



Middle Island Resources Limited
ACN 142 361 608



Middle Island

RESOURCES LIMITED

ANNUAL FINANCIAL REPORT 2023

For the year ended 30 June 2023

ABN 70 142 361 608

Corporate Information

ABN: 70 142 361 608

Directors

Peter Thomas (Non-Executive Chairman)

Brad Marwood (Non-Executive Director)

Bruce Stewart (Non-Executive Director)

CEO

Roland Bartsch

Company Secretary

Rudolf Tieleman

Registered Office

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WEST PERTH WA 6005

Principal Place of Business

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WEST PERTH WA 6005

Postal Address

PO Box 1017

WEST PERTH WA 6872

Solicitors

William and Hughes

28 Richardson Street

WEST PERTH WA 6005

Share Registry

Automic Pty Ltd

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PERTH WA 6000

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Auditors

Elderton Audit Pty Ltd

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PERTH WA 6000

Email

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Internet Address

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Stock Exchange Listing

Middle Island Resources Limited shares are listed on the Australian Securities Exchange (ASX code: MDI)



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REVIEW OF OPERATIONS

PRINCIPAL ACTIVITIES

BARKLY COPPER-GOLD SUPER-PROJECT (NORTHERN TERRITORY)

Project Background

Middle Islands' 100% owned Barkly Copper-Gold Super Project (Barkly Project) comprises 16 exploration licences (13 granted & 3 applications) cover an aggregate 6,918km² (Figure 1) The Barkly tenements extend from outcropping areas near Tennant Creek and the interpreted eastward extensions of prospective Proterozoic stratigraphy that includes the East Tennant Ridge and Burnette Downs Rift corridor beneath shallow to moderate depth Georgina Basin cover.

The Georgina Basin extends east from Tennant Creek across the border to Mt Isa and is sub-divided by several basement highs into sub-basins. The principal basement high, the East Tennant Ridge, runs through the Barkly Project area, where the interpreted depths of post-mineral Georgina Basin sedimentary cover range from 100 -250m along the ridge axis, increasing on the flanks of the ridge. The underlying basement and Paleoproterozoic are relatively unexplored as a result of the veneer of younger sedimentary rocks.

The East Tennant corridor has gained recognition as a priority, largely unexplored, IOCG mineral province (Figure 2). IOCG deposits, which are MDI's primary target to date, include large lower grade deposits to smaller high-grade variants. Australian deposit examples include Olympic Dam, Prominent Hill, and Carrapateena in South Australia; Ernest Henry in Queensland, and Warrego and Juno located to the west of the Barkly Project at Tennant Creek.

IOCG deposits and alteration surrounding them have elevated levels of iron oxide minerals magnetite and hematite, which give rise to elevated magnetic and gravity (density) signatures that can be mapped readily with geophysical surveys (magnetics and gravity). The copper-gold mineralisation that makes up the deposits occurs as sulphide minerals with a more restricted areal extent that can commonly be mapped by other geophysical techniques (IP, EM, MT). The often-strong geophysical signatures of the alteration and mineralisation lends itself to effective explorations under cover, as is the case at Barkly. Significant examples of 'blind' IOCG deposits discovered beneath substantial sedimentary cover include BHP's Olympic Dam and Oak Dam deposits in South Australia, which are respectively overlain by approximately 400m and 900m of post-mineralisation cover.

The corridor is also considered to be prospective for other styles of mineralization including large sediment hosted Cu -Zn-Pb-Ag deposits like those found in the Mt Isa Inlier to the east and southern McArthur Basin to the north. Deposit examples include Cannington, Mount Isa, Hilton, George Fisher, Lady Loretta, Century, Walford Creek and McArthur (HYC). The East Tennant Ridge is fault bound and marks the southern margin to the Burnette Downs rift corridor. Palaeoproterozoic sedimentary strata within the rift grabens and onlapping onto the basement highs include rocks interpreted to be extensions of the superbasins that host many of the listed deposits.

The Company's exploration strategy is to complete systematic detailed assessment of the available data from surveys (including aeromagnetic, induced polarization (IP)/resistivity and detailed ground gravity completed in 2022 by MDI) over its granted Exploration Licences and to complete incorporation of the same together with all other publicly available data into its consolidated data base to enable development of structurally focused solid geological interpretations to generate a prioritised target list for the next stage of screening (further geophysics or select drilling).

The Crosswinds prospect was identified early and stood out by virtue of the presence of copper mineralisation at surface and was advanced ahead of the broader project targeting. Ground gravity surveys, IP geophysical surveys and maiden drilling was completed in 2022.

REVIEW OF OPERATIONS

Project Acquisition

The Company entered into a binding Sale and Purchase Agreement (“SPA”) with ASX-listed Strategic Energy Resources Ltd (ASX:SER or “Strategic Energy”) pursuant to which MDI contracted to acquire SER’s East Tennant Project. The purchase, which covered exploration licenses EL32109, EL33507 (replacing EL32307 and 32809), EL32617 and EL32760, totalling 1,319km², was completed post reporting period thus expanding Middle Island’s existing Barkly Project in the East Tennant region (Figure 1).

The consideration for the purchase of 100% of SER’s East Tennant Projects was the issue of 18,240,000 fully paid ordinary MDI shares at a deemed price of \$0.035 per share, this being the closing price of ASX:MDI on Friday 12 May 2023.

Those MDI shares, issued (post reporting period) to SER, are subject to a voluntary escrow period of 12 months from 14 July 2023.

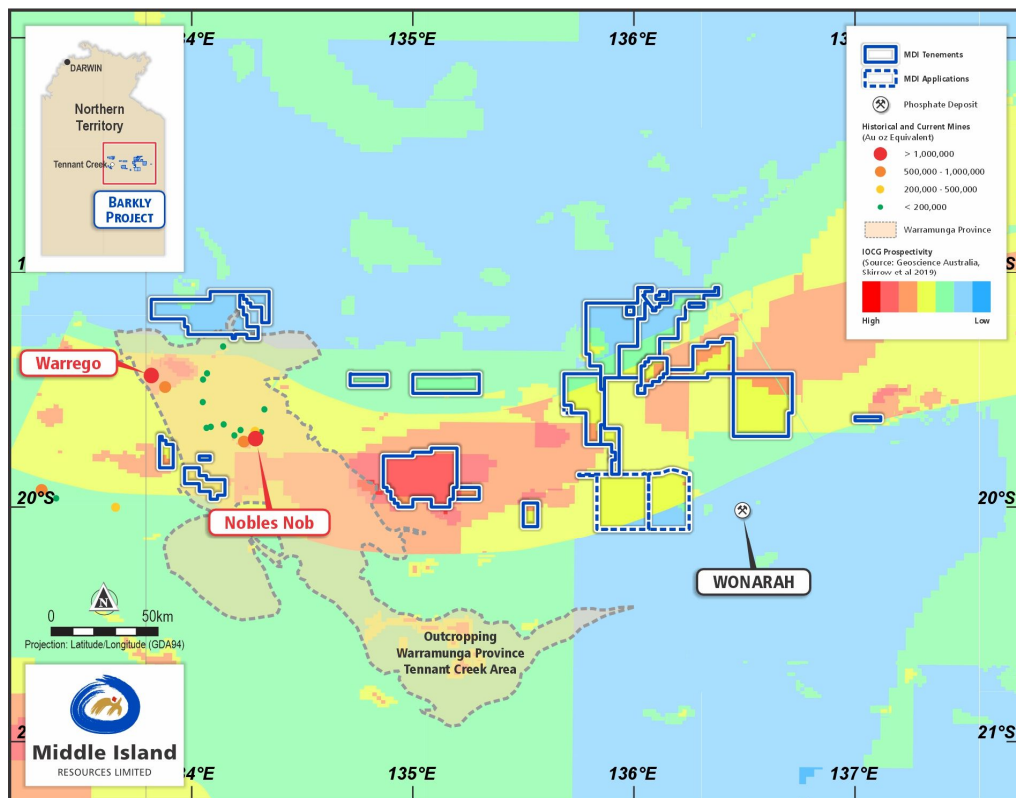


Figure 1. Barkly Project Tenement IOCG Prospectivity Map

The purchase positions MDI’s project with a larger and even target richer strategic position in the region.

The transaction was aligned with MDI’s corporate strategy: to build value through exploration and consolidation of high-quality underexplored Greenfields projects with potential to deliver ‘world class’ discoveries.

REVIEW OF OPERATIONS

Crosswinds Prospect

The Crosswinds prospect was identified early and stood out by the presence of copper mineralisation at surface and was advanced ahead of the broader project targeting.

The surface occurrence of copper (malachite), identified in late 2020, returned spot pXRF results between 24.8% and 76.25% Cu; chip sampling of the occurrence returned a composite sample assay of 130m at 0.76% Cu by Intertek.

Detailed geophysics was conducted over the prospect in 2022 by MDI that included airborne magnetics; five lines (28.5 kms) of Induced Polarisation (IP)/Resistivity by Planetary Geophysics Pty Ltd; and detailed ground gravity (2,016 stations) by Atlas Geophysics. The geophysics mapped features that may indicate the presence of sulphide mineralization (notably a strong chargeability anomaly at depth).

The Company was successful in a bid for a NT Government Geophysics and Drilling Collaborations Program co-funding grant for two drill holes to test the Crosswinds target (on completion of the Crosswinds drill programme works, \$130,000 were received towards costs in the June quarter of 2023).

Four diamond drill holes were completed in 2022 as a first-pass test of the identified targets directed primarily at gaining an understanding of the geology. No economic mineralisation was recorded in the drilling (refer to ASX releases dated 13 Sept 2022 and 1 February 2023). However, the peak of the IP chargeability anomaly was not intersected, the area immediately beneath the surface copper occurrence was not able to be drill tested and further work is required.

Planned Exploration

With the commencement of a new highly experienced geologist as the Company's CEO in April 2023, a complete review of the project was initiated and is still being undertaken to further develop targets through his practiced eyes. A priority is to complete the development of solid structurally focused geological interpretations to generate a prioritised target list to inform the exploration program for 2023 and 2024.

Options that are being planned for the 2023-2024 exploration program include:

- Soil geochemistry seeking trace indicators of targets below;
- Ground gravity and other geophysics (IP, MT);
- Collaboration with MINEX CDC and near neighbours working to make discoveries in the Barkly Tablelands;
- Drilling of highest priority targets.

Tenure

MDI holds 100% in 13 granted exploration licences covering 5713km², and 3 pending applications covering 1205km² for a total 6918km² within the Barkly region of the Northern Territory.

REVIEW OF OPERATIONS

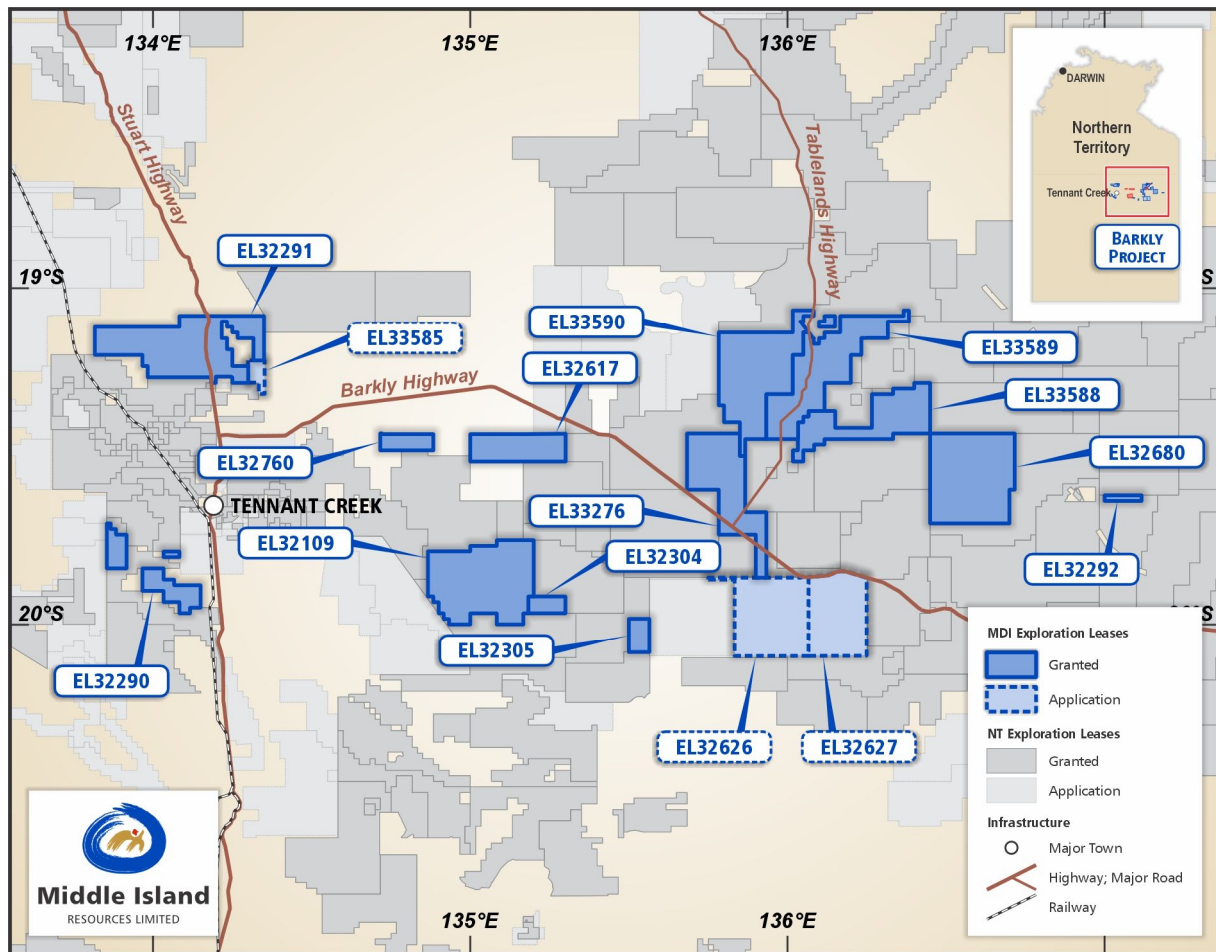


Figure 2. Barkly Copper Gold Super Project Tenement Location Map (Note: Several tenements amalgamated and EL33507 applied for post reporting period – map is current as at 21 September 2023)

Other Financial Assets

As at the reporting date, the Company holds a 11.73% interest in Aurumin Ltd (ASX:AUN); Aurumin's projects are located in the Sandstone and Southern Cross regions of Western Australia. The main projects are the Sandstone Operations, the Mt Dimer Project, and the Mt Palmer Project, all of which contain historically producing gold mines with significant upside.

Strategy

The Company's strategy is to generate shareholder value via exploration, complimentary assets acquisition or transactional activity. MDI continues to assess asset acquisition opportunities globally. The Company is looking at and screening corporate opportunities as they are presented.

Near term, the Company has a single district focus, its Barkly Copper-Gold Super Project:

- targeting greenfield major copper deposit discovery through science driven cost-effective exploration; and
- to build a large strategic position at Barkly in an emerging under explored prospective mineral province.

REVIEW OF OPERATIONS

SAFETY, ENVIRONMENTAL & SOCIAL

Health and Safety

No injuries or incidents were recorded at the Company's projects and premises during the FY2023

Environment

No environmental incidents were recorded at the Company's projects and premises during the year ended 30 June 2023.

Social

MDI is committed to working with the local communities in terms of procurement and employment. MDI has committed expenditure in Tenant Creek, providing the services to our Barkly operations base located there.

RISK FACTORS

Introduction

An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this report, publicly available information, circumstances peculiar to them and that they consult their professional advisers before deciding whether to invest in Company Shares.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many if not all of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the FPO Shares.

Company Shares carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that investment in the Company is speculative and should consult their professional advisers before deciding whether to invest in Company Shares

The following is not intended to be an exhaustive list of the risk factors to which the Company and investors in the Company are exposed.

Company specific risks

Exploration Results

The Company has numerous samples and geophysical data from its recent exploration programmes Barkly Project that are currently being assayed or evaluated. No assurance can be given that these exploration results will be favourable. Any results that are not favourable may materially adversely affect the Company's Share price and future prospects.

Additional requirements for capital

The Company's future capital requirements, and the Company's ability to satisfy those requirements, depend on numerous factors, many of which are beyond the control of the Company.

It is likely that the Company will require further funding. Any additional equity financing will dilute shareholdings. Any debt financing, if available, may involve restrictions on the Company's activities. If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations, dispose of assets or scale back its exploration programmes, as the case may be.

The Company's ability to raise funds through the issue of Shares or other securities is subject to share market conditions from time to time. The market for securities in junior exploration companies fluctuates.

There is no certainty that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and its Shareholders.

REVIEW OF OPERATIONS

Executive Management

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

Industry specific risks

Exploration success

The future profitability of the Company and the value of its securities is likely to be directly related to the results of exploration on its current and/or future projects. The exploration tenements held by the Company are at various stages of exploration and potential investors should understand that minerals exploration and development are high-risk undertakings. There can be no assurance that exploration of these tenements, or any other tenements that may be acquired, will result in discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can ultimately be economically exploited.

The Company's future exploration activities may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title processes and laws relating to Aboriginal heritage and other first Australian matters, changing government regulations and many other factors beyond the Company's control.

The Company's success will depend upon the Company being able to maintain, renew or replace title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful, this would likely and be expected to lead to diminution in the value of the Company's tenements, and possible relinquishment of tenements.

The Company's anticipated exploration costs are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may be materially different from these estimates and assumptions. Accordingly, no assurance can be given that any cost estimates or the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

Tenure risks and native title

Interests in tenements in Australia are governed by the mining legislation of the respective states. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

If exploration is successful, the Company will not be able to exploit any mineral deposit unless the Company first acquires a mining lease. The grant of a mining lease is subject to ministerial discretion.

Additionally, in areas where native title exists or may exist, the ability of the Company to acquire a valid mining lease may also be subject to compliance with the 'right to negotiate' process under the Native Title Act. Compliance with this process can (and usually does) cause delays in obtaining the grant of a mining lease and ultimately there can be no guarantee that a mining lease will be granted. Attaining a negotiated agreement with native title claimants or holders to facilitate the grant of a valid mining generally add significantly to the costs and timetabling of any development or mining operation.

The ability of the Company to conduct activities on exploration or mining tenements is subject to compliance with Aboriginal heritage laws. Conduct of site surveys to ensure compliance can be and mostly are expensive and subject to delays. If any Aboriginal sites are located within areas of proposed exploration, mining or other activities, the ability of the Company to conduct those activities may be dependent on the Company obtaining further regulatory consents or approvals none of which can be assured.

DIRECTORS' REPORT

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) which consists of Middle Island Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report follow. Each Director was in the office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Peter Thomas (Non-Executive Chairman)

Comes from a legal background specialising in resources and corporate. For over 30 years, before retiring from legal practice, he specialised in the delivery of wide ranging legal, corporate, and commercial advice to listed explorers and miners. Mr Thomas is now a professional director leveraging his legal background whilst delivering the insight of his commercial acumen and business expertise.

For nearly 40 years he has served on the boards of various listed companies including being the founding chairman of both copper producer Sandfire Resources NL (2004) and mineral sands producer Image Resources NL. Other current ASX listed company board positions include being a non-executive director of Image Resources NL (since 19 April 2002) and non-executive chair of Emu NL (since 29 August 2007).

Bradley Marwood (Executive Director during the financial year until 30 April 2023, thereafter Non-Executive Director)

Mr Marwood is a mining engineer and a highly experienced resources executive with more than 30 years of experience. He was instrumental in bringing into production the copper mines at Kipoi (DRC) and Rapu (Philippines); completing development of the Svartliden gold mine (Sweden) and has managed numerous Feasibility Studies and advanced stage resource projects in Australia, Africa, North America and Asia.

He has worked in senior roles for groups such as Normandy, Dragon Mining, Lafayette, Moto Goldmines and Perseus Mining before his most recent as Managing Director of Tiger Resources Limited. Mr Marwood's involvement has seen growth in several companies with a significant increase in their market capitalisation and by protecting investments through restarting suspended mine projects. He is currently the managing director of ASX-listed Yari Minerals Limited (previously Consolidated Zinc Limited).

Bruce Stewart (Non-Executive Director)

Mr Stewart has been involved with global capital markets for 30 years, with an emphasis on mining and hard assets. His experience includes co-heading a global hard asset desk in New York City for Jefferies & Co, directorships on London listed mining companies, company reorganisation and sale, and various consultancy assignments from funds, investment banks and public and private companies.

CEO

Roland Bartsch

Mr Bartsch was appointed as Chief Executive Officer effective 1 April 2023. He is a geologist with 35 years' experience in exploration and operations and most recently was Vice President and Country Manager Australia for Copper Mountain Mining Pty Ltd where he managed all aspects of exploration and pre-development of its Mt Isa Inlier Copper-Gold projects in Queensland, that included the Eva Copper Project. The Project is a cluster of Iron Oxide Copper Gold (IOCG) deposits that Roland managed from early assessment through to a shovel ready project.

Roland brings to MDI a wealth of experience exploring for IOCG deposits and substantial success in his endeavours to date. MDI has a substantial holding in the Barkly Tablelands, 200km east of Tennent Creek, Northern Territory where it's actively exploring for IOCG deposits.



DIRECTORS' REPORT

COMPANY SECRETARY

Rudolf Tieleman

Mr Tieleman is an accountant and corporate administrator with over 40 years' experience in public practice. He has extensive knowledge in matters relating to the operation and administration of listed mining companies in Australia.

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the relevant interests of the directors in the securities of Middle Island Resources Limited were:

	Ordinary Shares
Peter Thomas	3,290,327
Brad Marwood	184,477
Bruce Stewart	2,200,000

FINANCIAL REVIEW

During the year, the Company received interest of \$31,461 (2022: \$2,848), exploration grants from the Northern Territory Government \$131,057 (2022: \$89,403), and minor sales of office equipment \$677 (2022: \$1,339).

In the previous year, income was also received from gold sales of \$111,135, and federal government COVID-19 cashflow boost grants of \$17,765.

During the year, total exploration expenditure incurred by the Group amounted to \$1,590,456 (2022: \$745,443). In line with the Group's accounting policies, all exploration expenditures were written off as they were incurred. A net charge of \$2,919,672 (2022: \$218,145) was also booked in relation to the diminution in fair value of financial assets held. Other expenditure incurred amounted to \$948,995 (2022: \$1,988,676).

This resulted in an operating loss from continuing operations after income tax for the year ended 30 June 2023 of \$5,295,928 (2022: \$5,191,150).

At 30 June 2023, cash assets available totalled \$2,659,333.

Dividends

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

Operating Results for the Year

Summarised operating results are as follows:

	2023	
	Revenue \$	Loss \$
Revenue and loss for the year from ordinary activities before income tax expense	163,195	(5,295,928)

Shareholder Returns

	2023	2022
Basic loss per share (cents)	(4.33)	(4.24)

Risk Management

The board is responsible for ensuring that risks and opportunities are identified on a timely basis, and that activities are aligned with the risks and opportunities identified.

The Group believes that it is crucial for all board members to be a part of this process, and as such, the board has not established a separate risk management committee. Where appropriate, the board enlists the support of other suitably qualified professionals to join board committees.

DIRECTORS' REPORT

The board has mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These mechanisms include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.
- A risk matrix designed to identify and quantify the various risk factors and implement mitigating strategies accordingly.
- Regular review of management's activities and the Company's circumstances.
- Continuing review of capital and resources market sentiment.
- Continuing review of economic trends and circumstances.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the reporting period, MDI completed the acquisition of the East Tennant Project from Strategic Energy Resources (**SER**). The purchase, covering exploration licenses EL32109, EL32306, EL32307, EL32617, EL32760 and EL32809, expanded MDI's Barkly Super Project. As consideration, the Company issued 18,240,000 fully paid ordinary MDI shares at a deemed price of \$0.035 per share, this being the closing price of ASX:MDI on the contract date, namely 12 May 2023. The shares issued to SER are subject to a voluntary escrow period of 12 months until 17 July 2024.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Barkly Copper-Gold Super Project has been progressed with finalisation of results from the initial drill holes at the Crosswinds prospect in 2022, completion of geophysical data modelling and interpretation providing a deeper understanding of the nature of the geological setting and identification of a number of high priority targets for immediate follow-up (a total of 55 targets are identified for ongoing assessment). During the 2023/24 year MDI will complete detailed prospect scale surveys and modelling on the priority targets to allow focused systematic drilling, planned for early 2024, of a spread of top ranked targets.

The Company currently has a single district focus with the objective of building a controlling position at Barkly. The project's target rich tenement position was expanded and strengthened through the strategic acquisition from Strategic Energy Resources and an Application for open ground in the September quarter of 2023. The Company will continue to review projects in the region with a view to identifying potential value add mineral asset acquisitions.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is subject to significant environmental regulation in respect to its activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of, and is in compliance with, all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

DIRECTORS' REPORT

REMUNERATION REPORT (Audited)

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Middle Island Resources Limited is intended to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering, variously, short-term and long-term securities incentives. The board's policy is to design remuneration with a view to attracting and retaining suitable key management personnel to run and manage the Group.

The remuneration policy setting the terms and conditions for the executive directors and other senior executives, was developed by the board and evolves as circumstances require. All executives receive a base salary (based on factors such as experience), superannuation, and possibly a package of equity incentives in the Company. The board reviews each executive package as and when it considers it appropriate to do so in accordance with its remuneration policy and by reference to the Group's fiscal wherewithal, performance, the executive's performance and comparable information from industry sectors and other listed companies operating in similar circumstances. The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is to design remunerative packages that reward executives for performance which is aligned to producing results in long-term growth in shareholder wealth. The result can be that shareholder sentiment is tested in general meeting, or in deference to expressed and perceived shareholder sentiment, otherwise proposed and preferred remunerative emoluments are not put to shareholders and thus not provided to employees.

Superannuation guarantee contributions, as required to be paid by Commonwealth legislation (10.50% for the 2023 financial year), are paid to all employees (including directors), however directors are not entitled to receive other retirement benefits.

All remuneration paid to directors and executives is "valued" at the cost to the Group and expensed. Options, when granted, are to be ascribed a "fair value" in accordance with Australian Accounting Standards using a methodology such as Black-Scholes. The board does not accept that the "fair value" necessarily represents market or realisable value. Rather, the board uses a commonly accepted methodology purely for the purposes of complying with the Australian Accounting Standards.

The board's policy is to remunerate non-executive directors at market rates for comparable companies, for time, commitment and responsibilities, albeit it is thought all non-executive directors are currently remunerated below, or at the lower end of the market rate range. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties, special exertion services and accountability. Independent external advice is sought as and when required. The maximum aggregate annual amount of fees that can be paid to non-executive directors is, subject to change with the approval of shareholders in general meeting, currently set at \$300,000. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company, and subject to shareholder approval in general meeting, may be offered participation in incentive equity arrangements.

Performance based remuneration

The Group policy allows the use of performance-based remuneration, to attract and motivate employees, including options. Employee share plans will be implemented when considered necessary. Where utilised, equity remuneration may be issued, but not vest until certain hurdles have been met, where the hurdles are directed at advancing the Company towards its objectives potentially within prescribed periods.



DIRECTORS' REPORT

Company performance, shareholder wealth and key management personnel remuneration

No direct relationship exists between key management personnel remuneration and Group performance (including shareholder wealth).

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

The Company received approximately 99.3% "Yes" votes on its remuneration report for the 2022 financial year.

Details of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following table.

Key management personnel (KMP) of the Group

	Short-Term Salary and Fees \$	Post- Employment Superannuation \$	Special Exertion Payments ⁽¹⁾ \$	Total \$
Directors:				
Peter Thomas				
2023	60,274	6,329	-	66,603
2022	60,274	6,027	150,000	216,301
Brad Marwood				
2023	116,581	11,541	-	128,122
2022	103,228	-	50,000	153,228
Bruce Stewart				
2023	40,000	-	60,000	100,000
2022	38,333	-	50,000	88,333
CEO:				
Roland Bartsch				
2023	75,000	7,875	-	82,875
2022	-	-	-	-
Company Secretary:				
Rudolf Tieleman				
2023	100,000	-	-	100,000
2022	75,000	-	-	75,000
Total KMP Compensation:				
2023	451,855	25,745	-	477,600
2022	276,835	6,027	250,000	532,862

(1) The Company's Constitution makes provision for the payment to directors who perform "extra" or "special services".

In the comparative year ended 30 June 2022, it was agreed that special exertion services performed by the directors in relation to the negotiation and eventual successful settlement of the sale of the Sandstone assets to Aurumin Limited would be paid as reasonable remuneration for the purposes of Chapter 2E of the Corporations Act. In relation to Mr Thomas, this fee was to be additional to his normal director fees and for retaining his substantial services to advise on and provide specialist services (considered to be a required minimum of 250 hours at a rate of \$600/hour), was agreed and capped at \$150k (plus GST) with the proviso that the fee would only be paid if a sale was successfully achieved. In relation to Mr Marwood, this amount was specifically included as payable in the amount of \$50k (plus GST), and agreed to in a contract of service with his service company when he assumed the role of temporary part-time executive. In relation to Mr Stewart, the Company has entered into a contract of service with his service company which included providing corporate advice and a specific specialty skill set which created a competitive tension that contributed to successfully securing from Aurumin an acceptably priced offer by it to purchase all of the shares in Sandstone Operations Pty Ltd, with a proviso that the agreed fee of \$50k (plus GST) would also only be paid on a successful sale.

During the year, the "disinterested" board members (and in Mr Stewart's absence) agreed to remunerate Mr Stewart for special exertion services to be provided for the period of twelve months from 1 October 2022 at a monthly rate of \$10k (inclusive of his non-executive director's fees).

DIRECTORS' REPORT

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2023.

Service agreements

Roland Bartsch, Chief Executive Officer:

- Term of agreement is effective from 1 April 2023. The agreement can be terminated by either the Company or Mr Bartsch giving three months' written notice (shorter notice periods apply in the event breach of contract by either party). No benefits are payable on termination.
- Immediately upon and subject to shareholder approval being granted, 5,000,000 options to be issued, exercisable into fully paid ordinary shares at \$0.075 each, vesting twelve months after date of acceptance of employment and exercisable, once vested, on a date which is the earlier of three (3) years from their date of issue or date of cessation of employment.

Rudolf Tieleman, Company Secretary from 1 November 2021:

- Term of agreement – Commenced 1 November 2021 and continues until terminated in writing by either party.
- A monthly retainer of \$8,333.34 for two days worked per week (with any additional work performed being chargeable at \$120 per hour) is payable until either the Company or Mr Tieleman gives one month's written notice (shorter notice periods apply in the event breach of contract by either party). No benefits are payable on termination other than contractual entitlements accrued to the date of termination.

Mr Marwood had a service agreement in place until 30 April 2023 when he transitioned from being a part time executive director to a non-executive director, at which time, it was agreed that he be paid the current board-approved remuneration payable to a non-executive director, namely at the rate of \$40k per annum.

During the year, the "disinterested" board members (and in Mr Stewart's absence) agreed to remunerate Mr Stewart for special exertion services to be provided for the period of twelve months from 1 October 2022 at a monthly rate of \$10k (inclusive of his non-executive director's fees). It was also agreed that conditional upon two separate milestones being met, he would be paid two additional bonuses of \$12k each in respect of each of those milestones being individually met. As at the date of this report, the latest date for satisfaction of each of those milestone has expired resulting in no bonus being payable.

Mr Thomas did not have a service agreement in place during the year.

Share-based compensation

Options may be issued to key management personnel as part of their remuneration. The Group has a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities which actively discourages key management personnel from granting mortgages over securities held in the Group.

As part of Mr Bartsch (CEO) remuneration package, the Company has agreed to issue him options to acquire fully paid shares on the following basis:

- To be issued immediately upon receiving shareholder approval (expected to be later this calendar year);
- Exercisable at \$0.075 each;
- Vest on a date which is twelve (12) months after 1 April 2023; and
- Be exercisable after vesting on a date which is the earlier of three (3) years from their date of issue or date of cessation of employment.

No options were granted to and none vested in any key management personnel during the year.

No ordinary shares in the Company were issued as a result of the exercise of remuneration options during the year.



DIRECTORS' REPORT

Equity instruments held by key management personnel

Direct and indirect interests in ordinary shares

	Balance at start of the period	Acquisitions	Disposals	Balance at end of the period
Directors of Middle Island Resources Limited				
Peter Thomas	1,290,327	2,000,000	-	3,290,327
Brad Marwood	789,477	145,000	(750,000) ⁽¹⁾	184,477
Bruce Stewart	200,000	2,000,000	-	2,200,000
CEO				
Roland Bartsch	-	1,000,000	-	1,000,000

1. Disposed of by associated superannuation fund upon distribution

Loans to key management personnel

There were no loans to key management personnel during the year.

Other transactions with key management personnel

During the comparative year, Messrs Thomas, Marwood and Stewart were paid the amounts detailed above in the Remuneration Report for the provision of special exertion services provided to the Group during the year. The amounts paid were assessed as being less than that which would have been payable on arms' length commercial terms.

End of audited section

DIRECTORS' MEETINGS

During the year, the Company held five meetings of directors. The attendance of directors at meetings of the board and committees were:

	Directors Meetings		Committee Meetings			
	A	B	Audit		Remuneration	
	A	B	A	B	A	B
Peter Thomas	8	8	2	2	-	-
Brad Marwood	8	8	2	2	-	-
Bruce Stewart	8	8	2	2	*	*

A – Number of meetings attended.

B – Number of meetings held during the time the director held office during the year.

* – Not a member of the relevant committee.

SHARES UNDER OPTION

There are no unissued ordinary shares of Middle Island Resources Limited under option at the date of this report.

INSURANCE OF DIRECTORS AND OFFICERS

During or since the financial year, in accordance with each director's Deed of Indemnity, Insurance and Access with Middle Island Resources Limited, the Group has paid premiums insuring all the directors of Middle Island Resources Limited against all liabilities incurred by the director acting directly or indirectly as a director of the Company to the extent permitted by law, including legal costs incurred by the director in defending proceedings, provided that the liabilities for which the director is to be insured do not arise out of conduct involving a wilful breach of the director's duty to the Company or a contravention of sections 182 or 183 of the *Corporations Act 2001*.

The total amount of insurance contract premiums paid is \$19,186.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The entity's auditor, Elderton Audit Pty Ltd or any of its associated entities, have not been retained to provide any non-audit services during the year.

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 any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

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 on page 18.

Signed in accordance with a resolution of the directors.

Signature noted as having been affixed with approval

Peter Thomas

Chairperson

Perth, 29 September 2023

AUDITORS INDEPENDENCE DECLARATION



Auditor's Independence Declaration

To those charged with governance of Middle Island Resources Limited

As auditor for the audit of Middle Island Resources Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of 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.

This declaration is in respect of Middle Island Resources Limited and the entities it controlled during the year.

Signature of Elderton Audit Pty Ltd noted as having been affixed with approval
Elderton Audit Pty Ltd

Signature of Sajjay Cheema noted as having been affixed with approval
Sajjay Cheema
Director

Perth

29 September 2023



Middle Island Resources Limited
ACN 142 361 608

CORPORATE GOVERNANCE STATEMENT

Middle Island Resources Limited reviews its corporate governance practices against the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council.

The 2023 Corporate Governance Statement was approved by the board on 26 September 2023.

A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.middleisland.com.au.



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

		Consolidated	
	Notes	2023 \$	2022 \$
CONTINUED OPERATIONS			
REVENUE			
Other income	4	163,195	222,490
OPERATING EXPENDITURE			
Administrative expenses		(412,915)	(604,014)
Depreciation expense	5	(33,913)	(4,138)
Exploration expenses		(1,590,456)	(745,443)
Fair value (losses) on financial assets		(2,919,672)	(218,145)
Share of loss in associate	11	-	(1,672,314)
Impairment of investment in associate	11	-	(1,302,686)
Salaries and employee benefits expense		(502,167)	(866,900)
LOSS BEFORE INCOME TAX		(5,295,928)	(5,191,150)
INCOME TAX BENEFIT/(EXPENSE)	6	-	-
NET LOSS from Continuing Operations, Net of tax		(5,295,928)	(5,191,150)
NET PROFIT from Discontinued Operations, Net of tax	7	-	9,258,178
OTHER Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		-	3,526
NET COMPREHENSIVE INCOME for the year, Net of tax		-	3,526
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(5,295,928)	4,070,554
Basic and diluted profit per share from continued operations (cents per share)	26	(4.33)	(4.24)
Basic and diluted profit per share from discontinued operations (cents per share)	26	-	7.6

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

		Consolidated	
	Notes	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	8	2,659,333	4,894,935
Trade and other receivables	9	68,756	214,388
Financial assets	10	117,231	96,903
TOTAL CURRENT ASSETS		2,845,320	5,206,226
NON-CURRENT ASSETS			
Plant and equipment	12	46,577	81,075
Tenement acquisition costs	14	-	-
Financial assets (2022 Investment in Associate)	11	1,085,000	4,025,000
TOTAL NON-CURRENT ASSETS		1,131,577	4,106,075
TOTAL ASSETS		3,976,897	9,312,301
CURRENT LIABILITIES			
Trade and other payables	15	92,514	96,279
Borrowings		-	13,949
Employee benefit obligations		14,464	35,562
TOTAL CURRENT LIABILITIES		106,978	145,790
NON-CURRENT LIABILITIES			
Employee benefit obligations		-	664
Provisions	16	-	-
TOTAL NON-CURRENT LIABILITIES		-	664
TOTAL LIABILITIES		106,978	146,454
NET ASSETS		3,869,919	9,165,847
EQUITY			
Contributed equity	17	48,611,091	48,611,091
Accumulated losses		(44,741,172)	(39,445,244)
TOTAL EQUITY		3,869,919	9,165,847

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2023

	Notes	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
		\$	\$	\$	\$	\$
BALANCE AT 30 JUNE 2021		48,611,091	90,000	433,800	(43,605,798)	5,529,093
Loss for the year from continuing operations		-	-	-	(5,191,150)	(5,191,150)
Profit for the year from discontinued operations		-	-	-	9,258,178	9,258,178
Adjustment pursuant to discontinued operations		-	-	(433,800)	-	(433,800)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	-	3,526	3,526
TOTAL COMPREHENSIVE INCOME		-	-	(433,800)	4,070,554	3,636,754
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Expiry of unexercised options	17	-	(90,000)	-	90,000	-
BALANCE AT 30 JUNE 2022		48,611,091	-	-	(39,445,244)	9,165,847
BALANCE AT 30 JUNE 2022		48,611,091	-	-	(39,445,244)	9,165,847
Loss for the year from continuing operations		-	-	-	(5,295,928)	(5,295,928)
OTHER COMPREHENSIVE INCOME		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		-	-	-	-	-
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS		-	-	-	-	-
BALANCE AT 30 JUNE 2023		48,611,091	-	-	(44,741,172)	3,869,919

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.



CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2023

		Consolidated	
	Notes	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		245,719	4,845
Government COVID-19 cashflow boost grant received		-	107,169
Payments to suppliers and employees		(903,346)	(1,713,550)
Expenditure on mining interests		(1,610,021)	(841,391)
Expenditure on discontinued operations		-	(826,025)
Interest received		31,461	2,906
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	25	(2,236,187)	(3,266,046)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of fixed assets		585	117
Payments for financial assets at fair value through OCI		-	(1,000,000)
Proceeds on sale of financial assets at fair value through profit or loss		-	6,000,000
Payments for property, plant and equipment		-	(86,773)
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES		585	4,913,344
CASH FLOWS FROM FINANCING ACTIVITIES			
NET CASH INFLOW FROM FINANCING ACTIVITIES		-	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(2,235,602)	1,647,298
Cash and cash equivalents at the beginning of the financial year		4,894,935	3,247,637
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	2,659,333	4,894,935

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Middle Island Resources Limited and its subsidiaries. The financial statements are presented in Australian currency. Middle Island Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 26 September 2023. The directors have the power to amend and reissue the financial statements.

(a) 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 and the *Corporations Act 2001*. Middle Island Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of the Middle Island Resources Limited Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

(iii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is that they are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, except for certain financial assets and liabilities measured at fair value.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Middle Island Resources Limited ("Company" or "parent entity") as at 30 June 2023 and the results of all subsidiaries for the year then ended. Middle Island Resources Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another 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. A list of controlled entities is disclosed in Note 23 to the financial statements.

The acquisition method of accounting is used to account for business combinations by the Group.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intercompany transactions, balances and unrealised gains on transactions between Group companies 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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Middle Island Resources Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Middle Island Resources Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless that is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(e) **Revenue recognition**

Sale of commodities

Revenue from sales is recognised when the Group satisfies its performance obligations under its contract by transferring such goods to the customer's control. Control is generally determined to be when the customer has the ability to direct the use of and obtain substantially all of the remaining benefits from that good.

Interest

Interest revenue is recognised on a time proportionate basis that considers the effective yield on the financial assets.

Other income

All other income is recognised when the right to receive other income is established.

All revenue is stated net of the amount of goods and services tax.

(f) **Government grants**

Grants from the government, including exploration incentives and the COVID-19 cashflow boost, are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(g) **Income tax**

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

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.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. No deferred tax is recognised for the carried forward losses as the Group considers there will be no taxable profit available to offset such brought forward tax losses in the future.

(h) Leases

The Group leased office premises with a three-year term that expired during the previous year. Upon commencement of the lease the Group recognised a lease liability for this lease, measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate, being 10%.

Where the Group is lessee, the Group recognises a right-of-use asset and a corresponding liability at the date at which the lease asset is available for use by the Group. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)**1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group's expired office lease agreement did not contain any extension options.

Right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before commencement date less any lease incentives received, and any initial direct costs.

Where the terms of a lease require the Group to restore the underlying asset, or the Group has an obligation to dismantle and remove a leased asset, a provision is recognised and measured in accordance with AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Where leases have a term of less than 12 months or relate to low value assets the Group may apply exemptions in AASB 16 to not capitalise any such leases and instead recognise the lease payments on a straight-line basis as an expense in profit or loss.

(i) Impairment of non-financial assets

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 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. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

(j) Cash and cash equivalents

For statement of cash flows presentation purposes, 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 insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(k) Investments and other financial assets***(i) Classification***

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). All of the Group's financial assets are classified at fair value through profit or loss.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income or expenses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income or expenses. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income or expenses and impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income or expenses in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in other income or expenses in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) Impairment

The Group assesses, on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology depends on whether there has been a significant increase in credit risk.

(l) Plant and equipment

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rates vary between 25% and 40% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(i)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(m) Exploration and evaluation costs

It is the Group's policy to capitalise the cost of acquiring rights to explore areas of interest. All other exploration expenditure is expensed to the statement of profit or loss and other comprehensive income.

The costs of acquisition are carried forward as an asset provided one of the following conditions is met:

- Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to and unpaid at the end of the financial year. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefit obligations

The group may also have liabilities for long service leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

Any such obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(p) Share-based payments

The Group may provide benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of share-based payment transactions, whereby employees or service providers render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions'), refer to Note 27.

The cost of these equity-settled transactions in the case of employees is measured by reference to the "fair value" (not market value) at the date at which they are granted. The "fair value" is determined in accordance with Australian Accounting Standards by an internal valuation using a Black-Scholes (or other industry accepted) option pricing model for options and by reference to market price for ordinary shares. The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model (or any other model) is necessarily representative of the market value of the share options issued, however, in the absence of a reliable measure of the goods or services received, AASB 2 *Share Based Payments* prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments.

The cost of remuneration equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which any performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition.

Where an option is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the option is recognised immediately. However, if a new option is substituted for the cancelled option and designated as a replacement option on the date that it is granted, the cancelled and new option are treated as a modification of the original option.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Provision for rehabilitation

The Group records the estimated cost to rehabilitate operating locations in the period in which the obligation arises on an undiscounted basis. The nature of rehabilitation activities includes the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recorded, the value of the estimated cost of eventual rehabilitation is capitalised by increasing the carrying amount of the related mining assets. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed as incurred.

(r) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, 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 year.

(ii) 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.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of 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 taxation authority is included with other receivables or 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 taxation authority, are presented as operating cash flows.

(u) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(v) Critical accounting judgements, estimates and assumptions

The preparation of these 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:

Exploration and evaluation costs

The costs of acquiring rights to explore areas of interest are capitalised, all other exploration and evaluation costs are expensed as incurred.

These costs of acquisition are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which: (i) such costs are expected to be recouped through successful development and exploitation or from sale of area; or (ii) exploration and evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

When an area of interest is abandoned or the directors decide that it is not commercial, any capitalised acquisition costs in respect of that area are written off in the financial year the decision is made.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates consider both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share-based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are valued using the Black-Scholes option pricing model. This model uses assumptions and estimates as inputs.

The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is necessarily representative of the market value of the share options issued, however, in the absence of a reliable measure of the goods or services received, AASB 2 *Share Based Payments* prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant.

Impairments

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the directors' best estimate of the asset's fair value, which can incorporate various key assumptions.

Any amounts in excess of the fair value are impaired, in line with accounting policy disclosures in Notes 1(i), 1(k) and 1(l).

Provision for rehabilitation

The Group assesses its mine rehabilitation and closure provision half-yearly in accordance with accounting policy Note 1(q). Significant judgement is required in determining the provision primarily relating to the estimation of costs in the Mine Management Plan that is lodged with the Department of Industry, Tourism and Trade.

2: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

price risk), credit risk and liquidity risk.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process.

(a) Market risk

(i) Foreign exchange risk

The Group does not operate internationally and is therefore not exposed to foreign exchange risk arising from various currency exposures

Foreign exchange risk would arise from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The Group has not formalised a foreign currency risk management policy however, it would monitor its foreign currency expenditure in light of exchange rate movements.

(ii) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss. Given the current level of operations, the Group's financial statements for the year ended 30 June 2023 are not exposed to commodity price risk.

To minimise the risk, the Group's investments are of high quality and are publicly traded on reputable international stock exchanges. The investments are managed on a day to day basis so as to pick up any significant adjustments to market prices.

Sensitivity analysis

At 30 June 2023, if the value of the equity instruments had increased by 15% with all other variables held constant, post-tax loss for the Group would have been \$180,335 lower, with no changes to other equity balances, as a result of gains on equity securities classified as financial assets at fair value through profit or loss (2022: \$618,285 lower).

At 30 June 2023, if the value of the equity instruments had decreased by 15% with all other variables held constant, post-tax loss for the Group would have been \$180,335 higher, with no changes to other equity balances, as a result of losses on equity securities classified as financial assets at fair value through profit or loss (2022: \$618,285 higher).

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group \$2,659,333 (2022: \$4,894,935) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.96% (2022: 0.08%).

Sensitivity analysis

At 30 June 2023, if interest rates had changed by -10 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$3,285 higher (2022: -10 basis points \$3,608 higher) as a result of lower or higher interest income from cash and cash equivalents.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2: FINANCIAL RISK MANAGEMENT (CONTINUED)

At 30 June 2023, if interest rates had changed by +10 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$3,285 lower (2022: +10 basis points \$3,608 lower) as a result of lower or higher interest income from cash and cash equivalents.

(b) Credit risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

All surplus cash holdings within the Group are currently invested with AA- rated financial institutions.

(c) Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The equity investments held by the Group are classified at fair value through profit or loss. The market value of all equity investments (shares in Aurumin and Tajiri Resources) represents the fair value based on quoted prices on active markets (ASX and TSX) as at the reporting date without any deduction for transaction costs. These investments are classified as level 1 financial instruments.

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	Consolidated	
	2023	2022
	\$	\$
Financial Assets		
Cash and cash equivalents	2,659,333	4,894,935
Trade and other receivables	68,756	214,388
Financial assets*	1,202,231	4,121,903
Total Financial Assets	3,930,320	9,231,226
Financial Liabilities		
Trade and other payables	92,514	96,279
Borrowings	-	13,949
Total Financial Liabilities	92,514	110,228

*Principally including shareholding in Aurumin Ltd at fair value

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2: FINANCIAL RISK MANAGEMENT (CONTINUED)

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/Payables/Borrowings

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
30 June 2023				
Financial assets	1,202,231	-	-	1,202,231
Total as at 30 June 2023	1,202,231	-	-	1,202,231
30 June 2022				
Financial assets	4,121,903	-	-	4,121,903
Total as at 30 June 2022	4,121,903	-	-	4,121,903

*Principally including shareholding in Aurumin Ltd at fair value

3: SEGMENT INFORMATION

The Group has identified that it operates in only one segment based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group's principal activity is the identification, acquisition and exploration of mineral assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2023	2022
	\$	\$
4: REVENUE AND OTHER INCOME		
Other income		
Interest income	31,461	2,848
Reimbursements of expenditure on mining interests	-	-
Government COVID-19 cashflow boost grant		17,765
Government exploration grants	131,057	89,403
Sale of recovered gold	-	111,135
Sale of minor asset	677	1,339
	163,195	222,490
5: EXPENSES		
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	37,236	22,413
Depreciation expenses:		
Plant and equipment	31,137	4,138
	68,373	26,551
6: INCOME TAX		
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) including discontinued operations before income tax expense	(5,295,928)	4,070,554
Prima facie tax expense/(benefit) at the Australian tax rate of 25%	(1,323,982)	1,017,639
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other	-	-
	(1,323,982)	1,017,639
Movements in unrecognised temporary differences	694,325	(2,171,625)
Tax effect of current year tax losses for which no deferred tax asset has been recognised	629,657	1,153,986
Income tax expense	-	-



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2023	2022
	\$	\$
6: INCOME TAX (CONTINUED)		
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 25%)		
Capital raising costs	36,164	72,605
Financial assets	1,598,290	868,372
Other temporary differences	19,636	49,753
Carry forward tax losses	4,017,605	4,274,160
Deferred Tax Liabilities (at 25%)	-	-
Net deferred tax assets	5,671,695	5,264,891

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

7: DISCONTINUED OPERATIONS – Previous Year

MDI Burkino Faso (MDI BFA)

During the comparative year, the association with MDI Burkino Faso was terminated and the Company ceased to hold any interest in its operations or ownership effective October 2021.

Sandstone Operations Pty Ltd (SOPL)

Also, during the comparative year, Sandstone Operations Pty Ltd was a wholly owned subsidiary of the Company. During that year, MDI sold that asset Aurumin Limited (ASX:AUN). This sale was completed on 20 March 2022 for a total consideration of A\$12M comprising a cash component of A\$6M plus a further A\$6M negotiated value of 30M fully paid shares in Aurumin.

8: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	2,618,573	4,854,175
Short-term deposits	40,760	40,760
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	2,659,333	4,894,935

Cash and cash equivalents at 30 June 2023 are fully comprised of \$AUD.

Cash at bank and in hand 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 Group and earn interest at the respective short-term deposit rates.

The Group has provided a cash-backed bank guarantee of \$20,760 under the lease of for its office.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Consolidated	
	2023	2022
	\$	\$
9: CURRENT ASSETS – TRADE, OTHER RECEIVABLES AND PREPAYMENTS		
Trade Debtors ⁽¹⁾	16,456	122,168
Prepayments	52,300	61,624
Other	-	30,596
	68,756	214,388

(1) The Group assesses, on a forward-looking basis, the expected credit losses associated with trade debtors. All amounts recorded at balance date are considered recoverable in full.

10: CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Canadian listed equity securities	117,231	96,903
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Changes in fair values of financial assets are shown at 'fair value (losses)/gains on financial assets' in the statement of profit or loss and other comprehensive income. Refer to Note 2 for details of the fair value measurement; note the Company sought to but was unable to liquidate this investment.

11: INVESTMENT IN ASSOCIATES

During the comparative year ended 30 June 2022, Middle Island Resources Limited held a 25.14% equity interest in Aurumin Limited and was therefore classified as an Associate of MDI.

As at 30 June 2023, Aurumin Limited is no longer so classified. As no decision has been made by the Company to divest itself of this asset within the next 12 months, the investment is considered a non-current asset.

12: NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Freehold Land	Plant and Equipment	Total
	\$	\$	\$
Year ended 30 June 2022			
Opening net book amount	126,929	1,926,610	2,053,539
Additions	-	85,533	85,533
Disposals ⁽¹⁾	(126,929)	(1,926,930)	(2,053,859)
Depreciation charge	-	(4,138)	(4,138)
Closing net book amount	-	81,075	81,075
At 30 June 2022			
Cost	-	160,040	160,040
Accumulated depreciation	-	(78,965)	(78,965)
Net book amount	-	81,075	81,075
Year ended 30 June 2023			
Opening net book amount	-	81,075	81,075
Disposals	-	(585)	(585)
Depreciation charge	-	(33,913)	(33,913)
Closing net book amount	-	46,577	46,577
At 30 June 2023			
Cost	-	157,371	157,372
Accumulated depreciation	-	(110,794)	(110,795)
Net book amount	-	46,577	46,577

1. Plant and equipment associated with the Sandstone gold project was disposed of during the year ended 30 June 2022.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

		Consolidated	
	Notes	2023 \$	2022 \$

13: LEASES

Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

The Group's leasing activities

The Group leased office premises with the lease expiring 30 November 2021. An extension to the lease has been negotiated on a monthly basis and has been classified as a short-term lease with the lease payments recognised on a straight-line basis as an expense in profit or loss.

The total cash outflow for leases in 2023 was \$77,199 (2022: \$81,268).

14: NON-CURRENT ASSETS – TENEMENT ACQUISITION COSTS

Tenement acquisition costs carried forward in respect of mining areas of interest

Opening net book amount	-	1,675,989
Additions	-	-
Decrease pursuant to sale of Sandstone Operations Pty Ltd ⁽¹⁾	-	(1,675,989)
Closing net book amount	-	-

1. Plant and equipment associated with the Sandstone gold project was disposed of during the year ended 30 June 2022.

15: CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	41,531	70,646
Other payables and accruals	50,983	25,633
	92,514	96,279

16: NON-CURRENT LIABILITIES - PROVISIONS

Rehabilitation

Carrying amount at start of year	-	1,384,900
Adjustment pursuant to disposal of Sandstone Operations Pty Ltd	-	(1,384,900)
Carrying amount at end of year	-	-

The Company currently has no liability in respect of rehabilitation responsibilities.

In the comparative year, upon the sale of the Company's Sandstone Gold Project, this provision for rehabilitation was wholly assumed by Aurumin Limited. In previous reporting periods the Group recorded the undiscounted estimated cost to rehabilitate operating locations in the period in which the obligation arises. The nature of rehabilitation activities included the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. The provision included rehabilitation costs associated with the Sandstone Gold Project based on the latest estimated future costs contained in the Mine Closure Plan (MCP) lodged with the Government of Western Australia Department of Mines, Industry Regulation and Safety (DMIRS).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17: ISSUED CAPITAL

(a) Share capital

		2023		2022	
	Notes	Number of shares	\$	Number of shares	\$
Ordinary shares fully paid	17(a), 17(b)	122,418,222	48,611,091	122,418,222	48,611,091
Total issued capital		122,418,222	48,611,091	122,418,222	48,611,091

(b) Movements in ordinary share capital

Beginning of the financial year	122,418,222	48,611,091	122,418,222	48,611,091
End of the financial year	122,418,222	48,611,091	122,418,222	48,611,091

(c) Movements in options on issue

	Number of options	
	2023	2022
Beginning of the financial year	-	21,611,663
Exercisable at \$0.6877 (2020: \$0.0299), expired 8 November 2021	-	(1,304,349)
Exercisable at \$0.1817 (2020: \$0.0079), expired 31 January 2022	-	(9,989,324)
Exercisable at \$0.1771 (2020: \$0.0077), expired 31 January 2022	-	(10,317,990)
End of the financial year	-	-

(d) Ordinary shares

Ordinary fully paid shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of the shares held.

On a show of hands every holder of ordinary fully paid shares, present at a meeting in person or by proxy, is entitled to one vote, and, upon a poll, is entitled to one vote for each share held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it may strive to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to strive to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2023 and 30 June 2022 are as follows:

	Consolidated	
	2023	2022
	\$	\$
Cash and cash equivalents	2,659,333	4,894,935
Trade and other receivables	68,756	214,388
Financial assets	1,202,231	4,121,903
Trade and other payables	(92,514)	(96,279)
Borrowings	-	(13,949)
Employee benefits obligations - current	(14,464)	(35,562)
Working capital position	3,823,342	9,085,436



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18: DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

19: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company and their related practices:

	Consolidated	
	2023	2022
	\$	\$
Audit services		
Elderton Audit Pty Ltd – audit and review of financial reports	29,167	33,174
Total remuneration for audit services	29,167	33,174

20: CONTINGENCIES

Other than disclosed elsewhere in this Report, the Company does not have any other contingencies.

21: COMMITMENTS

Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements held in the Northern Territory, the Group has certain obligations to perform minimum exploration on the tenements in which it has an interest. These obligations may in some circumstances be varied or deferred. Tenement rentals and minimum expenditure obligations may be varied or deferred on application and are expected to be met in the normal course of business and have not been provided for in the financial report. The minimum statutory expenditure commitments required to be spent on the granted tenements for the next twelve months amounts to \$546,386 (2022: \$285,500).

Issue of Options

As part of Mr Bartsch (CEO) remuneration package, it has been agreed that he be issued options to acquire fully paid shares on the following basis:

- to be issued subject to and immediately upon receiving shareholder approval (expected to be later this calendar year);
- Exercisable at \$0.075 each;
- Vest on a date which is twelve (12) months after 1 April 2023; and
- Be exercisable after vesting on a date which is the earlier of three (3) years from their date of issue or date of cessation of employment.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22: RELATED PARTY TRANSACTIONS

	Consolidated	
	2023	2022
	\$	\$
(a) Parent entity		
The ultimate parent entity within the Group is Middle Island Resources Limited.		
(b) Subsidiaries		
Interests in subsidiaries are set out in Note 23.		
(c) Key management personnel compensation		
Short-term benefits	376,855	526,835
Post-employment benefits	17,870	6,027
Special exertion fees	-	200,000
	394,725	732,862

Detailed remuneration disclosures are provided in the remuneration report on pages 13 to 15.

(d) Transactions and balances with other related parties

During the comparative year ended 30 June 2022, Messrs Thomas, Marwood and Stewart were paid fees for special exertion services provided to the Group during that year. The amounts paid were assessed to be less than arms' length commercial terms and were disclosed in the remuneration report. At 30 June 2022 no amounts were owing.

(e) Loans to related parties

Middle Island Resources Limited has provided unsecured, interest free loans to its only remaining wholly owned subsidiary, Barkly Operations Pty Ltd, totalling \$2,373,498 at 30 June 2023 (2022: \$903,315). An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss. Total provision for impairment against this loan is \$101,391 at 30 June 2023 (2022: \$101,391) for a net balance of \$2,272,107 at 30 June 2023 (2022: \$801,924).

23: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding ⁽¹⁾	
			2023	2022
			%	%
Barkly Operations Pty Ltd	Australia	Ordinary	100	100
Sandstone Operations Pty Ltd – 100% of issued share capital sold pursuant to a Binding Share Purchase Agreement effected on 20 March 2022	Australia	Ordinary	Nil	Nil

(1) The proportion of ownership interest is equal to the proportion of voting power held.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Since the end of the reporting period, MDI completed the acquisition of the East Tennant Project from Strategic Energy Resources (SER). The purchase covered exploration licenses EL32109, EL32306, EL32307, EL32617, EL32760 and EL32809 and expanded MDI's existing Barkly Super Project. As consideration, the Company issued 18,240,000 fully paid ordinary MDI shares at a deemed price of \$0.035 per share, this being the closing price of ASX:MDI on the contract date, namely 12 May 2023. The shares issued to SER are subject to a voluntary escrow period of 12 months until 17 July 2024.

No other matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

25: STATEMENT OF CASH FLOWS

	Consolidated	
	2023	2022
	\$	\$
Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	(5,295,928)	(5,191,150)
Non-cash items		
Depreciation of non-current assets	33,250	4,138
Share of loss in associate and fair value adjustment	-	3,194,175
Expenditure on discontinued operations	-	(826,391)
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	145,632	(177,872)
Decrease/(increase) in financial assets at fair value through profit or loss	2,919,671	-
(Decrease)/increase in trade and other payables	(38,812)	(268,946)
Net cash outflow from operating activities	(2,236,187)	(3,266,046)

26: LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share

Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(5,295,928)	(5,191,150)
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	Number of shares	
	2023	2022
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	122,418,222	122,418,222

(c) Information on the classification of options

There are no options on issue which could have a dilutive effect in the calculation of diluted earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27: SHARE-BASED PAYMENTS

(a) Options issued to employees, contractors and suppliers

The Group may provide benefits to employees (including directors if supported by shareholders), contractors and suppliers of the Group in the form of share/equity-based payment transactions, whereby ordinary shares or options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence and to facilitate the provision of competitive packages.

Set out below are summaries of the options granted (as 30 June in the stated years):

	Consolidated			
	2023	2022		
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	-	-	1,304,349	68.8
Expired/lapsed	-	-	(1,304,349)	-
Outstanding at year-end	-	-	-	-
Exercisable at year-end	-	-	-	-

(b) Expenses arising from share-based payment transactions

No expenses arising from share-based payment transactions were required to be recognised during the year.

28: PARENT ENTITY INFORMATION

The following information relates to the parent entity, Middle Island Resources Limited, at 30 June 2023. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2023 \$	2022 \$
Current assets	2,699,661	5,067,919
Non-current assets	3,360,619	4,828,139
Total assets	6,060,280	9,896,058
Current liabilities	(77,796)	(111,515)
Non-current liabilities	-	(663)
Total liabilities	(77,796)	(112,178)
Contributed equity	48,611,091	48,611,091
Share-based payments reserve	-	-
Accumulated losses	(42,628,607)	(38,827,211)
Total equity	5,982,484	9,783,880
Profit/(Loss) for the year	(3,801,395)	4,453,813
Total comprehensive loss for the year	(3,801,395)	4,453,813

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 20 to 45 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
3. a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Signature noted as having been affixed with approval

Peter Thomas

Chairperson

Perth, 29 September 2023

Independent Audit Report

To the members of Middle Island Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Middle Island Resources Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other 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 financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time 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. We have determined the matters described below to be key audit matters to be communicated in our report.

Financial assets \$1,085,000 (2022: Investment in associate)

Refer to Note 11, accounting policy note 1(k)

Key Audit Matter	How our audit addressed the matter
<p>During the financial year 2022 the Group acquired 24.15% shares in Aurumin Limited as sale consideration for its Sandstone project as disclosed in note 7 to the financial statements. This investment was recorded using equity method under AASB 128 Investments in Associates and Joint Ventures. During the current financial year due to increase in shares issued by Aurumin Limited, the Group's shareholding percentage in Aurumin fell below 20% to 12.87%, consequently Aurumin Limited is no longer an associate and now has been classified as financial assets under AASB 9.</p> <p>We considered it as a key audit matter due to its significance and use of key assumptions in estimating fair value.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none">• Verifying Middle Island Resources' percentage holding in Aurumin Limited.• Assess the basis of estimating fair value of Aurumin Limited shares.• Reviewing the adequacy of the disclosure in the financial statements.

Expenditure

Refer to total expenditure \$2,539,451, accounting policy note 1(m), 1(v)

Key Audit Matter	How our audit addressed the matter
<p>Expenditure is a substantial figure in the financial statements of the Group, representing the majority of shareholder funds spent during the financial year.</p> <p>Given this represents a significant volume of transactions, we considered it necessary to assess whether the Group's expenses had been accurately recorded, whether the services provided had been delivered in the appropriate period, and whether all expenses related to activities undertaken by the Group.</p>	<p>Our audit work included, but was not restricted to, the following:</p> <ul style="list-style-type: none">• We examined the Group's approval processes in relation to making payments to its suppliers and employees.• We selected a sample of expenses using systematic sampling methods, and vouched each item selected to invoices and other supporting documentation.• We reviewed post-year end payments and invoices to ensure that all goods and services provided during the financial year were recognised in expenses for the same period.• For exploration expenses, we assessed which tenements the spending related to, to ensure funds were expended in relation to the Group's ongoing projects. We also verified tenement acquisition costs with contract and checked calculations.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report and other information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 13 to 16 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Middle Island 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.

Signature of Elderton Audit Pty Ltd noted as having been affixed with approval

Elderton Audit Pty Ltd

Signature of Sajjay Cheema noted as having been affixed with approval

Sajjay Cheema

Director

Perth

29 September 2023



ASX ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows.
The information was current as at 15 September 2023.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	217	97,543
1,001	-	5,000	559	1,522,965
5,001	-	10,000	232	1,700,757
10,001	-	100,000	548	18,528,537
100,001		and over	183	118,808,420
			1,739	140,658,222
The number of shareholders holding less than a marketable parcel of shares are:			1,230	

(b) Twenty largest shareholders of quoted ordinary fully paid ordinary shares

The names of the twenty largest holders of quoted ordinary fully paid shares are:

		Listed ordinary fully paid shares	
		Number of shares	% of ordinary shares
1	Copulos Group	20,365,465	14.48
2	Strategic Energy Resources Ltd	18,240,000	12.97
3	Jetoseas Pty Ltd	7,032,786	5.00
4	Quenda Investments Pty Ltd <Quenda Super Fund A/c>	3,380,436	2.40
5	Peter Thomas	3,290,327	2.34
6	Super Seed Pty Ltd <The Seed Family A/c>	3,000,000	2.13
7	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP >	2,973,775	2.11
8	Jason Tang	2,500,000	1.78
9	Bachilton Pty Ltd <S I Family A/c>	2,200,000	1.56
10	Citicorp Nominees Pty Ltd	2,124,786	1.51
11	Scintilla Capital Pty Ltd	2,000,000	1.42
12	BI Fund Pty Ltd <B and I Hunter S/F A/c>	1,457,612	1.04
13	Silvanicholls Pty Ltd <Silvanicholls Family A/c>	1,188,045	0.84
14	Northern Rural Pty Ltd	1,085,000	0.77
15	BS Robinson Pty Ltd <Break Free Super Fund A/c>	1,000,000	0.71
16	Yuliang Fan	1,000,000	0.71
17	Rabia Yigit	1,000,000	0.71
18	Roland D Bartsch	1,000,000	0.71
19	John W Rodgers	1,000,000	0.71
20	Gecko Resources Pty Ltd	904,788	0.64
		76,743,020	54.56



ASX ADDITIONAL INFORMATION

(c) Substantial shareholders

The names of the substantial shareholders listed in the Group's register as at 15 September 2023 as required to be notified in accordance with section 671B of the *Corporations Act 2001*, are:

	Number of shares	% of ordinary shares
Stephen Copulos Group	20,365,465	14.48
Strategic Energy Resources Ltd	18,240,000	12.97
Jetoseas Pty Ltd	7,032,786	5.00
Total	45,638,251	32.45

(d) Summary of Issued Securities:

There are 140,658,222 quoted fully paid ordinary shares (ASX:MDI).

(e) Buy-Back Plans

The Group does not have any current on-market buy-back plans.

(f) Voting rights

All fully ordinary shares carry one vote per share.

(g) Schedule of interests in mining tenements

Location	Tenement	Percentage held and status
Northern Territory:		
Barkly	EL32109	100% - Granted
Barkly	EL32290	100% - Granted
Barkly	EL32291	100% - Granted
Barkly	EL32292	100% - Granted
Barkly	EL32304	100% - Granted
Barkly	EL32305	100% - Granted
Barkly	EL32617	100% - Granted
Barkly	EL32626	100% - Application
Barkly	EL32627	100% - Application
Barkly	EL32680	100% - Granted
Barkly	EL32760	100% - Granted
Barkly	EL33276	100% - Granted
Barkly	EL33585	100% - Application
Barkly	EL33588	100% - Granted
		Amalgamation of EL32309 and EL33507
Barkly	EL33589	100% - Granted
		Amalgamation of EL32307 and EL32308
Barkly	EL33590	100% - Granted
		Amalgamation of EL32301 and EL32816

ASX ADDITIONAL INFORMATION

(h) ASX Listing Rule 3.13.1

The Company advises, in accordance with ASX Listing Rule 3.13.1, that its Annual General Meeting (**AGM**; an item of business which will include the election of directors) is proposed to be held on 23 November 2023, and based on this proposed AGM date, in accordance with the Company's constitution, the closing date for receipt of valid nominations from persons wishing to be considered for election as a director at the AGM will be 12 October 2023.