs		(419,022)	(499,228)
Net cash provided by financing activities		6,380,978	8,030,772
Net increase/(decrease) in cash and cash equivalents		(654,696)	1,728,479
Cash and cash equivalents at the beginning of the financial year		2,920,481	1,187,589
Foreign exchange movements		6,101	4,413
Cash and cash equivalents at the end of the financial year	8	<u>2,271,886</u>	<u>2,920,481</u>

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

Note 1. General information

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

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

Vistra Australia
Level 4, 100 Albert Road
SOUTH MELBOURNE VIC 3205

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 30 September 2022.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$632,304 (2021: \$1,688,618) and a net cash outflow from operating and investing activities of \$7,035,674 (2021: \$6,302,293) during the year ended 30 June 2022.

The Group 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 Group 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 Group has the ability to meet its debts as and when they fall due.

The Group'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 Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The Group 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. Significant accounting policies (continued)

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mithril Resources Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Mithril Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mithril Resources Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign exchange reserve in equity.

The foreign exchange reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income

Interest

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

Current and non-current classification

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

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

Note 2. Significant accounting policies (continued)

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

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

Joint Arrangement

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Mithril Resources Ltd has determined that it has both joint ventures and joint operations.

In relation to its joint venture operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Mithril Resources Ltd has recognised:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

Impairment of non-financial assets

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

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

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

Capitalisation of exploration and evaluation expenditure

The Group's policy for exploration and evaluation is discussed in Note 11. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the consolidated statement of profit or loss and other comprehensive income.

Share-based payment transactions

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

Recovery of deferred tax assets

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

Note 4. Operating segments

Identification of reportable operating segments

The Board has considered the requirements of AASB 8 Operating Segments and has determined that the Group has two operating segments: Mexican operations and Australian operations.

In determining these operating segments, the Board has considered the location of the Group's exploration activities which represent its principal operations. The results of these operating segments are monitored by the Board and form the basis for which strategic decisions are made.

The Copalquin Gold Silver Project in Durango, Mexico constitutes a separately identifiable operating segment to the Group's Australian operations given the Board's intention to regularly review the financial information from its Mexican operations to determine the future allocation of resources.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Note 4. Operating segments (continued)

Operating segment information

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 2022			
Revenue			
Other revenue	25,611	293,079	318,690
Interest revenue	-	2,309	2,309
Total revenue	<u>25,611</u>	<u>295,388</u>	<u>320,999</u>
Operating expenses	(2,706)	(589,826)	(592,532)
Share-based payments	-	-	-
Employee benefits expense	-	(317,551)	(317,551)
Depreciation and amortisation	(43,220)	-	(43,220)
Impairment of assets	-	-	-
Loss before income tax expense	<u>(20,315)</u>	<u>(611,989)</u>	<u>(632,304)</u>
Income tax expense			-
Loss after income tax expense			<u>(632,304)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	866,821	-	866,821
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>846,506</u>	<u>(611,989)</u>	<u>234,517</u>
Assets			
Cash and cash equivalents	42,517	2,229,369	2,271,886
Trade and other receivables	956,236	(17,845)	938,391
Other assets	542	20,642	21,184
Exploration and evaluation	24,059,437	1,117,407	25,176,844
Total assets	<u>25,058,732</u>	<u>3,349,573</u>	<u>28,408,305</u>
Liabilities			
Trade and other payables	571,117	99,381	670,498
Employee benefits	20,383	-	20,383
Total liabilities	<u>591,500</u>	<u>99,381</u>	<u>690,881</u>

Note 4. Operating segments (continued)

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 2021			
Revenue			
Other revenue	1,108	52,058	53,166
Interest revenue	-	4,285	4,285
Total revenue	<u>1,108</u>	<u>56,343</u>	<u>57,451</u>
Operating expenses	(39,388)	(632,963)	(672,351)
Share-based payments	-	(643,333)	(643,333)
Employee benefits expense	-	(396,566)	(396,566)
Depreciation and amortisation	(21,238)	-	(21,238)
Impairment of assets	-	(12,581)	(12,581)
Loss before income tax expense	<u>(59,518)</u>	<u>(1,629,100)</u>	<u>(1,688,618)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,688,618)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	265,480	-	265,480
Other comprehensive income for the year, net of tax	265,480	-	265,480
Total comprehensive income for the year	<u>205,962</u>	<u>(1,629,100)</u>	<u>(1,423,138)</u>
Assets			
Cash and cash equivalents	79,803	2,840,678	2,920,481
Trade and other receivables	751,736	16,640	768,376
Other assets	3	21,062	21,065
Exploration and evaluation	16,841,879	1,232,264	18,074,143
Total assets	<u>17,673,421</u>	<u>4,110,644</u>	<u>21,784,065</u>
Liabilities			
Trade and other payables	727,926	76,548	804,474
Employee benefits	17,562	-	17,562
Total liabilities	<u>745,488</u>	<u>76,548</u>	<u>822,036</u>

Note 5. Other income

	Consolidated	
	2022	2021
	\$	\$
Government Boosting Cashflow Payment	-	49,817
Other income	25,611	3,349
Other income	<u>25,611</u>	<u>53,166</u>

Government Boosting Cashflow Payment

Boosting Cashflow income is recognised when there is reasonable assurance that the Company will comply with the conditions attached to it, and the grant will be received. The nature of the grant is unconditional and has been presented on a gross basis.

Note 5. Other income (continued)

Other income

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

Note 6. Employee benefits expense

	Consolidated	
	2022	2021
	\$	\$
Salaries and wages	311,241	388,763
Superannuation	6,310	7,803
	<u>317,551</u>	<u>396,566</u>

Note 7. Income tax

	Consolidated	
	2022	2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(632,304)	(1,688,618)
Tax at the statutory tax rate of 25% (2021: 26%)	(158,076)	(439,041)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Expenses not allowable for income tax purposes	36,186	78,347
Share based payments	-	176,917
	<u>(121,890)</u>	<u>(183,777)</u>
Current year tax losses not recognised	121,890	183,777
Income tax expense	<u>-</u>	<u>-</u>

The Group has tax losses arising in Australia of \$39,394,702 (2021: \$38,720,887) that may be available and may be offset against future taxable profits. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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

Accounting policy for income tax

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

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

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

Note 7. Income tax (continued)

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

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

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

Mithril Resources Ltd and its wholly owned Australian resident entities are part of a tax consolidated group.

The head entity within the tax-consolidated group is Mithril Resources Ltd. Mithril Resources Ltd and each of its wholly-owned controlled entities recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Mithril Resources Ltd recognises the entire tax-consolidated group's retained tax losses.

Note 8. Cash and cash equivalents

	Consolidated	
	2022	2021
	\$	\$
Cash at bank	1,271,886	1,919,164
Short-term deposits	1,000,000	1,001,317
	<u>2,271,886</u>	<u>2,920,481</u>

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

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Accounting policy for cash and cash equivalents

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

Note 9. Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Other receivables	629	2,219
GST and overseas taxes receivable	937,762	765,152
	<u>938,391</u>	<u>767,371</u>

Trade and other receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for expected credit loss is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in the current and prior financial year and no receivables are past due at balance date.

Note 9. Trade and other receivables (continued)

Accounting policy for trade and other receivables

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

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Other assets

	Consolidated	
	2022	2021
	\$	\$
Prepayments	<u>20,102</u>	<u>21,065</u>

Note 11. Exploration and evaluation

	Consolidated	
	2022	2021
	\$	\$
Tangible exploration assets		
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	<u>333,727</u>	<u>208,952</u>
Intangible exploration assets		
Exploration and evaluation - Australia	1,117,407	1,232,261
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	<u>23,725,710</u>	<u>16,632,930</u>
	<u>24,843,117</u>	<u>17,865,191</u>
	<u>25,176,844</u>	<u>18,074,143</u>

Note 11. Exploration and evaluation (continued)

Movements

Consolidated	Australian Projects \$	Copalquin Gold Silver Project \$	Total \$
Balance at 1 July 2020	1,169,117	11,506,008	12,675,125
Additions through expenditures capitalised	75,725	5,074,807	5,150,532
Foreign exchange translation	-	261,067	261,067
Relinquished tenements*	(12,581)	-	(12,581)
Balance at 30 June 2021	1,232,261	16,841,882	18,074,143
Additions through expenditures capitalised	92,067	6,356,912	6,448,979
Foreign exchange translation	-	860,643	860,643
Disposal of interest in Limestone Well project	(206,921)	-	(206,921)
Balance at 30 June 2022	1,117,407	24,059,437	25,176,844

* write-off of capitalised exploration expenditures for the tenements that were relinquished during the year, included in impairment of exploration assets expense.

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

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

Exploration and Evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves.

Acquisition of Copalquin Gold Silver Project (Mexico)

On 27 May 2020 the Company completed the acquisition of Sun Mineral Pty Ltd (Sun Minerals). Sun Minerals holds the exclusive option to earn up to a 100% interest in the high-grade Copalquin Gold Silver Project in Durango, Mexico as set out below:

- (a) At the completion of the Transaction Sun Minerals held a 10% interest in the concessions forming Copalquin.
- (b) If, on or before 7 August 2023, Sun Minerals:
 - (i) incurs expenditure of US \$4 million on Copalquin, Sun Minerals will hold a 25% interest in the concessions forming Copalquin; and
 - (ii) incurs further expenditure of US \$4 million (aggregate expenditure of US \$8 million) on Copalquin, Sun Minerals will hold a 50% interest in the concessions forming Copalquin.
- (c) At any time on or before 7 August 2023, Sun Minerals may make a cash payment of US \$10 million to CMC (and/or its nominee) to acquire the remaining interests then held by CMC. CMC may elect to receive the US \$10 million through the issue of fully paid Mithril shares at a deemed issue price per share that is the higher of:
 - (i) a 10% discount for the 20-day VWAP of fully paid Mithril shares on ASX, ending on the trading day immediately before any such election; or
 - (ii) \$0.01 (1 cent).
 Following payment of the US \$10 million (in cash, fully paid Mithril shares or a combination of both) the Group will hold a 100% interest on the concessions forming Copalquin.

Requirements (b)(i) and (b)(ii) above have been completed and Sun Minerals holds a 50% interest in the concessions.

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

Note 11. Exploration and evaluation (continued)

- (a) the rights to tenure of the area of interest are current; and
(b) at least one of the following conditions is also met:

(i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

(ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off as an impairment loss.

Note 12. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade payables	595,870	687,041
Other payables	74,628	117,433
	<u>670,498</u>	<u>804,474</u>

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 13. Employee benefits

	Consolidated	
	2022	2021
	\$	\$
Annual leave	20,383	17,562
	<u>20,383</u>	<u>17,562</u>

Accounting policy for employee benefits

Short-term employee benefits

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

Note 14. Issued capital

	2022	Consolidated		
	Shares	2021	2022	2021
		Shares	\$	\$
Ordinary shares - fully paid	2,930,233,041	2,350,233,041	64,808,617	58,287,739

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 June 2020	1,664,630,703		50,264,467
Shares issued via private placement	16 July 2020	194,444,444	\$0.018	3,500,000
Exercise of Options	10 July 2020	3,000,000	\$0.01	30,000
Conversion of performance rights	14 August 2020	224,999,999	-	-
Shares issued via private placement	5 February 2021	263,157,895	\$0.019	5,000,000
Transaction costs (net of tax)				(506,728)
Balance	30 June 2021	<u>2,350,233,041</u>		<u>58,287,739</u>
Issue of shares – placement	8 September 2021	220,000,000	\$0.015	3,300,000
Increase in Copalquin project, Mexico	14 October 2021	10,000,000	\$0.015	150,000
Issue of shares – placement	13 April 2022	350,000,000	\$0.01	3,500,000
Transaction costs (net of tax)				(429,122)
Balance	30 June 2022	<u>2,930,233,041</u>		<u>64,808,617</u>

Ordinary shares

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

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

Share buy-back

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

Note 14. Issued capital (continued)

Capital risk management

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

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

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 15. Reserves

	Consolidated	
	2022	2021
	\$	\$
Foreign exchange reserve	1,067,068	200,247
Share options reserve	124,496	124,496
Performance rights reserve	2,240,833	2,240,833
	<u>3,432,397</u>	<u>2,565,576</u>

Foreign exchange reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserves

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

Movements in reserves

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

Consolidated	Share options reserve \$	Performance rights reserve \$	Foreign exchange reserve \$	Total \$
	124,496	1,597,500	(65,233)	1,656,763
Balance at 1 July 2020	-	643,333	-	643,333
Issue of performance rights	-	-	265,480	265,480
Movement in foreign exchange reserve	124,496	2,240,833	200,247	2,565,576
Balance at 30 June 2021	-	-	866,821	866,821
Movement in foreign exchange reserve	-	-	-	-
Balance at 30 June 2022	<u>124,496</u>	<u>2,240,833</u>	<u>1,067,068</u>	<u>3,432,397</u>

Note 16. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Board has determined that the current level of foreign currency risk resulting from its operations in Mexico is not significant to the Group.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions but are not expected to have a significant impact on the Group's operating result.

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2021						
Cash and cash equivalents	50	<u>14,602</u>	<u>14,602</u>	50	<u>(14,602)</u>	<u>(14,602)</u>
	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
Consolidated - 2022						
Cash and cash equivalents	50	<u>11,359</u>	<u>11,359</u>	50	<u>(11,359)</u>	<u>(11,359)</u>

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2022.

Note 16. Financial instruments (continued)

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Compensation

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

	Consolidated	
	2022	2021
	\$	\$
Short-term employee benefits	272,461	390,133
Post-employment benefits	4,442	7,803
Share-based payments	-	643,333
	<u>276,903</u>	<u>1,041,269</u>

Full details of the remuneration of each director of the Company and each of the other key management personnel are disclosed in the Remuneration Report contained within the Directors' Report.

Other transactions with key management personnel

Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$45,360 (2021: \$45,360) relating to consultancy services provided by Trimin. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$20,914 (2021: nil).

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided:

	Consolidated	
	2022	2021
	\$	\$
Audit or review of the financial statements	<u>44,720</u>	<u>47,164</u>

Note 19. Capital and leasing commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to meet minimum expenditure requirements in respect of tenement lease rentals. There are also Mexican government mining concession rents and purchase option payments to the concession owner each six month period.

These are not considered commitments as the Company can walk away from the projects and not continue payments at any time.

Note 20. Related party transactions

Parent entity

Mithril Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

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

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year other than those disclosed in note 17.

Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2022	2021
	\$	\$
Current payables:		
Director's fees payable	16,500	16,500
Consulting fees payable	-	3,960

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date other than those disclosed in note 17.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2022	2021
	\$	\$
Loss after income tax	(900,215)	(1,488,371)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss	(900,215)	(1,488,371)

Note 21. Parent entity information (continued)

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	2,248,382	2,874,901
Total non-current assets	24,452,117	18,163,677
Total assets	26,700,499	21,038,578
Total current liabilities	117,807	76,549
Total liabilities	117,807	76,549
Net assets	<u>26,582,692</u>	<u>20,962,029</u>
Equity		
Issued capital	64,808,617	58,287,739
Share options reserve	124,496	124,496
Performance rights reserve	2,240,833	2,240,833
Accumulated losses	(40,591,254)	(39,691,039)
Total equity	<u>26,582,692</u>	<u>20,962,029</u>

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2022 and 30 June 2021.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Significant accounting policies

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

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

Note 22. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2022 %	2021 %
Minex (Aust) Pty Ltd	Australia	100%	100%
Minex (West) Pty Ltd	Australia	100%	100%
Mithril Resources Investments Pty Ltd	Australia	100%	100%
Sun Minerals Pty Ltd	Australia	100%	100%
Drummond Gold S.A. de C.V.	Mexico	100%	100%
Carlton Gold S.A. de C.V.	Mexico	100%	100%

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

Note 23. Events after the reporting period

On 18 August 2022, the Group's interest in the Copalquin Gold Silver Project in Durango, Mexico increased to 50% upon satisfied expenditure requirements and the issue of 10,000,000 shares to the owner of the concessions.

No other matters or circumstances have arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 24. Cash flow information

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

	Consolidated	
	2022 \$	2021 \$
Loss after income tax expense for the year	(632,304)	(1,688,618)
Adjustments for:		
Depreciation and amortisation	43,220	21,238
Impairment of non-current assets	-	12,581
Net gain on disposal of exploration assets	(293,079)	-
Share-based payments	-	643,333
Change in operating assets and liabilities:		
Increase in trade and other receivables	1,590	(690,267)
Decrease/(increase) in prepayments	963	(21,065)
Increase/(decrease) in trade and other payables	(66,988)	317,011
Increase/(decrease) in employee benefits	2,821	(40,744)
Net cash used in operating activities	<u>(943,777)</u>	<u>(1,446,531)</u>

Note 25. Earnings per share

	Consolidated	
	2022	2021
	\$	\$
Loss after income tax	<u>(632,304)</u>	<u>(1,688,618)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>2,611,520,712</u>	<u>2,152,958,395</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,611,520,712</u>	<u>2,152,958,395</u>
	Cents	Cents
Basic earnings per share	(0.02)	(0.08)
Diluted earnings per share	(0.02)	(0.08)

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 26. Contingent liabilities

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Note 27. Share-based payments

The Group established the Mithril Resources Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of the Company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options can't be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options issued under the plan.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

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

2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
22/06/2017	22/06/2022	\$0.100	300,000	-	-	(300,000)	-
10/10/2018	10/10/2021	\$0.010	4,000,000	-	-	(4,000,000)	-
			4,300,000	-	-	(4,300,000)	-

The weighted average remaining contractual life of options outstanding at the end of the financial year was nil years (2021: 0.33 years).

Note 27. Share-based payments (continued)

Performance rights granted to directors and key management personnel

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

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

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

Fair value of performance rights granted:

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

For the performance rights granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/11/2020	24/11/2024	\$0.026	\$0.000	95.000%	-	0.37%	\$0.0193

Share-based payments during the year are:

	Consolidated	
	2022	2021
	\$	\$
Performance rights issued to Directors and key management personnel	-	643,333

Note 27. Share-based payments (continued)

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

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

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

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

Mithril Resources Limited
Directors' declaration
30 June 2022

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



John Skeet
Managing Director

30 September 2022

Independent Auditor's Report to the Members of Mithril Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mithril Resources Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report, which indicates that the Company incurred a net loss of \$632,304 (2021: \$1,688,618) and a net cash outflow from operating and investing activities of \$7,035,674 (2021: \$6,302,293) during the year ended 30 June 2022. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Key Audit Matters

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

Advisory. Tax. Audit.

Independent Auditor's Report to the Members of Mithril Resources Limited

Key audit matter

How our audit addressed the key audit matter

Exploration and evaluation assets

Refer to Notes 3 and 11

At 30 June 2022, the carrying value of exploration and evaluation assets was \$25,176,844.

In accordance with *AASB 6 Exploration and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- Obtaining schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date;
- Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- Reviewing the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes;
- Reviewing and considering whether any facts or circumstances existed that suggested impairment was required;
- Assessing the adequacy of the related disclosures in Note 11 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

Independent Auditor's Report to the Members of Mithril Resources Limited

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 23 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Mithril Resources Limited for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 30th day of September 2022

Mithril Resources Limited
Shareholder information
30 June 2022

Details of Shares as at 12 September 2022:

Top Holders

The 20 largest holders of Fully Paid Ordinary Shares as at were:

Name	No. of Shares	%
TRIMIN PTY LTD	221,663,615	7.54
GARRY THOMAS + NANCY-LEE THOMAS <THOMAS FAMILY A/C>	181,081,267	6.16
BODIE INVESTMENTS PTY LTD	132,500,000	4.51
NORTHERN STAR NOMINEES PTY LTD	110,500,000	3.76
THOMAS FAMILY SUPERANNUATION FUND PTY LTD	104,604,006	3.56
MR DUDLEY ROY LEITCH	102,717,862	3.49
MR HALL HERBERT STEWART	99,979,409	3.40
COVENANT HOLDINGS (WA) PTY LTD <THE BOYD NO 3 A/C>	82,700,000	2.81
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	82,385,965	2.80
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	71,032,542	2.42
MR MIGUEL MATAS MARTINEZ	62,000,000	2.11
PIERCE ASIA PTY LTD	23,333,333	0.79
MR BILLY-JOE THOMAS	23,125,280	0.79
CLUB 7 SUPER FUND PTY LTD <CLUB 7 SUPER FUND A/C>	22,000,000	0.75
MR VIRGINIO VIGOLO + MRS SUSAN MICHELLE VIGOLO <VSV FAMILY A/C>	20,128,750	0.68
MR DOMINIC VIRGARA	20,000,000	0.68
MR ADAM CHARLES COLE	18,910,291	0.64
ACCORD MBO PTY LTD <MBO SUPER FUND A/C>	17,490,000	0.59
PENAUSE PTY LTD	17,424,607	0.59
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	16,542,208	0.56
	1,430,119,135	48.64

Distribution Schedules

A distribution of each class of equity security as at 12 September 2022:

Fully Paid Ordinary Shares

Range	Total holders	No. of shares	% Units
100,001 and Over	1,637	2,870,478,492	97.63
10,001 to 100,000	1,447	67,521,951	2.30
5,001 to 10,000	153	1,289,854	0.04
1,001 to 5,000	294	791,450	0.03
1 to 1,000	319	151,294	0.01
	3,850	2,940,233,041	100.00

Unquoted Options

Range	Total holders	No. of Performance Rights	% Units
100,001 and Over	96	174,880,000	99.93
10,001 to 100,000	2	120,000	0.07
5,001 to 10,000	0	0	0.00
1,001 to 5,000	0	0	0.00
1 to 1,000	0	0	0.00
	98	175,000,000	100.00

Substantial shareholders

The names of substantial shareholders and the number of shares to which each substantial shareholder and their associates have a relevant interest are set out below:

Substantial Shareholder	No. of shares	%
Garry Thomas	285,685,273	9.78
Trimin Pty Ltd	224,163,615	7.62

Unmarketable Parcels

Holdings less than a marketable parcel of ordinary shares (being 83,334 at \$0.006 per share as at 12 September 2022):

Fully Paid Ordinary Shares	Holders
Holdings less than a marketable parcel	2,002

Voting Rights

The voting rights attaching to fully paid ordinary shares are:

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

Unquoted Options do not carry any voting rights.

Additional Shareholder Information

The 2022 Annual General Meeting will be held on or about Wednesday, 16 November 2022 at 12.00pm (Melbourne time). Further details relating to the meeting will be advised in the Notice of Meeting to be sent to all Shareholders and released to ASX immediately upon dispatch.

Mithril Resources Limited
Shareholder information
30 June 2022

Tenement information

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:

Concession	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 Gold Silver Project in Durango, Mexico increased to 50% in July 2022. Mithril holds an exclusive option to purchase a 100% interest in the concessions by paying US\$10m on or anytime before 7 August 2026.



ABN 30 099 883 922

Annual Report - 30 June 2021

Mithril Resources Limited

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Mithril Resources Limited
Corporate directory
30 June 2021

Directors	Mr Garry Thomas (Non-Executive Director) Mr John Skeet (Managing Director) Mr Stephen Layton (Non-Executive Director)
Company secretary	Mr Adrien Wing
Registered office	Level 2 480 Collins Street MELBOURNE VIC 3000
Principal place of business	Level 2 480 Collins Street MELBOURNE VIC 3000
Share register	Computershare Investor Services Pty Ltd Level 5, 115 Grenfell Street ADELAIDE SA 5000
Auditor	Nexia Melbourne Audit Pty Ltd Level 12, 31 Queen Street MELBOURNE VIC 3000
Solicitors	Quinert Rodda & Associates Level 6, 400 Collins Street MELBOURNE VIC 3000
Bankers	National Australia Bank 800 Bourke Street MELBOURNE VIC 3008
Stock exchange listing	Mithril Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MTH)
Website	www.mithrilresources.com.au

Mithril Resources Limited
Managing Director's Letter

Dear Fellow Shareholders,

This year Mithril progressed its transformation to an explorer of gold and silver following the previous year's board changes and acquisition of Sun Minerals Pty Ltd. The acquisition and subsequent capital raisings positioned the Company well to embark upon its maiden drill program in the Sierra Madre mountains of Mexico at its Copalquin Mining District project. Mithril's new management rapidly mobilised and commenced the drill program in late July 2020, within two months of completing the transaction, during the wet season and Covid-19 global pandemic. Despite the challenges, the Company committed to successfully executing the drill program, confirming historic drill results and most importantly, confirming the Copalquin District as prospective for high-grade gold and silver resources.

The discovery of the large hydrothermal system at El Refugio has continued to deliver with continuing reportable gold-silver intercepts. High-grade 'ore shoots' or 'clavos' have been discovered, which are typical for these types of epithermal precious metal deposits. The success of 2020's maiden drill program allowed the Company to commit to a maiden JORC resource estimate with the drilling throughout 2021 designed to contribute to its completion in the last quarter of 2021.

Mithril set its goal to prove the Copalquin District and has achieved this with great success in its first year of exploration and I am extremely grateful to our shareholders for their support and we look forward to delivering news of our developments in Mexico over the coming year.

Sincerely,

A handwritten signature in black ink, appearing to read 'John Skeet', with a stylized flourish at the end.

John Skeet
Managing Director and CEO
jskeet@mithrilresources.com.au

Mithril Resources Limited
Directors' report
30 June 2021

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Mithril Resources Limited (referred to hereafter as the 'Company' or 'Parent Entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Information on Directors

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

Name:	John Skeet (Appointed 8 September 2020)
Title:	Chief Executive Officer / Managing Director
Qualifications:	B.App.Sc
Experience and expertise:	Mr. Skeet has over 30 years experience in gold-silver mining, both in management at operations and developing projects in Australia, Republic of Georgia and Mexico. He successfully developed Ballarat East, Quartzite Gold in Georgia, and Palmarejo Silver Gold Mine in Mexico, prior to the Coeur Mining takeover and was COO of Cerro Resources prior to its takeover by Primero Mining. He has 16 years experience in Mexico. He founded Sun Minerals in 2017 and acquired the option to purchase the Copalquin Project in Mexico.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	221,663,615 ordinary shares
Name:	Mr Stephen Layton
Title:	Non-Executive Director
Qualifications:	MSAFAA
Experience and expertise:	Mr Layton has over 35 years' experience in equity capital markets in the UK and Australia. Mr Layton has worked with various stockbroking firms and/or AFSL regulated corporate advisory firms. Mr Layton specialised in capital raising services and opportunities, corporate advisory, facilitation of ASX listings and assisting companies grow.
Other current directorships:	EQ Resources Ltd
Former directorships (last 3 years):	New Age Exploration Ltd (resigned 26 September 2020)
Interests in shares:	115,500,000 ordinary shares
Name:	Mr Garry Thomas (Appointed as Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
Title:	Non-Executive Director
Qualifications:	Assoc. CE
Experience and expertise:	Mr Thomas is a civil engineer with over 35 years' experience in civil construction, mine development and operations. He has been involved in the implementation of mining operations in Australia, Indonesia, Laos, Russia, Zimbabwe, Ghana, Zambia, South Africa, Algeria, Mexico and Mali. He has managed the construction and commissioning of over 20 CIL/CIP, flotation and heap leach plants in Australasia, Russia and Africa as well as many plant upgrades including construction of at Palmarejo, Mexico prior to the Coeur Mining take over. Mr Thomas founded Internet Engineering which he sold to Sedgman Metals.
Other current directorships:	Oakajee Corporation Ltd
Former directorships (last 3 years):	N/A
Interests in shares:	292,685,273 ordinary shares

Mithril Resources Limited
Directors' report
30 June 2021

Name: Mr Adrien Wing (Resigned 15 February 2021)
Title: Non-Executive Director
Qualifications: BA(Acc), CPA
Experience and expertise: Mr Wing is a certified practicing accountant. He previously practiced in the audit and corporate advisory divisions of a chartered accounting firm before working with a number of public companies listed on the ASX as a corporate and accounting consultant and company secretary.

Name: Mr Dudley Leitch (Resigned 7 July 2021)
Title: Non-Executive Director
Qualifications: BSc
Experience and expertise: Mr Leitch is a geologist and mining entrepreneur with over 40 years developing mining projects and running ASX mining/exploration companies with projects in Australia, Mexico, USA. He has previously held directorships in a number of Australian and international mining companies.

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

Principal activities

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

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

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

Dividends

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

Review of operations

The loss for the Group after providing for income tax amounted to \$1,688,618 (30 June 2020: \$3,300,596).

REVIEW OF OPERATIONS

Exploration Highlights

- Commenced and completed the expanded maiden drill program in the Copalquin District, Mexico confirmed historic drill results and located high-grade gold and silver in the district
- Discovery of a major gold-silver mineralised structure at El Refugio
- Commenced second program of drilling at Copalquin with primary focus the El Refugio structure expanding this area sufficiently for a maiden JORC resource estimate (for Q4 2021)
- Extended known high-grade gold and silver mineralisation at La Soledad
- Intercepted high-grade gold and silver structure two kilometres east of El Refugio, at Los Reyes
- Soil sampling and mapping programs, extending the drill target for El Refugio further to the west by 1.3 kilometre



Corporate Highlights

- Mithril raised \$3.5 million in July 2020 to supplement the \$2.46 million raised as part of the Sun Minerals Pty Ltd acquisition in May 2020, being fully funded to execute an expanded maiden drill program at its Copalquin District, Mexico
- In February 2021, Mithril raised \$5 million for its second phase of drilling at Copalquin, Mexico
- The company successfully executed its drilling programs in Mexico during the Covid-19 pandemic
- Board appointments were Garry Thomas as non-executive director and John Skeet as managing director
- Adrien Wing resigned as non-executive director, remaining as company secretary and Dudley Leitch retired from the board as a non-executive director (July 2021)
- Subsequent to the year end, Mithril raised \$3.3 million with funds to be used to continue drilling while completing the maiden JORC resource estimate and progressing study work

Social Responsibility

Mithril's Copalquin District, located in the Sierra Madre mountains in the western most area of Durango State, Mexico is an isolated site currently with mule road and light aircraft access only. There are small settlements throughout the district, with El Limon just outside the south-west corner of the concession area, the largest with about 20 dwellings. In the second half of the nineteenth century, it is reported that the Copalquin settlement was home to over 2,000 inhabitants with its cobblestone street, church and mine buildings. Now there is just one family residing in the Copalquin settlement. Many of the families have been in the district for generations. While there are no records of ejidos (land grants given after the Mexican revolution) or registered communities, the inhabitants have legal possession of the land if fenced and occupied for longer than 10 years. Mithril's (and previously Sun Minerals') approach is to proceed as if the community is registered, with all members having legal possessions of land as we progress future applications for development with the Mexican authorities.

Mithril is the only employer in the Copalquin district and all of our non-professional staff are from within the district. Our people are skilled and hard-working, developed from living in an isolated location. Skills possessed include carpentry, dwelling and road construction, mule handling, farming and mining. Mithril has implemented job specific training and encourages online learning.

During the last quarter of 2021, Mithril is progressing study work on infrastructure enhancements that will be of benefit to both our exploration developments and the local community. Specific future community focused developments are for education, medical, environmental management and communications.



Photo 1: Children from San Antonio, Los Reyes, Copalquin and La Maquina settlements at El Cometa exploration camp, Mexican Independence Day, 16th September 2021. Adults from back left, Project Geologist - Guadalupe García, John Skeet - CEO and Managing Director and front right, Darcy García - Senior Geologist.

Exploration Project – Copalquin Gold-Silver District, Durango State, Mexico

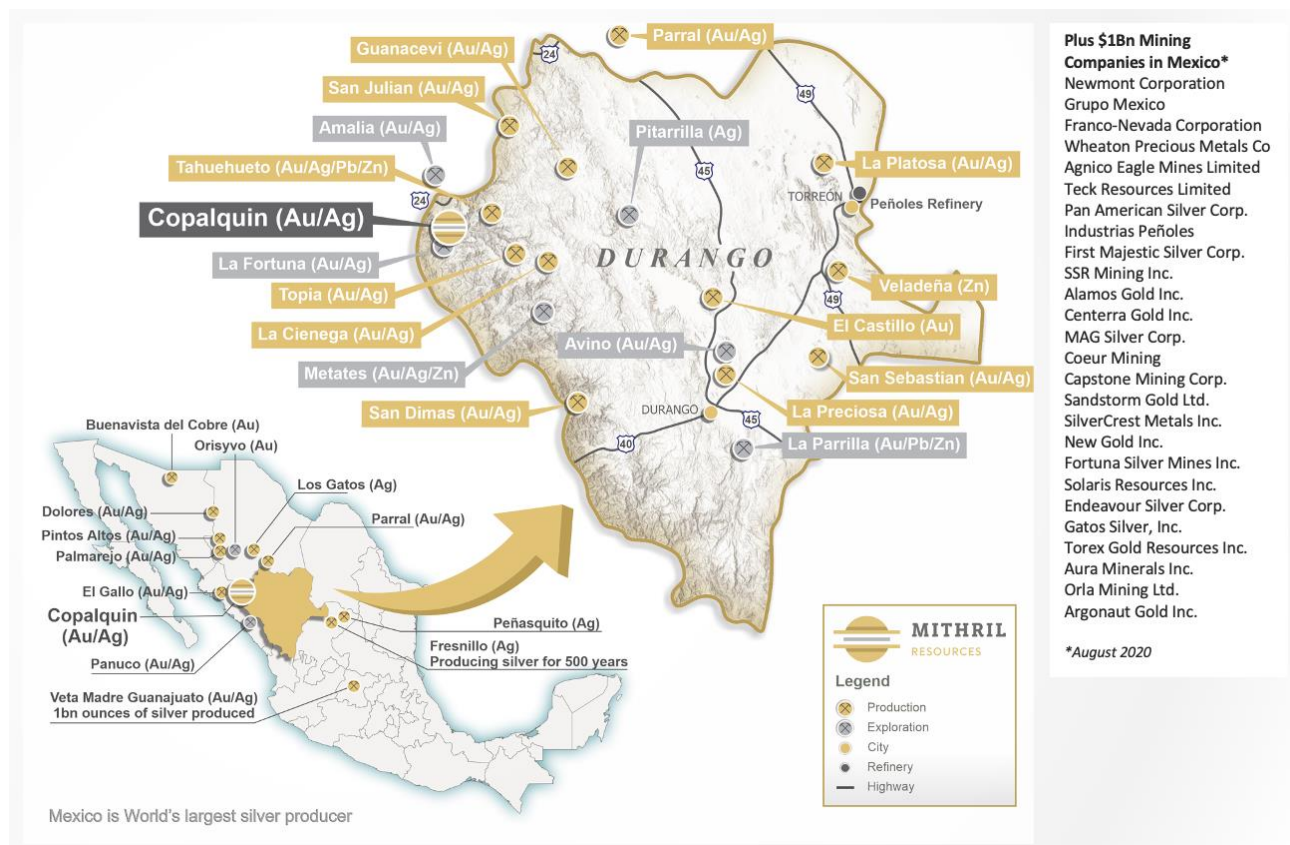


Figure 1 Copalquin District location map with locations of mining and exploration activity within the state of Durango.

Following on from the successful acquisition of Sun Minerals Pty Ltd in May 2020 for its option to acquire 100% of the Copalquin gold-silver district concessions in Mexico, Mithril commenced its maiden drill program at Copalquin in late July 2020. The maiden drill program and the continued drilling throughout 2021, confirmed the previous historic drill results and, most importantly, have led to a significant discovery at El Refugio. El Refugio has been the focus of drilling throughout 2021 with high-grade gold and silver mineralisation consistently intercepted as we have sought to test the mineralised extents in this part of the district.

With the success at El Refugio, work on a maiden JORC resource estimate is in progress and on schedule for completion during the final quarter of 2021.

Mapping and soil sampling in the district has continued to expand the potential for gold and silver mineralisation in addition to the dozens of historic mines and workings throughout the Copalquin District.

Drilling Highlights in the Copalquin District

El Refugio

- Drilling in the Copalquin gold-silver district has expanded known mineralisation at El Refugio to 700m long x 350m deep
- Discovery of the '77 clavo' at El Refugio with bonanza grade intercept:
 - 8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m (CDH-077), including

6.26m @ 106 g/t gold, 913 g/t silver from 468.34m, including
0.77m @ 837 g/t gold, 6,680 g/t silver from 471.63m

- **High-grade gold-silver confirmed deep in the El Refugio structure proximal to the bonanza intercept of CDH-077 (8.26m @ 80.3g/t gold, 705g/t silver from 468.34m) with:**
 - **8.85m @ 7.2 g/t gold, 335 g/t silver** from 312.15m (CDH-084), including
2.50m @ 18.22 g/t gold, 583 g/t silver from 317.0m, plus
2.10m @ 2.05 g/t gold, 73.6 g/t silver from 324.9m, plus
1.00m @ 1.16 g/t gold, 36.0 g/t silver from 394.0m
- **Continued expansion of the El Refugio 'clavo' (4.17m @ 62.0 g/t gold and 445 g/t silver from 233.43m CDH-050) with multiple high-grade intercepts including:**
 - **2.70m @ 13.8 g/t gold, 82.9 g/t silver** from 300.3m (CDH-075), plus
4.25m @ 10.9 g/t gold, 364 g/t silver from 307.05m,
 - **8.00m @ 5.32 g/t gold, 104.63 g/t silver** from 289.3m (CDH-063)
 - **4.82m @ 4.12 g/t gold, 107.13 g/t silver** from 259.7m (CDH-062)
 - **7.60m @ 2.34 g/t gold, 143.6 g/t silver** from 253.25m (CDH-069)
- **High-grade intercepts in CDH-079 and CDH-080 extending the El Refugio high-grade gold-silver 'clavo' 80m further east:**
 - **12.2m @ 7.6 g/t gold, 332 g/t silver** from 86.6m (CDH-079), including
4.00m @ 18.3 g/t gold, 829 g/t silver from 89.8m
 - **6.11m @ 5.08 g/t gold, 197 g/t silver** from 112.19m (CDH-080), including
2.00m @ 9.39 g/t gold, 716 g/t silver from 116.19m
- **Westerly expansion at El Refugio with:**
 - **26.78m @ 2.26 g/t gold, 25.1 g/t silver** from 143.22m (CDH-066)
 - **4.61m @ 1.87 g/t gold, 89.3 g/t silver** from 155.84m (CDH-068), plus
0.77m @ 4.00 g/t gold, 37.0 g/t silver from 176.41m, plus
0.90m @ 0.59 g/t gold, 38.0 g/t silver from 193.38m

El Cometa

Located along strike to the east of El Refugio, El Cometa consists of parallel veins with instances of tensional dilation structures that host very high-grade gold and silver mineralisation.

- **Confirmatory El Cometa bonanza grades with twin of historic drill hole:**
 - **6.8m @ 74 g/t gold, 841 g/t silver** from 35.2m, including (CDH-072),
2.1m @ 235 g/t gold, 2,554 g/t silver from 37.9m
- **Shallow drill holes at the El Cometa target towards the El Refugio target**
 - **14.85m @ 0.85 g/t gold and 47.9 g/t silver** from 82.10m (CDH-034), including
1.3m @ 5.07 g/t gold and 308.9 g/t silver from 82.85m
 - **9.78m @ 0.85 g/t gold and 13.3 g/t silver** from 78.75m (CDH-032)
- **Shallow drilling perpendicular to the historic drilling at the El Cometa target has intercepted the structure near surface with continuity along strike for almost 300m;**
 - **11.7m @ 1.16 g/t gold and 70.0 g/t silver** from 10.9m (CDH-027), including
1.0m @ 7.17 g/t gold and 236.0 g/t silver from 15.0m
 - **2.9m @ 1.93 g/t gold and 215.7 g/t silver** from 29.6m (CDH-029)
 - **5.28m @ 0.39 g/t gold and 25.56 g/t silver** from 35.72m (CDH-031)
 - **10.15m @ 0.55 g/t gold and 15.47 g/t silver** from 42.0m (CDH-035), including
1.0m @ 3.75 g/t gold and 69.6 g/t silver from 42.0m

La Soledad

- **Drilling at La Soledad 600 metres north east of El Refugio commenced in July 2020 with a follow up hole in February 2021. A very high-grade vein system for further drilling:**
 - **3m @ 34.72 g/t gold and 3,129.0 g/t silver** from 112.0m (CDH-001), including **1m @ 88.4 g/t gold and 6,750.0 g/t silver** from 114.0m
 - **4.55m @ 5.64 g/t gold and 325.0 g/t silver** from 91.95m (CDH-002), including **1.5m @ 9.82 g/t gold and 574.0 g/t silver** from 95.0m, plus **0.5m @ 9.27 g/t gold and 825.0 g/t silver** from 141.2m
 - **7.50m @ 6.74 g/t gold and 158.1 g/t silver** from 253.8m (CDH-014), Including **3.45m @ 11.52 g/t gold and 244.1 g/t silver** from 253.8m
 - **4.88m @ 10.36 g/t gold and 80.9 g/t silver** from 288.25m (CDH-054)

Los Reyes

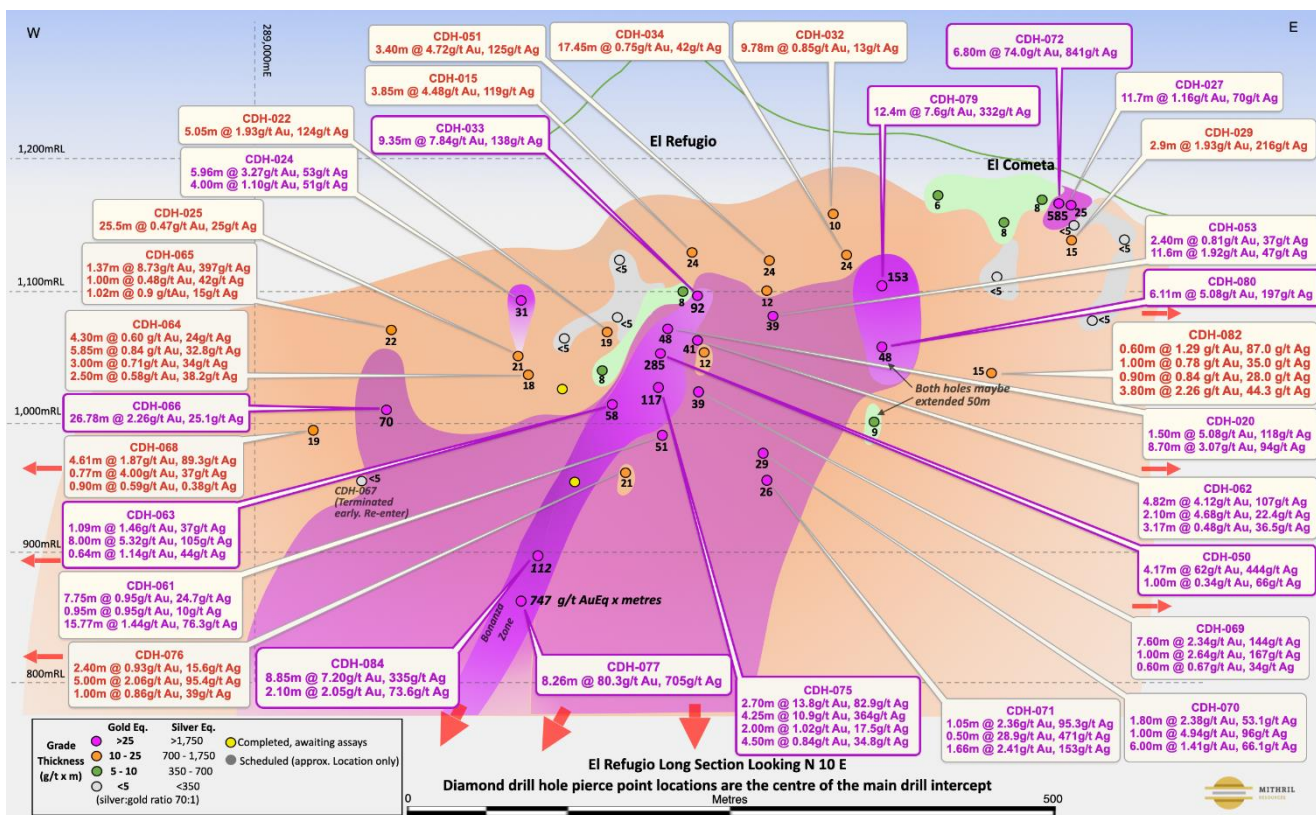
- **High-grade gold and silver results received in first drill holes at Los Reyes target. The intercepts are in the same low-angle structural zone that extends 1.5 km west to El Cometa. The structural zone with mineralised veins occurs up to 20m wide at Los Reyes:**
 - **2.22m @ 32.35 g/t gold and 184.8 g/t silver** from 91.55m (CDH-040), including
 - **1.22m @ 58.6 g/t gold and 203 g/t silver** from 92.55m, plus **0.70m @ 9.3 g/t gold and 125 g/t silver** from 75.9m, plus **1.20m @ 2.05 g/t gold and 85 g/t silver** from 84.82m
 - **3.0m @ 2.86 g/t gold and 83.8 g/t silver** from 103m (CDH-041), including
 - **0.6m @ 9.79 g/t gold and 165.0 g/t silver** from 103.7m
- **Soil sampling and mapping, expanding the El Refugio structure a further 1.3 km west**
- **Maiden JORC gold and silver resource estimate for El Refugio on track for Q4 2021**
- **Drill core samples selected for metallurgical test work**

EL REFUGIO, COPALQUIN DISTRICT, MEXICO

Post the end of the reporting year, Mithril released assay results in July 2021 for three drill holes CDH-075, CDH-076 and CDH-077 drilled during the June quarter, continuing to expand the El Refugio structure down dip with high-grade and bonanza grade gold-silver intercepts. Hole CDH-077 was designed to test the depth extents of the high-grade clavo and, in particular to test the zone predicted by the geologic model to be a bonanza zone at El Refugio. Drill hole CDH-077 successfully intercepted extremely high-grade gold and silver within a broad intercept of **8.26 metres at 80.3 g/t gold and 705 g/t silver from 468.34 metres** down hole. Further drilling commencing in July 2021 is designed to expand and further test the CDH-077 intercept.

Further assay results for two drill holes received in August 2021 expanded the El Refugio structure to the east with high-grade gold-silver intercepts. Holes CDH-079 and CDH-080 were designed to test the eastern extents of the high-grade 'clavo' with the aim of providing infill data in this area for the maiden resource estimate work. Drill hole CDH-079 intercepted high-grade gold and silver with **12.4 metres at 7.60 g/t gold and 332 g/t silver from 86.6 metres** down hole. Drill hole CDH-080 was drilled further down dip and intercepted **6.11 metres at 5.08 g/t gold and 197 g/t silver from 112.19 metres** down hole.

In September 2021 it was reported that deep drilling at El Refugio has again returned an excellent gold-silver intercept with **8.85m @ 7.2 g/t gold, 335 g/t silver** from 312.15m (CDH-084), including **2.50m @ 18.22 g/t gold, 583 g/t silver** from 317.0m, plus **2.10m @ 2.05 g/t gold, 73.6 g/t silver** from 324.9m, plus **1.00m @ 1.16 g/t gold, 36.0 g/t silver** from 394.0m



outside of the main El Refugio structure (Figure 8).

Figure 2: Long section for the El Refugio target in the Copalquin district showing drill hole pierce points. Grade thickness as shown is the sum of all intercepts shown for each hole, pierce points are the midpoint of the main intercept. Metal equivalent grades calculated using 70 g/t Ag = 1 g/t Au, based on gold price of USD1,610 per ounce and silver price of USD23 per ounce.

HISTORIC BONANZA GRADES CONFIRMED AT EL COMETA

In mid-June 2021, the Company reported bonanza grades at El Cometa and the continued expansion of the El Refugio structure.

Hole CDH-072 is Mithril's follow up test of the Cometa portion of the Refugio to Los Reyes structural zone. The first pass drilling (CDH-026 – CDH-031) was oriented perpendicular to the main structural zone and did not intercept the historically reported high grade gold mineralisation found in UC Resources hole UC-003. After further detailed geologic mapping, it is postulated that there are a series of N – S tension gashes or dilatant fractures that were favourable for the deposition of bonanza grade gold. Drill hole CDH-072 intercepted **6.8m @ 74 g/t gold, 841 g/t silver** from 35.2m (twin of historic UC-03), including **2.1m @ 235 g/t gold, 2,554 g/t silver** from 37.9m. Follow up drilling in this area will include (20m) step out drilling to locate the fractures.

confirming the high-grade mineralisation over 100m down dip in the structure. The intercept is proximal to the bonanza grade intercept of CDH-077, which is currently interpreted as being

EXTENSIVE GOLD-SILVER CONFIRMED AT EL REFUGIO WEST

In mid-May 2021, the Company announced drill results, testing the westerly extensions of El Refugio.

The first holes drilled west along the main El Refugio discovery intercepted multiple gold-silver veins within the broad El Refugio structure. These first holes reported confirmed the structure to continue 180 metres further west. Further drilling in this area will target the structure deeper and continue to test for continuation along strike.

Hole CDH-064 intercepted multiple veins down dip of holes CDH-024 and 025 within a broadening mineralised structure. This will continue to be developed at depth.

CDH-064 – 4.30m @ 0.60 g/t gold, 24 g/t silver from 165m, plus **5.85m @ 0.84 g/t gold, 32.8 g/t silver** from 175.2m, plus **3.00m @ 0.71 g/t gold, 34 g/t silver** from 201m, plus **2.5m @ 0.58 g/t gold, 38.2 g/t silver** from 226.5m.

Holes CDH-065 and CDH-066 have stepped out along strike 100m to the west and have successfully intercepted the top of the El Refugio structure. Future drilling in this area will target and develop the structure deeper.

CDH-065 – 1.37m @ 8.73 g/t gold, 397 g/t silver from 186.3m, plus **1.00m @ 0.48 g/t gold, 42 g/t silver** from 119.8m, plus **1.02m @ 0.90 g/t gold, 15 g/t silver** from 111.68m.

CDH-066 – 26.78m @ 2.26 g/t gold, 25.1 g/t silver from 143.22m, including **1.71m @ 5.23 g/t gold, 160 g/t silver** from 145.44m, and **2.00m @ 15.6 g/t gold, 35 g/t silver** from 159.0m, and **1.22m @ 5.87 g/t gold, 5.5 g/t silver** from 164.58m.

CDH-067 – drilled down dip of hole CDH-066, stopped in stockwork zone before reaching the target due to swelling clay. 1.00m @ 1.17 g/t gold, 41 g/t silver from 189.9m, and **0.71m @ 0.77 g/t gold, 23 g/t silver** from 195.95m. To be re-entered and completed later in program.

CDH-068 was drilled a further 80m to the west of hole CDH-066 and intercepted the Refugio structure with **4.61m @ 1.87 g/t gold, 89.3 g/t silver** from 155.84m, plus **0.77m @ 4.00 g/t gold, 37.0 g/t silver** from 176.41m, plus **0.90m @ 0.59 g/t gold, 38.0 g/t silver** from 193.38m

CONTINUED EXPANSION OF EL REFUGIO DOWN DIP

CDH-069 is a deeper hole on the same section as CDH-062 (Figure 5) intercepting the veins 70 metres down dip in central part of the current El Refugio drill area with the assays showing the continued width and depth progression of this high-grade mineralised zone within the structure. **7.60m @ 2.34 g/t gold, 143.6 g/t silver** from 253.25m, plus **1.00m @ 2.64 g/t gold, 167.0 g/t silver** from 266.35m.

Drill holes aggressively stepped down dip of hole CDH-053 on the eastern side of the El Refugio clavo have extended the veins deeper by 50 metres (CDH-070) and 100 metres (CDH-071) as shown in Figure 4 with **6.00m @ 1.41 g/t gold, 66 g/t silver** from 240m (CDH-070), including **0.50m @ 9.53 g/t gold, 613 g/t silver** from 240m, plus **1.00m @ 4.94 g/t gold, 96.0 g/t silver** from 235.87m, plus **1.80m @ 2.38 g/t gold, 53.1 g/t silver** from 157.55m. CDH-071 intercepted **5.00m @ 2.36 g/t gold, 95.3 g/t silver** from 186m (CDH-071), plus **0.50m @ 28.9 g/t gold, 471 g/t silver** from 222.77m, plus **1.66m @ 2.41 g/t gold, 152.8 g/t silver** from 235.87m.

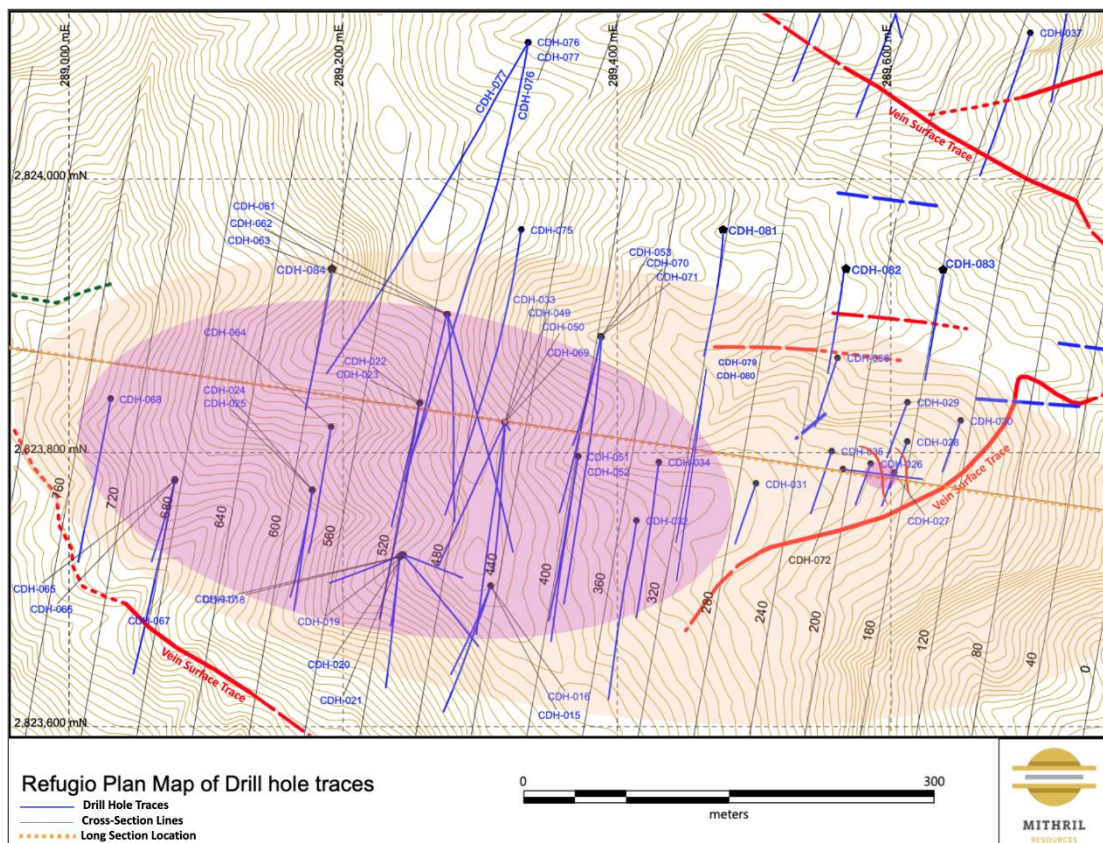


Figure 3: Map view of the El Cometa/El Refugio drilling showing the drill traces and the drill intercepts covered in this release. Long section indicated by orange dotted line shown in Figure 2

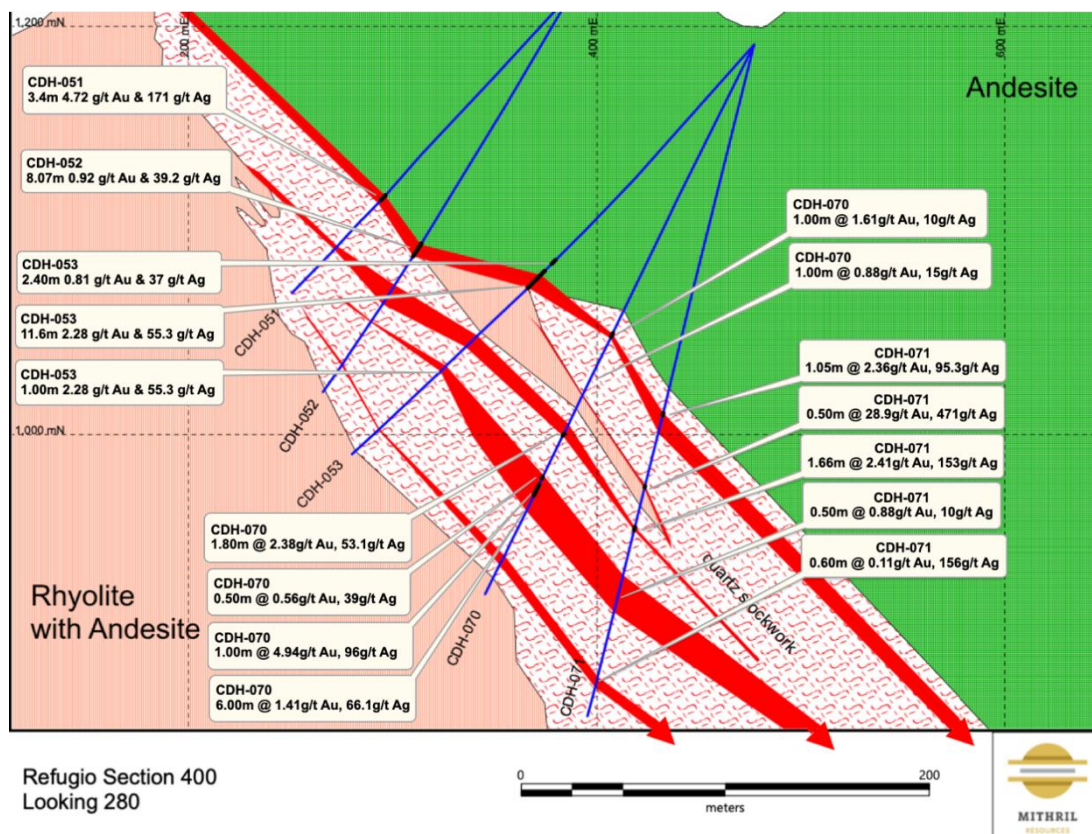


Figure 4: El Refugio cross section 400 showing the down dip extension holes CDH-070 and CDH-071.

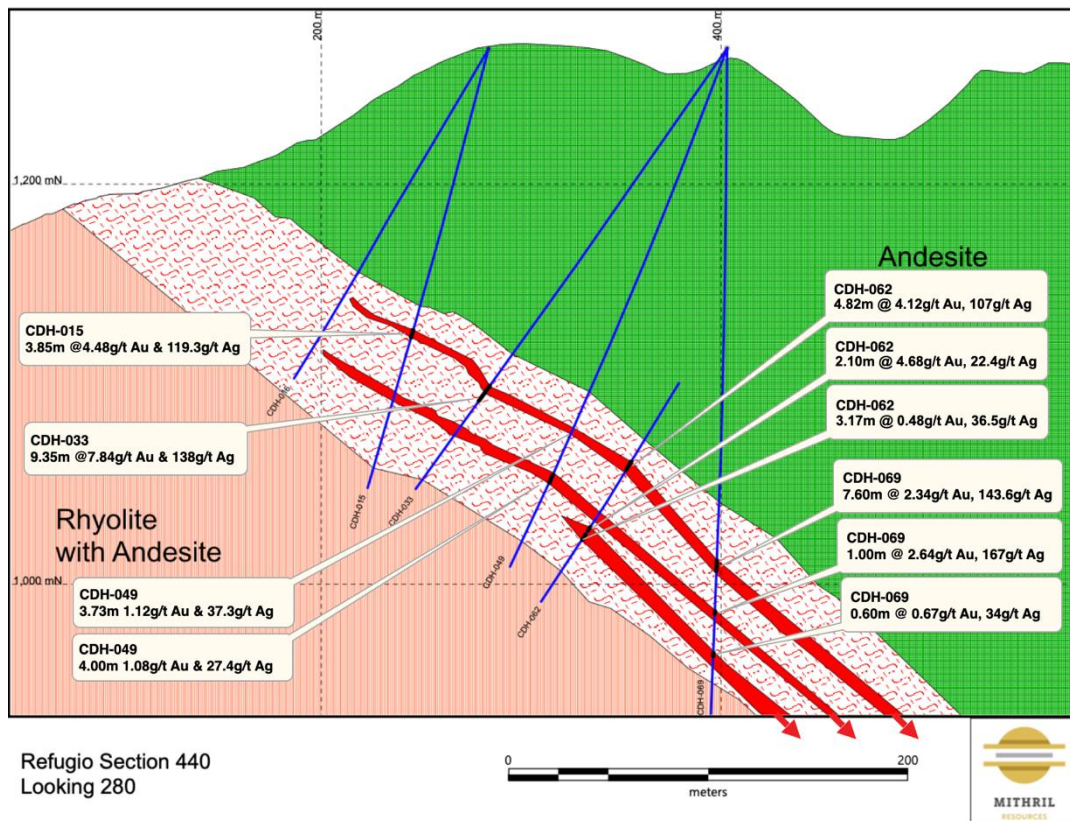


Figure 5: El Refugio cross section 440 showing the down dip extension of hole CDH-069.

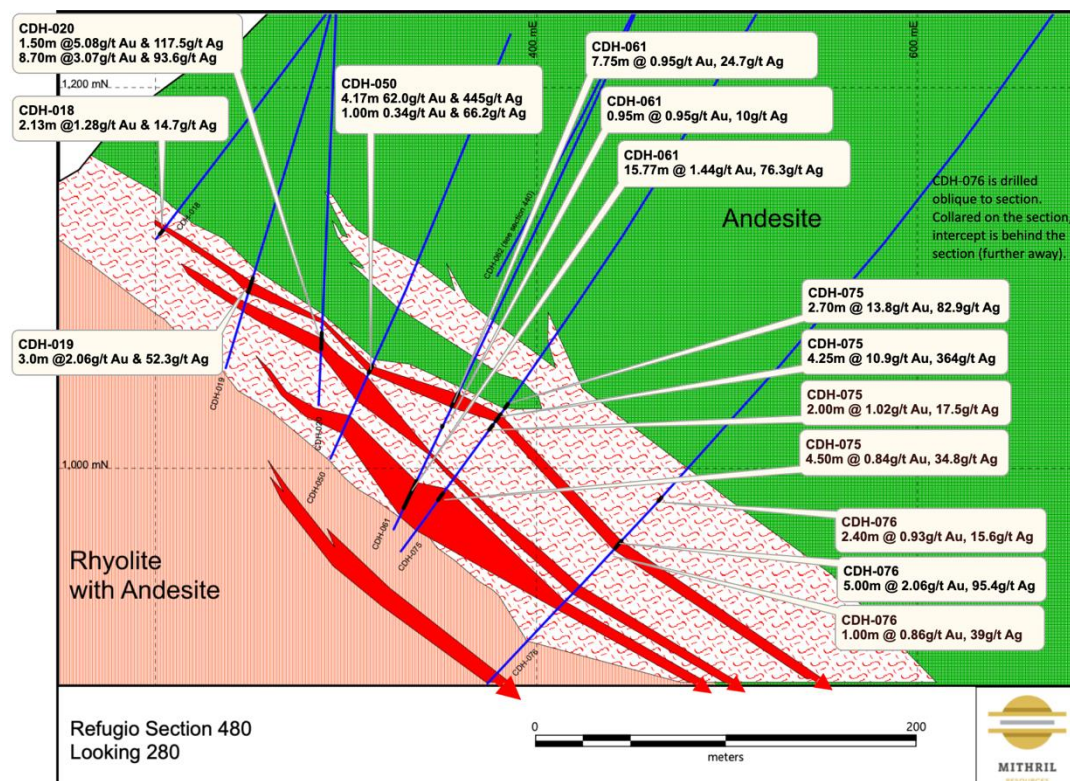


Figure 6: El Refugio cross section 480 showing intercepts for drill holes CDH-075 & 076. Note: CDH-076 collared on this section 480, intercept is behind (further away).

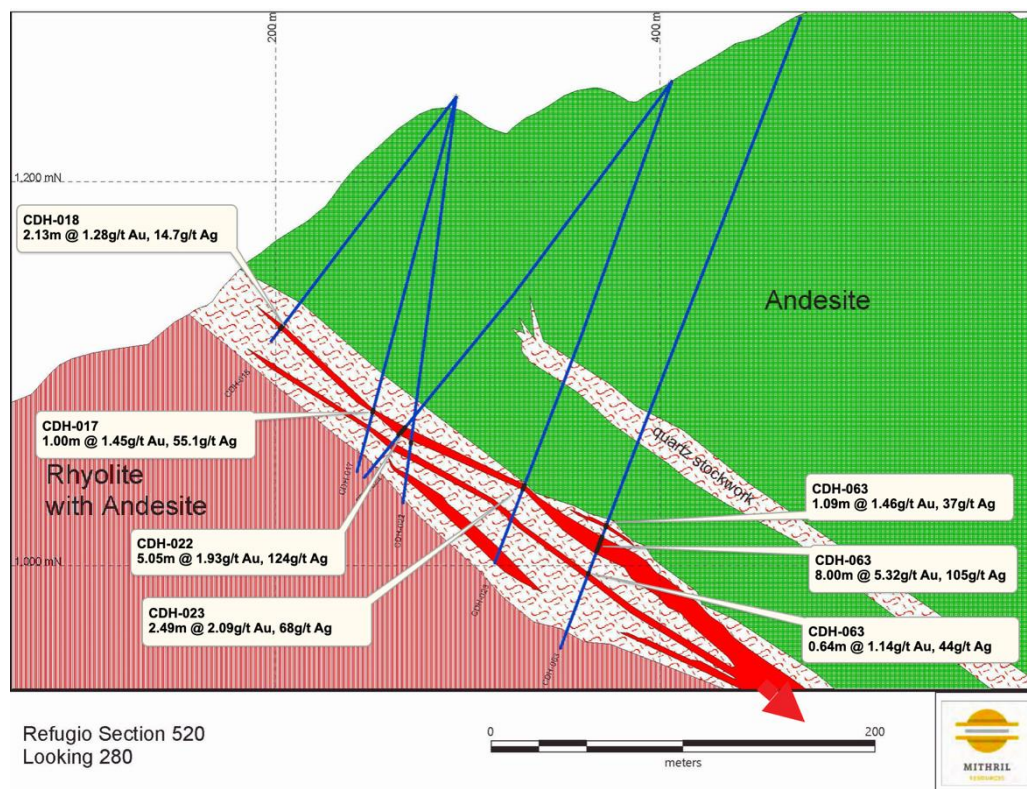


Figure 7: El Refugio cross section 520 showing the down dip extension holes CDH-063.

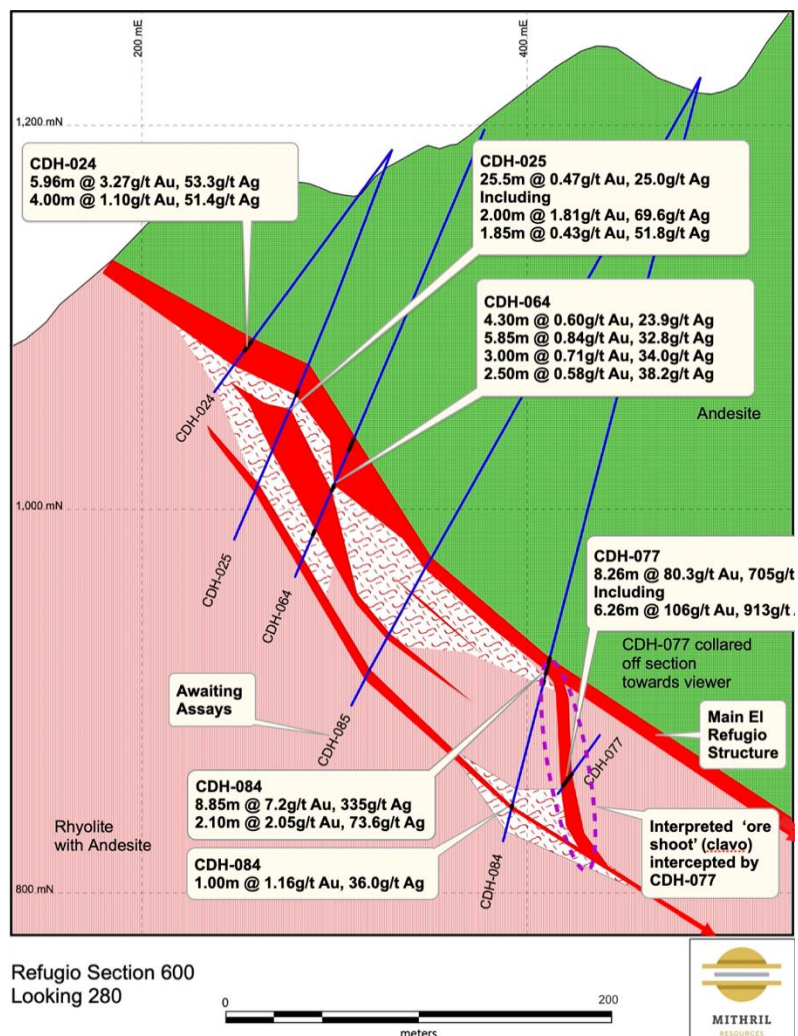


Figure 8: El Refugio cross section 600 showing drill hole CDH-077 intercept reaching the bonanza zone as per the geologic model shown in Figure 26.

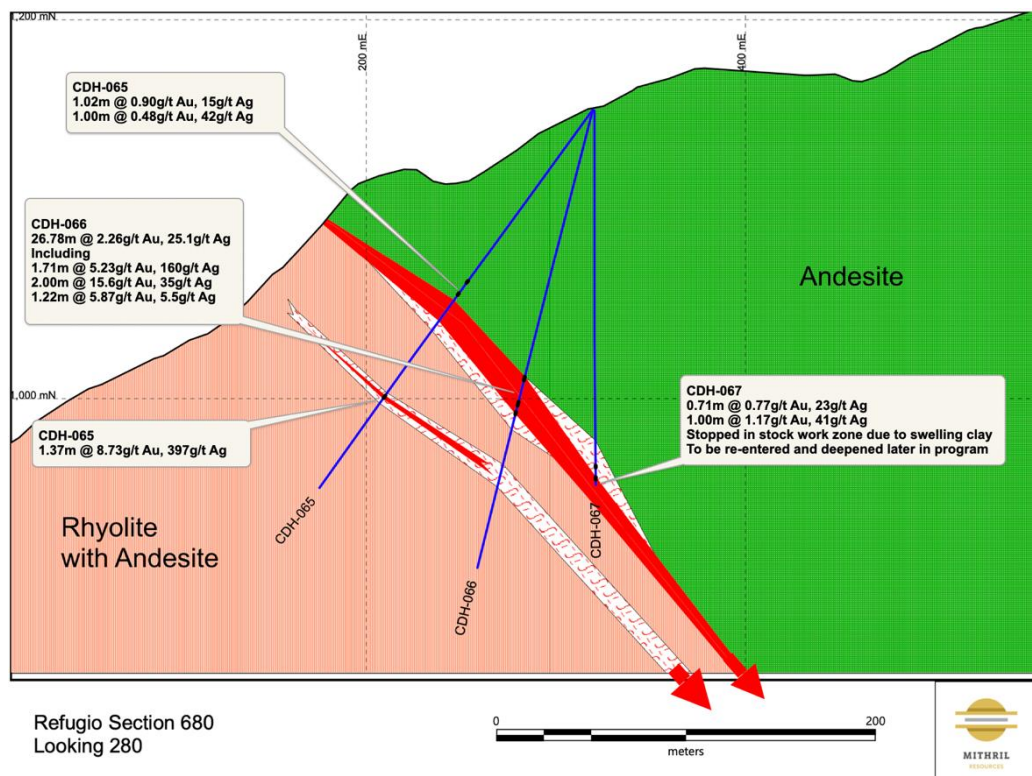


Figure 9: El Refugio cross section 680 showing the first western strike extension holes CDH-065, CDH-066 and CDH-067.

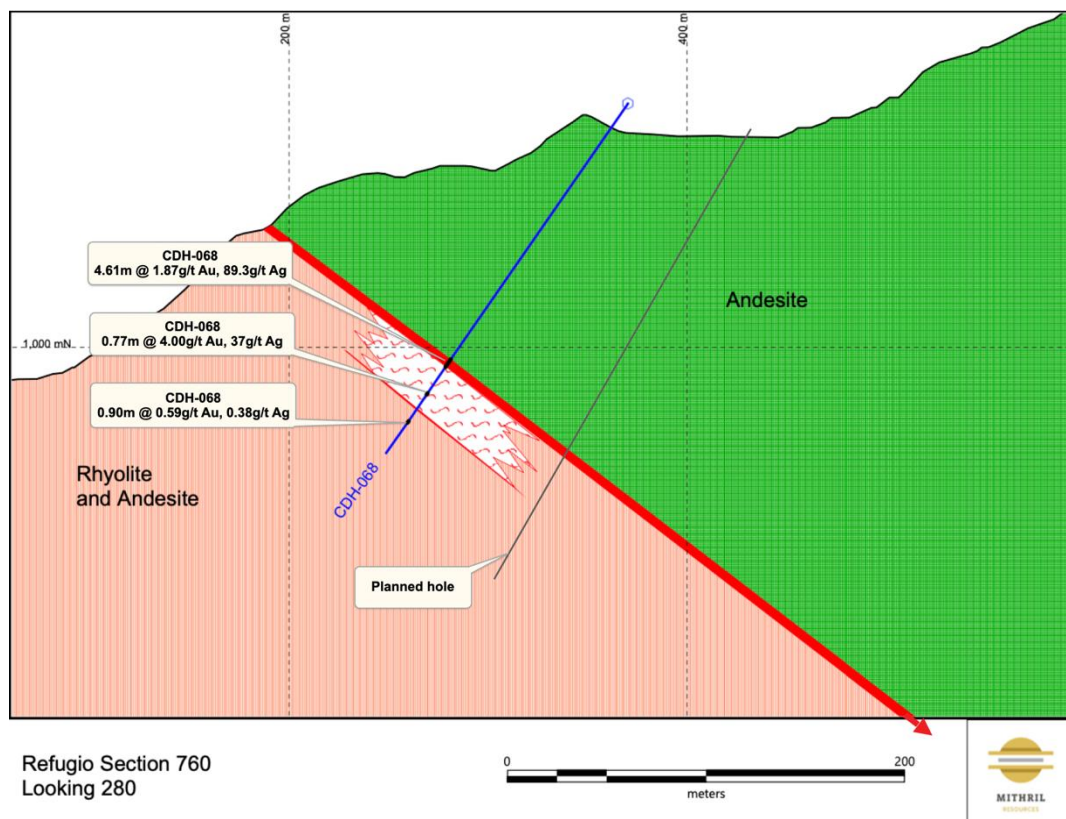


Figure 10: El Refugio cross section 760 showing the most westerly intercept to date with hole CDH-068 with future down dip holes planned.

Drill Core Photos from holes CDH-072, 075, 076 and 077 with Visible Gold, Copalquin District



Figure 11: Two halves of cut NQ size core from hole CDH-077 472.1-472.3 metres with abundant visible gold

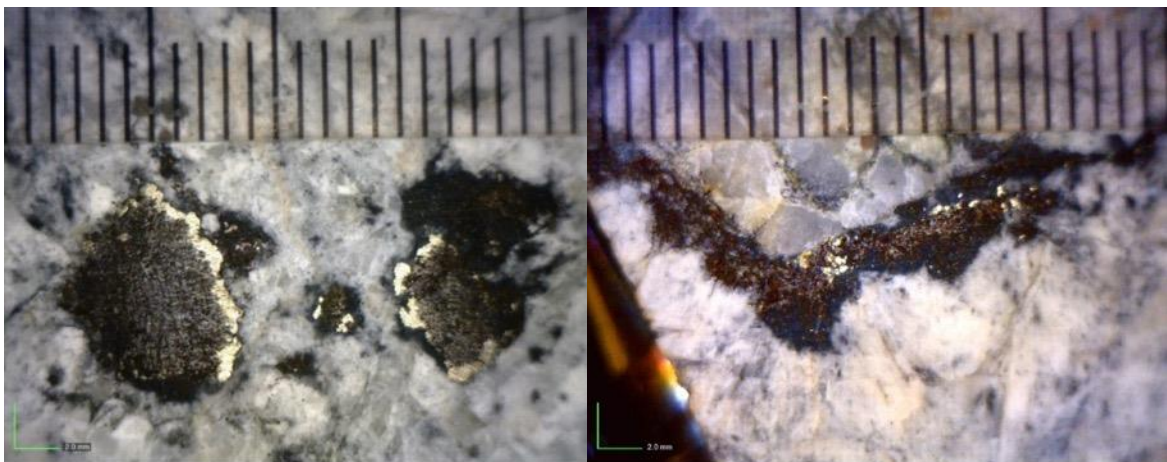


Figure 12a and b: mm wide rims of free gold surrounding fine aggregates of pyrite plus gold, plus silver sulphides 472.2 m CDH-077

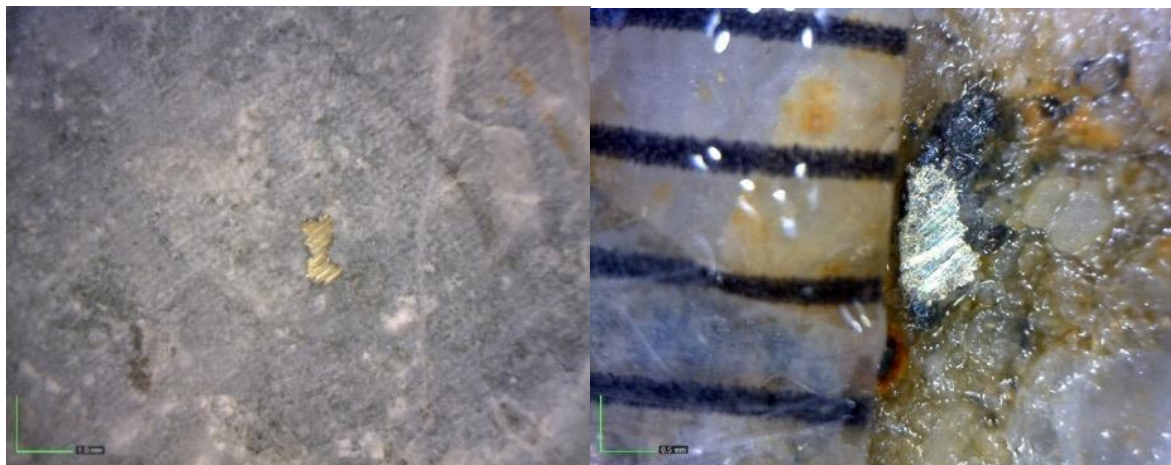


Figure 13: Glint of gold in CDH-076 at 376.2m

Figure 14: Glint of gold in CDH-072 at 38.0m (ASX Release 15/6/2021)

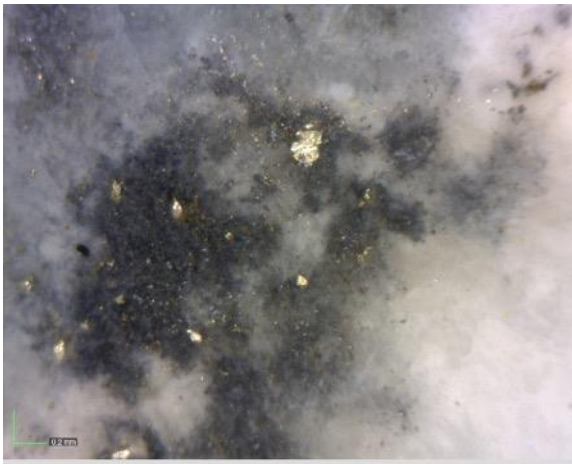


Figure 15: CDH-075 at 301.5m @ 150 X gold w/ginguro.



Figure 16: CDH-075 at 301.5m @ 100 X. gold w/ginguro

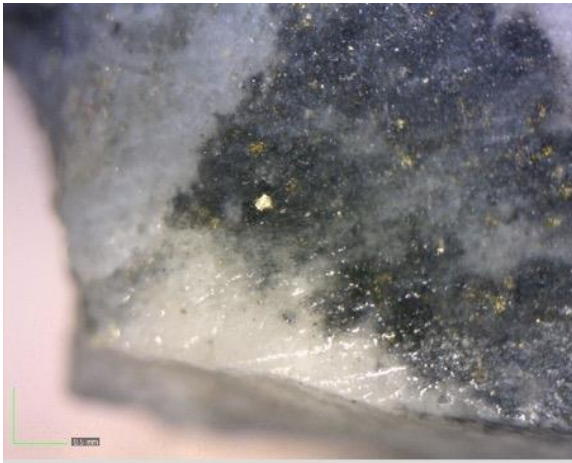


Figure 17: CDH-075 at 301.90m @ 100 X gold w/ginguro.

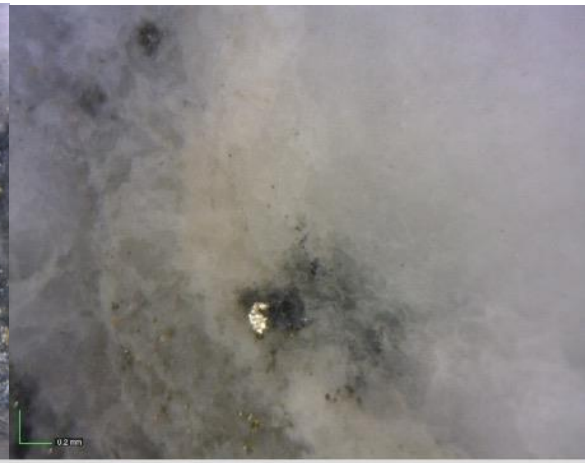


Figure 18: CDH-075 at 301.95m @ 150 X gold w/ginguro.

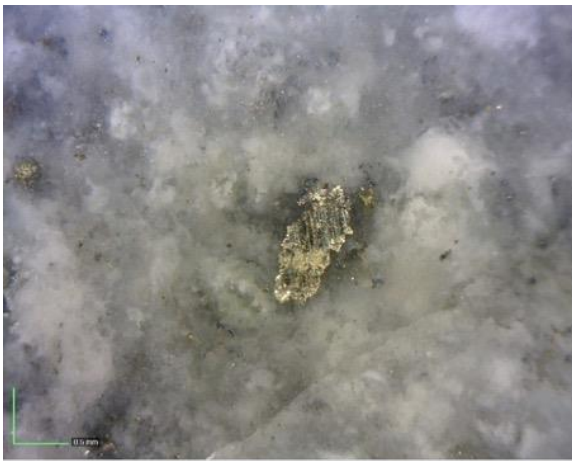


Figure 19: CDH-075 at 307.6m @ 100 X free gold.

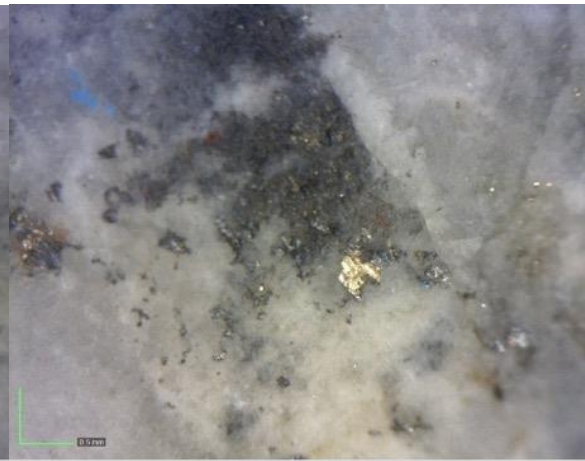


Figure 20: CDH-075 @ 310.15m @ 150 X gold w/ginguro.

Preliminary Concept for Mine Access – El Refugio

Deep high-grade intercepts such as in holes CDH-061, CDH-071 and CDH-077 bring mineralisation closer to potential access from a site with favourable logistics, taking advantage of the local topography. The CDH-077 'bonanza zone' can be reached by an exploration drift (adit) of approximately 750 metres long. Such a drift would allow access for the close-spaced sampling that will be necessary to bring the bonanza grade zone into higher confidence resource categories.

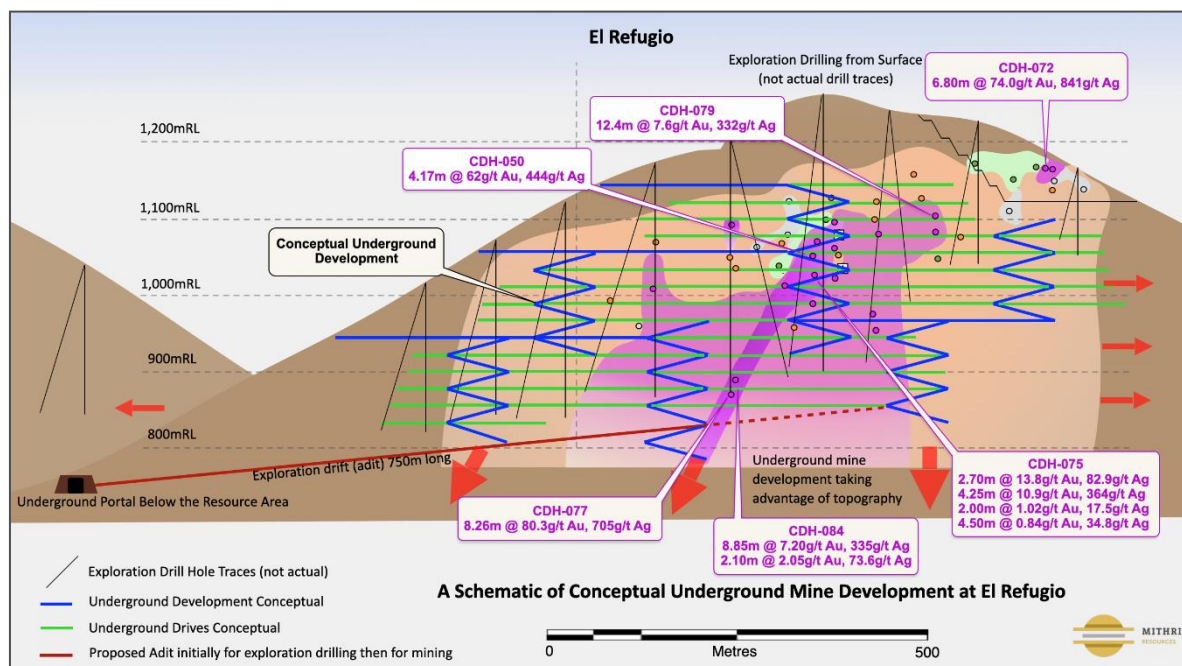


Figure 21: Schematic showing an underground mine access concept for the El Refugio gold-silver deposit, Copalquin District, Mexico.

Soils Sampling Program – El Refugio West

A sampling program over the Refugio West target was completed during the dry months of 2021 (Jan-May) with 240 samples collected from five sample grids of 48 samples each. This sampling program tests the hypothesis that the mapped structures to the west of Refugio are likely to be gold-bearing veins. Results from this program have extended the target zone for drilling a full 1,300 meters west from the currently westernmost drill holes.

Observations in the field include zones of quartz stockwork, large areas of clay alteration and the presence of rhyolite dikes and domes which are associated with mineralisation in the main Refugio target-area.

A map of the soil grids is shown below in Figure 22 with quartz-bearing structures shown in red.

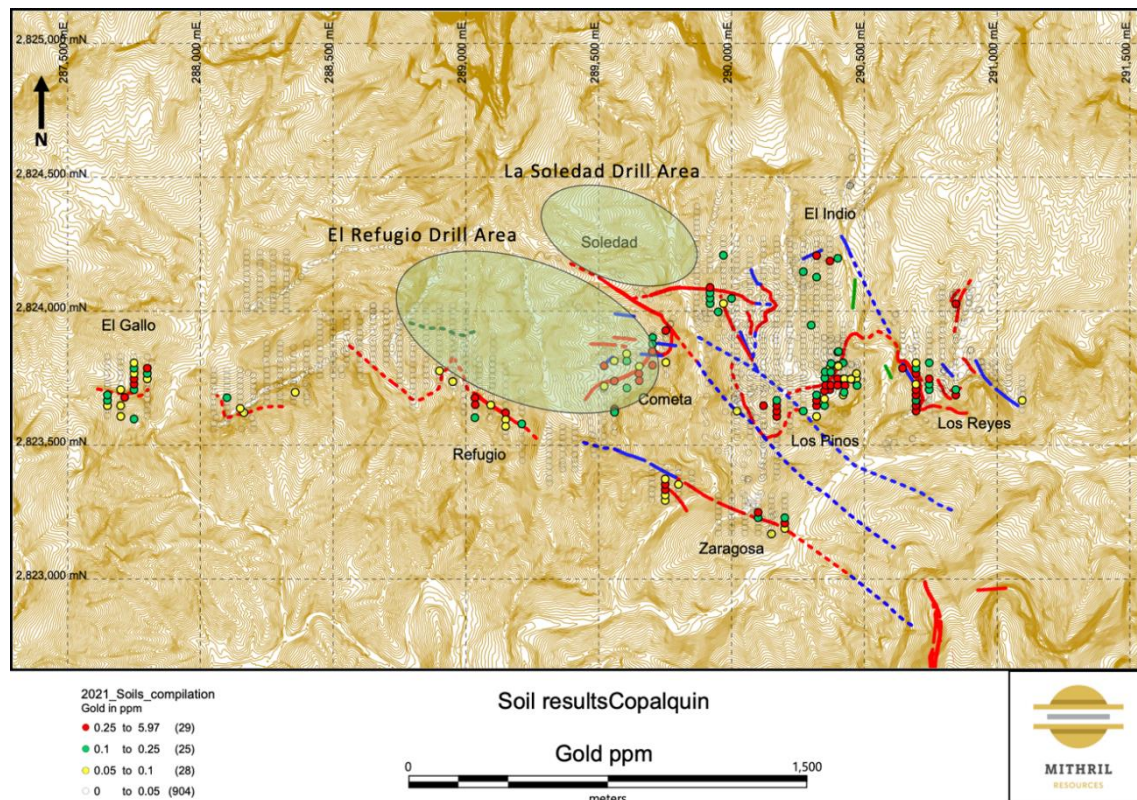


Figure 22: Soil sampling program results and planned sampling grids. Geochemical gold levels in soils determined by fire assay.

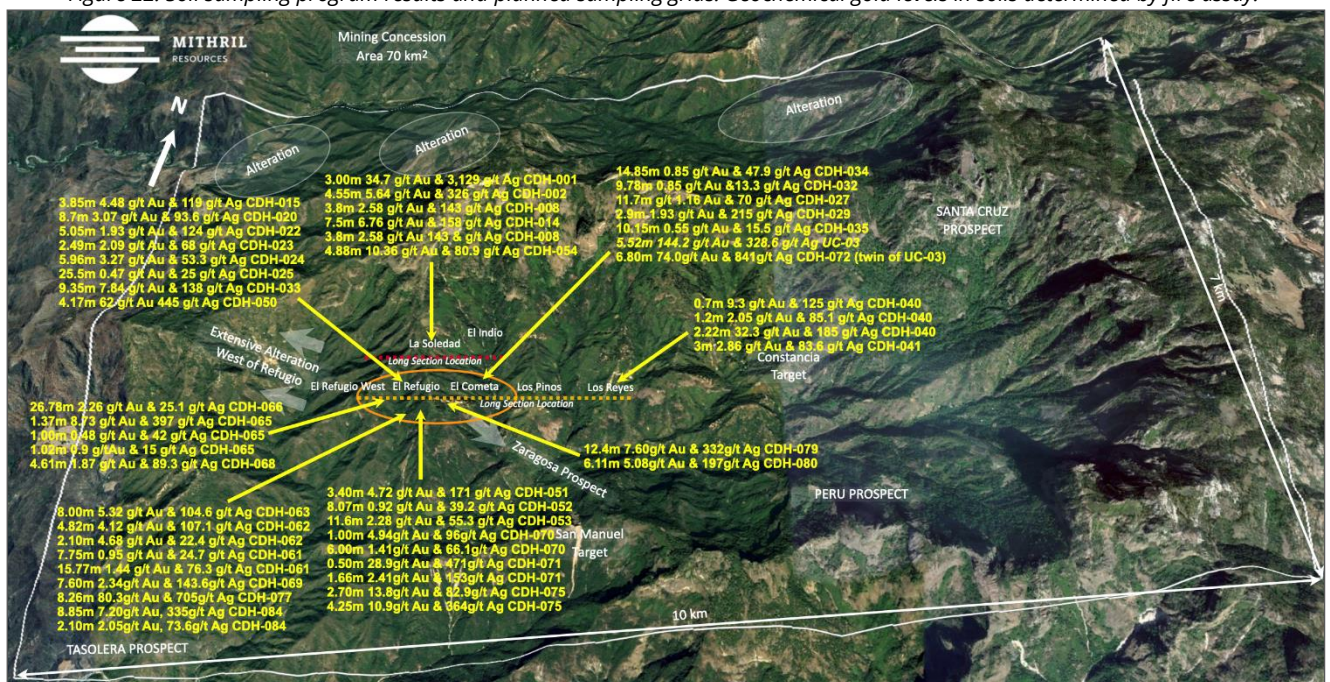


Figure 23: Western part of the Copalquin District with the schematic long section in Figure 24 below, shown by the orange dashed line and the schematic long section in Figure 25 by the red dashed line.

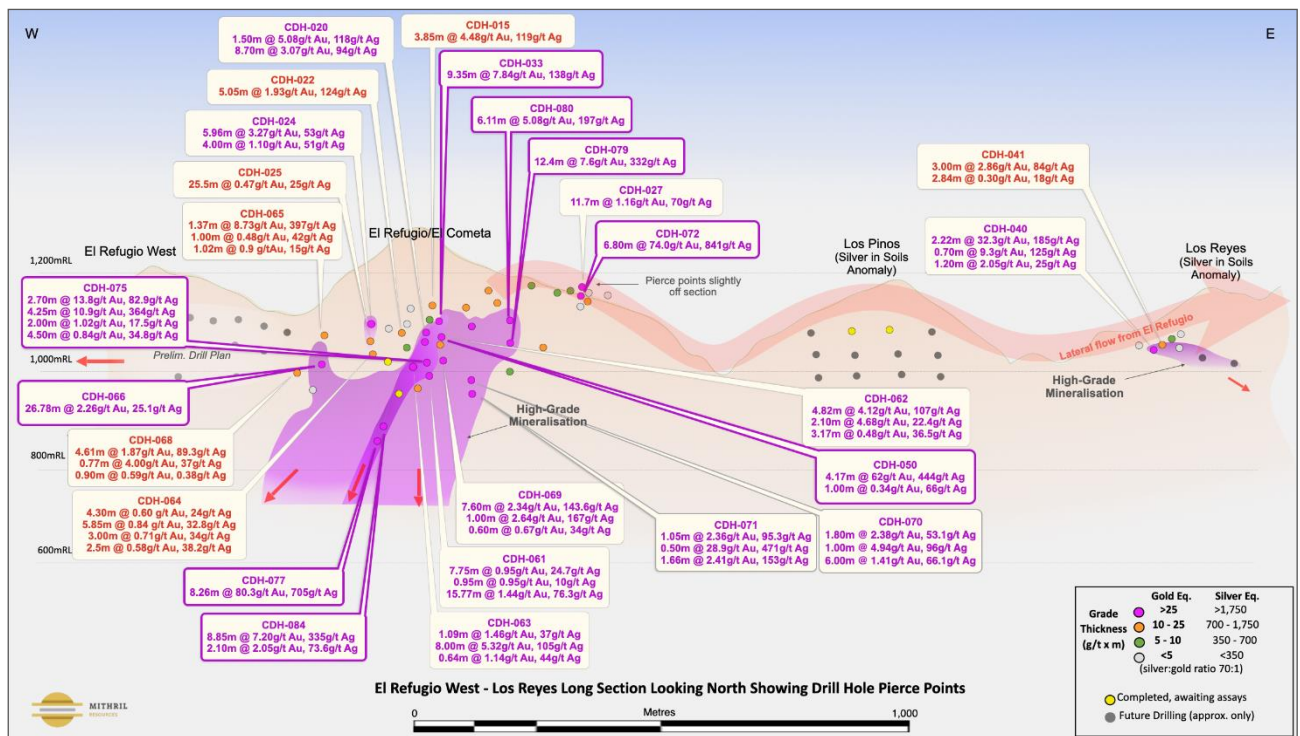


Figure 24: Schematic Long section Refugio West-Los Reyes with drill hole pierce point for holes completed to date plus conceptual planned resource development holes in turquoise and exploration holes shown in grey. Metal equivalent grades calculated using 70 g/t Ag = 1 g/t Au, based on gold price of USD1,610 per ounce and silver price of USD23 per ounce.

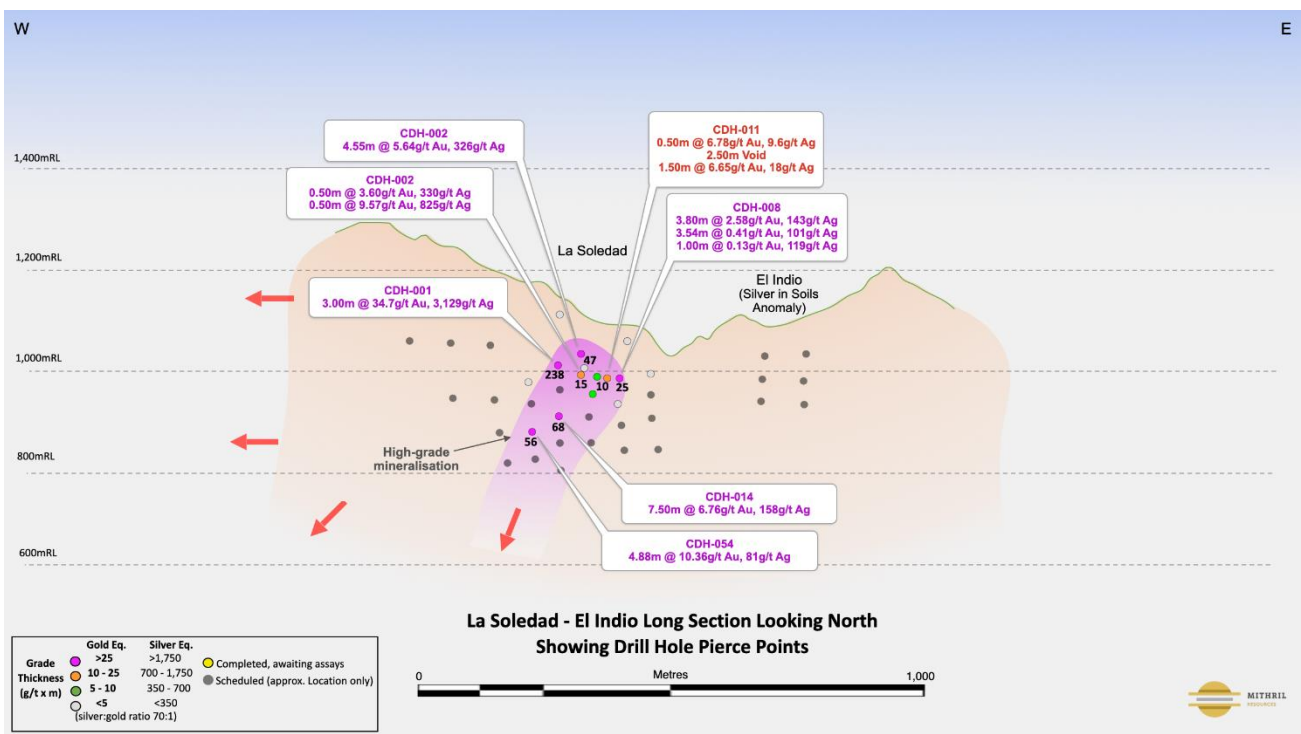


Figure 25: Schematic Long section La Soledad-El Indio with drill hole pierce point for holes completed to date plus conceptual planned resource development holes in turquoise and exploration holes shown in grey. CDH-011 shown in red as a reminder that the void (historic mine workings) Metal equivalent grades calculated using 70 g/t Ag = 1 g/t Au, based on gold price of USD1,610 per ounce and silver price of USD23 per ounce.

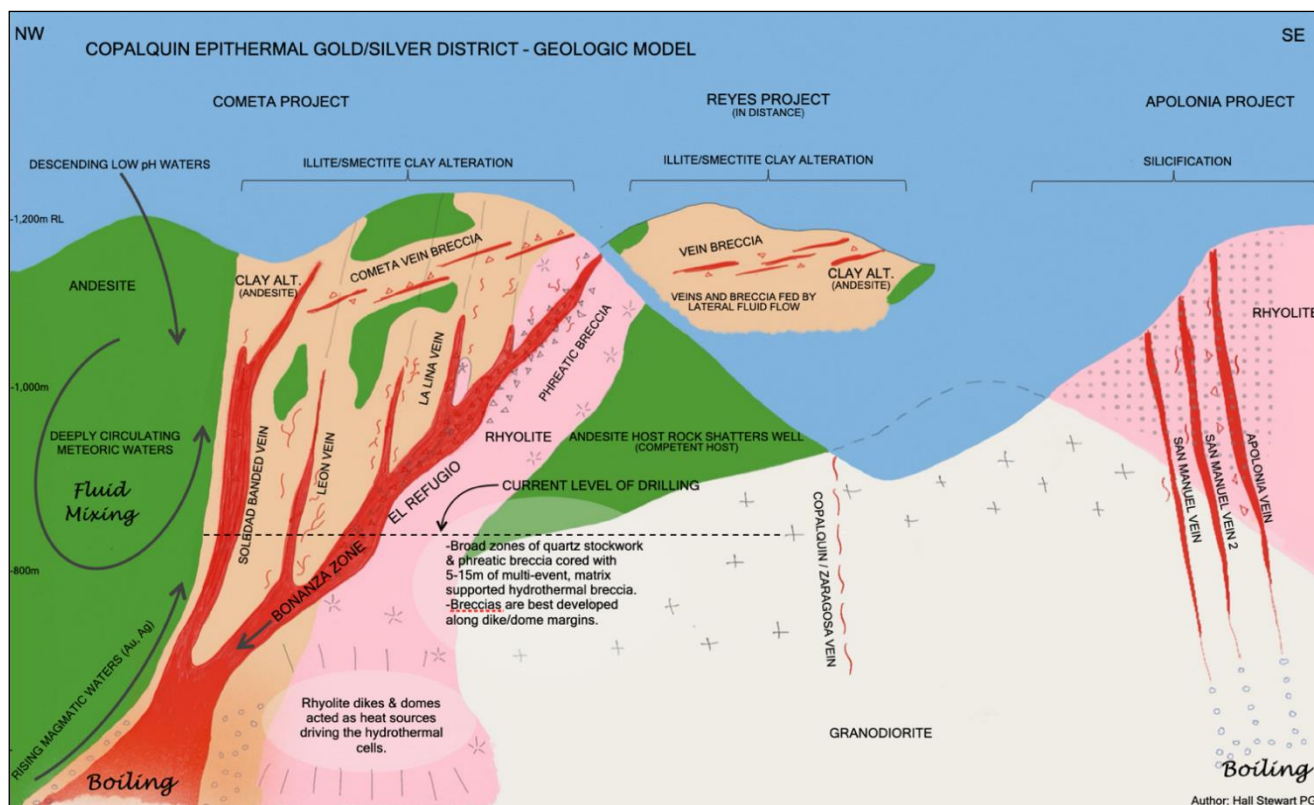


Figure 26 - Copalquin District Geologic Model for epithermal gold/silver - geologic model (author: Hall Stewart PG, Chief Geologist)

Corporate Activities

With the Company's focus set on the Copalquin Mining District since its acquisition of Sun Minerals Pty Ltd in 2020, funding activities have centred on progressing exploration in Mexico to define high-grade gold and silver resources for future exploitation. Capital raisings during the reporting year consisted of:

- July 2020 - \$3 million via issue of 194,444,444 share at \$0.018 (1.8c) per share
- January 2021 - \$5 million via issue of 263,157,895 shares at \$0.019 (1.9c) per share

And subsequent to the year-end of 30 June 2021, \$3.3 million raised in September 2021 via issue of 220,000,000 shares at \$0.015 (1.5c) per share keeping Mithril well-funded to continue drilling the El Refugio deposit in the Copalquin District whilst completing the maiden JORC resource estimate.

The Mithril Board make-up and has changed over the year as the company has evolved into an active explorer of gold and silver in Mexico to maintain an appropriate skill and experience mix and will continue to evolve throughout the company's growth.

During 2020, Garry Thomas joined the Board as a non-executive director and John Skeet, after his initial appointment as CEO, was appointed to the Board as Managing Director. Both Garry and John were directors of Sun Minerals Pty Ltd and between them have considerable global mining project development experience including successful developments in Mexico.

Following the successful acquisition, funding and transformation of Mithril, Adrien Wing resigned from the Board as a non-executive director early 2021 and Dudley Leitch retired from the Board as a non-executive director in July 2021. Adrien remains as Mithril's Company Secretary.

Competent Person Statement – Exploration Results, Copalquin District

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

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

Further details and JORC tables for exploration results in this Annual Report are in ASX Releases listed below.

08/09/2021	DRILLING INTERCEPTS 18.2 g/t GOLD & 583 g/t SILVER
11/08/2021	Mithril Extends High-Grade Gold Silver
28/07/2021	Quarterly activities and cashflow report
12/07/2021	MITHRIL DRILLS 80.3 G/T GOLD, 705 G/T SILVER OVER 8.26Mv
15/06/2021	MITHRIL DRILLS 74 G/T GOLD, 841 G/T SILVER OVER 6.8 METRES
24/05/2021	Drilling Plan Progress - Copalquin District Mexico
19/05/2021	Extensive Gold-Silver Confirmed El Refugio West
04/05/2021	High-Grades continue at El Refugio - Copalquin District
22/04/2021	March 2021 Quarterly Activities and Cash Flow Report
08/04/2021	Investor Update - April 2021
24/03/2021	High Grade at La Soledad
18/03/2021	Exceptional Gold Silver Intercept – Copalquin
29/01/2021	December 2020 Quarterly Activities and Cash Flow Report
21/12/2020	High-Grade Gold and Silver at Los Reyes Target
07/12/2020	MTH Expands Large Epithermal Gold-Silver System
30/11/2020	Large Hydrothermal Gold Silver System at El Refugio Target
03/11/2020	High-Grade Gold Silver - El Refugio Target, Copalquin Mexico
21/10/2020	September 2020 Quarterly Activities and Cash Flow Report
29/09/2020	Mithril Extends Gold & Silver Vein System at La Soledad
26/08/2020	MTH Hits Bonanza Gold & Silver Grades at Copalquin Project

Australian Projects

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

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

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

Mithril Resources Limited
Directors' report
30 June 2021

Billy Hills Zinc (Billy Hills)

- Mithril 100%; and
- CBH Resources Limited earning up to 80% interest by completing expenditure of A\$4M over 5 years.
- A desktop study of the local groundwater was completed as a step to securing native title clearance for drilling.

Kurnalpi Project (Kurnalpi)

- Mithril 100%; and
- Carnavale Resources earning an initial 80% interest by keeping the tenements in good standing over three years and paying Mithril A\$250,000 cash.
- No work was undertaken during the quarter.

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 and assays are awaited.

Limestone Well Project (Limestone)

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

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 7 July 2021, Mr Dudley Leitch retired as a Director.

On 1 September 2021, the company announced a capital raising of \$3.3m before costs from a share placement of 220,000,000 new fully paid ordinary shares at a price of \$0.015 per share. The capital raising completed and fully paid ordinary shares issued on 8 September 2021.

No other matters or circumstances have arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental regulation

The Group is aware of its responsibility to impact as little as possible on the environment, and where there is any disturbance, to rehabilitate sites. During the year under review the majority of work carried out was in the Northern Territory, Western Australia and Durango (Mexico) and the Group followed procedures and pursued objectives in line with guidelines published by the Australian and Mexican Governments. These guidelines are quite detailed and encompass the impact on owners and land users, heritage, health and safety and proper restoration practices. The Group supports this approach and is confident that it properly monitors and adheres to these objectives, and any local conditions applicable wherever it explores.

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

Occupational Health, Safety and Welfare

In running its business, Mithril aims to protect the health, safety and welfare of employees, contractors and guests. The Group reviews its OHS&W policy at regular intervals to ensure a high standard of OHS&W, and to reflect best practice in injury and accident prevention.

Company Secretary

Adrien Wing is the Company Secretary.

Corporate Governance

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

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

Mithril Resources Limited
Directors' report
30 June 2021

Shares under option

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

Grant date	Expiry date	Exercise price	Number under option
22/06/2017	22/06/2022	\$0.100	300,000
10/10/2018	10/10/2021	\$0.010	4,000,000
			<u>4,300,000</u>

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

Shares issued on the exercise of options

The following ordinary shares of Mithril Resources Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
10 October 2018	\$0.01	3,000,000

Shares issued on the exercise of performance rights

The following ordinary shares of Mithril Resources Limited were issued during the year ended 30 June 2021 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
13 May 2020	\$0.000	224,999,999

Remuneration report (audited)

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

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

Dudley Leitch	Non-Executive Director (Resigned 7 July 2021)
Stephen Layton	Non-Executive Director
Adrien Wing	Non-Executive Director (Resigned 15 February 2021) and Company Secretary
Garry Thomas	Alternate-Director / Non-Executive Director (Appointed Alternate-Director 15 June 2020) (Appointed Non-Executive Director 17 August 2020)
John Skeet	Chief Executive Officer / Managing Director (Appointed Managing Director 8 September 2020)

Principles used to determine the nature and amount of remuneration

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

The Board currently determines the nature and amount of remuneration for board members and senior executives of the Group. The policy is to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives.

Mithril Resources Limited
Directors' report
30 June 2021

The Non-Executive Directors and other executives receive a superannuation guarantee contribution required by the government, which was 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation. All remuneration paid to directors and executives is expensed as incurred. Executives are also entitled to participate in the Company share option scheme. Options are valued using the Black-Scholes methodology.

The Board policy is to remunerate Non-Executive Directors at market rates based on comparable companies for time, commitment and responsibilities. The board determines payments to non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

There is no direct relationship between the remuneration policy and the Entity's performance.

Voting and comments made at the Company's 2020 Annual General Meeting ('AGM')

At the 2020 AGM, more than 95% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

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

	Short-term benefits	Post- employment benefits	Share-based payments	
	Cash salary and fees \$	Super- annuation \$	Performance Rights \$	Total \$
2021				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	-	48,000
Adrien Wing*	80,000	-	-	80,000
Dudley Leitch	43,836	4,164	-	48,000
Garry Thomas**	38,297	3,639	643,333	685,269
<i>Executive Director:</i>				
John Skeet***	180,000	-	-	180,000
	<u>390,133</u>	<u>7,803</u>	<u>643,333</u>	<u>1,041,269</u>
2020				
<i>Non-Executive Directors:</i>				
Stephen Layton	48,000	-	355,000	403,000
Adrien Wing	96,000	-	355,000	451,000
Dudley Leitch (Appointed 27 May 2020)	4,000	-	236,667	240,667
Garry Thomas**	-	-	-	-
<i>Executive Directors:</i>				
David Hutton (Resigned 29 May 2020)	260,996	24,795	-	285,791
John Skeet***	15,000	-	236,667	251,667
	<u>423,996</u>	<u>24,795</u>	<u>1,183,334</u>	<u>1,632,125</u>

* Mr Wing resigned as a Director on 15 February 2021.

** Mr Thomas was appointed as an Alternate-Director on 15 June 2020 and appointed as a Non-Executive Director on 17 August 2020.

*** Mr Skeet was appointed as CEO on 9 June 2020 and appointed Managing Director on 8 September 2020.

Mithril Resources Limited
Directors' report
30 June 2021

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI	
	2021	2020	2021	2020
<i>Non-Executive Directors:</i>				
Stephen Layton	100%	12%	-	88%
Adrien Wing	100%	21%	-	79%
Dudley Leitch	100%	2%	-	98%
Garry Thomas	6.1%	-	93.9%	-
<i>Executive Directors:</i>				
David Hutton	n/a	100%	n/a	-
John Skeet	100%	6%	-	94%

Service agreements

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

Name:	John Skeet
Title:	Chief Executive Officer (Appointed Managing Director 8 September 2020)
Agreement commenced:	9 June 2020
Term of agreement:	Reviewed every two years
Details:	Mr Skeet's gross salary, is \$180,000. The Company or the employee may terminate the employment contract without cause by providing 3 months written notice or making payment in lieu of notice, based on the annual salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

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

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
22/06/2017	10/10/2018	31/12/2020	\$0.100	\$0.017
22/06/2017	22/06/2017	22/06/2022	\$0.100	\$0.021
17/11/2017	17/11/2017	17/11/2020	\$0.100	\$0.016
10/10/2018	10/10/2018	10/10/2021	\$0.010	\$0.006

Options granted carry no dividend or voting rights.

Mithril Resources Limited
Directors' report
30 June 2021

Performance rights

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

	Grant date	Expiry date	Fair value per right at grant date
Performance rights	13 May 2020	13 May 2024	\$0.007
Performance rights	24 November 2020	23 November 2024	\$0.019

Performance rights granted carry no dividend or voting rights.

Details of performance rights over ordinary shares granted, vested and lapsed for Directors and other key management personnel as part of compensation during the years ended 30 June 2020 and 2021 are set out below:

Name	Grant date	Number of rights granted	Number of rights vested	Value of rights granted \$	Value of rights expensed in the period \$	Number of rights lapsed	Value of rights lapsed \$
Stephen Layton	13 May 2020	50,000,000	50,000,000	355,000	355,000	-	-
Adrien Wing	13 May 2020	50,000,000	50,000,000	355,000	355,000	-	-
Dudley Leitch	13 May 2020	33,333,333	33,333,333	236,667	236,667	-	-
John Skeet	13 May 2020	33,333,333	33,333,333	236,667	236,667	-	-
Garry Thomas	24 Nov 2020	33,333,333	-	643,333	643,333	-	-

Further information regarding the performance rights can be found in note 27.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Acquired	Disposals/ other	Balance at the end of the year
<i>Ordinary shares</i>					
Stephen Layton	52,500,000	50,000,000	13,000,000	-	115,500,000
Adrien Wing	52,500,000	50,000,000	8,000,000	-	110,500,000
Dudley Leitch	90,717,862	33,333,333	-	-	124,051,195
Garry Thomas	278,685,273	-	14,000,000	-	292,685,273
John Skeet	188,330,282	33,333,333	-	-	221,663,615
	<u>662,733,417</u>	<u>166,666,666</u>	<u>35,000,000</u>	<u>-</u>	<u>864,400,083</u>

Mithril Resources Limited
Directors' report
30 June 2021

Performance rights holding

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

	Balance at the start of the year	Granted during the year	Vested during the year	Balance at the end of the year
<i>Performance rights over ordinary shares</i>				
Stephen Layton	50,000,000	-	(50,000,000)	-
Adrien Wing	50,000,000	-	(50,000,000)	-
Dudley Leitch	33,333,333	-	(33,333,333)	-
John Skeet	33,333,333	-	(33,333,333)	-
Garry Thomas	-	33,333,333	-	33,333,333
	<u>166,666,666</u>	<u>33,333,333</u>	<u>(166,666,666)</u>	<u>33,333,333</u>

Other transactions with key management personnel and their related parties

Mr J Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$45,360 (2020: \$3,960) relating to consultancy services provided by Trimin.

This concludes the remuneration report, which has been audited.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each Director were:

	Directors Meetings Attended Held	
John Skeet*	6	6
Adrien Wing**	10	10
Stephen Layton	12	12
Dudley Leitch	9	12
Garry Thomas	11	12

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

* Appointed 8 September 2020

** Resigned 15 February 2021

Indemnity and insurance of officers

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

The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company, including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceeding that may be brought against the officers in their capacity as officers of entities of the Group. The total amount of insurance premiums paid for the financial year was \$5,954 (2020: \$11,850).

Indemnity and insurance of auditor

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

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

Mithril Resources Limited
Directors' report
30 June 2021

Proceedings on behalf of the Company

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

Non-audit services

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

Auditor's independence declaration

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

Auditor

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

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

On behalf of the Directors



John Skeet
Managing Director

29 September 2021

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 year ended 30 June 2021, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 29th day of September 2021

Advisory. Tax. Audit.

Registered Audit Company 291969

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Nexia Melbourne Audit Pty Ltd (ABN 86 005 105 975) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see www.nexia.com.au/legal. Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

Mithril Resources Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Income			
Other income	5	53,166	72,311
Interest received		4,285	566
Profit on sale of tenement		-	20,137
Expenses			
Administration expenses		(472,506)	(376,600)
ASIC and ASX listing fees		(127,112)	(29,634)
Share-based payments	27	(643,333)	(1,597,500)
Employee benefits expense	6	(396,566)	(164,552)
Occupancy expense		(7,440)	(64,896)
Travel expenses		(65,293)	(967)
Depreciation and amortisation expense		(21,238)	(3,162)
Impairment of exploration assets	11	(12,581)	(1,155,948)
Finance costs		-	(351)
Loss before income tax expense		(1,688,618)	(3,300,596)
Income tax expense	7	-	-
Loss after income tax expense for the year		(1,688,618)	(3,300,596)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		265,480	(65,233)
Other comprehensive income for the year, net of tax		265,480	(65,233)
Total comprehensive income for the year		(1,423,138)	(3,365,829)
		Cents	Cents
Basic earnings per share	25	(0.08)	(0.55)
Diluted earnings per share	25	(0.08)	(0.55)

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

Mithril Resources Limited
Statement of financial position
As at 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Assets			
Current assets			
Cash and cash equivalents	8	2,920,481	1,187,589
Trade and other receivables	9	767,371	84,604
Other assets	10	21,065	-
Total current assets		<u>3,708,917</u>	<u>1,272,193</u>
Non-current assets			
Trade and other receivables		1,005	-
Exploration and evaluation	11	<u>18,074,143</u>	<u>12,675,125</u>
Total non-current assets		<u>18,075,148</u>	<u>12,675,125</u>
Total assets		<u>21,784,065</u>	<u>13,947,318</u>
Liabilities			
Current liabilities			
Trade and other payables	12	804,474	170,450
Employee benefits	13	<u>17,562</u>	<u>58,306</u>
Total current liabilities		<u>822,036</u>	<u>228,756</u>
Total liabilities		<u>822,036</u>	<u>228,756</u>
Net assets		<u>20,962,029</u>	<u>13,718,562</u>
Equity			
Issued capital	14	58,287,739	50,264,467
Reserves	15	2,565,576	1,656,763
Accumulated losses		<u>(39,891,286)</u>	<u>(38,202,668)</u>
Total equity		<u>20,962,029</u>	<u>13,718,562</u>

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

Mithril Resources Limited
Statement of changes in equity
For the year ended 30 June 2021

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	50,264,467	1,656,763	(38,202,668)	13,718,562
Loss after income tax expense for the year	-	-	(1,688,618)	(1,688,618)
Other comprehensive income for the year, net of tax	-	265,480	-	265,480
Total comprehensive income for the year	-	265,480	(1,688,618)	(1,423,138)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 27)	-	643,333	-	643,333
Shares issued during the period (note 14)	8,530,000	-	-	8,530,000
Transactions costs	(506,728)	-	-	(506,728)
Balance at 30 June 2021	<u>58,287,739</u>	<u>2,565,576</u>	<u>(39,891,286)</u>	<u>20,962,029</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	37,303,102	124,496	(34,902,072)	2,525,526
Loss after income tax expense for the year	-	-	(3,300,596)	(3,300,596)
Other comprehensive income for the year, net of tax	-	(65,233)	-	(65,233)
Total comprehensive income for the year	-	(65,233)	(3,300,596)	(3,365,829)
<i>Transactions with Owners in their capacity as Owners:</i>				
Share-based payments (note 27)	-	1,597,500	-	1,597,500
Shares issued during the period (note 14)	13,049,730	-	-	13,049,730
Transactions costs	(88,365)	-	-	(88,365)
Balance at 30 June 2020	<u>50,264,467</u>	<u>1,656,763</u>	<u>(38,202,668)</u>	<u>13,718,562</u>

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

Mithril Resources Limited
Statement of cash flows
For the year ended 30 June 2021

	Note	Consolidated 2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,440	580
Payments to suppliers and employees (inclusive of GST)		(1,515,495)	(628,245)
		(1,514,055)	(627,665)
Interest received		3,982	566
Government grants received		63,542	27,496
Interest and other finance costs paid		-	(286)
Net cash (used in) operating activities	24	(1,446,531)	(599,889)
Cash flows from investing activities			
Payments to acquire exploration assets		-	(763,720)
Payments for exploration activities		(4,854,757)	(730,028)
Payments for security deposits		(1,005)	-
Cash on hand arising from Sun Minerals Pty Ltd acquisition		-	2,299
Proceeds from disposal of exploration assets		-	70,137
Net cash (used in) investing activities		(4,855,762)	(1,421,312)
Cash flows from financing activities			
Proceeds from issue of shares	14	8,530,000	2,791,946
Proceeds from borrowings		-	50,000
Share issue transaction costs		(499,228)	(88,365)
Repayment of borrowings		-	(176,006)
Net cash provided by financing activities		8,030,772	2,577,575
Net increase/(decrease) in cash and cash equivalents		1,728,479	556,374
Cash and cash equivalents at the beginning of the financial year		1,187,589	631,215
Foreign exchange movements		4,413	-
Cash and cash equivalents at the end of the financial year	8	<u>2,920,481</u>	<u>1,187,589</u>

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

Note 1. General information

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

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

Level 2
480 Collins Street
Melbourne VIC 3000

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 September 2021.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

Going concern

The financial report has been prepared on the basis of a going concern. The financial report shows the Group incurred a net loss of \$1,688,618 (2020: \$3,300,596) and a net cash outflow from operating and investing activities of \$6,302,293 (2020: \$2,021,201) during the year ended 30 June 2021.

The Group 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 Group 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 Group has the ability to meet its debts as and when they fall due. On 8 September 2021, a capital raising of \$3.3m before costs from a share placement of 220,000,000 new fully paid ordinary shares at a price of \$0.015 per share was completed.

The Group'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 Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. The Group 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. Significant accounting policies (continued)

Basis of preparation

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

Historical cost convention

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

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 21.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mithril Resources Limited ('Company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Mithril Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mithril Resources Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign exchange reserve in equity.

The foreign exchange reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Income

Interest

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

Current and non-current classification

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

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

Note 2. Significant accounting policies (continued)

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

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

Joint Arrangement

AASB 11 Joint Arrangements defines a joint arrangement as an arrangement of which two or more parties have joint control and classifies these arrangements as either joint ventures or joint operations.

Mithril Resources Ltd has determined that it has both joint ventures and joint operations.

In relation to its joint venture operations, where the venturer has the rights to the individual assets and obligations arising from the arrangement, Mithril Resources Ltd has recognised:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation;
- Its expenses, including its share of any expenses incurred jointly.

These figures are incorporated into the relevant line item in the primary statements.

Impairment of non-financial assets

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

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

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

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

Capitalisation of exploration and evaluation expenditure

The Group's policy for exploration and evaluation is discussed in Note 11. The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploration, then the relevant capitalised amount will be written off through the consolidated statement of profit or loss and other comprehensive income.

Share-based payment transactions

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

Recovery of deferred tax assets

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

Note 4. Operating segments

Identification of reportable operating segments

The Board has considered the requirements of AASB 8 Operating Segments and has determined that the Group has two operating segments: Mexican operations and Australian operations.

In determining these operating segments, the Board has considered the location of the Group's exploration activities which represent its principal operations. The results of these operating segments are monitored by the Board and form the basis for which strategic decisions are made.

The acquisition of the Copalquin Gold Silver Project in Durango, Mexico during the prior year constitutes a separately identifiable operating segment to the Group's Australian operations given the Board's intention to regularly review the financial information from its Mexican operations to determine the future allocation of resources.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Note 4. Operating segments (continued)

Operating segment information

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 2021			
Revenue			
Other revenue	1,108	52,058	53,166
Interest revenue	-	4,285	4,285
Total revenue	<u>1,108</u>	<u>56,343</u>	<u>57,451</u>
Operating expenses	(39,388)	(632,963)	(672,351)
Share-based payments	-	(643,333)	(643,333)
Employee benefits expense	-	(396,566)	(396,566)
Depreciation and amortisation	(21,238)	-	(21,238)
Impairment of assets	-	(12,581)	(12,581)
Loss before income tax expense	<u>(59,518)</u>	<u>(1,629,100)</u>	<u>(1,688,618)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,688,618)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	265,480	-	265,480
Other comprehensive income for the year, net of tax	265,480	-	265,480
Total comprehensive income for the year	<u>205,962</u>	<u>(1,629,100)</u>	<u>(1,423,138)</u>
Assets			
Cash and cash equivalents	79,803	2,840,678	2,920,481
Trade and other receivables	751,736	16,640	768,376
Other assets	3	21,062	21,065
Exploration and evaluation	16,841,879	1,232,264	18,074,143
Total assets	<u>17,673,421</u>	<u>4,110,644</u>	<u>21,784,065</u>
Liabilities			
Trade and other payables	727,926	76,548	804,474
Employee benefits	17,562	-	17,562
Total liabilities	<u>745,488</u>	<u>76,548</u>	<u>822,036</u>

Note 4. Operating segments (continued)

	Mexican operations \$	Australian operations \$	Total \$
Consolidated - 2020			
Revenue			
Profit on sale of tenement	-	20,137	20,137
Other income	-	72,311	72,311
Interest revenue	-	566	566
Total revenue		93,014	93,014
Operating expenses	(35,135)	(436,962)	(472,097)
Share-based payments		(1,597,500)	(1,597,500)
Employee benefits expense		(164,552)	(164,552)
Depreciation and amortisation		(3,162)	(3,162)
Impairment of assets		(1,155,948)	(1,155,948)
Finance costs	(65)	(286)	(351)
Loss before income tax expense	(35,200)	(3,265,396)	(3,300,596)
Income tax expense			-
Loss after income tax expense			(3,300,596)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation	(65,233)	-	(65,233)
Other comprehensive income for the year, net of tax	(65,233)	-	(65,233)
Total comprehensive income for the year	(100,433)	(3,265,396)	(3,365,829)
Assets			
Cash and cash equivalents	73,175	1,114,414	1,187,589
Trade and other receivables	48,473	36,131	84,604
Exploration and evaluation	11,506,008	1,169,117	12,675,125
Total assets	11,627,656	2,319,662	13,947,318
Liabilities			
Trade and other payables	64,906	105,544	170,450
Employee benefits	-	58,306	58,306
Total liabilities	64,906	163,850	228,756

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Board. The Board is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Other income

	Consolidated	
	2021	2020
	\$	\$
Government Boosting Cashflow Payment	49,817	41,220
Other income	3,349	31,091
	<u>53,166</u>	<u>72,311</u>
Other income	<u><u>53,166</u></u>	<u><u>72,311</u></u>

Government Boosting Cashflow Payment

Boosting Cashflow income is recognised when there is reasonable assurance that the Company will comply with the conditions attached to it, and the grant will be received. The nature of the grant is unconditional and has been presented on a gross basis.

Other income

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

Note 6. Employee benefits expense

	Consolidated	
	2021	2020
	\$	\$
Salaries and wages	388,763	367,392
Superannuation	7,803	28,537
Transfer (to) exploration assets	-	(231,377)
	<u>396,566</u>	<u>164,552</u>
	<u><u>396,566</u></u>	<u><u>164,552</u></u>

Note 7. Income tax

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,688,618)	(3,300,596)
Tax at the statutory tax rate of 26% (2020: 27.5%)	(439,041)	(907,664)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Unrealised foreign exchange losses	-	1,057
Expenses not allowable for income tax purposes	255,264	766,023
Other deductible items	-	(417,549)
	<u>(183,777)</u>	<u>(558,133)</u>
Current year tax losses not recognised	183,777	558,133
Income tax expense	<u><u>-</u></u>	<u><u>-</u></u>

The Group has tax losses arising in Australia of \$38,720,887 (2020: \$38,711,565) that may be available and may be offset against future taxable profits. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

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

Note 7. Income tax (continued)

Accounting policy for income tax

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

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

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

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

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

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

Mithril Resources Ltd and its wholly owned Australian resident entities are part of a tax consolidated group.

The head entity within the tax-consolidated group is Mithril Resources Ltd. Mithril Resources Ltd and each of its wholly-owned controlled entities recognise the current and deferred tax assets and deferred tax liabilities applicable to the transactions undertaken by it, after elimination of intra-group transactions. Mithril Resources Ltd recognises the entire tax-consolidated group's retained tax losses.

Note 8. Cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash at bank	1,919,164	1,187,589
Short-term deposits	1,001,317	-
	<u>2,920,481</u>	<u>1,187,589</u>

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

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Accounting policy for cash and cash equivalents

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

Note 9. Trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
Other receivables	2,219	13,733
GST and overseas taxes receivable	765,152	70,871
	<u>767,371</u>	<u>84,604</u>

Trade receivables are non-interest bearing and are generally on 30-90 day terms. An allowance for expected credit loss is made when there is objective evidence that a trade receivable is impaired. No impairment was recognised in the current and prior financial year and no receivables are past due at balance date.

Accounting policy for trade and other receivables

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

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 10. Other assets

	Consolidated	
	2021	2020
	\$	\$
Prepayments	21,065	-

Note 11. Exploration and evaluation

	Consolidated	
	2021	2020
	\$	\$
Tangible exploration assets		
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	208,952	64,315
Intangible exploration assets		
Exploration and evaluation - Australia	1,232,261	1,169,117
Exploration and evaluation - Copalquin Gold Silver Project (Mexico)	16,632,930	11,441,693
	<u>17,865,191</u>	<u>12,610,810</u>
	<u>18,074,143</u>	<u>12,675,125</u>

Note 11. Exploration and evaluation (continued)

Movements

Consolidated	Australian Projects \$	Copalquin Gold Silver Project \$	Total \$
Balance at 1 July 2019	1,910,014	-	1,910,014
Copalquin Gold Silver Project (Mexico)	-	10,953,771	10,953,771
Additions through expenditures capitalised	415,051	552,237	967,288
Relinquished tenements*	(1,155,948)	-	(1,155,948)
Balance at 30 June 2020	1,169,117	11,506,008	12,675,125
Additions through expenditures capitalised	75,725	5,074,807	5,150,532
Foreign exchange translation	-	261,067	261,067
Relinquished tenements*	(12,581)	-	(12,581)
Balance at 30 June 2021	1,232,261	16,841,882	18,074,143

* write-off of capitalised exploration expenditures for the tenements that were relinquished during the year, included in impairment of exploration assets expense.

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

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

Exploration and Evaluation expenditure has been carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recovered reserves.

Acquisition of Copalquin Gold Silver Project (Mexico)

On 27 May 2020 the Company completed the acquisition of Sun Mineral Pty Ltd (Sun Minerals). Sun Minerals holds the exclusive option to earn up to a 100% interest in the high-grade Copalquin Gold Silver Project in Durango, Mexico as set out below:

- (a) At the completion of the Transaction Sun Minerals will hold a 10% interest in the concessions forming Copalquin.
- (b) If, on or before 7 August 2023, Sun Minerals:
 - (i) incurs expenditure of US \$4 million on Copalquin, Sun Minerals will hold a 25% interest in the concessions forming Copalquin; and
 - (ii) incurs further expenditure of US \$4 million (aggregate expenditure of US \$8 million) on Copalquin, Sun Minerals will hold a 50% interest in the concessions forming Copalquin.
- (c) At any time on or before 7 August 2023, Sun Minerals may make a cash payment of US \$10 million to CMC (and/or its nominee) to acquire the remaining interests then held by CMC. CMC may elect to receive the US \$10 million through the issue of fully paid Mithril shares at a deemed issue price per share that is the higher of:
 - (i) a 10% discount for the 20-day VWAP of fully paid Mithril shares on ASX, ending on the trading day immediately before any such election; or
 - (ii) \$0.01 (1 cent).

Following payment of the US \$10 million (in cash, fully paid Mithril shares or a combination of both) the Group will hold a 100% interest on the concessions forming Copalquin.

Note 11. Exploration and evaluation (continued)

As consideration for the acquisition of Sun Minerals:

- The Company made an Exclusivity Payment of \$150,000 AUD to Sun Minerals Pty Ltd to be used solely for, and form part of expenditure on Copalquin.
- The Company issued an aggregate of 673,852,281 fully paid ordinary shares to the shareholders of Sun Minerals for the acquisition of all the issued capital of Sun Minerals.
- The Company issued 10,000,000 fully paid ordinary shares to Compania Minera Copalquin S.A de S.V. (CMC) and paid \$200,000 USD (\$303,674 AUD) in accordance with the Company's completion requirements.
- The fair value of the shares issued is \$0.015 per share, being the market value of the equity instruments on the measurement date of 27 May 2020.
- The total consideration paid to acquire Sun Minerals Pty Ltd was \$10,711,458.

The acquisition of Sun Minerals falls outside of the scope of AASB3 *Business Combinations*. It is the acquisition of a group of assets that do not constitute a business.

A reconciliation to the fair value of the Copalquin Gold Silver Project as at 30 June 2020 is set out below:

	Copalquin Gold Silver Project
Fair value of asset acquired:	
673,852,281 shares issued to Sun Minerals shareholders at \$0.015 per share	10,107,784
10,000,000 shares issued to Compania Minera Copalquin (CMC) at \$0.015 per share	150,000
\$200,000 USD (\$303,674 AUD) paid to Compania Minera Copalquin (CMC)	303,674
Exclusivity Payment of \$150,000 AUD paid to Sun Minerals Pty Ltd	150,000
Capitalised transaction costs	108,143
	<u>10,819,601</u>
Less: identifiable assets/(liabilities) acquired:	
Cash	(2,299)
Trade and other receivables	(3,189)
Trade and other payables	139,658
	<u>134,170</u>
Additions through expenditures capitalised	<u>552,237</u>
	<u><u>11,506,008</u></u>

Accounting policy for exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (a) the rights to tenure of the area of interest are current; and
- (b) at least one of the following conditions is also met:
 - (i) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (ii) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Note 11. Exploration and evaluation (continued)

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities.

General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off as an impairment loss.

Note 12. Trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	687,041	88,815
Other payables	117,433	81,635
	<u>804,474</u>	<u>170,450</u>

Refer to note 16 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 13. Employee benefits

	Consolidated	
	2021	2020
	\$	\$
Annual leave	17,562	2,415
Long service leave	-	55,891
	<u>17,562</u>	<u>58,306</u>

Accounting policy for employee benefits

Short-term employee benefits

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

Note 14. Issued capital

		2021	Consolidated	2021	2020
		Shares	2020	\$	\$
			Shares		
Ordinary shares - fully paid		<u>2,350,233,041</u>	<u>1,664,630,703</u>	<u>58,287,739</u>	<u>50,264,467</u>
<i>Movements in ordinary share capital</i>					
Details	Date	Shares	Issue price	\$	
Balance	1 July 2019	422,389,211		37,303,102	
Shares issued via private placement	18 September 2019	68,000,000	\$0.005	340,000	
Shares issued via rights issue	21 May 2020	490,389,211	\$0.005	2,451,946	
Shares issued to shareholders of Sun Minerals Pty Ltd (note 11)	27 May 2020	673,852,281	\$0.015	10,107,784	
Shares issued to Compania Minera Copalquin S.A de C.V. (note 11)	27 May 2020	10,000,000	\$0.015	150,000	
Transaction costs (net of tax)		-	\$0.000	(88,365)	
Balance	30 June 2020	<u>1,664,630,703</u>		<u>50,264,467</u>	
Shares issued via private placement	16 July 2020	194,444,444	\$0.018	3,500,000	
Exercise of Options	10 July 2020	3,000,000	\$0.01	30,000	
Conversion of performance rights	14 August 2020	224,999,999	-	-	
Shares issued via private placement	5 February 2021	263,157,895	\$0.019	5,000,000	
Transaction costs (net of tax)				(506,728)	
Balance	30 June 2021	<u>2,350,233,041</u>		<u>58,287,739</u>	

Ordinary shares

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

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

Share buy-back

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

Capital risk management

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

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

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 15. Reserves

	Consolidated	
	2021	2020
	\$	\$
Foreign exchange reserve	200,247	(65,233)
Share options reserve	124,496	124,496
Performance rights reserve	2,240,833	1,597,500
	<u>2,565,576</u>	<u>1,656,763</u>

Foreign exchange reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserves

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

Movements in reserves

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

Consolidated	Share options reserve \$	Performance rights reserve \$	Foreign exchange reserve \$	Total \$
Balance at 1 July 2019	124,496	-	-	124,496
Issue of performance rights	-	1,597,500	-	1,597,500
Movement in foreign exchange reserve	-	-	(65,233)	(65,233)
Balance at 30 June 2020	<u>124,496</u>	<u>1,597,500</u>	<u>(65,233)</u>	<u>1,656,763</u>
Issue of performance rights	-	643,333	-	643,333
Movement in foreign exchange reserve	-	-	265,480	265,480
Balance at 30 June 2021	<u>124,496</u>	<u>2,240,833</u>	<u>200,247</u>	<u>2,565,576</u>

Note 16. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Note 16. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The Board has determined that the current level of foreign currency risk resulting from its operations in Mexico is not significant to the Group.

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

The Group is not exposed to any significant interest rate risk.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions but are not expected to have a significant impact on the Group's operating result.

	Basis points change	Basis points increase Effect on		Basis points change	Basis points decrease Effect on	
		profit before tax	Effect on equity		profit before tax	Effect on equity
Consolidated - 2020						
Cash and cash equivalents	50	<u>5,734</u>	<u>5,734</u>	50	<u>(5,734)</u>	<u>(5,734)</u>
	Basis points change	Basis points increase Effect on		Basis points change	Basis points decrease Effect on	
		profit before tax	Effect on equity		profit before tax	Effect on equity
Consolidated - 2021						
Cash and cash equivalents	50	<u>14,602</u>	<u>14,602</u>	50	<u>(14,602)</u>	<u>(14,602)</u>

Credit risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties. The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks and institutions with high quality external credit ratings. The Group has no past due or impaired debtors as at 30 June 2021.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, whom have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 17. Key management personnel disclosures

Compensation

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	390,133	423,996
Post-employment benefits	7,803	24,795
Share-based payments	643,333	1,183,334
	<u>1,041,269</u>	<u>1,632,125</u>

Full details of the remuneration of each director of the Company and each of the other key management personnel are disclosed in the Remuneration Report contained within the Directors' Report.

Loans from key management personnel and their related parties

During the prior year the following loans from key management personnel were made to the Company:

Key management personnel:	Date loan granted	Date loan repaid	Total loans made to the company during the 19/20 year	Total loans payable as at 30 June 2021	Total loans payable as at 30 June 2020
Adrien Wing	01/01/2015	27/05/2020	50,000	-	-
Garry Thomas*	27/05/2020	11/06/2020	70,000	-	-
Garry Thomas*	27/05/2020	17/06/2020	50,000	-	-
John Skeet*	27/05/2020	17/06/2020	6,006	-	-
			<u>176,006</u>	<u>-</u>	<u>-</u>

* Garry Thomas and John Skeet granted loans to Sun Minerals Pty Ltd prior to its acquisition by the Group.

Loans from key management personnel were interest-free and were fully repaid as at 30 June 2020.

Other transactions with key management personnel

Mr J Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year the Company incurred costs of \$45,360 (2020: \$3,960) relating to consultancy services provided by Trimin.

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided:

	Consolidated	
	2021	2020
	\$	\$
Audit or review of the financial statements	<u>47,164</u>	<u>38,124</u>

Note 19. Capital and leasing commitments

In order to maintain current rights of tenure to exploration tenements, the Company is required to meet minimum expenditure requirements in respect of tenement lease rentals. There are also Mexican government mining concession rents and purchase option payments to the concession owner each six month period.

These are not considered commitments as the Company can walk away from the projects and not continue payments at any time.

Note 20. Related party transactions

Parent entity

Mithril Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

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

Key management personnel

Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current and previous financial year other than those disclosed in note 17.

Payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2021	2020
	\$	\$
Current payables:		
Director's fees payable	16,500	4,000
Consulting fees payable	3,960	-

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date other than those disclosed in note 17.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 21. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021	2020
	\$	\$
Loss after income tax	(1,488,371)	(3,264,905)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(1,488,371)	(3,264,905)

Statement of financial position

	Parent	
	2021	2020
	\$	\$
Total current assets	2,874,901	1,150,536
Total non-current assets	18,163,677	12,797,108
Total assets	21,038,578	13,947,644
Total current liabilities	76,549	163,849
Total liabilities	76,549	163,849
Net assets	20,962,029	13,783,795
Equity		
Issued capital	58,287,739	50,264,467
Share options reserve	124,496	124,496
Performance rights reserve	2,240,833	1,597,500
Accumulated losses	(39,691,039)	(38,202,668)
Total equity	20,962,029	13,783,795

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

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Significant accounting policies

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

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

Note 22. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Minex (Aust) Pty Ltd	Australia	100%	100%
Minex (West) Pty Ltd	Australia	100%	100%
Mithril Resources Investments Pty Ltd	Australia	100%	100%
Sun Minerals Pty Ltd	Australia	100%	100%
Drummond Gold S.A. de C.V.	Mexico	100%	100%
Carlton Gold S.A. de C.V.	Mexico	100%	100%

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

Note 23. Events after the reporting period

On 7 July 2021, Mr Dudley Leitch retired as a Director.

On 1 September 2021, the company announced a capital raising of \$3.3m before costs from a share placement of 220,000,000 new fully paid ordinary shares at a price of \$0.015 per share. The capital raising completed and fully paid ordinary shares issued on 8 September 2021.

No other matters or circumstances have arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 24. Cash flow information

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

	Consolidated	
	2021 \$	2020 \$
Loss after income tax expense for the year	(1,688,618)	(3,300,596)
Adjustments for:		
Depreciation and amortisation	21,238	3,162
Impairment of non-current assets	12,581	1,155,948
Net gain on disposal of non-current assets	-	(20,137)
Net loss on disposal of property, plant and equipment	-	11,179
Share-based payments	643,333	1,597,500
Foreign exchange differences	-	3,844
Transfers to exploration assets	-	(43,060)
Change in operating assets and liabilities:		
Increase in trade and other receivables	(690,267)	(83,955)
Decrease in accrued revenue	-	32
Decrease/(increase) in prepayments	(21,065)	27,114
Increase/(decrease) in trade and other payables	317,011	64,551
Increase/(decrease) in employee benefits	(40,744)	(15,471)
Net cash used in operating activities	<u>(1,446,531)</u>	<u>(599,889)</u>

Note 25. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax	<u>(1,688,618)</u>	<u>(3,300,596)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>2,152,958,395</u>	<u>596,041,636</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,152,958,395</u>	<u>596,041,636</u>
	Cents	Cents
Basic earnings per share	(0.08)	(0.55)
Diluted earnings per share	(0.08)	(0.55)

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Note 26. Contingent liabilities

Contingent liabilities

The Group had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 27. Share-based payments

The Group established the Mithril Resources Ltd Employee Share Option Plan and a summary of the Rules of the Plan are set out below:

- All employees (full and part time) will be eligible to participate in the Plan after a qualifying period of 12 months employment, although the Board may waive this requirement.
- Options are granted under the Plan at the discretion of the Board and if permitted by the Board, may be issued to an employee's nominee.
- Each option is to subscribe for one fully paid ordinary share in the Company and will expire 5 years from its date of issue. An option is exercisable at any time from its date of issue. Options will be issued free. The exercise price of options will be determined by the Board, subject to a minimum price equal to the market value of the Company's shares at the time the Board resolves to offer those options. The total number of shares, the subject of options issued under the Plan, when aggregated with issues during the previous 5 years pursuant to the Plan and any other employee share plan, must not exceed 5% of the Company's issued share capital.
- If, prior to the expiry date of options, a person ceases to be an employee of the Company for any reason other than retirement at age 60 or more (or such earlier age as the board permits), permanent disability, redundancy or death, the options held by that person (or that person's nominee) automatically lapse on the first to occur of a) the expiry of the period of 6 months from the date of such occurrence, and b) the expiry date. If a person dies, the options held by that person will be exercisable by that person's legal personal representative.
- Options can't be transferred other than to the legal personal representative of a deceased option holder.
- The Company will not apply for official quotation of any options issued under the plan.
- Shares issued as a result of the exercise of options will rank equally with the Company's previously issued shares.
- Option holders may only participate in new issues of securities by first exercising their options.

The Board may amend the Plan Rules subject to the requirements of the Listing Rules.

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

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/03/2017	31/12/2020	\$0.100	1,000,000	-	-	(1,000,000)	-
22/06/2017	31/12/2020	\$0.100	300,000	-	-	(300,000)	-
22/06/2017	22/06/2022	\$0.100	300,000	-	-	-	300,000
17/11/2017	17/11/2020	\$0.100	500,000	-	-	(500,000)	-
17/11/2017	31/12/2020	\$0.100	1,000,000	-	-	(1,000,000)	-
10/10/2018	10/10/2021	\$0.010	7,000,000	-	(3,000,000)	-	4,000,000
			<u>10,100,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>(2,800,000)</u>	<u>4,300,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.33 years (2020: 1.80 years).

Note 27. Share-based payments (continued)

Performance rights granted to directors and key management personnel

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

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

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

At the General Meeting held on 13 May 2020 the shareholders of the Company granted approval for the issue of 166,666,666 performance rights to directors and members of key management personnel. Details of the performance rights issued can be found in the Notice of General Meeting announcement dated 9 April 2020. The Company also issued 58,333,333 performance rights to corporate advisors and consultants as part of their compensation for services rendered. The vesting condition for the issue of these performance rights was the completion of Sun Minerals transaction. Details on the acquisition of Sun Minerals Pty Ltd are disclosed in note 11.

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

- Determination by a geological consultant of an Inferred JORC Resource of 5.443Mt at a combined AuEq grade of not less than 4g/t for 700koz Au (or AuEq) on the Copalquin Project; or
- Mithril achieving a market capitalisation equal to or greater than A\$40,000,000 for a period of 20 consecutive trading days on which the securities of the Company traded. This milestone was achieved post year-end and shares issued on 14 August 2020.

Fair value of performance rights granted:

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

For the performance rights granted, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/11/2020	24/11/2024	\$0.026	\$0.000	95.000%	-	0.37%	\$0.0193
13/05/2020	13/05/2024	\$0.010	\$0.000	95.000%	-	0.24%	\$0.007

Share-based payments during the year are:

	Consolidated 2021 \$	Consolidated 2020 \$
Performance rights issued to Directors and key management personnel	643,333	1,420,000
Performance rights issued to consultants	-	177,500
	<u>643,333</u>	<u>1,597,500</u>

Note 27. Share-based payments (continued)

Exploration and evaluation share based payments

During the 2020 financial year the Company made the following share-based payments in accordance with the terms sheet to acquire 100% of the shares of Sun Minerals Pty Ltd:

- Issued 673,852,281 fully paid ordinary shares to the shareholders of Sun Minerals Pty Ltd
- Issued 10,000,000 fully paid ordinary shares to Compania Minera Copalquin S.A de C.V

The fair value of the shares issued was \$0.015 per share. The amount of the equity settled share-based payment recognised in the current period in respect of the ordinary shares issued is \$10,257,784.

Accounting policy for share-based payments

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

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

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

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

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

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

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

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

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

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

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

Mithril Resources Limited
Directors' declaration
30 June 2021

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



John Skeet
Managing Director

29 September 2021

Independent Auditor's Report to the Members of Mithril Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mithril Resources Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 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 report.

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

Key Audit Matters

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

Advisory. Tax. Audit.

Registered Audit Company 291969

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Independent Auditor's Report to the Members of Mithril Resources Limited

Key audit matter

How our audit addressed the key audit matter

Exploration and evaluation assets

Refer to Notes 3 and 11

At 30 June 2021, the carrying value of exploration and evaluation assets was \$18,074,143.

In accordance with *AASB 6 Exploration and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value.

The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement.

This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers.

Our procedures included, amongst others:

- Obtaining schedules of the areas of interest held by the Group and assessing whether the rights to tenure remain current at balance date;
- Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;
- Reviewing the Group's capitalisation of exploration expenditure in the current year, ensuring that it is consistent with the criteria as stated under AASB 6. This included discussion with management, reviewing Group exploration budgets, ASX announcements and directors' minutes;
- Reviewing and considering whether any facts or circumstances existed that suggested impairment was required;
- Assessing the adequacy of the related disclosures in Note 11 to the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

Independent Auditor's Report to the Members of Mithril Resources Limited

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 27 to 31 of the Directors' Report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Mithril Resources Limited for the year ended 30 June 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



Nexia Melbourne Audit Pty Ltd
Melbourne



Ben Bester
Director

Dated this 29th day of September 2021

Mithril Resources Limited
Shareholder information
30 June 2021

The shareholder information set out below was applicable as at 15 September 2021.

Distribution of equitable securities

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

	Number of holders of ordinary shares	% of total shares issued
1 to 1,000	316	0.01
1,001 to 5,000	305	0.03
5,001 to 10,000	166	0.05
10,001 to 100,000	1,692	3.06
100,001 and over	1,607	96.85
	4,086	100.00
Holding less than a marketable parcel	1,441	

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
TRIMIN PTY LTD	221,663,615	8.62
GARRY THOMAS & NANCY-LEE THOMAS	181,081,267	7.05
NORTHERN STAR NOMINEES PTY LTD	110,500,000	4.30
BODIE INVESTMENTS PTY LTD	107,500,000	4.18
THOMAS FAMILY SUPERANNUATION FUND PTY LTD	104,604,006	4.07
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	100,352,918	3.90
MR DUDLEY ROY LEITCH	90,717,862	3.53
MR HALL HERBERT STEWART	81,646,076	3.18
COVENANT HOLDINGS (WA) PTY LTD	60,000,000	2.33
EQUITY TRUSTEES LIMITED	40,385,965	1.57
MR DUDLEY ROY LEITCH	33,333,333	1.30
MIGUEL ANGEL MATAS MARTINEZ	32,000,000	1.25
ALTOR CAPITAL MANAGEMENT PTY LTD	22,000,000	0.86
MR HALL HERBERT STEWART	18,333,333	0.73
PENAUSE PTY LTD	18,143,573	0.71
MR ARTHUR CHARLAFTIS	14,820,228	0.58
MR DOMINIC VIRGARA	14,063,158	0.55
PIERCE ASIA PTY LTD	13,333,333	0.52
MR BILLY-JOE THOMAS	12,565,280	0.49
LOCKWOOD SUPERANNUATION FUND PTY LTD	12,500,000	0.49
	1,290,043,947	50.19

Share buy-back

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

Unquoted equity securities

There are no unquoted equity securities.

Mithril Resources Limited
Shareholder information
30 June 2021

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
TRIMIN PTY LTD	221,663,615	8.62
GARRY THOMAS & NANCY-LEE THOMAS	181,081,267	7.05

Voting rights

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

Ordinary shares

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

Options

No voting rights.

There are no other classes of equity securities.

Securities subject to voluntary escrow

Class	Expiry date	Number of shares
Fully paid ordinary shares	27 May 2022	657,523,066

The vendors of Sun Minerals Pty Ltd agreed to a voluntary escrow of 657,523,066 fully paid ordinary shares received as part of the consideration from its acquisition by the Group.

Mithril Resources Limited
Shareholder information
30 June 2021

Tenement information

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	E20/846	100.00
Murchison Area	E57/1069	100.00
West Kimberley Area	E04/2497	100.00
West Kimberley Area	E04/2503	100.00
West Kimberley Area	E80/5191	100.00

Mexican Operations:

Concession	Concession title number	Interest owned %
LA SOLEDAD	52033	10.00
EL COMETA	164869	10.00
SAN MANUEL	165451	10.00
COPALQUIN	178014	10.00
EL SOL	236130	10.00
EL CORRAL	236131	10.00

Sun Minerals, a wholly owned subsidiary of Mithril, holds the exclusive option to earn up to a 100% interest in the above concessions forming the Copalquin Gold Silver Project in Durango, Mexico. Further details are disclosed in note 11.

APPENDIX "B"

Management's Discussion and Analysis of Mithril for the financial years ended June 30, 2023, 2022 and 2021



Mithril Resources Limited

Management's Discussion and Analysis

For Financial Years ending 30 June 2021, 2022, and 2023

General

The purpose of this Management's Discussion and Analysis ("**MD&A**") is to explain management's point of view regarding the past performance and future outlook of Mithril Resources Ltd. ("**Mithril**" or the "**Company**"). This MD&A also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended June 30, 2022 and 2023 (the "**Financial Statements**").

All information contained in this MD&A is current as of August 22, 2023 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and all dollar amounts are expressed in Australian dollars unless otherwise indicated.

Additional information on the Company is available at www.asx.com.au and at the Company's website, www.mithrilresources.com.au. The date of this MD&A is August 22, 2023.

Overview

Mithril is a junior exploration company which has been listed on the Australian Securities Exchange (**ASX**) since 2002 and completed a transformational transaction in May 2020 to become a gold-silver explorer focused on the district scale **Copalquin Project** in Durango State, Mexico. Mithril's core focus has been this flagship Copalquin Project, delivering a maiden JORC mineral resource estimate (**MRE**) in November 2021 at the first target area in the Copalquin Project area. The Company is listed for trading on the Australian Securities Exchange (ASX) under the symbol MTH.

The following is a summary of released public information from Mithril's Annual Reports, Half Yearly Reports and Quarterly Reports from financial years 2021, 2022 and 2023, available on the ASX platform

<https://www.asx.com.au/markets/company/mth> and Mithril's website <https://mithrilresources.com.au/investor-centre/>

Corporate and Exploration Activities

2021 Financial Year (July 2020 – Jun 2021)

- Mithril completed a share placement for A\$3.5 million (before costs) in July 2020 to supplement the A\$2.46 million raised as part of the Sun Minerals Pty Ltd acquisition in May 2020, being fully funded to execute an expanded maiden drill program at its Copalquin District, Mexico, which commenced in July 2020
- In February 2021, Mithril completed a share placement for A\$5 million (before costs) for its second phase of drilling at the Copalquin project, Mexico
- Board appointments were Garry Thomas as non-executive director and John Skeet as managing director
- Adrien Wing resigned as non-executive director (February 2021), remaining as company secretary and Dudley Leitch retired from the board as a non-executive director (July 2021)

Copalquin Project, Mexico

Exploration highlights at the Copalquin Project included:

- Discovery of a major gold-silver mineralised structure at the El Refugio target area
- Intercepted high-grade gold and silver structure two kilometres east of El Refugio, at Los Reyes
- Extended known high-grade gold and silver mineralisation at La Soledad
- Commenced second program of drilling at Copalquin in January 2021 with primary focus at El Refugio structure, expanding this area sufficiently towards a maiden JORC resource estimate for this target
- Soil sampling and mapping programs, extending the drill target for El Refugio further to the west by 1.3 kilometres

Intercepts at El Refugio where a high-grade 'clavo' interpreted:

- 9.35m @ 7.84 g/t gold, 138 g/t silver from 206.3m (CDH-033), including

- 4.00m @ 16.44 g/t gold, 267 g/t silver from 207m
- 4.17m @ 62.0 g/t gold and 445 g/t silver from 233.43m (CDH-050)

Continued expansion of the El Refugio 'clavo' with multiple high-grade intercepts including:

- 2.70m @ 13.8 g/t gold, 82.9 g/t silver from 300.3m (CDH-075), plus
4.25m @ 10.9 g/t gold, 364 g/t silver from 307.05m,
- 8.00m @ 5.32 g/t gold, 104.63 g/t silver from 289.3m (CDH-063)
- 4.82m @ 4.12 g/t gold, 107.13 g/t silver from 259.7m (CDH-062)
- 7.60m @ 2.34 g/t gold, 143.6 g/t silver from 253.25m (CDH-069)

Westerly expansion at El Refugio with:

- 26.78m @ 2.26 g/t gold, 25.1 g/t silver from 143.22m (CDH-066)
- 4.61m @ 1.87 g/t gold, 89.3 g/t silver from 155.84m (CDH-068), plus
0.77m @ 4.00 g/t gold, 37.0 g/t silver from 176.41m, plus
0.90m @ 0.59 g/t gold, 38.0 g/t silver from 193.38m

Located along strike to the east of El Refugio, El Cometa consists of parallel veins with instances of tensional dilation structures that host very high-grade gold and silver mineralisation. El Cometa bonanza grades with twin of a historic drill hole:

- 6.8m @ 74.0 g/t gold, 841 g/t silver from 35.2m (CDH-072), including,
2.1m @ 235 g/t gold, 2,554 g/t silver from 37.9m

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

- 14.85m @ 0.85 g/t gold and 47.9 g/t silver from 82.10m (CDH-034), including
1.3m @ 5.07 g/t gold and 308.9 g/t silver from 82.85m
- 9.78m @ 0.85 g/t gold and 13.3 g/t silver) from 78.75m (CDH-032)

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

- 11.7m @ 1.16 g/t gold and 70.0 g/t silver from 10.9m (CDH-027), including
1.0m @ 7.17 g/t gold and 236.0 g/t silver from 15.0m
- 2.9m @ 1.93 g/t gold and 215.7 g/t silver from 29.6m (CDH-029)
- 5.28m @ 0.39 g/t gold and 25.56 g/t silver from 35.72m (CDH-031)
- 10.15m @ 0.55 g/t gold and 15.47 g/t silver from 42.0m (CDH-035), including
1.0m @ 3.75 g/t gold and 69.6 g/t silver from 42.0m

Drilling at La Soledad 600 metres north-east of El Refugio commenced in July 2020 with a follow up hole in February 2021. A very high-grade vein system for further drilling:

- 3m @ 34.72 g/t gold and 3,129.0 g/t silver from 112.0m (CDH-001), including
1m @ 88.4 g/t gold and 6,750.0 g/t silver from 114.0m
- 4.55m @ 5.64 g/t gold and 325.0 g/t silver from 91.95m (CDH-002), including
1.5m @ 9.82 g/t gold and 574.0 g/t silver from 95.0m, plus
0.5m @ 9.27 g/t gold and 825.0 g/t silver from 141.2m
- 7.50m @ 6.74 g/t gold and 158.1 g/t silver from 253.8m (CDH-014), including
3.45m @ 11.52 g/t gold and 244.1 g/t silver from 253.8m
- 4.88m @ 10.36 g/t gold and 80.9 g/t silver from 288.25m (CDH-054)

High-grade gold and silver results received in first drill holes at Los Reyes target. The intercepts are in the same low-angle structural zone that extends 1.5 km west to El Cometa. The structural zone with mineralised veins occurs up to 20m wide at Los Reyes:

- 2.22m @ 32.35 g/t gold and 184.8 g/t silver from 91.55m (CDH-040), including
1.22m @ 58.6 g/t gold and 203 g/t silver from 92.55m, plus

- 0.70m @ 9.3 g/t gold and 125 g/t silver from 75.9m, plus
- 1.20m @ 2.05 g/t gold and 85 g/t silver from 84.82m
- 3.0m @ 2.86 g/t gold and 83.8 g/t silver from 103m (CDH-041), including
- 0.6m @ 9.79 g/t gold and 165.0 g/t silver from 103.7m

2022 Financial Year (July 2021 – Jun 2022)

- Two placements were completed during the 2021-22 financial year, A\$3.3m in September 2021 and A\$3.5m in April 2022 (both amounts before costs) with proceeds used to continue exploration and drilling at the Copalquin gold-silver district in Mexico
- In June 2022, amendments were agreed with the Copalquin mining concession vendor to extend the purchase option period by 3 years until August 2026. Having invested over US\$8m in direct exploration costs on the concessions, Mithril via its Mexican subsidiary holds 50% interest in the mining concessions and can purchase 100% by paying USD10m in cash, shares or a combination of both to the vendor at any time up to August 2026.
- Value added tax (VAT) refunds were received during the year for exploration expenditures in Mexico.
- Sale of the Limestone Well tenements to Mithril's earn-in partner Auteco Minerals Ltd was completed. Effectively, Auteco accelerated its 80% earn-in for the Limestone Well tenements by paying to Mithril A\$500k for a 90% interest and leaving Mithril with a 10% free carried interest, which Auteco can purchase at any time for A\$10m

Copalquin Project, Mexico

In November 2021, released a high-grade gold-silver maiden JORC mineral resource estimate (MRE) at the first drill target area in the Copalquin District, Mexico for the El Refugio-La Soledad target area which was delivered after only 15 months of drilling. The JORC compliant MRE contains indicated resources of 121,000 oz of gold (5.43 g/t) and 2.54 million ounces of silver (114 g/t) in 691,000 tonnes plus inferred resources of 252,000 oz of gold (4.55 g/t) and 8.41 million ounces of silver (152 g/t) in 1,725,000 tonnes. This is a high-grade resource with excellent expansion upside and development prospects. Resources reported using a cut-off grade of 2.0 g/t gold equivalent (70:1 gold:silver price ratio).

AMC Consultants completed a mining concepts design study for the El Refugio-La Soledad maiden JORC mineral resource. The study considered open pit potential and various underground mining techniques. The positioning of the underground mine development was also assessed. The study work shows that there is some open pit potential requiring further drilling work to better define near surface high-grade material at El Cometa. The most likely scenario from the study indicates that the resource would be most effectively mined by underground methods. The preferred mining method recommended is mechanised Avoca bench (a variant of long hole open stope benching with rockfill) using a bottom-up extraction sequence.

Some geotechnical logging of exploration holes has been undertaken and historical workings are present. AMC notes that rock mass conditions indicate "good" to "very good" rock but can generally be categorised as "fair" until recommended geotechnical assessment work has been undertaken. AMC has recommended geotechnical work, which includes geotechnical logging of existing drill core on site, geotechnical diamond core drilling, structural modelling, and structure confirmation drilling (to coincide with resource infill drilling) to be completed prior to further mining study work.

A preliminary metallurgical test work program on a composite sample from El Refugio crushed drill core was completed. The average grade of the composite is similar to the average grade of the maiden resource estimate at 4.52 g/t gold and 124 g/t silver and tested flotation, gravity and cyanidation. Flotation followed by intensive cyanide leaching of the flotation concentrate and low-level cyanide leaching of the flotation tailings allows high recovery of silver to be achieved. Cyanide leaching of silver is slower under the typical conditions used for gold only leaching. Recovering a high proportion of the silver into a concentrate (by flotation or gravity) allows the concentrate to be leached under intensive conditions resulting in higher silver recovery. The overall recovery to solution is 96.5% for gold and 91% for silver. Gold and silver would be recovered from solution using the widely used Merrill-Crowe zinc precipitation method and then smelted to produce metal gold-silver ingots. The test work was carried out by SGS at the Durango, Mexico facility.

Exploration work was completed in other parts of the district, developing further targets for future exploration programs, including drilling

Discovery of the '77 clavo' at El Refugio with bonanza grade intercept:

- 8.26m @ 80.3 g/t gold, 705 g/t silver from 468.34m (CDH-077), including

6.26m @ 106 g/t gold, 913 g/t silver from 468.34m, including
0.77m @ 837 g/t gold, 6,680 g/t silver from 471.63m

Continued development of the El Refugio 'clavo' with further high-grade intercepted:

- 2.70m @ 13.8 g/t gold, 82.9 g/t silver from 300.3m (CDH-075), plus
4.25m @ 10.9 g/t gold, 364 g/t silver from 307.05m, including
2.65m @ 16.3 g/t gold, 414 g/t silver from 315.0m, plus
2.00m @ 1.02 g/t gold, 17.5 g/t silver from 315.0m, plus
4.50m @ 0.84 g/t gold, 34.8 g/t silver from 358.5m

High-grade gold-silver confirmed deep in the El Refugio structure proximal to the bonanza intercept of CDH-077 with:

- 8.85m @ 7.2 g/t gold, 335 g/t silver from 312.15m (CDH-084), including
2.50m @ 18.22 g/t gold, 583 g/t silver from 317.0m, plus
2.10m @ 2.05 g/t gold, 73.6 g/t silver from 324.9m, plus
1.00m @ 1.16 g/t gold, 36.0 g/t silver from 394.0m

High-grade intercepts in CDH-079 and CDH-080 extending the El Refugio high-grade gold-silver 'clavo' 80m further east:

- 12.2m @ 7.6 g/t gold, 332 g/t silver from 86.6m (CDH-079), including
4.00m @ 18.3 g/t gold, 829 g/t silver from 89.8m
- 6.11m @ 5.08 g/t gold, 197 g/t silver from 112.19m (CDH-080), including
2.00m @ 9.39 g/t gold, 716 g/t silver from 116.19m

Step out drilling on the western side of El Refugio

- 18.67m @ 9.64 g/t gold, 278.8 g/t silver from 144.0m, (CDH-094) including
- 9.30m @ 17.9 g/t gold, 482.2 g/t silver from 148.89m

Infill drilling at El Refugio

- 2.00m @ 9.90 g/t gold, 122 g/t silver from 286.0m (CDH-085), including
- 1.00m @ 19.0 g/t gold, 209 g/t silver from 286.0m
- 12.29m @ 4.08 g/t gold, 85.2 g/t silver from 250.71m (CDH-086), including
- 1.50m @ 8.98 g/t gold, 137 g/t silver from 250.71m, and including
- 2.00m @ 15.35 g/t gold, 333 g/t silver from 258.0m
- 8.90m @ 0.97 g/t gold, 5.53 g/t silver from 252.1m (CDH-087), plus
- 3.00m @ 3.71 g/t gold, 79.0 g/t silver from 349.0m

At Los Pinos, the ridge just to the east of El Refugio-La Soledad, the extensive surface alteration and the strong gold in soils anomaly rank this area as a high-priority target. To date, only a handful of exploration holes have been completed at Los Pinos and importantly, drill hole CDH-113 has intercepted a narrow, high-grade vein only 78 metres down hole. Locating this high-grade vein allows planning of further drilling at Los Pinos as we continue to search of the main source of the alteration and strong surface gold anomaly.

- 0.60m @ 9.91 g/t gold, 161 g/t silver from 78.1m (CDH-113)

The first diamond core drilling at the El Gallo target 1km west of the El Refugio resource has produced multiple shallow intercepts with high-grade gold and silver mineralisation. (Refer to Figure 3 below.) Of particular note is the silver sulphide ginguro banding coincident with high-grade silver assay values. The drilling follows soil sampling and mapping, that identified El Gallo as a high-priority drill target. These excellent first round drill results support further drilling along strike and deeper as we develop this target.

- 0.54m @ 4.48 g/t gold, 412 g/t silver from 21.37m, (CDH-127), plus
1.00m @ 2.69 g/t gold, 179 g/t silver from 25.50m,

- 2.00m @ 2.55 g/t gold, 184 g/t silver from 50.0m, (CDH-128), including
- 1.00m @ 4.72 g/t gold, 326 g/t silver from 51.0m, plus
- 1.00m @ 1.64 g/t gold, 5.0 g/t silver from 43.0m

2023 Financial Year (July 2022 – Jun 2023)

- In November 2022, the Company held its Annual General Meeting of shareholders with all resolutions passed
- In December 2022, Mithril raised A\$1.5m (before costs) from institutional, sophisticated and professional investors to continue Copalquin district exploration activities
- In March 2023 Mithril Resources executed 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 to create a new Americas-focused exploration & development company.
- Late May 2023, Mithril announced it had executed a binding scheme implementation deed (SID) under which Newrange Gold Corporation (Newrange) will, subject to the satisfaction of various conditions, acquire 100% of the issued capital of Mithril resulting in Newrange remaining as the TSX Venture Exchange (TSXV) listed holding company (the Merger) to create a new Americas-focused exploration & development company.
- The Company continued to receive Mexican value added tax (IVA) refunds from its exploration expenditure with the majority of refund claims processed and received and up to date.

Copalquin Project, Mexico

In October 2022, released results from petrographic work on drill core and rock chip samples from across the 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 the 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 drilling and development work progress in this key area in the Copalquin District. 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

A drill core relogging program was completed and considerable work 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

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

Supporting the local community, the all-terrain vehicle track 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 Copalquin district.

Mapping and soil sampling for target generation progressed during the dry season months (Jan – Jun). Additional areas west of the high-grade El Refugio resource and south at San Manuel progressed further developing the targets across the Copalquin gold-silver mining district.

Using all drilling and exploration data to date, drill plans have progressed with the objectives to increase resource confidence, expansion along strike of the El Refugio resource and progress the multiple district targets at Copalquin when drilling is planned to resume in the next financial year 2023-2024.

Quality Control and Quality Assurance

The scientific and technical content and interpretations contained in this MD&A have been reviewed and approved by John Skeet B. App. Sc. and Fellow of the AusIMM, CP., Managing Director and CEO of Mithril Resources Limited and a 'qualified person' as defined by National Instrument 43-101 *Standards of Disclosure for Mineral Projects*.

Selected Annual Information

The following financial data is derived from the Company's annual audited consolidated financial statements for the years ended June 30, 2023, 2022 and 2021:

	Jun-23	Jun-22	Jun-21
	\$AUD	\$AUD	\$AUD
Other income	146,815	27,920	57,451
Profit on sale of tenement interest	-	293,079	-
General and administration expenses	(1,195,460)	(953,303)	(1,733,488)
Impairment of exploration assets	(1,049,436)	-	(12,581)
Foreign currency translation	3,565,851	866,821	265,480
Income (loss) and comprehensive income (loss)	1,467,770	234,517	(1,423,138)
Basic earnings/(loss) per share	(0.0007)	(0.0002)	(0.0008)
Diluted earnings/(loss) per share	(0.0007)	(0.0002)	(0.0008)
Working capital	531,809	2,539,498	2,886,881
Exploration and evaluation assets	30,093,495	25,176,844	18,074,143
Total assets	31,019,980	28,408,305	21,784,065
Total liabilities	393,350	690,881	822,036

The Company's mineral projects are in the exploration stage and, to date, the Company has generated no operating revenue from these mineral projects.

As at June 30, 2023, the Company has accumulated losses of \$42,621,671 (2022 – accumulated losses of \$40,523,590) since inception. For the year ended June 30, 2023, the Company had a net basic loss per share of \$0.0007 (2022 – \$0.0002) and a net diluted loss per share of \$0.0007 (2022 – \$0.0002).

Operations

As an exploration company, the Company has generated no revenue from operations on mineral projects and has, to date, incurred losses from operating and administrative expenses.

For the year ended June 30, 2023,

- other income increased to \$146,815 from \$27,920 in 2022 due to income from Mexico tax adjustments arising from refunds of Mexican VAT claims;
- profit on sale of tenement interest totalled \$nil (2022 - \$293,079) due to gain on sales of mineral projects in the prior year;
- operating and administrative expenses totalled \$1,195,460 (2022 - \$953,303), including share-based compensation of \$52,500 (2022 - \$nil) incurred during the year, for value of stock options vested;
- impairment of exploration assets totalled \$1,049,436 (2022 - \$nil) due to mineral projects impaired; and
- foreign currency translation totalled \$3,565,851 (2022 - \$866,821) due to the translation into Australian dollars at balance date of the assets and liabilities and the result for the year then ended recorded in the Mexico controlled entities.

The table below details the changes in major expenditures for the year ended June 30, 2023 as compared to the corresponding year ended June 30, 2022:

Expenses	Increase/Decrease in Expenses	Explanation for Change
Consultants	Increase of \$89,500	Increased due to the costs of implementing the proposed scheme.
Legal expenses	Increase of \$101,372	Increased due to the costs of implementing the proposed scheme.
Investor relations	Increase of \$26,943	Increased due to consultants engaged to promote the company to investors.
Travel and related	Decrease of \$34,595	Decreased due to fewer travel requirements and less site visits due to reduced activity on projects.

The table below details the changes in major expenditures for the year ended June 30, 2022 as compared to the corresponding year ended June 30, 2021:

Expenses	Increase/Decrease in Expenses	Explanation for Change
Market listing fees	Decrease of \$32,895	Decreased due to reduced capital raising activity.
Professional fees	Decrease of \$18,830	Decreased due to normalized professional fees in the current year following a change of suppliers.
Depreciation	Increase of \$21,982	Increased due to the purchase of equipment on the Mexico exploration project.

Salaries and benefits	Decrease of \$79,015	Decreased due to the resignation of a director early in the 2022 year.

Quarterly Information

Financial results in this section reflect net income from continuing operations.

Quarter Ended	Jun-23 \$AUD	Mar-23 \$AUD	Dec-22 \$AUD	Sep-22 \$AUD
Other income	77,488	63,196	5,646	485
Profit on sale of tenement interest	-	-	-	-
General and administration expenses	(505,120)	(262,318)	(229,864)	(205,754)
Impairment of exploration assets	(278,231)	(771,205)	-	-
Income (loss)	(705,863)	(970,327)	(224,218)	(197,673)
Basic earnings/(loss) per share	(0.0002)	(0.0003)	(0.0001)	(0.0001)
Diluted earnings/(loss) per share	(0.0002)	(0.0003)	(0.0001)	(0.0001)

Quarter Ended	Jun-22 \$AUD	Mar-22 \$AUD	Dec-21 \$AUD	Sep-21 \$AUD
Other income	1,938	5,081	20,413	488
Profit on sale of tenement interest	293,079	-	-	-
General and administration expenses	(304,891)	(179,763)	(231,548)	(237,101)
Impairment of exploration assets	-	-	-	-
Income (loss)	(9,874)	(174,682)	(211,135)	(236,613)
Basic earnings/(loss) per share	(0.0000)	(0.0001)	(0.0001)	(0.0001)
Diluted earnings/(loss) per share	(0.0000)	(0.0001)	(0.0001)	(0.0001)

Three Months ended June 30, 2023

During the three months ended June 30, 2023, the Company recorded a net loss of \$705,863 (2022: net loss of \$9,874). Significant fluctuations include the following:

- I. other income increased to \$77,488 (2022: \$1,222) due to income from Mexico tax adjustments arising from refunds of Mexican VAT claims;
- II. profit on sale of tenement interest totalled \$nil (2022 - \$293,079) due to gain on sales of mineral projects in the prior year;
- III. operating and administrative expenses totalled \$505,120 (2022 - \$304,891), due to the costs of implementing the proposed scheme and share-based compensation of \$52,500 (2022 - \$nil) incurred during the period, for value of stock options vested;
- IV. impairment of exploration assets totalled \$278,231 (2022 - \$nil) due to mineral projects impaired; and
- V. foreign currency translation totalled \$1,336,023 (2022 – loss of \$1,363,007) due to the translation into Australian dollars at balance date of the assets and liabilities and the result for the year then ended recorded in the Mexico controlled entities.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

Jun-23	Jun-22

	\$AUD	\$AUD
Cash and cash equivalents	568,530	2,271,886
Trade and other receivables	334,856	938,391
Other assets	21,773	20,102
Total current assets	925,159	3,230,379
Trade and other payables	(356,457)	(670,498)
Borrowings	(10,524)	-
Employee benefits	(26,369)	(20,383)
Working capital	531,809	2,539,498

During the year ended June 30, 2023:

- i) Cash flows provided by operating activities of \$1,355 (2022 used in - \$943,777) were due to Mexico VAT/IVA received, expenses on the statement of loss and comprehensive loss, adjusted for non-cash items and changes in working capital items.
- ii) Cash flows used in investing activities was \$3,086,242 (2022 - \$6,091,897). The change was due to the increased exploration expenditure during the comparative year.
- iii) Cash flows provided by financing activities of \$1,371,937 (2022 - \$6,380,978) consisted primarily of cash received for share issuances.

As at June 30, 2023, the Company had a cash and cash equivalents balance of \$568,530 and working capital of \$531,809. The Company's ability to continue as a going concern is dependent upon successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution.

Use of Proceeds

During the most recently completed financial year and up to the date of this MD&A, the Company completed the following financings:

- In December 2022, the Company completed a placement to investors and issued 322,857,143 fully paid shares at a price of \$0.0035 per share for aggregate gross proceeds of \$1,130,000.
- In May 2023, the Company completed a placement to investors and issued 105,714,286 fully paid shares at a price of \$0.0035 per share for aggregate gross proceeds of \$370,000.

The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

December 2022 Financing	
Fund the Company's exploration activities on its existing project portfolio and for general working capital.	The funds have been spent on exploration costs for the Company's properties and general operating costs.
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.	No material variances have yet been identified by the Company. Proceeds have been used as intended to date and on exploration of the Company's properties while meeting administrative requirements.

May 2023 Financing	
Fund the Company's exploration activities on its existing project portfolio and for general working capital.	The funds have been spent on exploration costs for the Company's properties and general operating costs.
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.	No material variances have yet been identified by the Company. Proceeds have been used as intended to date and on exploration of the Company's properties while meeting administrative requirements.

Risks and Uncertainties

The business and operations of Mithril are subject to numerous risks, many of which are beyond Mithril's control. Mithril considers the risks set out below to be some of the most significant to investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Mithril is currently unaware or which it considers to be material in relation to Mithril's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Mithril's securities could decline and investors may lose all or part of their investment.

- (a) Ongoing impact from the COVID-19 global pandemic from March 2020. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.
- (b) Mithril has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its mineral properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Mithril's ability to continue as a going concern is dependent upon, among other things, Mithril establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Mithril has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Mithril are the sale of equity capital or farming out its mineral properties to third party for further exploration or development. Mithril's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Mithril when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Mithril's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.
- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Mithril's case given its formative stage of development and the fact that its mineral properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on its mineral properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. There is no assurance that Mithril's exploration will result in the discovery of an economically viable mineral deposit.
- (e) Mithril activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.

- (f) Mithril's mineral properties may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that Mithril will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Mithril will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Mithril's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Mithril may participate, such directors and officers of Mithril may have a conflict of interest.
- (i) Mithril has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Mithril's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (j) Mithril must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defence of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Mithril may become subject to liability for hazards against which it is not insured.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions and Balances

During the year ended June 30, 2023, the Company entered into the following transactions with related parties, not disclosed elsewhere in this MD&A.

- Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year ended June 30, 2023, the Company incurred costs of \$nil (2022: \$45,360) relating to consultancy services provided by Trimin for legal and administration services for Mexico. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$84,035 (2022: \$20,914).

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. Summary of key management personnel compensation (includes officers and directors of the Company):

For the year ended June 30,	2023	2022
	\$AUD	\$AUD

Director fees		
- Garry Thomas	43,636	43,636
- John Skeet	180,000	180,000
- Stephen Layton	48,000	48,000
- Dudley Leitch	-	825
Post-employment benefits		
- Garry Thomas	4,364	4,364
- Dudley Leitch	-	78
Share-based compensation		
- John Skeet	52,500	-
	<u>328,500</u>	<u>276,903</u>

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Changes in Accounting Policies

There were no changes to the Company's accounting policies during the year ended December 31, 2022.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

A detailed summary of the Company's significant accounting estimates is included in Note 3 to the Financial Statements.

Disclosure of Data for Outstanding Common Shares, Stock Options, and Warrants

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at June 30, 2023	Date of this MD&A
Ordinary Shares	3,368,804,470	3,368,804,470
Share Options	414,285,714	414,285,714
Warrants	-	-

Details of the outstanding stock options as at the date of this MD&A:

Number of Options outstanding	Number of Options exercisable	Exercise price	Expiry date
170,000,000	170,000,000	\$0.02	April 26, 2024
5,000,000	5,000,000	\$0.02	April 26, 2024
25,000,000	25,000,000	\$0.02	November 11, 2025
214,285,714	214,285,714	\$0.01	December 9, 2025
<u>414,285,714</u>	<u>414,285,714</u>		

Internal Control over Financial Reporting Procedures

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

Forward-Looking Statements

Certain sections of this MD&A contain forward-looking statements and forward-looking information.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company's exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, silver and other precious metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward-looking information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company's current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of its mineral property being consistent with the Company's current expectations; (4) political developments in Canada, United States, the State of Alaska including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, silver and other precious metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs on its mineral properties being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver, or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and silver exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title

to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or silver bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward-looking statements and forward-looking information contained herein are based on information available as of August 22, 2023.

Other MD&A Requirements

Additional information relating to the Company may be found at www.asx.com.au including, but not limited to:

- the Company's audited consolidated financial statements for the year ended June 30, 2023.

This MD&A has been approved by the Board effective August 22, 2023.

General

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of Mithril Resources Ltd. ("Mithril" or the "Company"). This MD&A also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended June 30, 2022 and 2023 (the "Financial Statements").

All information contained in this MD&A is current as of August 22, 2023 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all dollar amounts are expressed in Australian dollars unless otherwise indicated.

Additional information on the Company is available at www.asx.com.au and at the Company's website, www.mithrilresources.com.au. The date of this MD&A is August 22, 2023.

Overview

Refer to the MD&A for the year ended June 30, 2023.

Selected Annual Information

The following financial data is derived from the Company's annual audited consolidated financial statements for the years ended June 30, 2022, 2021 and 2020:

	Jun-22	Jun-21	Jun-20
	\$AUD	\$AUD	\$AUD
Other income	27,920	57,451	72,877
Profit on sale of tenement interest	293,079	-	20,173
General and administration expenses	(953,303)	(1,733,488)	(2,237,662)
Impairment of exploration assets	-	(12,581)	(1,155,948)
Foreign currency translation	866,821	265,480	(65,233)
Income (loss) and comprehensive income (loss)	234,517	(1,423,138)	(3,365,829)
Basic earnings/(loss) per share	(0.0002)	(0.0008)	(0.5500)
Diluted earnings/(loss) per share	(0.0002)	(0.0008)	(0.5500)
Working capital	2,539,498	2,886,881	1,043,437
Exploration and evaluation assets	25,176,844	18,074,143	12,675,125
Total assets	28,408,305	21,784,065	13,947,318
Total liabilities	690,881	822,036	228,756

The Company's mineral projects are in the exploration stage and, to date, the Company has generated no operating revenue from these mineral projects.

As at June 30, 2022, the Company has accumulated losses of \$40,523,590 (2021 – accumulated losses of \$39,891,286) since inception. For the year ended June 30, 2022, the Company had a net basic loss per share of \$0.0002 (2021 – \$0.0008) and a net diluted loss per share of \$0.0002 (2021 – \$0.0008).

Operations

As an exploration company, the Company has generated no revenue from operations on mineral projects and has, to date, incurred losses from operating and administrative expenses.

For the year ended June 30, 2022,

- other income decreased to \$27,920 from \$57,451 in 2021 due to income from government COVID-19 support received in the prior year;
- profit on sale of tenement interest totaled \$293,079 (2021 - \$nil) due to gain on sales of mineral projects;
- operating and administrative expenses totaled \$953,303 (2021 - \$1,733,488), including share-based compensation of \$nil (2021 - \$643,333) incurred during the year, for value of stock options vested;
- impairment of exploration assets totaled \$nil (2021 - \$12,581) due to mineral projects impaired; and

- foreign currency translation totaled \$866,821 (2021 - \$265,480) due to the translation into Australian dollars at balance date of the assets and liabilities and the result for the year then ended recorded in the Mexico controlled entities.

The table below details the changes in major expenditures for the year ended June 30, 2022 as compared to the corresponding year ended June 30, 2021:

Expenses	Increase/Decrease in Expenses	Explanation for Change
Market listing fees	Decrease of \$32,895	Decreased due to reduced capital raising activity.
Professional fees	Decrease of \$18,830	Decreased due to normalized professional fees in the current year following a change of suppliers.
Depreciation	Increase of \$21,982	Increased due to the purchase of equipment on the Mexico exploration project.
Salaries and benefits	Decrease of \$79,015	Decreased due to the resignation of a director early in the 2022 year.

The table below details the changes in major expenditures for the year ended June 30, 2021 as compared to the corresponding year ended June 30, 2020:

Market listing fees	Increase of \$97,478	Increased due to higher capital raising activity.
Travel	Increase of \$64,326	Increased due to higher travel costs incurred as COVID-19 restrictions eased
Depreciation	Increase of \$18,076	Increased due to the purchase of equipment on the Mexico exploration project.
Salaries and benefits	Increase of \$232,014	Increased due to significant costs of management re-allocated to Australian projects in the prior year.

Quarterly Information

Financial results in this section reflect net income from continuing operations.

Quarter Ended	Jun-22	Mar-22	Dec-21	Sep-21
	\$AUD	\$AUD	\$AUD	\$AUD
Other income	1,938	5,081	20,413	488
Profit on sale of tenement interest	293,079	-	-	-
General and administration expenses	(304,891)	(179,763)	(231,548)	(237,101)
Impairment of exploration assets	-	-	-	-
Income (loss)	(9,874)	(174,682)	(211,135)	(236,613)
Basic earnings/(loss) per share	(0.0000)	(0.0001)	(0.0001)	(0.0001)
Diluted earnings/(loss) per share	(0.0000)	(0.0001)	(0.0001)	(0.0001)

Quarter Ended	Jun-21	Mar-21	Dec-20	Sep-20
	\$AUD	\$AUD	\$AUD	\$AUD
Other income	951	2,837	13,684	39,979
Profit on sale of tenement interest	-	-	-	-
General and administration expenses	(263,512)	(217,326)	(989,668)	(262,982)
Impairment of exploration assets	-	(12,581)	-	-
Income (loss)	(262,561)	(227,070)	(975,984)	(223,003)

Basic earnings/(loss) per share	(0.0001)	(0.0001)	(0.0005)	(0.0001)
Diluted earnings/(loss) per share	(0.0001)	(0.0001)	(0.0005)	(0.0001)

Three Months ended June 30, 2022

During the three months ended June 30, 2022, the Company recorded a net loss of \$9,874 (2021: net loss of \$262,561). Significant fluctuations include the following:

- I. profit on sale of tenement interest totalled \$293,079 (2021 - \$nil) due to gain on sales of mineral projects in the 2022 period; and
- II. operating and administrative expenses totalled \$304,891 (2021 - \$263,512), due to higher travel costs incurred as COVID-19 restrictions eased.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

	Jun-22	Jun-21
	\$AUD	\$AUD
Cash and cash equivalents	2,271,886	2,920,481
Trade and other receivables	938,391	767,371
Other assets	20,102	20,065
Total current assets	3,230,379	3,708,917
Trade and other payables	(670,498)	(804,474)
Borrowings	-	-
Employee benefits	(20,383)	(17,562)
Working capital	2,539,498	2,886,881

During the year ended June 30, 2022:

- i) Cash flows used in operating activities of \$943,777 (2021 - \$1,446,531) were due to government grants received, expenses on the statement of loss and comprehensive loss, adjusted for non-cash items and changes in working capital items.
- ii) Cash flows used in investing activities was \$6,091,897 (2021 - \$4,855,762). The change was due to the decreased exploration expenditure during the comparative year.
- iii) Cash flows provided by financing activities of \$6,380,978 (2021 - \$8,030,772) consisted primarily of cash received for share issuances.

As at June 30, 2022, the Company had a cash and cash equivalents balance of \$2,271,886 and working capital of \$2,886,881. The Company's ability to continue as a going concern is dependent upon successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution.

Use of Proceeds

During the most recently completed financial year and up to the date of this MD&A, the Company completed the following financings:

- In April 2022, the Company completed a placement to investors and issued 350,000,000 fully paid shares at a price of \$0.01 per share for aggregate gross proceeds of \$3,500,000.
- In September 2021, the Company completed a placement to investors and issued 220,000,000 fully paid

shares at a price of \$0.015 per share for aggregate gross proceeds of \$3,300,000.

The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

April 2022 Financing

Fund the Company's exploration activities on its existing project portfolio and for general working capital.

The funds have been spent on exploration costs for the Company's properties and general operating costs.

Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

No material variances have yet been identified by the Company. Proceeds have been used as intended to date and on exploration of the Company's properties while meeting administrative requirements.

September 2021 Financing

Fund the Company's exploration activities on its existing project portfolio and for general working capital.

The funds have been spent on exploration costs for the Company's properties and general operating costs.

Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

No material variances have yet been identified by the Company. Proceeds have been used as intended to date and on exploration of the Company's properties while meeting administrative requirements.

Risks and Uncertainties

The business and operations of Mithril are subject to numerous risks, many of which are beyond Mithril's control. Mithril considers the risks set out below to be some of the most significant to investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Mithril is currently unaware or which it considers to be material in relation to Mithril's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Mithril's securities could decline and investors may lose all or part of their investment.

- (a) Ongoing impact from the COVID-19 global pandemic from March 2020. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.
- (b) Mithril has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its mineral properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Mithril's ability to continue as a going concern is dependent upon, among other things, Mithril establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Mithril has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Mithril are the sale of equity capital or farming out its mineral properties to third party for further exploration or development. Mithril's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Mithril when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Mithril's shares. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.
- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Mithril's case given its

formative stage of development and the fact that its mineral properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on its mineral properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. There is no assurance that Mithril's exploration will result in the discovery of an economically viable mineral deposit.

- (e) Mithril activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (f) Mithril's mineral properties may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that Mithril will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Mithril will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Mithril's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Mithril may participate, such directors and officers of Mithril may have a conflict of interest.
- (i) Mithril has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Mithril's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (j) Mithril must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defence of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Mithril may become subject to liability for hazards against which it is not insured.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions and Balances

During the year ended June 30, 2022, the Company entered into the following transactions with related parties, not disclosed elsewhere in this MD&A.

- Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year ended June 30, 2022, the Company incurred costs of \$45,360 (2021: \$45,360) relating to consultancy services provided by Trimin

for legal and administration services for Mexico. From 1 April 2022, a related party of Mr Skeet has been employed in an administration and legal role related to Mexico requirements and incurred salary costs of \$20,914 (2021: \$nil).

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. Summary of key management personnel compensation (includes officers and directors of the Company):

For the year ended June 30,	2022	2021
	\$AUD	\$AUD
Director fees		
- Garry Thomas	43,636	38,297
- John Skeet	180,000	180,000
- Stephen Layton	48,000	48,000
- Dudley Leitch	825	43,836
- Adrien Wing	-	80,000
Post-employment benefits		
- Garry Thomas	4,364	3,639
- Dudley Leitch	78	4,164
Share-based compensation		
- Garry Thomas	-	643,333
	276,903	1,041,269

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Changes in Accounting Policies

There were no changes to the Company's accounting policies during the year ended December 31, 2022.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

A detailed summary of the Company's significant accounting estimates is included in Note 3 to the Financial Statements.

Disclosure of Data for Outstanding Common Shares, Stock Options, and Warrants

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at June 30, 2023	Date of this MD&A
Ordinary Shares	3,368,804,470	3,368,804,470
Share Options	414,285,714	414,285,714
Warrants	-	-

Details of the outstanding stock options as at the date of this MD&A:

Number of Options outstanding	Number of Options exercisable	Exercise price	Expiry date
170,000,000	170,000,000	\$0.02	April 26, 2024

5,000,000	5,000,000	\$0.02	April 26, 2024
25,000,000	25,000,000	\$0.02	November 11, 2025
214,285,714	214,285,714	\$0.01	December 9, 2025
414,285,714	414,285,714		

Internal Control over Financial Reporting Procedures

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("**NI 52-109**"), the Company's certifying officers are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"), as defined in NI 52-109. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

Forward-Looking Statements

Certain sections of this MD&A contain forward-looking statements and forward-looking information.

All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company's exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, silver and other precious metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward-looking information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company's current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of its mineral property being consistent with the Company's current expectations; (4) political developments in Canada, United States, the State of Alaska including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, silver and other precious metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs on its mineral properties being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information.

Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver, or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and silver exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or silver bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward-looking statements and forward-looking information contained herein are based on information available as of August 22, 2023.

Other MD&A Requirements

Additional information relating to the Company may be found at www.asx.com.au including, but not limited to:

- the Company's audited consolidated financial statements for the year ended June 30, 2022.

This MD&A has been approved by the Board effective August 22, 2023.

General

The purpose of this Management's Discussion and Analysis ("MD&A") is to explain management's point of view regarding the past performance and future outlook of Mithril Resources Ltd. ("Mithril" or the "Company"). This MD&A also provides information to improve the reader's understanding of the financial statements and related notes as well as important trends and risks affecting the Company's financial performance, and should therefore be read in conjunction with the Company's audited consolidated financial statements and notes for the year ended June 30, 2022 and 2023 (the "Financial Statements").

All information contained in this MD&A is current as of August 22, 2023 unless otherwise stated.

The Financial Statements and related notes and all financial information in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and all dollar amounts are expressed in Australian dollars unless otherwise indicated.

Additional information on the Company is available at www.asx.com.au and at the Company's website, www.mithrilresources.com.au. The date of this MD&A is August 22, 2023.

Overview

Refer to the MD&A for the year ended June 30, 2023.

Selected Annual Information

The following financial data is derived from the Company's annual audited consolidated financial statements for the years ended June 30, 2021, 2020 and 2019:

	Jun-21	Jun-20	Jun-19
	\$AUD	\$AUD	\$AUD
Other income	57,451	72,877	6,730
Profit on sale of tenement interest	-	20,173	50,000
General and administration expenses	(1,733,488)	(2,237,662)	(568,764)
Impairment of exploration assets	(12,581)	(1,155,948)	(775,457)
Foreign currency translation	265,480	65,233	-
Income (loss) and comprehensive income (loss)	(1,423,138)	(3,365,829)	(1,287,491)
Basic earnings/(loss) per share	(0.0008)	(0.0055)	(0.0040)
Diluted earnings/(loss) per share	(0.0008)	(0.0055)	(0.0040)
Working capital	2,886,881	1,043,437	601,171
Exploration and evaluation assets	18,074,143	12,675,125	1,910,014
Total assets	21,784,065	13,947,318	2,633,356
Total liabilities	822,036	228,756	107,830

The Company's mineral projects are in the exploration stage and, to date, the Company has generated no operating revenue from these mineral projects.

As at June 30, 2021, the Company has accumulated losses of \$39,891,286 (2020 – accumulated losses of \$38,302,668) since inception. For the year ended June 30, 2021, the Company had a net basic loss per share of \$0.0008 (2020 – \$0.0055) and a net diluted loss per share of \$0.0008 (2020 – \$0.0055).

Operations

As an exploration company, the Company has generated no revenue from operations on mineral projects and has, to date, incurred losses from operating and administrative expenses.

For the year ended June 30, 2021,

- other income decreased to \$57,451 from \$72,877 in 2020 due to rental income no longer being received;
- profit on sale of tenement interest totaled \$nil (2020 - \$20,173) due to gain on sales of mineral projects in the prior year;
- operating and administrative expenses totaled \$1,733,488 (2020 - \$2,237,662), including share-based compensation of \$643,333 (2020 - \$1,597,500) incurred during the year, for value of stock options vested;
- impairment of exploration assets totaled \$12,581 (2020 - \$1,155,948) due to mineral projects impaired; and

- foreign currency translation totaled \$265,480 (2020 loss - \$65,233) due to the translation into Australian dollars at balance date of the assets and liabilities and the result for the year then ended recorded in the Mexico controlled entities.

The table below details the changes in major expenditures for the year ended June 30, 2021 as compared to the corresponding year ended June 30, 2020:

Expenses	Increase/Decrease in Expenses	Explanation for Change
Market listing fees	Increase of \$97,478	Increased due to higher capital raising activity.
Travel	Increase of \$64,326	Increased due to higher travel costs incurred as COVID-19 restrictions eased
Depreciation	Increase of \$18,076	Increased due to the purchase of equipment on the Mexico exploration project.
Salaries and benefits	Increase of \$232,014	Increased due to significant costs of management re-allocated to Australian projects in the prior year.

The table below details the changes in major expenditures for the year ended June 30, 2020 as compared to the corresponding year ended June 30, 2019:

Shareholder meeting fees	Decrease of \$65,050	Decreased due to additional communications in the prior year.
Professional fees	Increase of \$120,732	Increased due to professional fees incurred on the acquisition of Mexico exploration project.
Salaries and benefits	Decrease of \$38,928	Decreased due to significant costs of management re-allocated to Australian projects in the 2020 year.

Quarterly Information

Financial results in this section reflect net income from continuing operations.

Quarter Ended	Jun-21 \$AUD	Mar-21 \$AUD	Dec-20 \$AUD	Sep-20 \$AUD
Other income	951	2,837	13,684	39,979
Profit on sale of tenement interest	-	-	-	-
General and administration expenses	(263,512)	(217,326)	(989,668)	(262,982)
Impairment of exploration assets	-	(12,581)	-	-
Income (loss)	(262,561)	(227,070)	(975,984)	(223,003)
Basic earnings/(loss) per share	(0.0001)	(0.0001)	(0.0005)	(0.0001)
Diluted earnings/(loss) per share	(0.0001)	(0.0001)	(0.0005)	(0.0001)

Quarter Ended	Jun-20 \$AUD	Mar-20 \$AUD	Dec-19 \$AUD	Sep-19 \$AUD
Other income	15,884	20,269	36,409	315
Profit on sale of tenement interest	20,317	-	-	-
General and administration expenses	(1,745,623)	(210,538)	(142,301)	(139,380)
Impairment of exploration assets	(13,007)	-	(1,142,941)	-
Income (loss)	(1,722,429)	(190,269)	(1,248,833)	(139,065)
Basic earnings/(loss) per share	(0.0018)	(0.0004)	(0.0025)	(0.0003)

Diluted earnings/(loss) per share	(0.0018)	(0.0004)	(0.0025)	(0.0003)

Three Months ended June 30, 2021

During the three months ended June 30, 2021, the Company recorded a net loss of \$262,561 (2020: net loss of \$1,722,429). Significant fluctuations include the following:

- I. other income decreased to \$951 (2020: \$15,884) due to income from government COVID-19 support received in the prior period;
- II. profit on sale of tenement interest totalled \$nil (2020 - \$20,317) due to gain on sales of mineral projects in the prior period;
- III. operating and administrative expenses totalled \$263,512 (2020 - \$1,745,623), due to share-based compensation of \$nil (2020 - \$1,597,500) incurred during the period, for value of stock options vested; and
- IV. impairment of exploration assets totalled \$nil (2020 - \$13,007) due to mineral projects impaired.

Liquidity and Capital Resources

The Company's liquidity and capital resources are as follows:

	Jun-21	Jun-20
	\$AUD	\$AUD
Cash and cash equivalents	2,920,481	1,187,589
Trade and other receivables	767,371	84,604
Other assets	20,065	-
Total current assets	3,708,917	1,272,193
Trade and other payables	(804,474)	(170,450)
Borrowings	-	-
Employee benefits	(17,562)	(58,306)
Working capital	2,886,881	1,043,437

During the year ended June 30, 2021:

- i) Cash flows used in operating activities of \$1,446,531 (2020 - \$599,889) were due to government grants received, expenses on the statement of loss and comprehensive loss, adjusted for non-cash items and changes in working capital items.
- ii) Cash flows used in investing activities was \$4,855,762 (2020 - \$1,421,312). The change was due to the decreased exploration expenditure during the comparative year.
- iii) Cash flows provided by financing activities of \$8,030,772 (2020 - \$2,577,575) consisted primarily of cash received for share issuances.

As at June 30, 2021, the Company had a cash and cash equivalents balance of \$2,920,481 and working capital of \$2,886,881. The Company's ability to continue as a going concern is dependent upon successful results from its exploration and evaluation activities and its ability to attain profitable operations and generate funds therefrom and/or raise equity capital or borrowings sufficient to meet current and future obligations.

The Company's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to it or at all. If the Company raises additional financing through the issuance of shares from its treasury, control of the Company may change and existing shareholders will suffer additional dilution.

Use of Proceeds

During the most recently completed financial year and up to the date of this MD&A, the Company completed the following financings:

- In February 2021, the Company completed a placement to investors and issued 263,157,895 fully paid shares at a price of \$0.019 per share for aggregate gross proceeds of \$5,000,000.
- In July 2020, the Company completed a placement to investors and issued 194,444,444 fully paid shares at a price of \$0.018 per share for aggregate gross proceeds of \$3,500,000.

The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

February 2021 Financing

Fund the Company's exploration activities on its existing project portfolio and for general working capital.

The funds have been spent on exploration costs for the Company's properties and general operating costs.

Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

No material variances have yet been identified by the Company. Proceeds have been used as intended to date and on exploration of the Company's properties while meeting administrative requirements.

July 2020 Financing

Fund the Company's exploration activities on its existing project portfolio and for general working capital.

The funds have been spent on exploration costs for the Company's properties and general operating costs.

Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones.

No material variances have yet been identified by the Company. Proceeds have been used as intended to date and on exploration of the Company's properties while meeting administrative requirements.

Risks and Uncertainties

The business and operations of Mithril are subject to numerous risks, many of which are beyond Mithril's control. Mithril considers the risks set out below to be some of the most significant to investors in the Company, but not all of the risks associated with an investment in securities of the Company. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which Mithril is currently unaware or which it considers to be material in relation to Mithril's business actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of Mithril's securities could decline and investors may lose all or part of their investment.

- (a) Ongoing impact from the COVID-19 global pandemic from March 2020. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses, including the Company's. This outbreak could decrease spending, adversely affect and harm our business and results of operations. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations at this time.
- (b) Mithril has limited financial resources and limited operating revenues. To earn and/or maintain its interest in its mineral properties, the Company has contractually agreed or is required to make certain payments and expenditures for and on such properties. Mithril's ability to continue as a going concern is dependent upon, among other things, Mithril establishing commercial quantities of mineral reserves on its properties and obtaining the necessary financing and permits to develop and profitably produce such minerals or, alternatively, disposing of its interests on a profitable basis, none of which is assured.
- (c) Mithril has only generated losses to date and will require additional funds to further explore its properties. The only sources of funds for exploration programs, or if such exploration programs are successful for the development of economic ore bodies and commencement of commercial production thereon, presently available to Mithril are the sale of equity capital or farming out its mineral properties to third party for further exploration or development. Mithril's ability to arrange financing in the future will depend, in part, upon the prevailing capital market conditions as well as its business performance. There is no assurance such additional funding will be available to Mithril when needed on commercially reasonable terms or at all. Additional equity financing may also result in substantial dilution thereby reducing the marketability of Mithril's shares. Failure to obtain such additional financing could result in the delay or indefinite

postponement of further exploration and the possible, partial or total loss of the Company's interest in its properties.

- (d) Mineral exploration is subject to a high degree of risk, which even a combination of experience, knowledge and careful evaluation may fail to overcome. These risks may be even greater in Mithril's case given its formative stage of development and the fact that its mineral properties are still in their exploration stage. Furthermore, exploration activities are expensive and seldom result in the discovery of a commercially viable resource. There are no known resources or reserves on its mineral properties and the Company's proposed exploration programs are exploratory searches for commercial quantities of ore. There is no assurance that Mithril's exploration will result in the discovery of an economically viable mineral deposit.
- (e) Mithril activities are subject to the risks normally encountered in the mining exploration business. The economics of exploring, developing and operating resource properties are affected by many factors including the cost of exploration and development operations, variations of the grade of any ore mined and the rate of resource extraction and fluctuations in the price of resources produced, government regulations relating to royalties, taxes and environmental protection and title defects.
- (f) Mithril's mineral properties may be subject to prior unregistered agreements, interests or land claims and title may be affected by undetected defects. In addition, the Company's exploration activities will require certain licenses and permits from various governmental authorities. There is no assurance that Mithril will be successful in obtaining the necessary licenses and permits on a timely basis or at all to undertake its exploration activities in the future or, if granted, that the licenses and permits will be on the basis applied or remain in force as granted.
- (g) The mining industry is capital intensive and subject to fluctuations in metal prices, market sentiment, foreign exchange and interest rates. It is also highly competitive in all its phases and Mithril will be competing with other mining companies, many with greater financial, technical and human resources, in the search for, and the acquisition of, mineral resource properties and in the marketing of minerals.
- (h) Certain of Mithril's directors and officers also serve as directors or officers of other public and private resource companies, and to the extent that such other companies may participate in ventures in which Mithril may participate, such directors and officers of Mithril may have a conflict of interest.
- (i) Mithril has not declared or paid any dividends on its common shares and does not expect to do so in the foreseeable future. Future earnings, if any, will likely be retained to finance growth. Any return on investment in Mithril's shares will come from the appreciation, if any, in the value thereof. The payment of any future dividends will depend upon the Company's earnings, if any, its then-existing financial requirements and other factors, and will be at the discretion of the Company's Board.
- (j) Mithril must comply with environmental laws and regulations governing air and water quality and land disturbance and provide for reclamation and closure costs in addition to securing the necessary permits to advance exploration activities at its mineral properties. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects, and a heightened degree of responsibility for companies and their officers, directors and employees. Compliance with environmental laws and regulations may require significant capital outlays on behalf of the Company and may cause material changes or delays in the Company's intended activities. Furthermore, environmental hazards may exist on the Company's properties that are unknown to the Company at present and that have been caused by the Company or by previous owners or operators of the properties, or that may have occurred naturally. The Company may be liable for remediating such damages. Failure to comply with applicable environmental laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities, causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Future production, if any, at the Company's properties will involve the use of hazardous materials. Should these materials leak or otherwise be discharged from their containment systems, the Company may become subject to liability. In addition, neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by permitting and/or exploration activities including the release of hazardous substances or other waste material into the environment on or around the Company's properties. There can be no assurance that the Company's defence of such claims will be successful and a successful claim against the Company could have a material adverse effect on its business prospects, financial condition and results of operations. In addition, Mithril may become subject to liability for hazards against which it is not insured.

Readers are cautioned that the foregoing list of risks, uncertainties and other factors is not exhaustive.

Related Party Transactions and Balances

During the year ended June 30, 2021, the Company entered into the following transactions with related parties, not disclosed elsewhere in this MD&A.

- Mr Skeet is a director of Trimin Pty Ltd (Trimin). During the financial year ended June 30, 2021, the Company incurred costs of \$45,360 (2020: \$3,960) relating to consultancy services provided by Trimin for legal and administration services for Mexico.

Key management personnel includes those persons having authority and responsibility for planning, directing, and controlling of the activities of the Company and include both executives and non-executive directors, and entities controlled by such persons. The Company considers all directors and officers of the Company to be key management personnel. Summary of key management personnel compensation (includes officers and directors of the Company):

For the year ended June 30,	2021	2020
	\$AUD	\$AUD
Director fees		
- Garry Thomas	38,297	-
- John Skeet	180,000	15,000
- Stephen Layton	48,000	48,000
- Dudley Leitch	43,836	4,000
- Adrien Wing	80,000	96,000
- David Hutton	-	260,996
Post-employment benefits		
- Garry Thomas	3,639	-
- Dudley Leitch	4,164	-
- David Hutton	-	24,795
Share-based compensation		
- Garry Thomas	643,333	-
- John Skeet	-	236,667
- Stephen Layton	-	355,000
- Dudley Leitch	-	236,667
- Adrien Wing	-	355,000
	1,041,269	1,632,125

Off- Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Changes in Accounting Policies

There were no changes to the Company's accounting policies during the year ended December 31, 2022.

Critical Accounting Estimates

The preparation of the Financial Statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, as well as the reported revenues and expenses during the reporting period. Based on historical experience and current conditions, management makes assumptions that are believed to be reasonable under the circumstances. These estimates and assumptions form the basis for judgments about the carrying value of assets and liabilities and reported amounts for revenues and expenses. Different assumptions would result in different estimates, and actual results may differ from results based on these estimates. These estimates and assumptions are also affected by management's application of accounting policies. Critical accounting estimates are those that affect the financial statements materially and involve a significant level of judgment by management.

Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may differ from these estimates.

A detailed summary of the Company's significant accounting estimates is included in Note 3 to the Financial Statements.

Disclosure of Data for Outstanding Common Shares, Stock Options, and Warrants

The following table summarizes the outstanding common shares, stock options, and warrants of the Company:

	As at June 30, 2023	Date of this MD&A
Ordinary Shares	3,368,804,470	3,368,804,470
Share Options	414,285,714	414,285,714

Warrants

-

-

Details of the outstanding stock options as at the date of this MD&A:

Number of Options outstanding	Number of Options exercisable	Exercise price	Expiry date
170,000,000	170,000,000	\$0.02	April 26, 2024
5,000,000	5,000,000	\$0.02	April 26, 2024
25,000,000	25,000,000	\$0.02	November 11, 2025
214,285,714	214,285,714	\$0.01	December 9, 2025
414,285,714	414,285,714		

Internal Control over Financial Reporting Procedures

As a venture issuer, the Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are responsible to ensure that the Financial Statements and this MD&A do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and that the financial report together with the other financial information included in these filings fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date of and for the periods presented in these filings. The certifying officers are also responsible for ensuring processes are in place to provide them with sufficient knowledge to support such representations.

However, in contrast to non-venture issuers under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company's certifying officers are not required to make representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. Accordingly, investors should be aware that inherent limitations on the ability of the Company's certifying officers to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency, and timeliness of these annual filings as well as interim filings and other reports provided by the Company under securities legislation.

Forward-Looking Statements

Certain sections of this MD&A contain forward-looking statements and forward-looking information. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words.

Forward-looking statements and forward-looking information contained or incorporated by reference in this MD&A may relate to the Company's future financial condition, results of operations, plans, objectives, performance or business developments including, among other things, potential property acquisitions, exploration and work programs, drilling plans and timing of drilling, the performance characteristics of the Company's exploration and evaluation assets, exploration results of various projects of the Company, projections of market prices and costs, supply and demand for gold, silver and other precious metals, expectations regarding the ability to raise capital and to acquire resources and/or reserves through acquisitions and/or development, treatment under governmental regulatory regimes and tax laws, and capital expenditure programs and the timing and method of financing thereof. Forward-looking statements and forward-looking information are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company as of the date of such statements and information, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The estimates and assumptions of the Company contained or incorporated by reference in this MD&A, which may prove to be incorrect, include, but are not limited to: (1) there being no significant disruptions affecting operations, whether due to labour disruptions, supply disruptions, power disruptions, damage to equipment, adverse weather conditions or otherwise; (2) permitting, access, exploration, expansion and acquisitions at our projects (including, without limitation, land acquisitions for and permitting of exploration plans) being consistent with the Company's current expectations; (3) the viability, permitting, access, exploration and, if warranted, development of its mineral property being consistent with the Company's current expectations; (4) political developments in Canada, United States, the State of Alaska including, without limitation, the implementation of new mining laws and related regulations being consistent with the Company's

current expectations; (5) the exchange rate between the Canadian dollar and the U.S. dollar being approximately consistent with current levels; (6) certain price assumptions for gold, silver and other precious metals; (7) prices for and availability of equipment, labor, natural gas, fuel oil, electricity, water and other key supplies remaining consistent with current levels; (8) the results of the Company's exploration programs on its mineral properties being consistent with the Company's expectations; (9) labour and materials costs increasing on a basis consistent with the Company's current expectations; and (10) the availability and timing of additional financing being consistent with the Company's current expectations. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to: the timing and availability of additional capital, fluctuations in the currency markets; fluctuations in the spot and forward price of gold, silver, or other commodities (such as diesel fuel and electricity); changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or other countries in which the Company may carry on business in the future; business opportunities that may be presented to, or pursued by, us; our ability to successfully integrate acquisitions; operating or technical difficulties in connection with exploration activities; employee relations; the speculative nature of gold and silver exploration and development, including the risks of obtaining necessary licenses and permits; competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel, incorrect assessments of the value of acquisitions, geological, technical, drilling and processing problems, fluctuations in foreign exchange or interest rates and stock market volatility, changes in income tax laws or changes in tax laws and incentive programs relating to the mineral resource industry; and contests over title to properties, particularly title to undeveloped properties. In addition, there are risks and hazards associated with the business of mineral exploration, development and mining, including environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins, flooding and gold and/or silver bullion losses (and the risk of inadequate insurance, or the inability to obtain insurance, to cover these risks). Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements or forward-looking information made by, or on behalf of, the Company. There can be no assurance that forward-looking statements and forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements and information. Forward-looking statements and forward-looking information are provided for the purpose of providing information about management's expectations and plans relating to the future. All of the forward-looking statements and forward-looking information made in this MD&A are qualified by these cautionary statements and those made in our other filings with applicable securities regulators in Canada including, but not limited to, the Financial Statements. These factors are not intended to represent a complete list of the factors that could affect the Company and readers should not place undue reliance on forward-looking statements or forward-looking information in this MD&A. The Company disclaims any intention or obligation to update or revise any forward-looking statements and forward-looking information, whether as a result of new information, future events or otherwise, or to explain any material difference between subsequent actual events and such forward-looking statements and forward-looking information, except to the extent required by applicable law.

The forward-looking statements and forward-looking information contained herein are based on information available as of August 22, 2023.

Other MD&A Requirements

Additional information relating to the Company may be found at www.asx.com.au including, but not limited to:

- the Company's audited consolidated financial statements for the year ended June 30, 2021.

This MD&A has been approved by the Board effective August 22, 2023.

APPENDIX "C"

Pro Forma Financial Statements of the Resulting Issuer

NEWRANGE GOLD CORP.
(RESULTING ISSUER)

Pro Forma Financial Statements

April 30, 2023

(Unaudited)

(Expressed in Canadian Dollars, unless otherwise stated)

NEWRANGE GOLD CORP. (RESULTING ISSUER)
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
April 30, 2023
(Unaudited) - (Expressed in Canadian Dollars)

	NEWRANGE GOLD CORP. April 30, 2023	MITHRIL RESOURCES LIMITED June 30, 2023	Pro Forma Adjustments	Notes	Consolidated Pro Forma
Assets					
Current					
Cash and cash equivalents	\$ 323,771	\$ 500,015	\$ 3,600,000 (216,000) (260,000)	3(a) 3(a) 3(a)	\$ 3,947,786
Trade and other receivables	11,639	294,501	-		306,140
Marketable securities	825	-	-		825
Prepaid expenses	1,107	19,149	-		20,256
Subscriptions receivable	183,357	-	-		183,357
	520,699	813,665	3,124,000		4,458,364
Trade and other receivables	-	1,166	-		1,166
Exploration and evaluation assets	601,321	26,466,838	-		27,068,159
Total Assets	\$ 1,122,020	\$ 27,281,669	\$ 3,124,000		\$ 31,527,689
Liabilities					
Current					
Accounts payable and accruals	\$ 513,991	\$ 345,947	\$ -		\$ 859,938
Related party payables	6,974	-	-		6,974
Loan payable	40,000	-	-		40,000
	560,965	345,947	-		906,912
Long-term accounts payable	40,000	-	-		40,000
Long-term related party payables	141,413	-	-		141,413
Total Liabilities	742,378	349,947	-		1,088,325
Shareholders' equity					
Share capital (Note 4)	33,771,835	58,266,060	(33,771,835) 3,397,844 3,600,000 (216,000) (145,600)	2 2 3(a) 3(a) 3(a)	64,902,304
Reserves (Note 4)	9,832,702	6,154,868	(9,832,702) 427,900 9,500 6,800 145,600 856,400	2 2 2 2 3(a) 3(b)	7,601,068
Deficit	(43,224,895)	(37,485,206)	43,224,895 (3,462,402) (260,000) (856,400)	2 2 3(d) 3(b)	(42,064,008)
Total Shareholders' Equity	379,642	26,935,722	3,124,000		30,439,364
Total Liabilities and Shareholders' Equity	\$ 1,122,020	\$ 27,281,669	\$ 3,124,000		\$ 31,527,689

Basis of presentation (Note 1)

Pro forma assumptions and adjustments (Note 3)

The accompanying notes are an integral part of this pro forma consolidated financial statements

NEWRANGE GOLD CORP. (RESULTING ISSUER)
PRO FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the year ended April 30, 2023
(Unaudited) - (Expressed in Canadian Dollars)

	NEWRANGE GOLD CORP.	MITHRIL RESOURCES LIMITED	Pro-Forma	Notes	Consolidated
	Year Ended April 30, 2023	Year Ended June 30, 2023	Adjustment		Proforma
EXPENSES					
Administration and office costs	\$ 340,545	\$ 549,913	\$ -		\$ 890,458
Depreciation of right-of-use asset	-	-	-		-
Depreciation and amortization expense	-	46,955	-		46,955
Employee benefits expense	-	316,646	-		316,646
Exploration expenditures, net	354,286	-	-		354,286
Foreign exchange loss	33,553	-	-		33,553
Gain on disposal of equipment	(26,188)	-	-		(26,188)
Gain on disposal of subsidiary	-	-	-		-
Gain on recovery of exploration expenditure	(46,852)	-	-		(46,852)
Gain on settlement of debt	(100,933)	-	-		(100,933)
Interest expense	-	2,277	-		2,277
Interest received	-	(1,684)	-		(1,684)
Listing fees	-	57,168	3,462,402	2	3,779,570
		-	260,000	3(d)	
Marketing services and shareholder information	281,352	-	-		281,352
Other income	(46,616)	(127,438)	-		(174,054)
Professional fees	155,148	-	-		155,148
Property investigation	90,897	-	-		90,897
Realized loss on marketable securities	3,300	-	-		3,300
Recovery of flow through premium liability	(40,047)	-	-		(40,047)
Share-based compensation	-	46,173	856,400	3(b)	902,573
Travel expenses	-	32,260	-		32,260
Transfer agent and filing fees	57,222	-	-		57,222
Unrealized gain on marketable securities	(7,100)	-	-		(7,100)
Write-off of equipment	2,637	-	-		2,637
Write-off of mineral properties	6,176	922,965	-		929,141
Net loss and comprehensive loss for the year	\$ 1,057,380	\$ 1,845,235	\$ 4,578,802		\$ 7,481,417

NEWRANGE GOLD CORP. (RESULTING ISSUER)
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2023
(Unaudited) - (Expressed in Canadian Dollars)

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated financial statements have been prepared by the management of Mithril Resources Limited (“Mithril”) for inclusion in the Newrange Gold Corp’s (“Newrange”) Management Information Circular in connection with the definitive agreement for Newrange to acquire Mithril. The pro forma consolidated financial statements have been prepared assuming the Mithril acquisition had occurred on April 30, 2023.

This pro forma consolidated statement of financial position of the Resulting Issuer has been compiled by combining the audited consolidated statement of financial position of Newrange as at April 30, 2023 with the audited consolidated statement of financial position of Mithril as at June 30, 2023. Newrange’s share capital has been adjusted to reflect the 2:1 share consolidation that is expected to occur on closing of the transaction.

Intercompany transactions have been eliminated.

For accounting purposes, Mithril is considered the acquirer and Newrange, the acquiree; therefore, this pro forma consolidated financial statement of the Resulting Issuer is a continuation of the financial statements of Mithril.

It is management’s opinion that this pro forma consolidated financial statements include all adjustments necessary for the fair presentation of the transactions described herein and are in accordance with International Financial Reporting Standards (“IFRS”) applied on a basis consistent with the Mithril’s accounting policies. The pro forma consolidated financial statements are not intended to reflect the results of operations or the financial position of the Resulting Issuer which would have actually resulted had the transactions been affected on the dates indicated. Furthermore, the unaudited pro forma consolidated financial information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon consummation of the transactions will differ from those recorded in the unaudited pro forma consolidated financial statements and the differences may be material.

2. Mithril Acquisition (“RTO” or the “Transaction”)

On May 23, 2023, Newrange entered into an agreement to purchase a 100% interest in Mithril by issuing 8.08 Newrange shares for every 1,000 Mithril shares held by Mithril shareholders, for a total of 60,907,985 Newrange shares. Newrange will also issue pro rata to the Mithril option holders 3,164,000 warrants exercisable at \$0.77 which expire on April 26, 2024 and 3,874,286 warrants exercisable at \$0.36 which expire on December 9, 2025. At the time of the RTO, Newrange is expected to have 18,876,910 common shares outstanding. As a result of the RTO, the Resulting Issuer will assume 3,697,029 warrants valued at \$427,900, 68,795 unit warrants valued at \$9,500 and 147,793 stock options valued at \$6,800 for accounting purposes.

The transaction will constitute a reverse takeover. Although Newrange will be regarded as the legal parent and continuing company, Mithril will be the acquirer for accounting purposes. Consequently, Mithril will be deemed to be a continuation of the reporting entity, and control of the assets and operations of Newrange will be deemed to have been acquired in consideration for the issuance of the Resulting Issuer’s shares to the former shareholders of Mithril. At the time of this transaction, Newrange did not constitute a business as defined under IFRS 3 Business Combination; therefore, the transaction is accounted for under IFRS 2 Share-Based Payment, where the difference between the consideration given to acquire Newrange and the net asset value of Newrange is recorded as a listing expense. The net assets acquired pursuant to the acquisition are as follows:

Total Purchase Consideration	
Fair value of 18,876,910 Newrange shares	\$ 3,397,844
Fair value of 3,697,029 Newrange warrants	427,900
Fair value of 68,795 Newrange unit warrants	9,500
Fair value of 147,793 Newrange stock options	6,800
Total purchase consideration	\$ 3,842,044

NEWRANGE GOLD CORP. (RESULTING ISSUER)
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2023
(Unaudited) - (Expressed in Canadian Dollars)

Allocation of Purchase Consideration	
Cash	\$ 323,771
Receivables	11,639
Marketable securities	825
Prepaid expenses	1,107
Subscriptions receivable	183,357
Mineral properties	601,321
Accounts payable and accrued liabilities	(513,991)
Related party payables	(6,974)
Loan payable	(40,000)
Long-term accounts payable	(40,000)
Long-term related party payables	(141,413)
Net assets acquired	379,642
Listing fee	3,462,402
Total	\$ 3,842,044

- The fair value of the 18,876,910 common shares was determined to be \$3,397,844, calculated using \$0.18 per common share, based on the concurrent Newrange private placement price.
- The fair value of 3,697,029 warrants of \$427,900 was valued using the Black-Scholes option pricing model using 155% volatility; 4.54% risk-free interest rate; \$0.18 stock price; \$0.45 exercise price; 2.38 years expected life; 0% expected dividend rate.
- The fair value of 68,795 unit warrants of \$9,500 was valued using the Black-Scholes option pricing model using the following inputs 143% volatility; 4.54% risk-free interest rate; \$0.18 stock price; \$0.24 exercise price; 2.99 year expected life; 0% expected dividend rate.
- The fair value of 147,793 stock options of \$6,800 was valued using the Black-Scholes option pricing model using the following inputs 200% volatility; 4.54% risk-free interest rate; \$0.18 stock price; \$0.86 exercise price; 0.86 year expected life; 0% expected dividend rate.

For the purposes of preparing the unaudited consolidated pro forma statement of financial position, the net assets acquired are measured at estimated fair values at April 30, 2023. A final determination of fair values and consideration given will be based on the actual assets and liabilities that exist at the closing date and on actual share prices in effect at that time. Accordingly, the estimated fair values of assets and liabilities reflected in the table above are preliminary and subject to change pending additional information and facts that may become known at the closing date.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The following are the pro forma assumptions and adjustments relating to the acquisition of NOA.

- Concurrent with closing, Newrange will issue up to 20,000,000 units at a price of \$0.18 (post-Consolidation) per unit for aggregate proceeds at least \$3,600,000. Each unit consists of one common share and one-half warrant, with each whole warrant entitling the holder to acquire one common share at \$0.27 for a period of two years. Newrange has valued the unit using the residual method resulting in a \$Nil value being attributed to the warrant. The Resulting Issuer expects to pay cash finders' fees of \$216,000 and issue 1,200,000 agent warrants. The agent warrants were fair valued at \$145,600 using the following inputs, \$0.18 stock price, \$0.27 exercise price, 152.62% volatility, 0% forfeiture rate, 4.58% discount rate, 2 year term.
- Upon closing, the Resulting Issuer will issue 5,420,000 stock options fair valued at \$856,400 using the following inputs, \$0.18 stock price, \$0.18 exercise price, 131.64% volatility, 0% forfeiture rate, 3.68% discount rate, 5 year term.

NEWRANGE GOLD CORP. (RESULTING ISSUER)
NOTES TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2023
(Unaudited) - (Expressed in Canadian Dollars)

- c) As a result of the RTO, the pro-forma consolidated statement of financial position has been adjusted for the elimination of Newrange's share capital, reserves and deficit.
- d) Incur estimated transaction costs in the amount of \$260,000, primarily as a result of professional fees.

4. SHARE CAPITAL

Share capital as at April 30, 2023 in the unaudited pro-forma consolidated statement of financial position is comprised of the following:

	Number of Shares	Capital Stock	Share-based payment reserve
Authorized			
Unlimited common shares without par value			
Issued			
Shares of Mithril at April 30, 2023	60,907,985	\$ 58,266,060	\$ 6,154,868
Elimination of Mithril shares upon RTO	(60,907,985)	-	-
Newrange shares issued to Mithril shareholders upon RTO	60,907,985	-	-
Newrange shares held by Newrange shareholders upon RTO	18,876,910	3,397,844	-
Newrange concurrent financing – at \$0.18	20,000,000	3,600,000	-
Newrange warrants assumed upon RTO	-	-	427,900
Newrange unit warrants assumed upon RTO	-	-	9,500
Newrange stock options assumed upon RTO	-	-	6,800
Newrange stock options issued upon RTO	-	-	856,400
Finders fees - cash	-	(216,000)	-
Finders fees - agents warrants	-	(145,600)	145,600
	99,784,895	\$ 64,902,304	\$ 7,601,068

5. INCOME TAXES

The pro forma effective tax rate applicable to the consolidated operations will be 27%. Given uncertainty on how and when these taxes can be utilized, no adjustment has been made to these pro forma statements.

CERTIFICATE OF THE CORPORATION

Dated: September 1, 2023

The foregoing document constitutes full, true and plain disclosure of all material facts relating to the securities of Newrange Gold Corp. assuming completion of the proposed Transaction.

(Signed) “Robert Archer”
Robert Archer, Chief Executive Officer

(Signed) “David Cross”
David Cross, Chief Financial Officer

On Behalf of the Board of Directors

(Signed) “Ron Schmitz”
Ron Schmitz, Director

(Signed) “Colin Jones”
Colin Jones, Director

CERTIFICATE OF MITHRIL RESOURCES LIMITED

Dated: September 1, 2023

The foregoing document, as it relates to Mithril Resources Limited, constitutes full, true and plain disclosure of all material facts relating to the securities of Mithril Resources Limited.

(Signed) “John Skeet”
John Skeet, Chief Executive Officer

(Signed) “John Skeet”
John Skeet, Acting Chief Financial Officer

On Behalf of the Board of Directors

(Signed) “Stephen Layton”
Stephen Layton, Director

(Signed) “Garry Thomas”
Garry Thomas, Director

ACKNOWLEDGMENT PERSONAL INFORMATION

"Personal Information" means any information about an identifiable individual, and includes information contained in the foregoing Information Circular. The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to: (a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to the Form 3D1 – Information Required in an Information Circular for a Reverse Takeover or Change of Business; and (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated: September 1, 2023

NEWRANGE GOLD CORPORATION

(Signed) “Robert Archer”

Robert Archer, Chief Executive Officer