

MIDDLE ISLAND RESOURCES LIMITED
ABN 70 142 361 608

NOTICE OF GENERAL MEETING

AND

EXPLANATORY STATEMENT

AND

PROXY FORM

Date of Meeting

Friday 11 February 2022

Time of Meeting

10:00am AWST

Place of Meeting

Unit 1, 2 Richardson Street
WEST PERTH WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5pm on 9 February 2022.

Shareholders should carefully consider the Independent Expert's Report prepared by the Independent Expert. The Independent Expert's Report comments on the fairness and reasonableness of the transaction the subject of Resolution 1. The Independent Expert has determined the transaction the subject of Resolution 1 is both fair and reasonable.

MIDDLE ISLAND RESOURCES LIMITED
ABN 70 142 361 608
NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Middle Island Resources Limited (**Company**) will be held at the Company's offices at Unit 1, 2 Richardson Street, West Perth, Western Australia on 11 February 2022 at 10:00am AWST (**Meeting**) for the purpose of transacting the following business, in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

Capitalised terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

The Meeting will be held as a hybrid meeting, and Shareholders will be able to participate in a live audio webcast of the meeting online where Shareholders will be able to participate, ask questions and cast direct votes at the appropriate times whilst the Meeting is in progress.

Shareholders who wish to participate in the Meeting online must login to the Company's share registry website and follow the instructions below to attend and participate in a virtual Meeting through an online meeting platform powered by the Company's Share Registry Automic.

To access the virtual meeting:

1. Open your internet browser and go to investor.automic.com.au
2. Login with your username and password or click "**register**" if you haven't already created an account.
Shareholders are encouraged to create an account prior to the start of the meeting to ensure there is no delay in attending the virtual meeting
3. After logging in, a banner will be displayed at the top once the meeting is open for registration, click on "**View**" when this appears
4. Click on "**Register**" and follow the steps
5. Click on the URL to join the webcast where you can view and listen to the virtual meeting
6. Once the Chair of the Meeting has declared the poll open for voting click on "**Refresh**" to be taken to the voting screen
7. Select your voting direction and click "confirm" to submit your vote.

Note that you cannot amend your vote after it has been submitted.

All Resolutions will be conducted by poll. More information on how to join the Meeting and vote on the Resolutions through the online meeting platform are set out in the Online Meeting Guide which can be found on the Company's website at <http://www.middleisland.com.au/shareholders-announcements/>. We recommend logging in to the online platform at least 15 minutes prior to the scheduled start time of the Meeting.

As a result of the uncertainty and potential health risks created by the corona virus (COVID-19) pandemic, it may become necessary or appropriate to make alternative arrangements for the holding or conducting the Meeting (for example in the case of a lockdown, where the meeting format could be changed to being wholly-virtual) and if so required, the Company will make further information available through the ASX website at asx.com.au (code: MDI) and on its website at www.middleisland.com.au.

AGENDA

RESOLUTION 1 - APPROVAL OF SALE OF ALL OF THE ISSUED SHARES IN SANDSTONE OPERATIONS PTY LTD

To consider and, if thought fit, to pass, with or without amendment, the following as an **ordinary resolution**:

"That, for the purposes of Listing Rule 11.2 and all other purposes, approval is given for the sale of the Sandstone Gold Project, being the main undertaking of the Company, by way of the sale of the Company's interests in issued shares of its subsidiary Sandstone Operations Pty Ltd, on the terms and conditions set out in the Explanatory Statement".

Voting exclusion: In accordance with the Corporations Act, the Company will disregard any votes cast in favour of this Resolution by or on behalf of any person (including their Associates) including the acquirer of the main undertaking who will obtain a material benefit as a result of the sale of the Company's interests in the issued shares of Sandstone Operations Pty Ltd (except a benefit solely by reason of being a holder in ordinary securities in the entity) or any Associates of those persons, unless it is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) by the Chair as proxy or attorney for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the Chair decides); or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided: the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and the holder votes in accordance with the directions on the Proxy Form.

RESOLUTION 2 – APPROVAL TO GRANT OF OPTIONS TO MR PETER THOMAS

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 10.11 and for all other purposes, members hereby approve the issue to Mr Peter Thomas, or his nominee/s, of 2,000,000 Options to acquire fully paid Shares, exercisable at \$0.1279 per Option, expiring on a date which is 60 months from their date of issue and otherwise on the terms and conditions outlined in the Explanatory Statement (including Schedule 3) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act."

Voting exclusion: For the purposes of Listing Rule 7.3, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Peter Thomas and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any Associates of those persons, unless it is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) by the Chair as proxy or attorney for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the Chair decides); or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided: the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and the holder votes in accordance with the directions on the Proxy Form.

RESOLUTION 3 – APPROVAL TO GRANT OF OPTIONS TO MR BRAD MARWOOD

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Brad Marwood, or his nominee/s of 2,000,000 Options to acquire fully paid Shares, exercisable at \$0.1279 per Option, expiring on the date which is 60 months from their date of issue and otherwise on the terms and conditions outlined in the Explanatory Statement (including Schedule 3) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”

Voting exclusion: For the purposes of Listing Rule 7.3, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Brad Marwood and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any Associates of those persons, unless it is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) by the Chair as proxy or attorney for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the Chair decides); or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided: the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and the holder votes in accordance with the directions on the Proxy Form.

RESOLUTION 4 – APPROVAL TO GRANT OF OPTIONS TO MR BRUCE STEWART

To consider and, if thought fit, to pass, with or without amendment, the following as an ordinary resolution:

“That, for the purpose of Listing Rule 10.11 of the Listing Rules, and for all other purposes, members hereby approve the issue to Mr Bruce Stewart, or his nominee/s of 2,000,000 Options to acquire fully paid Shares, exercisable at \$0.1279 per Option, expiring on a date which is 60 months from their date of issue and otherwise on the terms and conditions outlined in the Explanatory Statement (including Schedule 3) and further resolve that this constitutes reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.”

Voting exclusion: For the purposes of Listing Rule 7.3, the Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Bruce Stewart and any other person who will obtain a material benefit as a result of the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), or any Associates of those persons, unless it is cast:

- (a) by a person as proxy or attorney for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) by the Chair as proxy or attorney for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the Chair decides); or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided: the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an Associate of a person excluded from voting, on the Resolution; and the holder votes in accordance with the directions on the Proxy Form.

PROXIES

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a proxy to vote on their behalf. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint one or two proxies and if appointing two may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and

execute the accompanying Proxy Form and return it in accordance with its instructions prior to 10:00am AWST on 9 February 2022 by:

1. post to GPO Box 5193, Sydney NSW 2001;
2. email at meetings@automicgroup.com.au; or
3. online at <https://investor.automic.com.au/#/loginsah>.

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the Proxy Form or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

ENTITLEMENT TO VOTE

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 5:00pm AWST on 9 February 2022 will be entitled to attend and vote at the Meeting.

VOTING IN PERSON

To vote in person, attend the Meeting at the time, date and place set out on the front page of this notice.

CORPORATIONS

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

ELECTRONIC COMMUNICATION

All Shareholders may, and are encouraged to, elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

REVOCAION OF PROXIES

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chair on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

VOTING OF PROXIES

The Proxy Form accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing this Notice, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If voting instructions are given, proxy holders must cast votes as instructed. If no voting instructions are given, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

By Order of the Board.

Rudolf Tieleman
Company Secretary
Date: 12 January 2022

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the Shareholders of the Company in connection with the business to be conducted at the general meeting of the Company to be held at the Company's offices at Unit 1, 2 Richardson Street, West Perth WA 6005, on 11 February 2022 commencing at 10:00am AWST and at any adjournment thereof.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company that is material to a decision on how to vote on the Resolutions in the accompanying Notice.

This Explanatory Statement should be read in conjunction with the Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary.

An Independent Expert Report dated 20 December 2021 prepared by the Independent Expert in respect of Resolution 1 is set out in Schedule 2 to this Explanatory Memorandum. Shareholders should read this Explanatory Memorandum (including the Independent Expert Report) carefully before deciding how to vote in respect of Resolution 1. The Independent Expert has determined that the Transaction is fair and reasonable to Shareholders, and that the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. That does not mean you should agree to vote in favour of Resolution 1 but it is provided as expressing the views of an independent party recognised as having relevant skill to opine upon such matters but within the constraints of regulatory practice and policy.

The Meeting will be held as a hybrid meeting, meaning Shareholders will be able to participate in a live audio webcast of the meeting online and ask questions and cast direct votes at the appropriate times whilst the Meeting is in progress.

Shareholders who wish to participate in the Meeting online must login to the Company's share registry website and follow the instructions below to attend and participate in a virtual Meeting through an online meeting platform powered by the Company's Share Registry Automic.

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1 BACKGROUND

As advised in the Company's ASX announcement dated 16 December 2021, the Company executed a Share Purchase Agreement dated 7 December 2021 ("**SPA**") relating to selling its 100% interest in the Sandstone Gold Project near Sandstone, Western Australia to a 100% subsidiary of Aurumin Limited (ASX: AUN, "**Aurumin**") via the SPA.

The proposed transaction is structured as a sale by the Company of its wholly owned subsidiary Sandstone Operations Pty Ltd ("**SOPL**"). SOPL holds the Sandstone Gold Project mining tenements, processing plant, freehold tenure and all

information related to the Sandstone Gold Project. The tenements are mining leases M57/128 and M57/129, exploration licence 57/1102 and prospecting licences P57/1384, P57/1395 and P57/1442.

A 100% owned subsidiary of ASX listed Aurumin, Aurumin Australia Pty Ltd (the **Buyer**), is the named buyer of the shares in SOPL.

The proposed sale to the Buyer of all of the issued shares in SOPL held by the Company is referred to in this Explanatory Memorandum as the "**Transaction**". Details of the Transaction are set out in this Explanatory Statement.

ASX has advised the Company that the Transaction involves the disposal of the main undertaking of the Company and requires the approval of the Company's shareholders under Listing Rule 11.2 for the Transaction to proceed.

2 APPROVAL OF SALE OF ALL OF THE ISSUED SHARES IN SANDSTONE OPERATIONS PTY LTD

2.1 General

Listing Rule 11.2 provides that where a company proposes to make a significant change in the nature or scale of its activities which involves the disposal of its main undertaking, it must first obtain the prior approval of its shareholders.

Resolution 1 seeks Shareholder approval for the potential disposal of the Company's main undertaking, given that the Transaction involves disposing of all of the Company's interests in issued shares of SOPL, being the 100% subsidiary of the Company that holds the Sandstone Gold Project.

If shareholders approve the Transaction and other conditions precedent are satisfied, the Company will sell 100% of the issued shares in SOPL to the Buyer, thereby transferring the Sandstone Gold Project to the Buyer.

The information required by Section 7.2 of ASX Guidance Note 12 "Significant Changes to Activities" to be provided to Shareholders in relation to Resolution 1, is contained within this Explanatory Statement and the Notice of General Meeting.

Shareholders should note that even if Shareholder approval of the Transaction is obtained, completion under the SPA is subject to other conditions precedent being satisfied or waived. Further details are set out later in this Explanatory Statement.

Shareholders should also be aware that following the proposed disposal of the Company's main undertaking, ASX may require the Company to seek Shareholder approval pursuant to Listing Rule 11.1.2 and/or re-comply with Chapters 1 and 2 of the Listing Rules pursuant to Listing Rule 11.1.3 with respect to any future transaction the Company may enter into. The Company is not aware of any such requirement and ASX has not notified the Company of such a requirement in relation to the Transaction. At the date of this Notice there is no such future contemplated transaction.

A disposal by a listed entity of its main undertaking can also raise issues under Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued quotation of its securities. The Company considers this risk to be very low given the Company's 100% ownership of the very significant and exciting Barkly copper gold super project in the Northern Territory, which will become the Company's sole focus upon the Transaction completing.

ASX have advised that the Company will be afforded a period of 6 months from the date of the announcement of the disposal of the Sandstone Gold Project (being 16 December 2021) to demonstrate to the ASX that it is compliant with Listing Rule 12.1. The ASX also advises that if the Company does not demonstrate compliance with this Rule to ASX's satisfaction by the 6-month anniversary, ASX will suspend trading in the Company's securities. The consequences of a disposal of the main undertaking are that any transaction the Company proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the Listing Rules. Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes.

Resolution 1 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it. However, all Resolutions will be conducted by poll.

2.2 Background to the Sandstone Gold Project

The core of the Sandstone Gold Project are the following assets of SOPL, which is a 100% subsidiary of the Company:

- (a) mining leases M57/128, M57/129, exploration licence 57/1102 and prospecting licences P57/1384, P57/1395 and P57/1442;

- (b) mining and other information related to those tenements (and other tenements in the region), including exploration results, a feasibility and other studies and various approvals and permits related to exploration and potential mining on those tenements;
- (c) the Sandstone Gold Processing Plant, including all plant, equipment and chattels at the Sandstone site;
- (d) accommodation facilities and freehold property in the township of Sandstone, being Lots 149, 150, 151, 152, 157, 158, 159 and 160 on Deposited Plan 223094; Lots 507, 537 and 538 on Deposited Plan 223093; and Lot 300 on Diagram 92979; and
- (e) corporate records of the Company or SOPL related to the above.

2.3 Material Terms and Conditions of the SPA

(a) Consideration

The \$12 million of consideration payable to the Company on completion of the Transaction is comprised as follows:

Cash: Aud\$6 million;

and

Consideration Shares: \$6 million of unencumbered fully paid ordinary shares in Aurumin. 30,000,000 shares will be issued at \$0.20 per share.

The Consideration Shares are expected to represent ~19.47% of Aurumin's shares then on issue after closing of the Transaction, including after issuing the Consideration Shares and after issuing additional shares pursuant to a capital raising that Aurumin proposes to undertake as a condition precedent to the Transaction completing (as referred to in Section 2.3(c)(i) below). That percentage is estimated as at the date of this Explanatory Memorandum. It assumes full uptake of the proposed entitlement issue and placement by Aurumin, with 37,310,106 shares in Aurumin being issued, but no conversion of the convertible notes into Aurumin shares. The calculation also does not take into account 25.3 million options on issue by Aurumin (various dates). Shareholders should note that the forecast percentage held by the Company has marginally increased from 18.5% (as advised in the Company's ASX announcement dated 16 December 2021) to 19.47% due to the terms of Aurumin's capital raising being finalised after the Company's announcement was released.

The SPA provides that the issue price of the Consideration Shares will be equal to the price per share at which shares in Aurumin are issued pursuant to the placement forming part of the Aurumin Capital Raising (as referred to in Section 2.3(c)(i) below) or, if the Aurumin Capital Raising is not completed, then at a price which is equal to the volume-weighted average sale price of Aurumin shares on ASX over the 10 trading days prior to the date of execution of the SPA. As mentioned below in Section 2.3(c)(i) below, Aurumin has announced that the placement will proceed at an issue price of \$0.20.

The aggregate of the Cash and the Consideration Shares is the "**Total Consideration**".

GST is not expected to be paid on the Total Consideration, but if GST is payable then the Buyer will pay it.

(b) Escrow

The Consideration Shares will be subject to a voluntary escrow period of 12 months. The escrow arrangement was not mandated by ASX. All Consideration Shares will be released from escrow earlier in the event of a takeover bid or scheme of arrangement involving Aurumin or as permitted by the ASX Listing Rules, subject always to compliance with the ASX Listing Rules. The escrow is a restriction on sale of the Consideration Shares but is not an encumbrance giving rights in the Consideration Shares to any person.

(c) Conditions Precedent

The Transaction is subject to satisfaction or waiver of the following conditions precedent, which are together the "**Conditions Precedent**":

- (i) Aurumin having announced via the ASX market announcements platform prior to or on 15 December 2021 (the **Commitment Date**) that it has raised at least \$8 million (which raising may be subject to completion of the Transaction occurring), of which at least \$4 million must be committed via a placement (the **Placement**) and no more than \$5 million may be raised via a convertible note on terms not materially different to terms presented to the Company by Aurumin prior to signing the SPA (the **Convertible Note**) (together the **Aurumin Capital Raising**).

In this regard, in an announcement to the ASX dated 15 December 2021 Aurumin advised that it has

entered into a convertible note for \$5 million (with the issue of the convertible note being subject to shareholder approval), that it has firm commitments for a placement of \$2.5 million to institutional and sophisticated investors, and that it intends to undertake an entitlement offer to raise up to \$5 million, of which \$2 million has been underwritten. The issue price for both the placement and entitlement offer is \$0.20 per Aurumin share. As at least \$9.5 million has been committed, Middle Island and Aurumin have agreed that the Condition Precedent relating to the Aurumin Capital Raising has been satisfied.

- (ii) the obtaining by Aurumin of all approvals required by the ASX Listing Rules before or on 4 February 2022 (the **Cut-off Date**), including, as applicable, approval by a simple majority of shareholders of Aurumin:
- A. to issue the Consideration Shares to the Company and to issue shares in Aurumin pursuant to the Convertible Note (if and to the extent required), for the purpose of ASX Listing Rule 7.1;
 - B. of the Transaction for the purposes of Listing Rule 11.1.2 in relation to the proposed change in either or both of the nature and scale of the activities of Aurumin; and
 - C. of the acquisition by the Company (or its nominees) of voting power in Aurumin of more than 20% (if that be the result of the issue of the Consideration Shares) pursuant to item 7 of section 611 of the Corporations Act.

In this regard, Aurumin will issue a separate Notice of Meeting to its shareholders dealing with the matters required to be addressed by the ASX Listing Rules in relation to paragraphs A, B and C above. At the date of the accompanying Notice the directors of Aurumin intend to recommend the Transaction to Aurumin's shareholders and to vote shares they control in Aurumin in favour of the Transaction.

- (iii) the obtaining by the Company of all approvals required by the ASX Listing Rules before or on the Cut-off Date. In this regard, ASX has advised the Company that the Transaction involves the disposal of the main undertaking of the Company and requires the approval of the Company's shareholders under Listing Rule 11.2 for the Transaction to proceed. That approval is the subject of Resolution 1. At the date of the accompanying Notice the directors of the Company consider that the Transaction is in the best interests of the Company and intend to recommend the Transaction to the Company's Shareholders and to vote shares they control in the Company in favour of the Transaction.
- (iv) other regulatory approvals being obtained by the Company, as necessary, before or on the Cut-off Date; At the date of the accompanying Notice the Company is not aware of any regulatory approvals that will be required to be obtained by the Company in relation to completing the Transaction.
- (v) other regulatory approvals being obtained by Aurumin, as necessary, before or on the Cut-off Date. This includes Aurumin having received confirmation from ASX that the Transaction will not require Aurumin to re-comply with Chapters 1 and 2 of the ASX Listing Rules, which confirmation is either unconditional or is subject only to conditions acceptable to Aurumin and the Company.

At the date of the accompanying Notice the Company is not aware of any other regulatory approvals that will be required to be obtained by Aurumin in relation to completing the Transaction. Aurumin will issue separate communications in relation to whether it will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

- (vi) the Company securing, before or on the Cut-off Date, a binding option to terminate all of the documents relating to a deferred contingent liability of \$500,000 that was agreed to be paid by SOPL when it acquired the Sandstone Gold Project, and in respect of which the Company granted a security over all of its assets.

Subject to completion of the Transaction, Aurumin will exercise that option as the nominee of the Company at Aurumin's cost. Upon exercise of the option the contingent liability and all securities granted by the Company over its assets to secure payment of that liability will be extinguished.

- (vii) the Company and/or SOPL having obtained all necessary third-party consents in respect of the Transaction before or on the Cut-off Date.

At the date of the accompanying Notice the Company is not aware of any such consents that will be required provided the option in paragraph (vi) above is exercised.

- (viii) the income tax return for SOPL for the financial year ending on 30 June 2021 having been lodged with the Australian Tax Office before or on the Cut-off Date.

The Company confirms that the tax return referred to will be lodged as required.

(d) Extension

The Commitment Date and Cut-Off Date may be extended by mutual agreement of the Company and Aurumin.

(e) Break fees

If Aurumin is unable to complete the Transaction due to a failure to complete the Aurumin Capital Raising or to obtain the approval of its shareholders as described above in Sections 2.3(c)(i) and (ii), it must pay the Company a \$100,000 break fee. If the Company is unable to complete the Transaction due to a failure to obtain the approval of its Shareholders as described above in Section 2.3(c)(iii) it must pay a \$100,000 break fee to Aurumin.

(f) Termination

If the Conditions Precedent are not able to be satisfied such that the Transaction cannot be completed either the Buyer or the Company can terminate the SPA.

(g) Obligations of the Company prior to completion under the SPA

The Company is responsible for maintaining the Sandstone Gold Project tenements in good standing until completion under the SPA. The Company is not responsible for completing any rehabilitation or remediation work on the Sandstone Gold Project tenements, or incurring any required expenditure on the tenements to satisfy minimum statutory expenditure conditions applying to the tenements. SOPL must not incur any liabilities outside of the ordinary course of business prior to completion of the Transaction without Aurumin's consent.

(h) Status of material agreements entered into by the Company

Continuing minor royalties payable to former holders of some of the Sandstone Gold Project tenements will remain with SOPL. A condition precedent to the Transaction closing is Aurumin exercising an option (to be secured by the Company) to terminate all of the documents relating to a deferred production payment contingent liability of \$500,000 that was agreed to be paid by SOPL when it acquired the Sandstone Gold Project. The Company gave security over its assets to secure payment of that contingent liability, and that security will be extinguished upon exercise of that option by Aurumin (as the Company's nominee).

(i) Other

Aurumin guarantees the obligations of the Buyer under the SPA.

Otherwise, the SPA contains warranties, indemnities and other rights and obligations that are typical for transactions of this nature. The Company makes no warranties about the prospectivity of the Sandstone Gold Project tenements or the condition or operating status of the Sandstone Gold Processing Plant, and in that respect those assets are sold and delivered to the Buyer on an "as is, where is" basis.

2.4 Listing Rule 11.2

ASX Listing Rule 11.2 requires a listed company to obtain the approval of its shareholders to a disposal of its main undertaking. The Transaction is being treated as a disposal of the Company's main undertaking for these purposes.

Accordingly, Shareholder approval to the Transaction is sought under and for the purposes of Listing Rule 11.2.

If approval is forthcoming, the Company will be able to (subject to satisfaction or waiver of the remaining Conditions Precedent) proceed with the Transaction, receive the Total Consideration and pursue other resources projects, including the Company's Barkly copper gold super project in the Northern Territory, with a view to maximising Shareholder value.

If approval is not forthcoming, the Company will not be able to proceed with the Transaction and it will not receive the Total Consideration in accordance with the SPA. The Company may then seek suitable other disposal and/or investment opportunities to deliver value to Shareholders.

2.5 Effect of the Disposal of Interests in SOPL shares held by the Company

On completion of the Transaction, the impact on the consolidated assets and liabilities of the Company (assuming it continues operating on its current basis) will, in its books, be as follows:

- (a) an increase in total consolidated assets from \$7,328,730 to \$15,616,958;
- (b) a reduction of total liabilities from \$1,799,637 to \$414,737;
- (c) an increase in total equity interests, from \$5,529,093 to \$15,202,221;
- (d) no change to annual revenue;

- (e) a reduction in annual expenditure of \$1.2 million (estimated); and
- (f) no change to annual profit before tax.

The pro-forma statement of the financial position of the Company as at 30 June 2021 (being the date of the most recent audited financial report) but showing the financial effect of the disposal of the shares it holds in SOPL on the Company is annexed as Schedule 1.

The disposal of the shares in SOPL will:

- (g) not impact the capital structure of the Company;
- (h) not have a dilutive effect on Shareholders; and
- (i) not result in any changes to the Board or the Company's name.

Shareholders will not be impacted by the Transaction, other than to the extent of the Company's divestment of the Company's interest in the shares held in SOPL, the receipt of the Total Consideration as set out in Section 2.3(a) and the changes as referred to in paragraphs (a) through (f) above. As discussed above in Section 2.1, there is also the risk that if the Company does not demonstrate compliance with Listing Rule 12.1 to ASX's satisfaction by the 6-month anniversary of announcement of the Transaction ASX will suspend trading in the Company's securities. The Company cannot pre-empt the position the ASX might adopt but does not expect an adverse result based on its continuing interest in and aggressive exploration of its Barkly copper gold super project

The Company does not expect to pay tax on the disposal of the shares in SOPL.

2.6 Intention following Disposal of the SOPL shares held by the Company

The Company will continue to review project opportunities in the mineral exploration and project development space with a view to maximising Shareholder value. The core focus of the Company, in the short term at least, will be upon its Barkly copper gold super project in the Northern Territory. The Company intends to use the cash component of the Total Consideration to fund a significant exploration program over key parts of underexplored Barkly ground held by the Company.

ASX have advised that the Company will be afforded a period of 6 months from the date of the announcement of the disposal of the Sandstone Gold Project (being 16 December 2021) to demonstrate to the ASX that it is compliant with Listing Rule 12.1. The ASX also advises that if the Company does not demonstrate compliance with this Rule to ASX's satisfaction by the 6-month anniversary, ASX will suspend trading in the Company's securities. The consequences of a disposal of the main undertaking are that any transaction the Company proposes to enter into may, if required by ASX, attract the application of Listing Rule 11.1.3 and as a result the Company may, if required by ASX, be required to re-comply with Chapters 1 and 2 of the Listing Rules. Please refer to ASX Guidance Note 12: Significant Change to Activities which provides further information on significant changes to activities and how the Listing Rules apply to those changes. Whilst no assurance can be given in this regard, your Board does not expect ASX to impose such a requirement.

2.7 Independent Expert Report

The Board engaged BDO Corporate Finance (WA) Pty Ltd, the **Independent Expert**, to prepare the Independent Expert Report.

The Independent Expert Report prepared by the Independent Expert in respect of Resolution 1 is set out in Schedule 2 to this Explanatory Statement.

The Independent Expert has determined that the Transaction is fair and reasonable to Shareholders, and that the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved.

The Independent Expert Report also contains an assessment of the advantages and disadvantages of the Transaction, which is designed to assist Shareholders in making an informed decision in relation to Resolution 1.

The Independent Expert consents to being named as the Independent Expert in the Notice and to the inclusion of its Independent Expert Report, which forms part of the Notice and to the distribution of the Notice. That consent is given on the following basis:

1. the Independent Expert has given and has not withdrawn its consent to be named in the Notice;
2. the Independent Expert has not authorised or caused the issue of the Notice;
3. the Independent Expert takes no responsibility for any statements in or omissions from any part of the Notice, except in respect of its Independent Expert Report; and

4. the Independent Expert makes no representation regarding, and to the extent permitted by law, excludes any responsibility for, any statements in or omissions from any part of the Notice.

2.8 Advantages of the Disposal of the SOPL shares held by the Company

Since the Company acquired the Sandstone Gold Project for \$2.5 million in 2016 it has been pursuing a strategy of developing its Sandstone gold tenements in order to be in a position to justify re-commissioning of the Sandstone Gold Processing Plant on a stand-alone basis. The focus has been on conducting further exploration and optimisation work on the Company's own tenements, and also seeking to acquire quality gold assets within trucking distance of the Sandstone Gold Processing Plant and amalgamating those assets into the Sandstone Gold Project.

This two pronged strategy has been partly successful, in that key tenements in the Sandstone region were purchased from third parties, new tenements were pegged by the Company, and successful exploration and development was conducted across the Company's Sandstone tenement portfolio. As a result Indicated and Inferred Resources at the Sandstone Gold Project increased from c. 480,000oz gold (JORC 2004)¹ to c.785,000oz gold JORC (2012)² since the Company purchased the Project.

However, the Company has not been able to fully realise a regional consolidation of gold assets to deliver sufficient grade mill feed ore to justify re-commissioning of the Sandstone Gold Processing Plant on a stand-alone basis. This was primarily due to lack of funds and the fact that acquisition terms could not be agreed with the owners of other gold projects in the Sandstone region. The Feasibility Study conducted by the Company in 2021 concluded that the Sandstone Gold Project was not sufficiently robust to secure funding as a stand-a-lone project given prevailing gold prices at the time.

The proposed Transaction with Aurumin seeks to address that outcome, and is a continuation of the regional consolidation strategy adopted by the Company since 2016. Aurumin holds important gold projects in relative proximity to the Sandstone Gold Processing Plant that may deliver supplemental mill feed or cornerstone a larger project with time. In this regard Aurumin has announced that it sees potential to process its Johnson Range Mineral Resources at the Sandstone Gold Processing Plant (64,700oz @ 2.5g/t Au JORC-2021 Mineral Resources).³ The prospect of near term cashflow with the potential for significant upside is one of the reasons this deal is considered fair and reasonable to shareholders, and that the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved.

The Transaction also brings new personnel, fresh ideas and a new investor base to drive the Sandstone Gold Project. The Board continues to support and has faith in the broader vision for the Sandstone Gold Project, but feedback from Shareholders is that there is a preference for the Company to focus its efforts on the Company's Barkly copper gold super project in the Northern Territory. Accordingly, your Board commends the Transaction to Shareholders as representing a genuine win win transaction for the Company and Aurumin. On closing the Transaction the Company will have secured near term funding needed for a significant exploration program over key parts of underexplored Barkly ground held by the Company. Shareholders will continue to have direct exposure to the Sandstone Gold Project upside via the Company's significant shareholding in Aurumin if the Transaction is approved. The Board considers that this is a very positive outcome for the Company.

Given the above, your Directors believe that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote, namely Approval will:

- (a) allow the Company to focus its efforts on its Barkly copper gold super project in the Northern Territory;
- (b) significantly improve the Company's cash position, thus removing the imperative to raise funds in the short term as a precursor to ramping up exploration at the Barkly project;
- (c) allow Aurumin, a new team with fresh eyes and a reenergised shareholder base, to advance the Sandstone Gold Project, and further implement pursue the regional consolidation strategy;
- (d) expose the Company to Aurumin's existing projects, allowing Shareholders to benefit therefrom;
- (e) release the company from future liability and commitments for the Sandstone Gold Project (including environmental rehabilitation of the tenements within it) to Aurumin, thereby reducing the financial burden on the Company;

¹ See the Company's *Sandstone Gold Project Acquisition* presentation dated 11 May 2016, p.11.

² See the Company's *Annual General Meeting November 2021* presentation dated 19 November 2021, p.14.

³ See Aurumin's ASX announcement *Highly Accretive Acquisition of 784koz Sandstone Gold Project* dated 15 December 2021.

- (f) allow the Company to maintain a significant interest in and exposure to the Sandstone Gold Project through a significant shareholding in Aurumin; and
- (g) not result in any dilution of existing Shareholder's interests.

Ultimately, the Transaction reduces the Company's direct interest in the Sandstone Gold Project but will continue to give Shareholders the opportunity to participate in the growth of the Sandstone Gold Project through a separate entity that has additional resources, skills and tenements in the region to further develop those assets.

2.9 Disadvantages of the Disposal of the SOPL shares held by the Company

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (a) the Company will not be able to directly participate in or derive any future potential benefit from the development of the Sandstone Gold Project, other than via the shares to be held by the Company in Aurumin;
- (b) the disposal involves the Company selling a major asset, which may not be consistent with the investment objectives of all Shareholders; and
- (c) if the Transaction proceeds the Company will only have direct exposure to a single exploration asset portfolio, namely the Barkly copper gold super project in the Northern Territory.

2.10 Indicative Timetable

The below timetable is a summary of the dates relevant to the Transaction and future dates are indicative only and subject to change:

Event	Date
Enter SPA and ASX Announcement	16 December 2021
Company Shareholder Approval - General Meeting (under the accompanying Notice)	11 February 2022
Aurumin Shareholder Approval - General Meeting	11 February 2022
Completion	Q1 2022

2.11 Implications if the Disposal of Disposal of the SOPL shares held by the Company does not proceed

In the event that Resolution 1 is not passed and/ or for any other reason the Company does not dispose of the shares it holds in SOPL, it will, amongst other things:

- (a) continue to maintain its interest in the shares in SOPL and therefore in the Sandstone Gold Project and continue to investigate opportunities to obtain value from those assets either by developing and exploring the tenements within the Sandstone Gold Project, disposing of all or part of the Sandstone Gold Project assets or entering into joint ventures or transactions with third parties in respect of the development of the Sandstone Gold Project assets;
- (b) continue to maintain the Sandstone Gold Project assets and ensure compliance with all licence and regulatory requirements, whilst undertaking appropriate development activities on the Sandstone Gold Project assets and simultaneously managing expenditure;
- (c) explore opportunities to raise equity capital (likely to be dilutive of current shareholdings) to enable the Company to fund ongoing Sandstone Gold Project activities and activities in respect of the Company's Barkly copper gold super project; and
- (d) the Company may be exposed to paying a break fee.

2.12 Other Material Information

Completion of the SPA will result in an estimated accounting profit for the Company of \$9,673,128. This result reflects that the Company will sell its 100% shareholding in SOPL with a book value of \$2,326,872 (including plant and equipment of \$2,052,535) as at 30 June 2021 for \$12 million. That book value is after an impairment of non-current related party loans made by the Company to SOPL over the period 2016 to 30 June 2021.⁴ As part of the Transaction the previously impaired related party loans will be reinstated and then converted to shares in SOPL at face value at \$1 per 1 share in SOPL. The total number of shares in SOPL then on issue (estimated to be 14,325,437, including the 1,000 SOPL shares on issue at

⁴ See Note 21 in *Notes to the Consolidated Financial Statements* in the Company's 2021 Annual Report.

the date of the SPA) will be sold for \$12 million to the Buyer. The exact number of SOPL shares to be sold will change over the period from the date of the accompanying Notice to the date of completion of the Transaction because the Company will continue to loan funds to SOPL as needed until completion. The change in the number of shares will not be material given that the Sandstone Gold Project is on care and maintenance at the date of the accompanying Notice.

The ASX takes no responsibility for the accompanying Notice or this Explanatory Statement.

2.13 Forward Looking Statements

The forward looking statements in this Explanatory Statement are based on the Company's current expectations about future events. They are, however, subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward looking statements in this Explanatory Statement. Forward looking statements include those containing words such as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions.

2.14 Board and Senior Management Changes

There will be no changes to the Company's Board or senior management as a result of or in connection with completion of the Transaction, save that the Company will appoint a full-time general manager of the Barkly copper gold super project

2.15 Material Disclosure

Comprehensive disclosure regarding the Transaction and disposal of the shares in SOPL held by the Company is set out above, including the following:

- (a) the parties and material terms of the Transaction are set out in Sections 2.2 and 2.3;
- (b) the financial effect of the Transaction on the Company and on the interests of security holders in the Company is set out in Sections 2.5 to 2.12;
- (c) the changes the Company will be making to its business model in light of the Transaction are set out in Section 2.6;
- (d) details of what the Company intends to do following the disposal is set out in Section 2.6;
- (e) changes to the Board and senior management of the Company are set out in Section 2.14; and
- (f) a voting exclusion statement is included in the accompanying Notice.

2.16 Board Recommendation

The Directors do not have any material interest in the outcome of Resolution 1 other than benefits held solely by reason of being holders of Equity Securities issued by the Company and fees paid to Directors for services provided to the Company.

The Board unanimously approved the proposal to put Resolution 1 to Shareholders.

Based on the information available, all of the Directors consider that the Transaction is in the best interests of the Company and that the position of Shareholders if the Transaction is approved is more advantageous than the position if the Transaction is not approved. Accordingly, all of the Directors recommend that Shareholders vote in favour of Resolution 1.

Each Director has indicated that he intends to vote the Shares he owns or controls in favour of Resolution 1.

To the fullest extent the law permits, the Chair intends to exercise all available proxies in favour of Resolution 1. The Chair intends to vote all undirected proxies in favour of Resolution 1.

Please refer to the voting prohibition for Resolution 1 set out in the Notice for the persons who are not entitled to vote.

3 RESOLUTIONS 2, 3 AND 4 – RATIFICATION OF AGREEMENT TO GRANT OPTIONS TO DIRECTORS

3.1 General

The Company has entered into a Deed Poll with each director whereby, subject to Shareholder approval and otherwise upon the terms set out in Schedule 3 to this Explanatory Statement, the Company has agreed to issue to each of the directors of the Company (or their nominee/s) 2,000,000 options to acquire Shares (**Options**), exercisable at \$0.1279 each on or before the date which is 60 months from their date of issue. The exercise price is a premium of 33.33% to the 5-day volume weighted average of the Shares at the date of the Deed Poll. Upon payment of the exercise price, the resultant Shares shall each rank equally with the Shares currently quoted as ASX:MDI.

In the event that the issue of the Options to a Director is not approved by Shareholders, the Company is obliged by the Deed Poll to pay the affected Director the sum of \$2,000.

Whilst the Directors are entitled, under the Constitution, to be paid for special exertion, in practice only very rarely has a claim for special exertion been paid. The Directors consider that the grant of the Options will be a cost effective and efficient means for the Company to provide an incentive and motivate the contribution of special exertion without routine claims to be paid in cash for the same.

\$767,400 will be raised by the Company upon and in the event that all the Options are exercised.

Resolutions 2, 3 and 4 are ordinary resolutions, requiring them to be passed by a simple majority of votes cast by the Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

3.2 Chapter 2E of the Corporations Act – related party transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

Each of Resolutions 2, 3 and 4 provides for the grant of Options to related parties which is a financial benefit requiring Shareholder approval unless an exemption from the requirement for such approval applies. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related party to whom the proposed Resolutions would permit the financial benefit to be given

Subject to Shareholder approval, the Options the subject of Resolutions 2, 3 and 4 will be granted to Messrs Thomas, Marwood and Stewart (or their nominee/s), within one month of the passing of the Resolutions. Messrs Thomas, Marwood, and Stewart are Directors of the Company and are therefore classified as related parties.

The nature of, reasons for, and basis for the financial benefit

The proposed financial benefits are the grant of 2,000,000 Options to Mr Thomas, 2,000,000 Options to Mr Marwood, and 2,000,000 Options to Mr Stewart or their nominee/s, for no issue price. Each Option will allow Messrs Thomas, Marwood, and Stewart to subscribe for one Share in the Company. The Options will have an exercise price of \$0.1279 per Share and will expire on the date which is 60 months from their date of issue.

The Options will form part of Messrs Thomas', Marwood's, and Stewart's remuneration for service as directors of the Company and, in the view of the Board, will constitute reasonable remuneration for the purposes of Chapter 2E of the Corporations Act.

Options are considered to be an appropriate incentive given the Company's current size and stage of development, being an exploration company with limited cash reserves. If Messrs Thomas, Marwood, and Stewart are to derive any intrinsic value from the exercise of the Options, the market price of MDI Shares must be in excess of \$0.1279 per share, being a total of the amount payable upon exercise. The Options represent an incentive to Messrs Thomas, Marwood, and Stewart to get the ASX:MDI share price up, not just to the level of the exercise prices but well above that price in order that the Options will be deep in the money so that they can realise a significant gain from the disposal of their interests in the Options, thus aligning their personal interests with those of other Shareholders.

Directors' recommendation

All Directors, except Mr Thomas, recommend Shareholders vote in favour of Resolution 2. Mr Thomas does not make a recommendation about Resolution 2 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All Directors, except Mr Marwood, recommend Shareholders vote in favour of Resolution 3. Mr Marwood does not make a recommendation about Resolution 3 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

All directors, except Mr Stewart, recommend Shareholders vote in favour of Resolution 4. Mr Stewart does not make a recommendation about Resolution 4 as he will receive a financial benefit from the passing of the Resolution in relation to the grant of Options and does not consider himself sufficiently independent to make a recommendation.

Any other information that is reasonably required by members to make a decision and that is known to the Company or any of its officers

- (a) Resolutions 2, 3 and 4, if passed, will have the effect of giving power to the Directors to grant 2,000,000 Options respectively to each of Messrs Thomas, Marwood and Stewart, or their respective nominee/s and the Option issue

will be excluded in calculating MDI's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12-month period following the Option issue Date.

- (b) If any of Resolutions 2, 3 and 4 is not passed, the Company is obliged by the Deed Poll to pay the affected Director the sum of \$2,000.
- (c) The exercise of the Options is subject to the terms and conditions as set out in Schedule 3 to this Explanatory Statement and as otherwise mentioned above.
- (d) The Directors have obtained an independent valuation of the Options from Provisio Corporate, a firm which specialises in corporate risk management and share security valuation services.
- (e) The total (indicative) value of the Options is outlined in Table 1. If Options granted to Messrs Thomas, Marwood and Stewart, or their nominees, are exercised, the effect would be to dilute the Shareholdings of the other Shareholders.

Table 1 - Details of Director Options

Name Relationship	Number of options	Exercise price per option	Expiry date	Vesting	Value as determined by Provisio Corporate See Note (i) below
Peter Thomas Director	2,000,000	\$0.1279	60 months from date of issue	At date of issue	\$70,000
Brad Marwood Director	2,000,000	\$0.1279		At date of issue	\$70,000
Bruce Stewart Director	2,000,000	\$0.1279		At date of issue	\$70,000

Note (i) - Option Valuation Inputs

Details	Input
Share price for underlying fully paid ordinary Shares - 5-day VWAP on 23 December 2021	\$0.0959
Exercise price	\$0.1279
Risk free rate *	0.48%
Volatility *	70%
Start date	23 December 2021
Expiry date	60 months from date of issue
Value per Option	\$0.035

* These inputs were extracted from an independent valuation report provided by Provisio Corporate dated 29 December 2021 which contained the following details:

“VALUATION METHODOLOGY

Modelling Option Valuation based on Market Conditions:

Monte Carlo simulation models: The simplest way to assess the probabilities associated with complex interrelationships is to construct appropriately structured Monte Carlo simulation model. We used a model to generate 1000 random price paths over the course of a year and used each of the 1000 randomised price paths to determine a theoretical value at the time of expiry which can be used as an input to the valuation model.

The call option on the Shares means the valuation models should be based upon a binomial lattice as it provides the necessary flexibility to accommodate various possible outcomes conditions such as the likelihood of share price volatilities varying over the term of the life of the Option, which is five years in duration. The likelihood of the holder not exercising the option is low given the time to expiry.

Notwithstanding the foregoing, it is worth noting that all other things are the same (i.e. single fixed values for volatility and the risk-free rate, and excluding more complex conditions, etc.), then the results produced by the Monte Carlo model will

tend to converge to give a similar value as would a binomial model as each time interval used in the binomial lattice gets smaller and smaller (i.e. as one creates a greater and greater number of nodes to value within a given option's life). As such we used the end price (price at the end of 1250 iterations of the 1000 random price paths as the input to a Binomial model to determine a valuation and then used the average of the 1000 iterations to calculate a fair and reasonable valuation. We further confirmed the valuation using a series of different option models.

Volatility

The volatility used in the modelling is critical to the value assigned as volatility, even of whole markets, is a measure which can fluctuate considerably over time – though it is also generally acknowledged to have the property of tending to regress towards the mean (i.e. move towards its long-term average value). This characteristic is perceived to hold true for not only individual securities but for whole markets. When assessing the measures of volatility we used a GARCH analysis model – which provides a forecast which is essentially an exponentially weighted average value with the added refinement of incorporating regression, over time, towards the mean of the historical trend line. The GARCH model analysis provided the implied volatility rate. The implied volatility rate used was 70% which is lower than the historical volatility but is adjusted for the fact that the options are unlikely to be listed and are not tradable.

Share price: We used the underlying ASX:MDI share price in the valuation including the last trading closing share price at the Valuation Date which was the date the Deed Poll was entered into, namely 23 December 2021.

Time to expiry: Five years (60 months from date of issue)

Risk free rate: Though with interest rates trading near historical lows, it is arguable that the government bond rate is the correct rate to use, it is nonetheless the required input. Given that rates may move from the current historical low over the life of the life of the Contributing Share a 'risk free' rate assumption of 0.48% was used.

Dividend yield: We have assumed that it is highly unlikely that the company will pay a dividend during the life of the Contributing Shares.

Valuation

Based on the above methodology, we place a fair and reasonable valuation for accounting purposes of **\$0.035** per Option issued."

This valuation may not be the final value for accounting purposes but is based on assumptions detailed above and subject to audit by the Company's auditors.

Applying the valuation methodology prescribed by the employee share scheme provisions of the Income Tax Assessment Act, the Options have minimal value. The Company believes that the employee share scheme provisions of Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) will be applicable to the Options.

(f) As at the date of this Notice, the issued capital of the Company comprised 122,418,222 fully paid Shares. If all Options granted as proposed above are exercised, and assuming no other equity issues, the effect will be to dilute the Shareholding of existing Shareholders as per the table below:

Current Shares on issue	122,418,222
Proposed issue of Shares upon exercising of Options to be granted to Directors	6,000,000
Expanded Shares	128,418,222
Dilutionary effect	4.672%

The current relevant interest of each Director in securities of the Company is:

Director	Shares
Mr Thomas	1,290,327
Mr Marwood	789,477
Mr Stewart	200,000

(g) Whilst the fully paid ordinary Shares of the Company are traded on ASX, there is no agreement to list the Options on ASX.

(h) The Options to acquire Shares can be exercised by the payment of 12.79 cents (\$0.1279) each. The market price of the Company's Shares during the term of the Options will normally determine whether or not the Option holder exercises the Options. It is probable that the Options will only be exercised if the price at which Shares are trading exceeds 12.79 cents.

MIDDLE ISLAND RESOURCES LIMITED

Notice of General Meeting 11 February 2022

- (i) Mr Thomas currently receives annual director fees of \$60,000, plus statutory superannuation entitlements. Mr Marwood currently receives annual director fees of \$171,600 with no statutory superannuation entitlements. Mr Stewart receives annual director fees of \$40,000 with no statutory superannuation entitlements.
- (j) The Options will be issued as part remuneration for the provision of the Directors' services as Directors.
- (k) Under the Australian equivalent of IFRS, the Company is required to expense the value of the Options in its profit or loss for the current financial year. Other than as disclosed in this Explanatory Statement, the Directors do not consider, from an economic and commercial point of view, there are any costs or detriments, including taxation consequences for the Company or benefits foregone by the Company, in granting the Options to Messrs Thomas, Marwood and Stewart or their nominees pursuant to Resolutions 2, 3 and 4 EXCEPT FOR the cost of foregoing the opportunity to issue the Options for cash and the downstream potential to dilute the capital structure of the Company.
- (l) Save as set out herein, neither the Company nor any of the Directors is aware of any other information that would be reasonably required by Shareholders for them to make a decision in relation to the financial benefits contemplated by this Resolutions 2, 3 and 4.

3.3 ASXLR 10.11 and 10.13

Unless an exception detailed in ASXLR 10.12 applies, the Company must not issue or agree to issue equity securities to any persons as detailed in ASXLR 10.11.1 to 10.11.5 inclusive without the approval of the holders of its ordinary securities. No such exception applies and MDI has agreed to issue Options to its directors (being related parties, and to associates, as defined) subject to receiving Shareholder approval.

Listing Rule 10.13 requires that information be provided to Shareholders for the purposes of obtaining Shareholder approval pursuant to Listing Rule 10.11 and is detailed hereunder:

- (a) the Options will be issued to Messrs Thomas, Marwood and Stewart (or their nominee/s) being directors of the Company and therefore fall within ASXLR 10.11.1;
- (b) the issues will be made to a related party or an associate of that person;
- (c) the maximum number of Options to be issued is 6,000,000 (2,000,000 Options to Mr Thomas, 2,000,000 Options to Mr Marwood and 2,000,000 Options to Mr Stewart);
- (d) the Options are to acquire Shares with \$0.1279 each being payable upon exercise and they expire on a date which is 60 months from their date of issue and otherwise on the terms and conditions outlined in Schedule 3;
- (e) the Options will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow);
- (f) the Options will be issued for no consideration;
- (g) the purpose of the issue to Directors is a cost effective and efficient means for the Company to provide an incentive and motivate the contribution of special exertion without routine claims to be paid in cash for the same;
- (h) the persons to be issued with the Options are directors and therefore classified as related parties under ASXLR 10.13.8 and/or associates of that person as defined in ASXLR 10.11.4 or 10.14.5;
- (i) the Options will be issued pursuant to a Deed Poll agreement entered into as detailed in 3.1 above; and
- (j) a voting exclusion statement is included in the Notice.

OTHER BUSINESS

The Company is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice.

GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

\$ means Australian dollars.

Associate has the meaning given in the Corporations Act.

ASIC means the Australian Securities & Investments Commission;

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

Aurumin means Aurumin Limited (ASX: AUN);

Aurumin Capital Raising has the meaning given in Section 2.3(c);

AWST means Australian Western Standard Time;

Board means the board of Directors;

Business Day has the meaning as defined in the Listing Rules;

Buyer means Aurumin Australia Pty Ltd, a 100% subsidiary of Aurumin;

Chair means the person appointed to chair the Meeting, or any part of the Meeting;

Commitment Date has the meaning given in Section 2.3(c);

Company means Middle Island Resources Limited ABN 70 142 361 608;

Consideration Shares has the meaning given in Section 2.3(a);

Conditions Precedent has the meaning given in Section 2.3(c);

Constitution means the Company's constitution, as amended from time to time;

Convertible Note has the meaning given in Section 2.3(c);

Corporations Act means *Corporations Act 2001 (Cth)*;

Cut-Off Date means 4 February 2022;

Director means a director of the Company;

Equity Securities has the same meaning as in the Listing Rules;

Explanatory Statement means the explanatory statement accompanying the Notice;

Independent Expert means BDO Corporate Finance (WA) Pty Ltd;

Independent Expert Report means the report contained in Schedule 2;

Listing Rules means the listing rules of the ASX;

Meeting has the meaning in the introductory paragraph of the Notice;

Notice means the accompanying notice of general meeting;

Option means an option to acquire a Share in the Company at a specified exercise price and expiring on a specific date;

Proxy Form means the proxy form attached to the accompanying Notice;

Resolution means a resolution contained in the accompanying Notice;

Sandstone Gold Project or the **Project** has the meaning given in Section 2.2;

Sandstone Gold Processing Plant means the ore processing plant and related assets at the Sandstone Gold Project;

Section means a section of the Explanatory Statement;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means the holder of a Share;

SOPL means Sandstone Operations Pty Ltd, a 100% subsidiary of the Company;

SPA has the meaning given in Section 1;

Total Consideration has the meaning given in Section 2.3(c);

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

Transaction has the meaning given in Section 1.

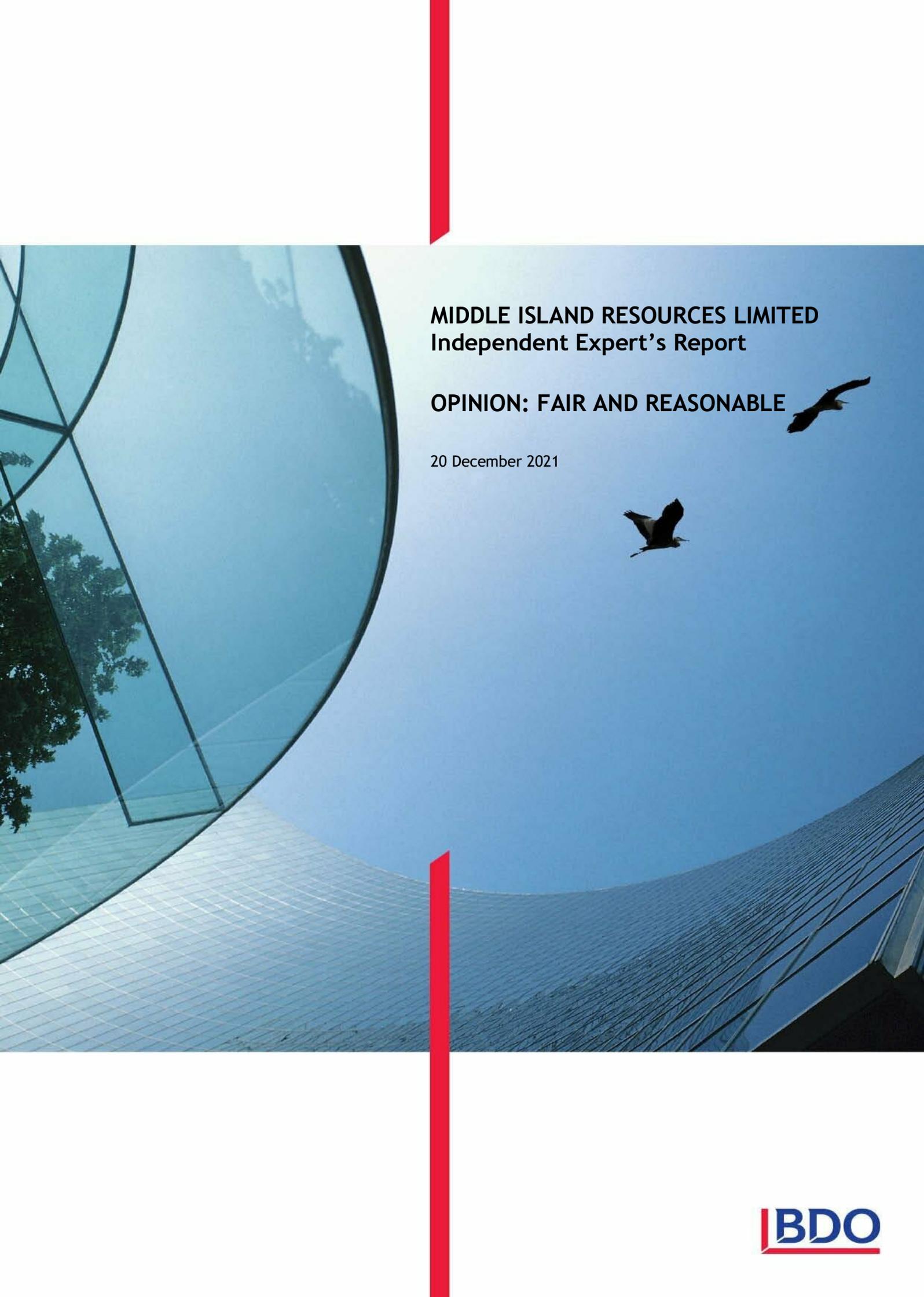
SCHEDULE 1 – PRO-FORMA FINANCIAL STATEMENT

Consolidated Effect of Sale Transaction	Audited Consolidated Balance Sheet as at 30 June 2021	Effect of Sale Transaction	Proforma Consolidated Balance Sheet Post Sale
CURRENT ASSETS			
Cash and cash equivalents	3,247,637	6,000,000 ³	9,247,637
Trade and other receivables	36,517		36,517
Financial assets	315,048	6,000,000 ⁴	6,315,048
TOTAL CURRENT ASSETS	3,599,202 ²	12,000,000	15,599,202
NON-CURRENT ASSETS			
Plant and equipment	2,053,539	(2,052,535) ⁵	1,004
Tenement acquisition costs	1,675,989	(1,659,237) ⁶	16,752
TOTAL NON-CURRENT ASSETS	3,729,528	(3,711,772)	17,756
TOTAL ASSETS	7,328,730	8,288,228	15,616,958
CURRENT LIABILITIES			
Trade and other payables	(245,602)		(245,602)
Borrowings	(69,842)		(69,842)
Employee benefit obligations	(99,192)		(99,192)
TOTAL CURRENT LIABILITIES	(414,636)	-	(414,636)
NON-CURRENT LIABILITIES			
Employee benefit obligations	(101)		(101)
Provisions	(1,384,900)	1,384,900 ⁷	-
TOTAL NON-CURRENT LIABILITIES	(1,385,001)	1,384,900	(101)
TOTAL LIABILITIES	(1,799,637)	1,384,900	(414,737)
NET ASSETS	5,529,093	9,673,128	15,202,221
EQUITY			
Contributed equity	(48,611,091)		(48,611,091)
Reserves	(523,800)		(523,800)
Accumulated losses	43,605,798	(9,673,128)	33,932,670
TOTAL EQUITY	(5,529,093)	(9,673,128)	(15,202,221)

Notes:

1. This table does not take into account any costs of the Sale transaction and is intended to give an overall proforma after the significant transactions have been accounted for;
2. After impairment of non-current related party loans between the Company and SOPL – see Sections 2.5 and 2.12;
3. Receipt of cash consideration (see Section 2.3);
4. Issue of Consideration Shares (see Section 2.3);
5. Accounting adjustment for disposal of depreciated assets;
6. Accounting adjustment for disposal of tenement carrying values;
7. Accounting adjustment for write-back of provision for rehabilitation costs.

SCHEDULE 2 – INDEPENDENT EXPERT REPORT



MIDDLE ISLAND RESOURCES LIMITED
Independent Expert's Report

OPINION: FAIR AND REASONABLE

20 December 2021



Financial Services Guide

20 December 2021

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Middle Island Resources Limited ('MDI') to provide an independent expert's report on the proposal to sell the Company's wholly owned subsidiary, Sandstone Operations Pty Ltd, owner of the Sandstone Project, to Aurumin Australia Pty Ltd for consideration comprising cash and shares in Aurumin Limited. You are being provided with a copy of our report because you are a shareholder of MDI and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Notice of Meeting required to be provided to you by MDI to assist you in deciding on whether or not to approve the proposal.

Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$30,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in MDI.

BDO Audit (WA) Pty Ltd is the appointed Auditor of Aurumin Limited. We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'.

We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from MDI for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco Perth WA 6008 or, by telephone or email using the contact details within the following report.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited ('AFCA').

AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
AFCA Free call: 1800 931 678
Website: www.afca.org.au
Email: info@afca.org.au

You may contact us using the details set out on page 1 of the accompanying report.



TABLE OF CONTENTS

1.	Introduction	1
2.	Summary and Opinion	1
3.	Scope of the Report	4
4.	Outline of the Proposed Transaction	6
5.	Profile of Middle Island Resources	9
6.	Profile of Aurumin	17
7.	Economic analysis	23
8.	Industry analysis	25
9.	Valuation approach adopted	33
10.	Valuation of the Assets to be Disposed	35
11.	Valuation of the Consideration	37
12.	Is the Proposed Transaction fair?	37
13.	Is the Proposed Transaction reasonable?	38
14.	Conclusion	40
15.	Sources of information	40
16.	Independence	40
17.	Qualifications	41
18.	Disclaimers and consents	42

Appendix 1 - Glossary and copyright notice

Appendix 2 - Valuation Methodologies

Appendix 3 - Independent Valuation Report prepared by Valuation & Resource Management

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20 December 2021

The Directors
Middle Island Resources Limited
2 Richardson Street
West Perth, WA, 6005

Dear Directors

INDEPENDENT EXPERT'S REPORT

1. Introduction

On 7 December 2021, Middle Island Resources Limited ('MDI' or 'the Company') entered into a Share Purchase Agreement ('SPA') with Aurumin Australia Pty Ltd ('AAPL'), a wholly-owned subsidiary of Aurumin Limited ('Aurumin'), to sell 100% of the issued share capital in Sandstone Operations Pty Ltd ('SOPL'), a wholly-owned subsidiary of the Company ('Proposed Transaction'). SOPL owns 100% of the Sandstone Gold Project ('Sandstone Project' or 'the Project'), which has historically represented the flagship operations of MDI.

Under the terms of the Proposed Transaction, the consideration payable by AAPL to MDI ('Consideration') will comprise the following:

- A payment of \$6.0 million in cash ('Cash Consideration'); and
- The issue of Aurumin shares that have an aggregate value on issue of \$6.0 million, where the issue price for the shares shall be equal to the price per share at which Aurumin shares are issued pursuant to a placement forming part of a future capital raising to be completed by Aurumin (being a condition precedent of the SPA) ('Aurumin Capital Raising'), or, if the Aurumin Capital Raising is not completed, then at a price that is equal to the volume-weighted average price ('VWAP') of Aurumin shares on the Australian Securities Exchange ('ASX') over the 10 trading days prior to the execution date of the SPA ('Scrip Consideration').

Further details of the Proposed Transaction are outlined in Section 4 of our Report. All figures are quoted in Australian dollars ('A\$', '\$', or 'AUD').

2. Summary and Opinion

2.1 Requirement for the report

There is no requirement under ASX Listing Rules, or Corporations Act or Regulations, for MDI to engage an independent expert in relation to the Proposed Transaction.

The directors of MDI have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the Proposed Transaction is fair and reasonable to the non-associated shareholders of MDI ('Shareholders').

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guides 111 'Content of Expert's Reports' ('RG 111') and 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Proposed Transaction as outlined in the body of this report. We have considered:

- How the value of the Assets to be Disposed compares to the value of the Consideration (see Section 12 'Is the Proposed Transaction Fair?');
- The likelihood of an alternative offer being made to MDI;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Proposed Transaction (see Section 13 'Is the Proposed Transaction Reasonable?'); and
- The position of Shareholders should the Proposed Transaction not proceed.

2.3 Opinion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that, in the absence of an alternative offer, the Proposed Transaction is fair and reasonable to Shareholders.

2.4 Fairness

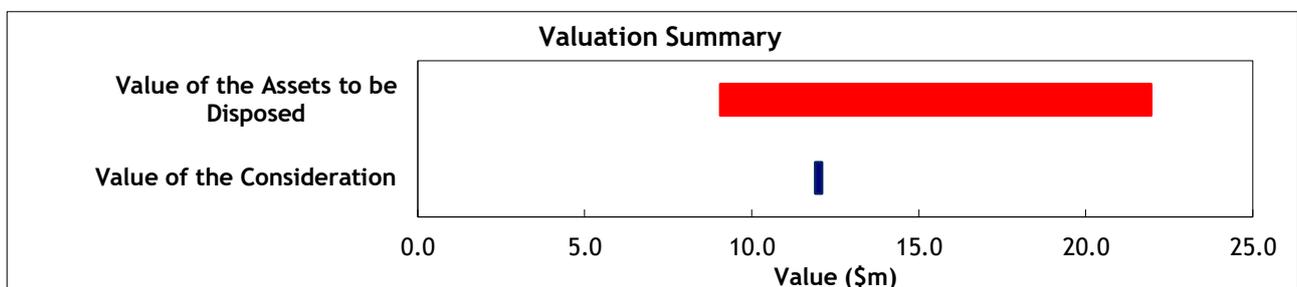
In the context of the Proposed Transaction, if the value of the Consideration is equal to, or greater than the value of the Assets to be Disposed, then the Proposed Transaction is fair for Shareholders.

In Section 12, we assessed how the value of the Assets to be Disposed compares to the value of the Consideration, as summarised below.

	Ref	Low \$	Preferred \$	High \$
Value of the Assets to be Disposed	10	9,067,636	15,467,636	21,967,636
Value of the Consideration	11	12,000,000	12,000,000	12,000,000

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

We note from the above that the value of the Consideration is contained within the range of values of the Assets to be Disposed. Therefore, in the absence of any other relevant information, and an alternate offer, the Proposed Transaction is fair for Shareholders.

2.5 Reasonableness

We have considered the analysis in Section 13 of this report, in terms of both:

- advantages and disadvantages of the Proposed Transaction; and
- other considerations, including the position of Shareholders if the Proposed Transaction does not proceed and the consequences of not approving the Transaction.

In our opinion, the position of Shareholders if the Proposed Transaction is approved is more advantageous than the position if the Proposed Transaction is not approved. Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the Proposed Transaction is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
13.3	The Proposed Transaction is fair	13.4	The Company will no longer hold a 100% interest in the Sandstone Project
13.3	The Proposed Transaction will improve MDI's cash position and removes the need to raise funds in the short term	13.4	Increased exposure to a single exploration asset
13.3	Exposure to Aurumin's existing projects, whilst retaining exposure to the Sandstone Project		
13.3	Increased focus on the Barkly Project		
13.3	Removes the burden of attempting to generate value from an economically unviable project		
13.3	No dilution of existing Shareholders' interests		

Other key matters we have considered include:

Section	Description
13.1	Alternative Proposal
13.2	Consequences of not approving the Proposed Transaction

3. Scope of the Report

3.1 Purpose of the Report

There is no requirement under ASX Listing Rules, or Corporations Act or Regulations, for MDI to engage an independent expert in relation to the Proposed Transaction. Accordingly, an independent expert's report is not required under the Corporations Regulations.

However, ASX Listing Rule 11.1.2 applies that if an entity proposes to make a significant change, either directly or indirectly, to the nature or scale of its activities, it must provide full details to ASX as soon as practical. If ASX requires, the entity must get the approval of holders of its ordinary securities and must comply with any requirements of ASX in relation to the Notice of Meeting. Further, ASX Listing Rule 11.2 provides that if the significant change involves the entity disposing of its main undertaking, the entity must get the approval of holders of its ordinary securities.

Therefore, despite there being no statutory requirement for an independent expert's report, the directors of MDI have requested that BDO prepare this report as if it were an independent expert's report to assist Shareholders in deciding whether to accept or reject the Proposed Transaction.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act define the meaning of 'fair and reasonable'. In determining whether the Proposed Transaction is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111 which provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

We do not consider the Proposed Transaction to be a control transaction so we have used RG 111 as a guide for our analysis but have not considered the Proposed Transaction as if it were a control transaction.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities which are the subject of the offer. In the case of MDI, the Sandstone Project/SOPL is the subject of the transaction. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm's length.

RG 111 states that when considering the value of the securities which are the subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2 we do not consider that the Proposed Transaction is a control transaction and so we have not included a premium for control when considering the value of the Consideration.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of the Assets to be Disposed and the value of the Consideration (fairness - see Section 12 'Is the Proposed Transaction Fair?'); and

- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution in relation to the Proposed Transaction, after reference to the value derived above (reasonableness - see Section 13 'Is the Proposed Transaction Reasonable?').

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Proposed Transaction

Under the terms of the Proposed Transaction, MDI will transfer its 100% interest in the Sandstone Project to Aurumin through the sale of its wholly-owned subsidiary, SOPL. In consideration for the sale of 100% of the issued share capital in SOPL, Aurumin will pay the Consideration, which comprises the Cash Consideration and the Scrip Consideration.

SOPL is a wholly-owned subsidiary of MDI that holds the tenements and leases at the Sandstone Project in Western Australia, which has constituted the major operational focus of MDI.

Conditions Precedent

The SPA for the Proposed Transaction between Aurumin, AAPL, MDI, and SOPL, is subject to the following significant conditions precedent:

- Aurumin having announced via the ASX market announcements platform prior to, or on 15 December 2021, that it has raised at least \$8 million, of which at least \$4 million must be committed via a placement and no more than \$5 million may be raised via a convertible note on terms not materially different to the terms presented to the Company by Aurumin prior to signing the SPA;
- Aurumin shareholder approval being obtained for the Aurumin Capital Raising, the issue of the Scrip Consideration (and the associated item 7 section 611 implications, if arising), and the acquisition of SOPL for the purposes of ASX Listing Rule 11.1.2;
- MDI Shareholder approval being obtained pursuant to ASX Listing Rules 11.1.2 and 11.2; and
- MDI and Aurumin receiving the appropriate regulatory approvals.

Additional Terms of the SPA

A number of additional terms of the SPA are outlined below:

- If Aurumin is unable to complete the Proposed Transaction due to a failure to complete the Aurumin Capital Raising or to obtain the approval of its shareholders, it must pay the Company a \$100,000 break fee. In addition, if the Company is unable to complete the Proposed Transaction due to a failure to obtain the approval of its Shareholders, it must pay a \$100,000 break fee to Aurumin;
- Subject to the provisions of the SPA regarding insurance proceeds, no cash or cash equivalent assets will be owned by SOPL at the date of completion of the Proposed Transaction;
- The assets being acquired as part of the Proposed Transaction include the following:
 - the tenements;
 - the processing plant;
 - the plant and equipment;
 - the properties;
 - the mining information;
 - the insurance proceeds; and
 - the corporate records.

Definitions of the above assets are outlined in the SPA.

- SOPL will be sold with its existing liabilities, other than the following liabilities accrued prior to the date of completion of the Proposed Transaction (**‘Excluded Liabilities’**):
 - Income tax, GST, payroll tax and fridge benefits tax;
 - Unpaid wages, salary, leave entitlements or remuneration liabilities;
 - Superannuation liabilities;
 - Transfer duty liabilities;
 - Rents, rates and taxes; and
 - Penalties and fines.

SOPL’s Historical Statement of Financial Position as at 30 September 2021, extracted from its management accounts is outlined below:

Statement of Financial Position	Mgmt accts as at 30-Sep-21 \$
CURRENT ASSETS	
Cash and cash equivalents	42,324
Accounts receivable	4,677
TOTAL CURRENT ASSETS	47,001
NON-CURRENT ASSETS	
Fixed assets	2,052,536
Tenement acquisition costs	1,659,237
Loan - MDI*	(14,324,437)
TOTAL NON-CURRENT ASSETS	(10,612,665)
TOTAL ASSETS	(10,565,664)
CURRENT LIABILITIES	
Trade and other payables	58,100
TOTAL CURRENT LIABILITIES	58,100
NON-CURRENT LIABILITIES	
Rehabilitation obligations	1,384,900
TOTAL NON-CURRENT LIABILITIES	1,384,900
TOTAL LIABILITIES	1,443,000
NET ASSETS	(12,008,664)

Source: Draft SPA dated 15 November 2021

*We note that the loan owing to MDI has been classified as a non-current asset with a negative balance in the Company’s management accounts as at 30 September 2021

Pursuant to the SPA, upon completion of the Proposed Transaction, the intercompany loan of approximately \$14.32 million recognised on SOPL’s Historical Statement of Financial Position as at 30 September 2021 will be forgiven or converted into shares in SOPL (of which shares shall comprise part of the shares acquired on completion by Aurumin).

Scrip Consideration

The share based component of the Consideration comprises the issue of Aurumin shares that have an aggregate value on issue of \$6.0 million, where the issue price for the Scrip Consideration shall be equal

to the price at which Aurumin shares are issued pursuant to a placement forming part of the Aurumin Capital Raising. Based on Aurumin’s announcement on the ASX on 15 December 2021, the price at which Aurumin shares will be issued pursuant to the placement forming part of the Aurumin Capital Raising is \$0.200.

The Scrip Consideration shares will be subject to voluntary escrow for a period of 12 months from the date of completion of the Proposed Transaction.

Following the Proposed Transaction and the Aurumin Capital Raising, MDI will hold an interest of 19.47% in Aurumin. Based on the issue price of \$0.200, 30,000,000 shares will be issued to MDI under the Scrip Consideration, whilst 37,310,106 shares will be issued to Aurumin shareholders under the Aurumin Capital Raising (assuming full uptake of the entitlement offer), as set out in the following table:

Shareholding in Aurumin	MDI	Other shareholders	Total
Issued shares at date of our Report	-	86,740,423	86,740,423
Shares to be issued to MDI under the Proposed Transaction	30,000,000	-	30,000,000
Shares to be issued under the Aurumin Capital Raising	-	37,310,106	37,310,106
Issued shares following the Proposed Transaction and the Aurumin Capital Raising	30,000,000	124,050,529	154,050,529
% holding after completion of the Proposed Transaction and the Aurumin Capital Raising	19.47%	80.53%	100.00%

Source: BDO analysis

5. Profile of Middle Island Resources

5.1 History

MDI is an ASX-listed mineral exploration company, with gold and copper-gold projects located in Western Australia ('WA') and Northern Territory ('NT'). The Company's flagship asset is the Sandstone Project, located approximately 400 kilometres ('kms') northwest of Kalgoorlie, WA. The Company also holds a 100% interest in exploration licenses and applications covering the Barkly Copper Gold Project ('Barkly Project') located in the Barkly region of the NT. The Company's head office is located in Perth, WA.

The Company's board of directors and senior management are:

- Mr. Peter Thomas - Non-Executive Chairman;
- Mr. Brad Marwood - Executive Director;
- Mr. Bruce Stewart - Non-Executive Director; and
- Mr. Rudolf Tieleman - Company Secretary.

MDI has a number of wholly owned subsidiaries as outlined below:



Following the execution of the Proposed Transaction, SOPL will no longer be a subsidiary of the Company.

5.2 Projects

Sandstone Project

The Sandstone Project is a gold mining operation comprising both open-pit and underground deposits, located approximately 400km northwest of Kalgoorlie in the township of Sandstone. A 100% interest in the Sandstone Project was acquired by the Company from Black Oak Minerals Limited ('Black Oak') in July 2016, in which the Company acquired two mining leases covering a combined area of approximately 20km², as well as a 600,000 tonne per annum ('tpa') processing facility and associated infrastructure. The consideration for the acquisition was \$2.50 million, paid by way of a \$0.25 million deposit, a \$1.25 million payment at completion of the acquisition, and deferred consideration of \$1.00 million. Further, the Company would be required to pay a legacy 2% net smelter royalty to Troy Resources Limited ('Troy'), along with a royalty of \$1 per tonne of ore mined and processed from the Sandstone Project payable to Herald and National Exploration Limited.

Immediately following the completion of the acquisition, MDI announced its intention to complete a resource definition drilling program, which would provide key information in order to complete a pre-

feasibility study ('PFS'). The Company subsequently commenced its maiden drilling program on 29 July 2016 before releasing an updated Australasian Joint Ore Reserves Committee ('JORC') 2012 compliant mineral resource estimate ('MRE') for the open pit deposits of 2.4 million tonnes ('Mt') at 1.31 grams per tonne ('g/t') of gold ('Au') for approximately 100,000 ounces ('oz'), as part of the PFS. The Company stated that these results failed to meet expectations, and that the mineral inventory within the Sandstone Project would be insufficient to justify the recommissioning of the Sandstone plant and associated infrastructure. The Company subsequently announced its strategy to undertake a number of different exploration studies; including a targeting study, concept study, diamond core drilling program, reverse circulation ('RC') drilling program, and further assessments on the Sandstone Project in order to identify higher grade resources that could increase the economic viability of operations.

Following an extended period of drilling, testing and ore sorting over the course of 2017 and 2018, MDI commissioned a stand-alone re-optimisation study on the Sandstone Project to assess the viability of restarting operations. The re-optimisation study demonstrated that the Sandstone plant could be profitably refurbished utilising feed from MDI's existing resource inventory. As a result, the Company announced that it would update the PFS based on a revised set of key inputs in order to re-evaluate a number of geotechnical parameters of the Sandstone Project.

The updated PFS was initially expected to be delivered in the March quarter of 2020, however, following a successful drilling campaign, and the completion of a number of elements to full feasibility level, MDI made the decision to increase the study update to a full feasibility study ('FS') level of confidence. The FS would be based on more current gold prices and an updated MRE.

In April 2021, the Company released the results from the FS, which indicated that recommissioning the Sandstone Project could not be justified at the current gold price, however, the Company announced that the refurbishment and upgrade of the plant to 750,000 tpa was an encouraging prospect as it could be utilised to process mineral resources of nearby exploration projects operated by third parties. The Company maintained that its strategy at the Sandstone Project was to recommission the plant with the goal to become a gold producer.

Following the FS, MDI continued to undertake activities in an attempt to realise a return from the Sandstone Project. This included the completion of an auger drilling program in the September quarter of 2021, and the termination of the royalty payable to Troy for a cash payment of \$250,000. As at the date of our Report, there has not been any indication that the plant would be recommissioned to serve third parties with stranded mineral resources.

Further information on the Sandstone Project can be found in Appendix 3.

Barkly Project

The Barkly Project is a copper-gold mining operation located in the Barkly region of the NT, comprising 13 exploration licenses and applications with a combined area of approximately 5,220km² through the Company's wholly owned subsidiary, Barkly Operations Pty Ltd ('BOPL'). The Barkly Project was first applied for by the Company in the December quarter of 2019, in which the Company submitted 10 exploration license applications covering an aggregate area of 3,912km². On 18 August 2020, MDI announced that all 10 of its applications had been approved for granting, either once COVID-19 restrictions were lifted or at the Company's earlier election.

Following an initial reconnaissance visit to the Barkly Project, the Company announced the presence of copper mineralisation within the Crosswinds prospect located within the Barkly Project. MDI subsequently submitted an additional two exploration license applications in order to secure the immediate proximity

of the Crosswinds prospect. The Company intended to commence exploration activity over the period from April to October 2021 in order to refine and prioritise targets in advance of a subsequent drilling program in 2022.

In March 2021, MDI released an announcement stating that the Board of MDI resolved to demerge BOPL and undertake an initial public offering of its shares on the ASX, subject to Shareholder approval. The Board decided on this course of action as it did not believe that MDI's market capitalisation was attributing an appropriate level of value to the Barkly Project, in addition to the strong market sentiment for copper, and the desire for MDI to focus on the Sandstone Project. The Company also announced that it had lodged an application for an additional exploration license at the Barkly Project, bringing the total number of exploration licenses and applications to 13.

Over the subsequent months, the Company continued exploration work with the view of enhancing the value of the Barkly Project. MDI is yet to decide whether or not it will proceed with the proposed spin-out of the Barkly Project.

5.3 Recent Corporate Events

On 14 December 2020, the Company announced the completion of a 23-for-1 share consolidation, which was approved by Shareholders at the Company's annual general meeting. Following the share consolidation, MDI had 121,233,709 fully paid ordinary shares on issue.

Over the quarter ended 31 December 2020, the Company issued 8.8 million fully paid ordinary shares upon the exercise of unlisted options with various exercise prices, for the total consideration of \$0.07 million.

On 31 March 2021, MDI ceased to be a substantial holder in Alto Metals Limited ('Alto'), through the on-market sale of 37,313,438 shares in Alto for the consideration of \$2.99 million. The Company continues to retain a holding of shares in Tajiri Resources Corporation ('Tajiri'), which had a fair value of \$0.26 million as at 30 September 2021.

Over the quarter ended 31 March 2021, the Company issued 1.1 million fully paid ordinary shares upon the exercise of unlisted options with various exercise prices, for the total consideration of \$0.02 million.

On 14 July 2021, the Company reported that it had made the Managing Director position redundant following the result of its FS on the Sandstone Project. As a result, founder and Managing Director, Rick Yeates was dismissed as Managing Director. MDI announced that Brad Marwood (presently a Non-Executive Director) would step in as a temporary part-time executive.

5.4 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 30-Jun-21 \$	Audited as at 30-Jun-20 \$	Audited as at 30-Jun-19 \$
CURRENT ASSETS			
Cash and cash equivalents	3,247,637	4,712,409	564,618
Trade and other receivables	36,517	62,593	56,268
Financial assets	315,048	479,745	379,750
Non-current asset held for sale	-	-	213,386
TOTAL CURRENT ASSETS	3,599,202	5,254,747	1,214,022
NON-CURRENT ASSETS			
Plant and equipment	2,053,539	2,056,347	2,065,632
Right-of-use assets	-	28,545	-
Tenement acquisition costs	1,675,989	1,525,989	1,327,754
TOTAL NON-CURRENT ASSETS	3,729,528	3,610,881	3,393,386
TOTAL ASSETS	7,328,730	8,865,628	4,607,408
CURRENT LIABILITIES			
Trade and other payables	245,602	717,665	104,426
Lease liabilities	-	26,517	-
Borrowings	69,842	70,464	32,104
Employee benefit obligations	99,192	79,964	55,905
TOTAL CURRENT LIABILITIES	414,636	894,610	192,435
NON-CURRENT LIABILITIES			
Employee benefit obligations	101	-	-
Provisions	1,384,900	1,384,900	1,203,417
TOTAL NON-CURRENT LIABILITIES	1,385,001	1,384,900	1,203,417
TOTAL LIABILITIES	1,799,637	2,279,510	1,395,852
NET ASSETS	5,529,093	6,586,118	3,211,556
EQUITY			
Contributed equity	48,611,091	42,737,460	36,305,796
Reserves	523,800	633,286	515,651
Accumulated losses	(43,605,798)	(36,784,628)	(33,609,891)
TOTAL EQUITY	5,529,093	6,586,118	3,211,556

Source: MDI audited financial statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021.

We note that the Company's auditor highlighted the ability of MDI to continue as a going concern as a key audit matter, in its report for the year ended 30 June 2019. The matter was raised due to the existence of material uncertainty relating to the Company's ability to realise its assets and extinguish its liabilities in the normal course of business. The ability of the Company to continue to operate as a going concern was dependent on securing funding either through the issue of shares or options. The Company's auditor did not highlight the ability of MDI to continue as a going concern as a key audit matter in its reports for the years ended 30 June 2020 and 30 June 2021.

Commentary on Historical Statement of Financial Position

- The significant cash flow movements in the cash and cash equivalents balance over the assessed periods are outlined in the table below:

Significant cash flow movements	Audited as at 30-Jun-21 \$	Audited as at 30-Jun-20 \$	Audited as at 30-Jun-19 \$
Opening cash and cash equivalents	4,712,409	564,618	1,552,529
Receipts from customers	-	14,756	37,488
Payments to suppliers and employees	(1,272,249)	(991,229)	(1,154,849)
Expenditure on mining interests	(5,738,144)	(1,784,340)	(1,600,297)
Payments for PP&E, financial assets and acquisitions	(3,646,075)	(16,752)	(26,034)
Proceeds from sale of financial assets or mining properties	3,136,659	221,490	-
Proceeds from issue of shares	5,611,131	7,000,627	1,395,803
Proceeds from borrowings	88,173	88,140	40,190
Repayment of borrowings	(88,795)	(49,780)	(8,086)
Other cash flow movements	444,528	(335,121)	327,874
Closing cash and cash equivalents	3,247,637	4,712,409	564,618

- Financial assets of \$0.32 million as at 30 June 2021 comprise the value of the Company's Canadian listed equity securities, being the investment in Tajiri.
- Plant and equipment of \$2.05 million as at 30 June 2021 is comprised of freehold land and plant and equipment, as follows:

Freehold land, plant & equipment as at 30 June 2021	Freehold land \$	Plant and equipment \$	Total \$
Opening net book value	126,929	1,929,418	2,056,347
Additions	-	3,187	3,187
Depreciation charge	-	(5,995)	(5,995)
Closing net book value	126,929	1,926,610	2,053,539

- Tenement acquisition costs over the assessed period comprised the following:

Tenement acquisition costs	Audited as at 30-Jun-21 \$	Audited as at 30-Jun-20 \$	Audited as at 30-Jun-19 \$
Opening net book value	1,525,989	1,327,754	1,327,754
Additions	150,000	16,752	-
Increase in rehabilitation provisions	-	181,483	-
Closing net book value	1,675,989	1,525,989	1,327,754

- Trade and other payables increased from \$0.10 million as at 30 June 2019 to \$0.72 million as at 30 June 2020 as a result of increased exploration activity being undertaken on the Sandstone Project, following successful capital raisings completed during the 2020 financial year. Trade and other payables of \$0.25 million as at 30 June 2021 comprises trade payables of \$0.04 million, and other payables and accruals of \$0.21 million.

- Provisions of \$1.38 million as at 30 June 2021 comprises the estimated cost to rehabilitate the Sandstone Project and the Barkly Project, which includes the costs of dismantling and removing structures, rehabilitating mines, dismantling operating facilities, the closure and restoration of plant and waste sites, and reclamation and revegetation of affected areas.

5.5 Historical Statements of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-21 \$	Audited for the year ended 30-Jun-20 \$	Audited for the year ended 30-Jun-19 \$
Revenue			
Sale of commodities	-	14,756	37,488
Other income	473,903	168,509	378,055
Total revenue	473,903	183,265	415,543
Expenses			
Administrative expenses	(797,243)	(603,934)	(763,081)
Depreciation expenses	(34,540)	(47,311)	(9,750)
Exploration expenses	(5,300,921)	(2,352,412)	(1,308,546)
Fair value gains/(losses) on financial assets	(572,814)	99,995	(467,772)
Finance costs	(1,003)	(7,796)	(1,971)
Loss on settlement of liability	(75,000)	-	-
Salaries and employee benefits expense	(513,552)	(446,544)	(428,456)
Share-based payments expense	-	-	(90,000)
Total expenses	(7,295,073)	(3,358,002)	(3,069,576)
Loss before income tax	(6,821,170)	(3,174,737)	(2,654,033)
Income tax benefit/(expense)	-	-	-
Loss for the period	(6,821,170)	(3,174,737)	(2,654,033)
Other comprehensive income	(1,986)	10,135	5,663
Total comprehensive loss for the period	(6,823,156)	(3,164,602)	(2,648,370)

Source: MDI audited financial statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021.

As noted above, the Company's auditor highlighted the ability of MDI to continue as a going concern as a key audit matter, in its report for the year ended 30 June 2019.

Commentary of Historical Statement of Profit or Loss and Other Comprehensive Income

- Revenue over the assessed period is primarily comprised of other income, which is outlined in the table below:

Other income	Year ended 30-Jun-21	Year ended 30-Jun-20	Year ended 30-Jun-19
Interest revenue	5,476	2,282	3,983
Reimbursement of expenditure on mining interests	366,252	93,987	353,346
Government COVID-19 cash flow boost grant	102,175	67,811	-
Net foreign exchange gains	-	4,429	3,663
Net gain on sale of mining interests	-	-	15,883
Accommodation rental	-	-	1,180
Total other income	473,903	168,509	378,055

- Administrative expenditure of \$0.80 million for the year ended 30 June 2021 primarily comprise company secretary fees, ASX fees, investor relations and consultant fees.
- The Company incurred exploration expenditure of \$5.30 million for the year ended 30 June 2021, which was primarily in relation to exploration programs at the Sandstone Project and the Barkly Project. The Company expenses all exploration costs other than acquisitions costs, which are capitalised.
- Fair value losses on financial assets of \$0.57 million relate to the change in the fair value of the Company's investments in Tajiri and Alto (the Company's interest in Alto was sold in the year ended 30 June 2021).

5.6 Capital Structure

The share structure of MDI as at 19 November 2021 is outlined below:

	Number
Total ordinary shares on issue	122,418,222
Top 20 shareholders	58,341,033
Top 20 shareholders - % of shares on issue	47.66%

Source: MDI share registry information

The range of shares held in MDI as at 19 November 2021 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	229	108,062	0.09%
1,001 - 5,000	714	1,922,780	1.57%
5,001 - 10,000	290	2,183,537	1.78%
10,001 - 100,000	680	22,585,765	18.45%
100,001 - and over	150	95,618,078	78.11%
Total	2,063	122,418,222	100.00%

Source: MDI share registry information

The ordinary shares held by the most significant shareholders as at 19 November 2021 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Tynam Investments Pty Ltd	8,321,740	6.80%
CS Third Nominees Pty Ltd	6,865,103	5.61%
McCusker Holdings Pty Ltd	6,760,870	5.52%
Jetosea Pty Ltd	5,100,000	4.17%
Subtotal	27,047,713	22.09%
Others	95,370,509	77.91%
Total ordinary shares on issue	122,418,222	100.00%

Source: MDI share registry information

The most significant option holders of MDI as at 19 November 2021 are outlined below:

Current options on issue	Number
Unlisted options exercisable at \$0.1817, expiring on 31 January 2022	9,989,324
Unlisted options exercisable at \$0.1771, expiring on 31 January 2022	10,317,990
Total	20,307,314

Source: MDI share registry information

6. Profile of Aurumin

6.1 History

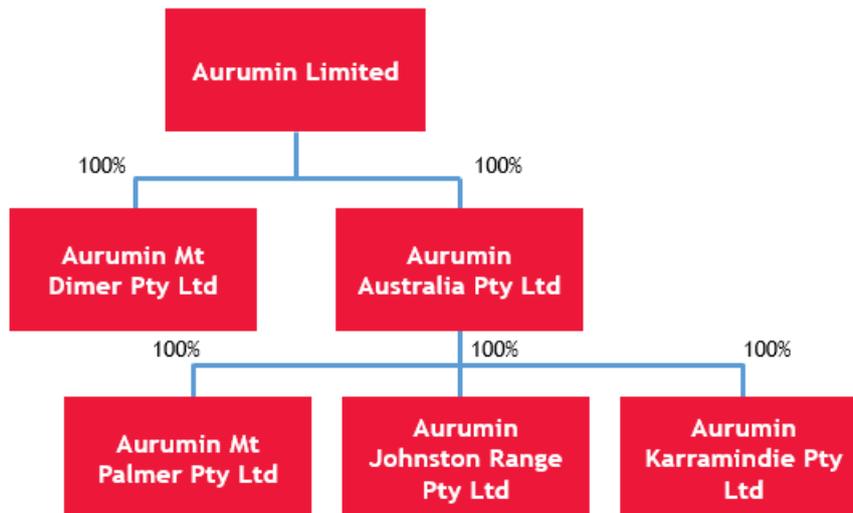
Aurumin is an ASX-listed gold exploration company with operations located in the Southern Cross and Kalgoorlie regions of WA. Since its incorporation in February 2020, Aurumin has acquired a 100% interest in four gold projects, namely the Mt Dimer Project ('**Mt Dimer**'), the Mt Palmer Project ('**Mt Palmer**'), the Johnson Range Project ('**Johnson Range**') and the Karramindie Project ('**Karramindie**').

The company subsequently listed on the ASX in December 2020. Aurumin's head office is located in Subiaco, WA.

The current directors of Aurumin are:

- Mr. Piers Lewis - Non-Executive Chairman;
- Mr. Bradley Valiukas - Managing Director;
- Mr. Darren Holden - Non-Executive Director; and
- Dr. Shaun Day - Non-Executive Director.

Aurumin has a number of wholly owned subsidiaries as outlined below:



6.2 Mt Dimer Project

Mt Dimer is located approximately 120km north-east of Southern Cross, WA. The project area spans approximately 290km² across twelve granted exploration tenements and overlies the southern area of the Marda-Diemals greenstone belt within the Yilgarn Craton. Mt Dimer's key prospects include the Golden Slipper and the Lightning prospect which were defined but not mined by previous operators. Other areas include LO3, Frodo North, T12, T24 and Karli Northwest.

Mt Dimer was acquired by Aurumin in March 2020 through the acquisition of 100% of the issued capital of Acertim Resources Pty Ltd, the original registered holder of the Mt Dimer Project, three Mt Palmer Project tenements and the Johnson Range Project.

Mt Dimer was first explored by Western Mining Corporation and Placer Exploration Limited between 1975 and 1989. Subsequently between 1994 and 1997, Tectonic Resources NL mined approximately 125,000oz of gold at 6.4g/t Au from six open pits and one underground deposit.

Aurumin's maiden RC drilling program at Mt Dimer was completed in December 2020 which targeted the Golden Slipper and Lightning deposits. The drilling program comprised 7 RC drill holes for 881m at the Lightning deposit and 6 RC drill holes for 757m at the Golden Slipper deposit.

In January 2021, Aurumin announced the results from its sub-audio magnetic survey completed in September 2020 over the Golden Slipper, Lightning and Frodo areas which outlined the identification of thirteen new targets analogous to current known mineralisation.

Over the year ended 30 June 2021, Aurumin completed several RC drilling programs at Mt Dimer comprising 12 holes for 1,410m at the Lightning deposit, 9 holes for 1,084m at the Golden Slipper deposit and a further 51 holes for 4,154m assessing the SAM and regional targets. Subsequent to the year end, Aurumin has continued its drilling campaign at Mt Dimer comprising 34 holes for 2,954m.

6.3 Mt Palmer Project

Mt Palmer is located approximately 39km south-east of Southern Cross, WA. The project area spans approximately 136km² across five granted exploration tenements and overlies the central area of the Southern Cross greenstone belt, which consists of a volcanic succession overlain by clastic sediments and is bounded by deep seated faults.

The major historical workings at Mt Palmer occurred between 1934 and 1944 in which a total of approximately 158,000oz of gold at 15.9g/t Au was produced before ceasing commercial operations.

To date, Aurumin has completed multiple RC drilling programs at Mt Palmer comprising 32 holes for 2,563m targeting lodes previously mined in the 1940s.

6.4 Johnson Range Project

Johnson Range is located approximately 170km north of Southern Cross, WA. The project area spans approximately 6km² across six granted exploration tenements containing the Gwendolyn deposit.

Johnson Range is located 6km northwest of Ramelius Resources Limited's historically owned Evanston Mine. Johnson Range was explored by Goldfields Exploration PL, St Joe Australia Pty Ltd, Bornite Pty Ltd and Resolute Resources Limited in the 1980s and 1990s, and was subsequently acquired by Vector Resources Limited in 2009 prior to the commencement of trial mining in 2014.

On 25 August 2021, Aurumin announced a MRE for the Gwendolyn deposit at Johnson Range of 803,000t at 2.51g/t Au for 64,700oz which was classified as Inferred. The Mineral Resource was reported at a cut-off grade of 1.0g/t Au and within 100m of natural ground surface.

6.5 Karramindie Project

The Karramindie Project is located approximately 20km east of Coolgardie, WA and covers a total area of 21km² across one tenement. Despite being in close proximity to other extensively-explored land holdings, Karramindie remains an early stage exploration project. Karramindie was acquired by tenement application.

6.6 Historical Statements of Financial Position

Statement of Financial Position	Audited as at 30-Jun-21 \$	Audited as at 30-Jun-20 \$
CURRENT ASSETS		
Cash and cash equivalents	3,761,737	214,554
Trade and other receivables	288,662	250
TOTAL CURRENT ASSETS	4,050,399	214,804
NON-CURRENT ASSETS		
Other assets	187,543	-
Plant and equipment	63,720	2,414
Right-of-use asset	81,589	-
Capitalised exploration expenditure	1,492,933	1,446,954
TOTAL NON-CURRENT ASSETS	1,825,785	1,449,368
TOTAL ASSETS	5,876,184	1,664,172
CURRENT LIABILITIES		
Trade and other payables	315,818	405,208
Provisions	59,081	-
Borrowings	-	52,623
Lease liability	55,074	-
TOTAL CURRENT LIABILITIES	429,973	457,831
NON-CURRENT LIABILITIES		
Lease liability	30,088	-
TOTAL NON-CURRENT LIABILITIES	30,088	-
TOTAL LIABILITIES	460,061	457,831
NET ASSETS	5,416,123	1,206,341
EQUITY		
Issued capital	14,650,009	6,690,833
Reserves	1,308,199	-
Accumulated losses	(10,542,085)	(5,484,492)
TOTAL EQUITY	5,416,123	1,206,341

Source: Aurumin audited financial statements for the years ended 30 June 2020 and 30 June 2021.

We note that Aurumin's auditor highlighted the ability of Aurumin to continue as a going concern as a key audit matter, in its report for the year ended 30 June 2020. The matter was raised due to the existence of material uncertainty relating to Aurumin's ability to realise its assets and discharge its liabilities in the normal course of business. Aurumin's auditor did not highlight the ability of Aurumin to continue as a going concern as a key audit matter in its report for the year ended 30 June 2021.

Commentary on Historical Statement of Financial Position

- The significant cash flow movements in the cash and cash equivalents balance over the assessed periods are outlined in the table below:

Significant cash flow movements	Audited as at 30-Jun-21 \$	Audited as at 30-Jun-20 \$
Opening cash and cash equivalents	214,554	178
Payments to suppliers and employees	(1,269,922)	(47,266)
Payments for exploration expenditure	(2,836,888)	(562,186)
Payments for plant & equipment	(71,395)	-
Payments for acquisition of exploration expenditure assets	(87,372)	(174,974)
Proceeds from share issues	8,360,000	51,250
Payments of capital raising costs	(442,526)	-
Proceeds from borrowings	-	1,047,572
Repayment of borrowings	(30,000)	(250,000)
Other cash flow movements	(74,714)	149,980
Closing cash and cash equivalents	3,761,737	214,554

- Other assets of \$0.19 million as at 30 June 2021 related to tenement application costs of \$0.12 million and a deposit paid of \$0.06 million.
- Exploration expenditure relates to the search for mineral resources after the company has obtained legal rights to explore in a specific area as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Exploration expenditure is recognised as an asset in the year in which it is incurred if:
 - the existence of a commercially viable mineral deposit has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
 - the exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.
- Issued capital increased from \$6.69 million as at 30 June 2020 to \$14.65 million as at 30 June 2021. The movements in the issued capital balance over the year ended 30 June 2021 are outlined in the table below:

Movements in fully paid ordinary shares on issue	Date	Quantity	Issue Price	\$
Balance at 30 June 2020		37,605,489		6,690,833
Share issue - capital raising	06-Jul-20	1,500,000	\$0.100	150,000
Share issue - debt settlement	22-Jul-20	232,020	\$0.100	23,202
Share issue - capital raising	03-Aug-20	100,000	\$0.100	10,000
Share issue - capital raising	12-Aug-20	9,028,000	\$0.100	902,800
Share issue - capital raising	29-Sep-20	2,941,176	\$0.170	500,000
Share issue - capital raising (initial public offering)	01-Dec-20	35,000,000	\$0.200	7,000,000
Share issue - tenement acquisition	10-Jun-21	333,738	\$0.247	82,500
Capital raising costs				(709,326)
Balance at 30 June 2021		86,740,423		14,650,009

6.7 Historical Statements of Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for the year ended 30-Jun-21 \$	Audited for the year ended 30-Jun-20 \$
Other income	10,332	-
Expenses		
Administration expenses	(540,033)	(119,702)
Director fees	(131,447)	-
Depreciation expense	(38,385)	(4,168)
Exploration and evaluation expenditure	(2,836,888)	(567,986)
Interest expense	(3,576)	(178,292)
Legal and compliance expenses	(181,408)	(24,705)
Travel expenses	(12,074)	(7,113)
IPO expenses	(229,915)	-
Share based payments	(1,094,199)	(248,750)
Loss before income tax expense	(5,057,593)	(1,150,716)
Income tax expense	-	-
Net loss for the year	(5,057,593)	(1,150,716)
Other comprehensive income	-	-
Total comprehensive loss for the year	(5,057,593)	(1,150,716)

Source: Aurumin audited financial statements for the years ended 30 June 2020 and 30 June 2021.

As noted above, the Company's auditor highlighted the ability of Aurumin to continue as a going concern as a key audit matter, in its report for the year ended 30 June 2020. Aurumin's auditor did not highlight the ability of Aurumin to continue as a going concern as a key audit matter in its report for the year ended 30 June 2021.

Commentary of Historical Statement of Profit or Loss and Other Comprehensive Income

- Exploration and evaluation expenditure is expensed as incurred when the asset recognition criteria outlined in Section 6.6 is not satisfied.
- Share based payments expense of \$1.09 million for the year ended 30 June 2021 relates to the issue of the following options:
 - 6,800,000 options exercisable at \$0.30 prior to 31 July 2024 were issued to Directors and employees as part of the company's initial public offering ('IPO');
 - 2,000,000 options exercisable at \$0.30 prior to 9 December 2023 were issued to the lead manager of the IPO, KG Capital Partners;
 - 2,000,000 options exercisable at \$0.30 prior to 31 July 2024 were issued under Aurumin's employee incentive scheme;
 - 250,000 options exercisable at \$0.40 prior to 31 July 2024 were issued under Aurumin's employee incentive scheme; and
 - 151,599 options exercisable at \$0.40 prior to 31 July 2024 were issued under Aurumin's employee incentive scheme.

6.8 Capital Structure

The share structure of Aurumin as at 30 September 2021 is outlined below:

	Number
Total ordinary shares on issue	86,740,423
Top 20 shareholders	42,618,930
Top 20 shareholders - % of shares on issue	49.13%

Source: Aurumin share registry information

The ordinary shares held by the most significant shareholders as at 30 September 2021 are detailed below:

Name	Number of Ordinary Shares Held	Percentage of Issued Shares (%)
Heelmo Holdings Pty Ltd <Deep Blue A/C>	9,044,158	10.43%
Mr Grant William Evans + Ms Mary-Louise Davidson	4,912,399	5.66%
Heelmo Holdings Pty Ltd <Rowbottom Super A/C>	4,483,812	5.17%
HSBC Custody Nominees (Australia) Limited	3,807,802	4.39%
Subtotal	22,248,171	25.65%
Others	64,492,252	74.35%
Total ordinary shares on issue	86,740,423	100.00%

Source: Aurumin share registry information

The most significant option holders of Aurumin as at 30 September 2021 are outlined below:

Current options on issue	Number
Restricted options exercisable at \$0.300, expiring on 31 July 2024	5,300,000
Restricted options exercisable at \$0.300, expiring on 1 December 2023	2,000,000
Options exercisable at \$0.300, expiring on 31 July 2024	3,500,000
Options exercisable at \$0.400, expiring on 31 July 2025	2,298,611
Options exercisable at \$0.400, expiring on 31 July 2024	386,599
Total number of options	13,485,210

Source: Aurumin share registry information

7. Economic analysis

MDI is exposed to the risks and opportunities of the Australian market due to its current interests in the Sandstone Project and the Barkly Project. Accordingly, we have presented an economic analysis on Australia.

Overview

The Australian economy contracted by 1.1% over 2020, a smaller decline than was initially anticipated in the wake of the global pandemic.

COVID has led to the largest contraction in global economic activity since the 1930s. Labour markets have been severely disrupted, and inflation has declined. The easing of containment measures in some nations led to a new surge in infections, postponing a fuller and faster economic recovery. The global economic downturn has been concentrated in the services (mainly travel and hospitality) sector, with the manufacturing sector staging a recovery, initially in China, but then in other industrial nations.

The pandemic has had a significant impact on the Australian economy and financial system, along with creating considerable volatility in financial markets. Equity prices experienced sharp declines and the yield on government bonds reached historic lows in March 2020, however both have risen since. Measures taken by the Australian government and the RBA have improved stability in equity and bond markets over recent months.

Globally, financial market conditions have rebounded from the period of dislocation in March 2020, and over the past few months financial conditions have improved and remained accommodative due to the successful development of COVID vaccines, historically low interest rates and asset prices, and increasing housing prices. The expectation that significant fiscal and monetary stimulus will be provided for an extended period is supporting sentiment in financial markets.

GDP is expected to have declined materially in the September quarter and the unemployment rate is expected to increase over coming months. While the outbreak is affecting most parts of the economy, the impact is uneven, with some areas facing very difficult conditions while others continue to exhibit strong growth. This setback to the economic expansion is expected to be only temporary, with the Delta outbreak expected to delay, but not derail, the recovery of the Australian economy.

Government and RBA Policies

The Australian Government introduced a range of stimulus measures in response to the economic impact of COVID, totalling \$507 billion since the beginning of the pandemic.

Support from public policy has cushioned the effects of the health-related activity restrictions on incomes and will shape the recovery of the economy. In aggregate, household disposable income has increased throughout the pandemic, despite the large contraction in economic activity and even as many people lost their jobs or worked fewer hours. The largest contributor to this support has been the \$101 billion JobKeeper program, which is estimated to have supported more than 25% of all workers nationwide.

In mid-March 2020, the Reserve Bank of Australia ('RBA') introduced a comprehensive package of policy measures to support the Australian economy. The RBA announced it would lower the cash rate and reduce the target on the 3-year government bond yield to 0.25%. The RBA made a decision to discontinue the target on the 3-year government bond yield to 0.10%, reflecting the improvement in the economy and progress towards the inflation target ahead of time.

Inflation has increased, but remains subdued in underlying terms, at 2.1%. The RBA anticipates a further, but gradual, increase in underlying terms of 2.25% percent over 2021 and 2022, and 2.50% over 2023. As the labour market tightens, wages are expected to increase gradually. In underlying terms, the Wage Price Index is forecasted to increase by 2.50% over 2022 and 3% over 2023. However, the persistence of the current global supply chain disruptions and the lowest unemployment rate seen in decades continue to cause uncertainty. Given the outlook for both employment and inflation, the RBA will not increase the cash rate until inflation is sustainably within the 2% to 3% target range, which the RBA does not expect to be met until at least 2024.

MDI qualified for the Australian government cash flow boost for the years ended 30 June 2020 and 30 June 2021. The continuance of government assistance in Australia will assist the Company through any re-emergence of the global pandemic, and advancing operations at the Barkly Project.

Economic Indicators

According to the RBA's baseline scenario, the Australian economy is expected to grow by approximately 4% over 2022 and 2.5% over 2023. The RBA's November 2021 Statement on Monetary Policy outlined the modest performance of the Australian economy, noting that current outbreaks of the virus are interrupting the recovery of GDP. The outlook for investment has improved as household and business balance sheets are generally in good shape. National income is also being supported by strong commodity prices whilst minor depreciations in the exchange rate have supported domestic financial conditions.

Following a quarterly decline in the Consumer Price Index ('CPI') inflation of 1.9% in the June 2020 quarter which resulted in annual deflation of 0.3%, CPI inflation has since rebounded, with the CPI inflation rate at 3.8% for the year to 30 June 2021. The rebound was supported by the rise in automotive fuel prices, as global demand began to recover, growing 8.7% in the March 2021 quarter and the annual excise tax increase of 12.5% on tobacco. Some investors view gold as a hedge against inflation and its appeal increases when there are concerns of rising inflation.

The COVID outbreak has severely affected the labour market. The measured unemployment rate increased by more than 2% over the course of a few months, reaching 7.4% in June 2020, the highest rate in more than two decades. However, since June 2020, the unemployment rate has declined to 4.5% as of August 2021 and remains lower than the pre-pandemic levels of 5.2% in March 2020. The RBA expects the unemployment rate to be around 4.25% at the end of 2022, declining gradually to 4% by the end of 2023.

The Australian dollar depreciated significantly during the height of the market turmoil in March 2020. However, as at November 2021, the Australian dollar has appreciated to above its level prior to the onset of COVID. This appreciation was in line with the currencies of a range of other developed economies against the backdrop of a depreciation of the United States dollar over recent months, as well as an increase in the demand for Australian commodity exports.

Outlook

Despite the recent improvement in financial conditions, uncertainty still remains for the near-term outlook of the Australian economy with the outcome dependent both on the health situation, containment measures and ongoing fiscal and monetary policy support. Slow vaccine rollouts and further outbreaks of the virus and associated restrictions on activity are the key risks to the outlook. While uncertainty exists, the RBA is predicting GDP growth of 4% over 2022 and 2.5% over 2023, based on a significant share of the Australian population being vaccinated by the end of 2021 and a gradual opening up of the international border from the middle of 2022.

For MDI, operations at the Sandstone Project and the Barkly project were relatively unhindered by the COVID-19 pandemic. Whilst the Company’s metropolitan office was forced to shut down temporarily, operations on site were largely unaffected. Concurrently, the global pandemic led to the strengthening of the gold price, which presented a positive outlook for the industry.

Source: www.rba.gov.au Statement by Phillip Lowe, Governor: Monetary Policy Decision dated 2 November 2021 and prior periods, www.abs.gov.au Consumer Price Index March 2021 and prior periods, Australian Government 2020-21 Budget Overview.

8. Industry analysis

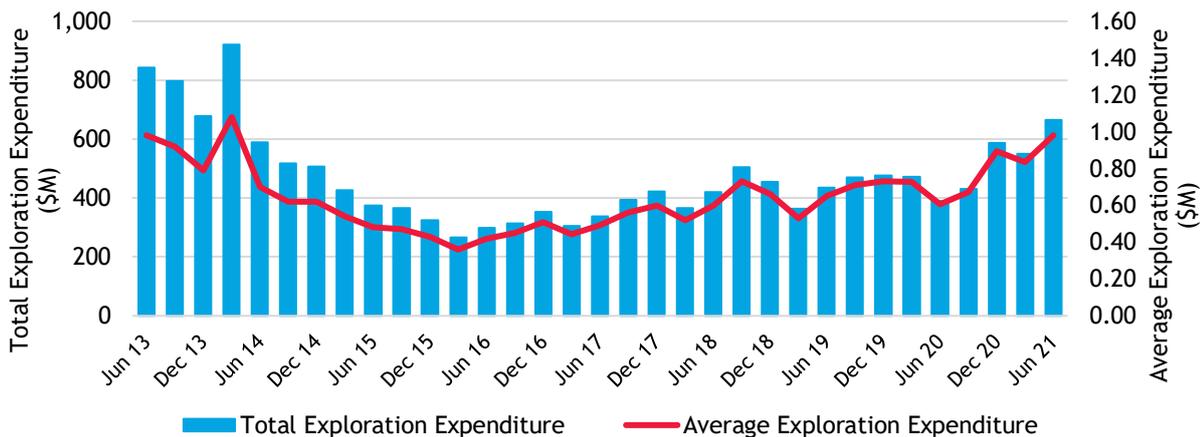
MDI is an exploration company operating in the gold and copper industries through the Sandstone and Barkly projects. As such, we have presented an update on the Australian exploration sector, as well as an analysis on the gold and copper industries.

8.1. Exploration Sector

BDO reports on the financial health and cash positions of ASX-listed exploration companies based on the quarterly Appendix 5B reports lodged with the ASX. ASX-listed mining and oil and gas exploration companies are required to lodge an Appendix 5B report each quarter, outlining the company’s cash flows, their financing facilities available and management’s expectation of future funding requirements. BDO’s report for the June quarter of 2021 identified positive signs for the exploration sector, with exploration spending exhibiting the large uptick that was expected after the significant level of fundraising conducted over the last three quarters.

BDO identified a 21% growth in exploration expenditure over the June 2021 quarter, suggesting that economic confidence within the sector is improving on the back of the large number of successful fund raisings in recent quarters, strong commodity prices and the continued recovery from the COVID-19 outbreak. Another encouraging sign was that the uptick in exploration expenditure appeared to be consistent throughout the sector, rather than being skewed towards a small number of companies with high exploration spends.

The graph below outlines the change in exploration expenditure since June 2013.



Source: BDO analysis

Despite further increases in exploration expenditure, exploration companies once again raised a record-breaking level of funds in the June 2021 quarter, with explorers pocketing a total of \$2.54 billion in funds, which for the third consecutive quarter, represented the highest level of financing cash inflows that had

been observed since 2013. Net financing cash flows, however, decreased by 6% from the March 2021 quarter as a result of an 85% increase in financing cash outflows. These financing outflows primarily pertained to the repayment of borrowings, indicating that explorers have been utilising their substantial cash balances to meet debt obligations.

Cash balances across the sector continued to grow in the June 2021 quarter even with the spike in exploration spending and borrowing repayments. Of the 678 companies to lodge an Appendix 5B for the June 2021 quarter, 83% reported a cash balance of over \$1 million, which is the highest percentage since the June quarter of 2013. The number of companies lodging Appendix 5B's was also bolstered by the recently completed initial public offerings of 21 exploration companies.

BDO has observed the growth in exploration expenditure since the low point in March 2016, and with a seven-year high recorded in the June 2021 quarter, there is no sign of the growth slowing down. BDO attributed elevated metal prices, a strong pipeline of IPO activity, substantial fund raising activity and strong sector-wide demand as reasons to suggest that this level of activity is likely to be sustainable at least until early 2022.

Source: BDO Explorer Quarterly Cash Update: June 2021.

8.2. Gold

Gold is a soft malleable metal which is highly desirable due to its rarity, permanence and unique mineral properties. Gold has been used in jewellery and as a form of currency for thousands of years, however more recently, there has been increasing demand for its use in the manufacture of electronics, dentistry, medicine and aerospace technology.

In addition to its practical applications, gold also serves as an international store of monetary value. Gold is widely regarded as a monetary asset as it is considered less volatile than world currencies and therefore provides a safe haven investment during periods of economic uncertainty.

Once mined, gold continues to exist indefinitely and is often melted down and recycled to produce alternative or replacement products. Consequently, demand for gold is supported by both gold ore mining and gold recycling. A summary of the recent historical supply of gold is provided in the table below:

Gold supply (tonnes)	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD 2021
Mine production	2,957	3,167	3,272	3,366	3,515	3,579	3,653	3,599	3,473	2,679
Net producer hedging	(45)	(28)	105	13	38	(26)	(12)	6	(52)	(25)
Recycled gold	1,637	1,197	1,132	1,070	1,233	1,111	1,132	1,273	1,302	851
Total supply	4,549	4,336	4,509	4,449	4,786	4,664	4,773	4,878	4,723	3,505

Source: World Gold Council Quarter 3 2021 Statistics, 28 October 2021

Historically, the price of gold is negatively correlated with the prices of other asset classes during times of uncertainty and financial crises. Growing uncertainty on the back of the recent COVID-19 outbreak has caused the price of gold to rally, as investors demand the high liquidity that gold provides. The recent increase in the price of gold has positively impacted the gold industry and will continue to do so if economic uncertainty prevails.

The global gold price is denominated in US dollars and therefore, the exchange rate directly affects the returns received by domestic industry operators. A weaker Australian Dollar benefits the domestic industry by boosting Australian dollar denominated returns on gold sales, likely resulting in higher volumes.

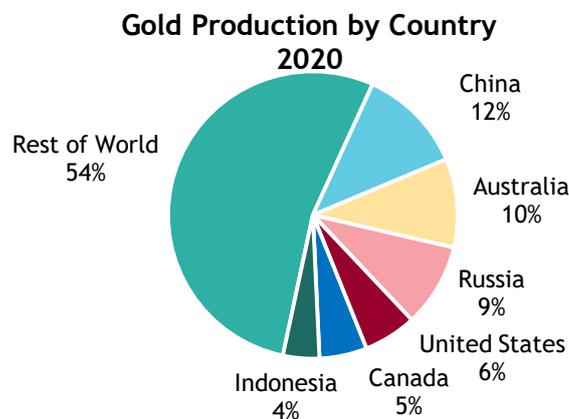
The World Gold Council expects that the interplay between financial uncertainty, lower interest rates, weakening global economic growth and gold price volatility will continue to drive gold demand in the near term.

Gold ore mining trends

Gold ore mining is a capital intensive and high-cost process, which is becoming increasingly difficult and more expensive as the quality of ore reserves diminishes. The industry also incurs many indirect costs related to exploration, royalties, overheads, marketing and native title law. Typically, many of these costs are fixed in the short term as a result of industry operators' inability to significantly alter cost structures once a mine commences production.

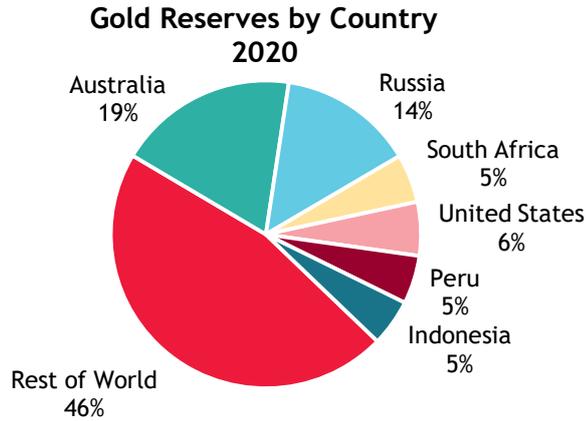
The gold industry geographically diverse as China and Australia lead global gold production, closely followed by Russia. According to the United States Geological Survey ('USGS'), total estimated global gold ore mined for 2020 was approximately 3,200 metric tonnes. The chart below illustrates the estimated global gold production by country for 2020.

According to the World Gold Council, global gold production fell 3% in 2020 following the effects of COVID-19. The virus led to a number of gold mine closures across the world due to lockdown restrictions imposed by individual countries across the March 2020 quarter. The decrease in supply was hardest felt in the Americas region as production fell by 6% in Peru and 11% in Brazil, whilst production also fell by 14% in South Africa. The World Gold Council expects COVID-19 interruptions to diminish further in 2021, removing a potential headwind to mine production.



Source: 2021 USGS and BDO analysis

Despite China leading global gold production in 2020, Australia, Russia and South Africa hold the largest known gold reserves globally. As depicted below, the USGS estimates that collectively, these three countries account for approximately 38% of global gold reserves.

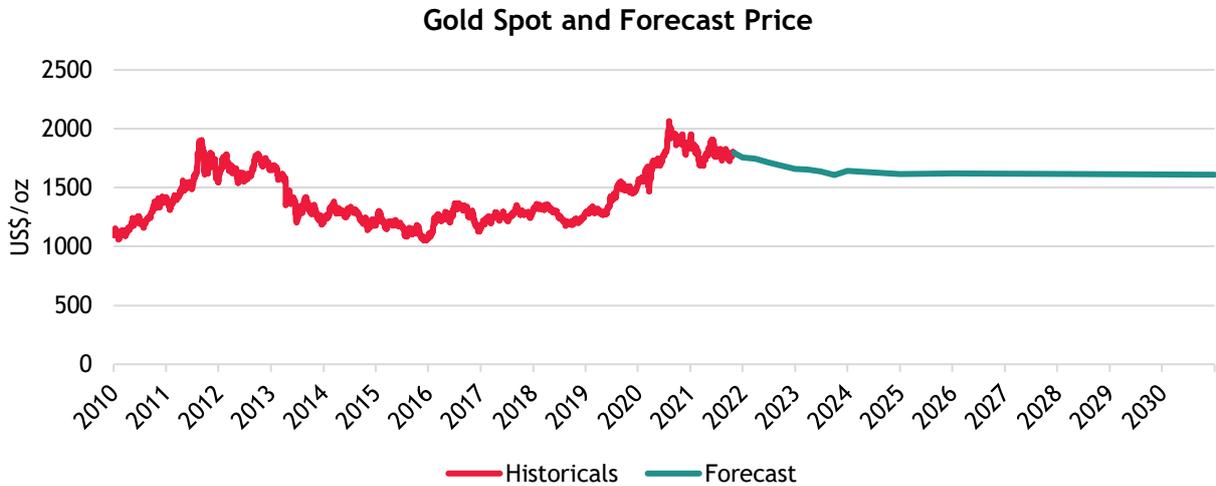


Source: 2021 USGS and BDO analysis

According to the 2021 USGS, Australia’s gold reserves amount to 10,000 tonnes, representing 19% of global reserves and the largest percentage held by any one country. IBISWorld estimates domestic industry revenue will fall by an annualised 2.3% over the five-year period through to 2025-26, dropping to approximately \$23.6 billion. This is largely expected to be the result of stabilising economic conditions and rising operating costs.

Gold prices

The gold spot price since 2010 and forecast prices through to 2031 are depicted in the graph below.



Source: Bloomberg and Consensus Economics

The price of gold reached US\$1,900 on 5 September 2011, largely due to the debt market crisis in Europe and the Standard and Poor’s downgrade of the US credit rating. Global stock markets subsequently went into turmoil, which saw investors opt for the stability offered by gold. The price of gold fluctuated around US\$1,700 during 2012 before entering a steep decline in 2013. The downturn represented the beginning of a correction in the price of gold, which had almost tripled in the two-year period prior to the European crisis in 2011. Over the succeeding years through March 2020, the gold price fluctuated primarily between US\$1,100 and US\$1,400.

Gold prices fluctuated significantly throughout 2020. Demand for gold increased in response to the uncertainty created by the global spread of COVID-19, as investors prioritised safe haven assets. In late March 2020, the increasing demand for gold was interrupted by a panic selloff as investors began to realise their profits amidst the growing uncertainty caused by the crisis. Gold spot prices fell to a yearly low of US\$1,471, before rallying in late July and early August to exceed US\$2,000. The COVID-19 crisis remains the primary driver of the gold price, as central banks continue to inject trillions of dollars into financial markets and investors further prioritise safe haven assets. Additionally, the availability of cheap money through low global interest rates is further spurring investment in gold.

Gold prices reached a record high of approximately US\$2,064 on 6 August 2020, before declining slightly below the US\$2,000 mark through to November 2020. Through to early January 2021, the price of gold increased as a result of further fallout from the US Election, climbing back over US\$1,900 after remaining in the US\$1,800s through most of December 2020. During March 2021, the price of gold fell below US\$1,700 for the first time in eight months as rising US treasury yields threatened gold's appeal as an inflation hedge by increasing the opportunity cost of holding the precious metal. Demand was also weakened by increased consumer confidence in the gradual reopening of global economies as COVID-19 vaccination rates rise. However, gold has since rebounded as global inflation concerns rose and the US dollar weakened.

Concerns regarding the spread of the Delta variant increased the safe haven appeal, and subsequently, the price of gold, which climbed back above the US\$1,800 mark in early July 2021. The price of gold slipped by over 4% in early August, reaching a four-month low as the Federal Reserve signalled policy tightening sooner than anticipated. The gold price modestly declined over the remainder of the September quarter, and has since remained stable at approximately US\$1,750.

According to Consensus Economics forecasts, the price of gold is forecast to decline over the medium term but remain high in comparison to historical levels. This medium-term decline is likely on the back of developments in relation to the uptake of COVID-19 vaccinations as well as stability in the United States following the presidential election of Joe Biden. Future price movements are expected to depend on the duration and severity of the crisis, and its impact on government policies globally. Gold's performance may also be impacted further by a prolonged low interest rate environment which would all but remove the opportunity cost of investing in gold.

Source: Bloomberg, Consensus Economics, IBISWorld and Reuters

8.2 Copper

Copper is a soft, malleable, ductile metal used primarily for its electrical and thermal conductive properties and its resistance to corrosion. It is highly versatile and has a variety of applications in construction, electrical and electronic components, communications and transportation.

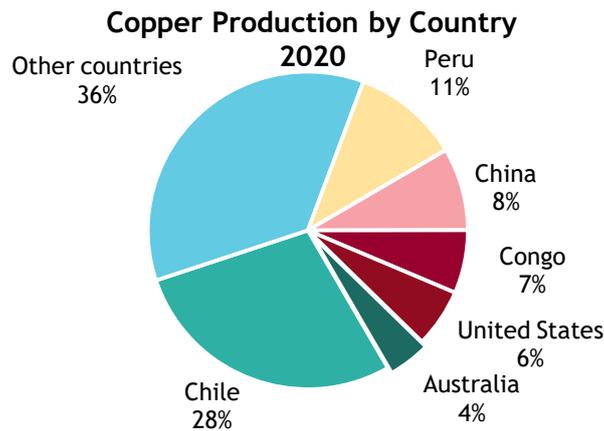
Copper occurs naturally in the Earth's crust in a variety of forms such as sulphide deposits, carbonate deposits and silicate deposits. Open pit mining is widely utilised in most copper producing countries although in Australia, approximately 93% of output is extracted through underground mining. Copper is often found in conjunction with gold, lead, cobalt or zinc, and a number of industry operators mine these metals and ores as well.

Copper concentrate is derived from an oxide through beneficiation processes and is then converted to copper products through smelting and refining. Copper is also 100% recyclable and approximately 80% of the copper ever produced is still in use today.

Copper Production

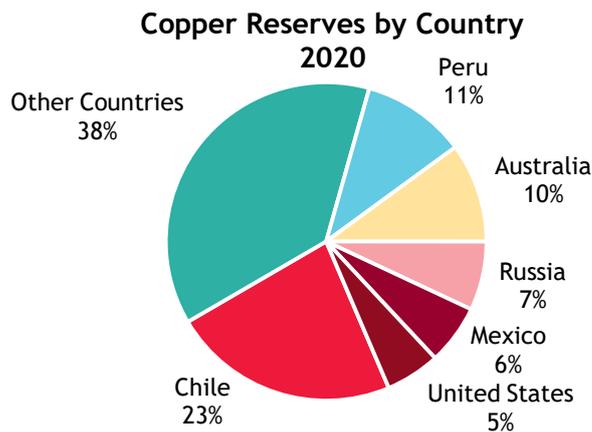
Most of the world’s copper supply is sourced from Central and South America, specifically, Chile and Peru. Chile is the leading copper producer, with an estimated 5.70Mt of copper mined throughout 2020, equating to approximately 29% of the world copper production. The International Copper Study Group (‘ICGS’) expects global copper production to grow by approximately 4.5% in 2021, after falling by approximately 1.5% in 2020. The ICGS expects sustained copper demand to continue due to the importance of the commodity in infrastructure development and modern technology.

The graph below exhibits estimated production output for 2020, according to the USGS:



Source: 2021 USGS and BDO analysis

Australia’s copper reserves are second only to Chile’s according to the USGS. As depicted in the chart below, Chile, Australia and Peru are estimated to collectively account for just over 40% of global reserves of copper.



Source: 2021 USGS and BDO analysis

Copper Prices

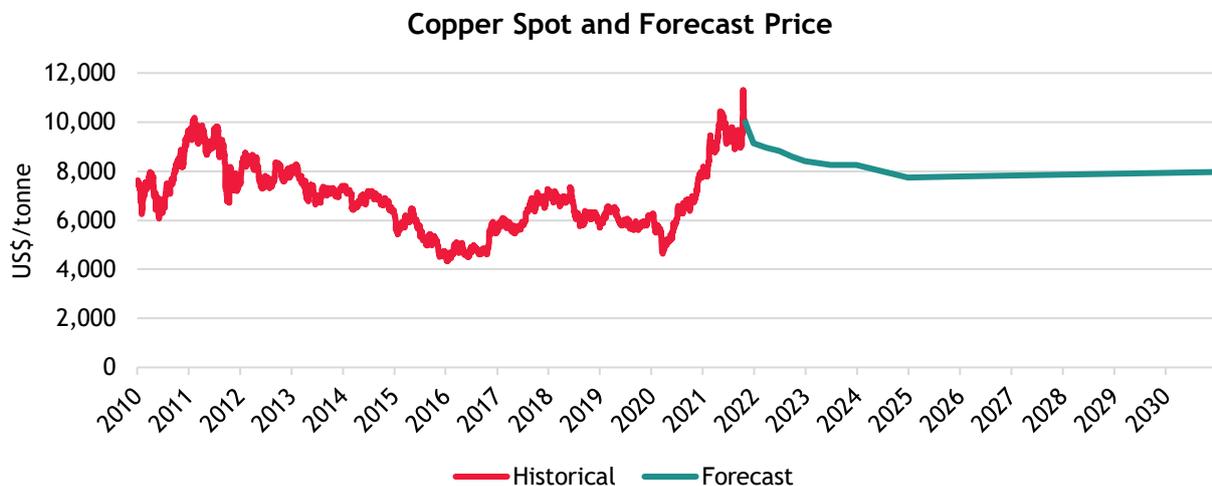
Following a deterioration in global economic conditions in 2008, base metal prices, including copper, fell sharply. The copper price recovered over 2010 and 2011, to reach a high of approximately US\$10,180/t in February 2011. The recovery in the copper price reflected a steady increase in demand for base metals, following a pick-up in global industrial production after the Global Financial Crisis.

Between 2011 and 2017, the copper price steadily declined, before increasing in price in mid-February 2017 as a result of strike action at the world’s largest copper mine Escondida, located in Chile. The average copper price traded around US\$7,000/t for most of 2018 but then traded lower around US\$6,000/t for most of 2019.

Global uncertainty as a result of the COVID pandemic was a key catalyst in the decline in copper prices throughout the first quarter of 2020, with prices dropping to a 4-year low of US\$4,625/t on 23 March 2020. The subsequent decline in global production stemming from global lockdown laws in April and May 2020, coupled with an improvement in copper demand from China, caused prices to spike over the remainder of 2020. Chinese government stimulus measures further increased Chinese demand, with the industry experiencing supply constraints and an excess of demand, which pushed the price to exceed US\$10,000/t in May and June 2021. The price advance stumbled in late June as uncertainties around the global economic outlook began to develop following outbreaks of the Delta-variant of COVID.

Copper saw its highest price in the third quarter at US\$9,800 in late July 2021. This peak was followed a 10% collapse in prices to US\$8,900 in late August 2021. Evidence of slowing demand in China was a significant driver of this fall. Additionally, mine supply growth began to accelerate, resulting in significant increase in treatment charges. In late October 2021, copper prices hit a five-month high at approximately US\$11,000. However, the outlook for copper demand is declining as a result of China’s manufacturing sector unexpectedly slowing in October, and the growing debt risks experienced by the Chinese real estate sector.

A summary of the historical spot price of copper, based on the quoted price on the London Metals Exchange in US\$ per tonne, and forecasts to 2030 (in nominal terms, free on board) are illustrated in the chart below:



Source: Bloomberg and Consensus Economics

Copper Outlook

The ICSG anticipates global mine production to grow by 3.5% in 2021 (after adjusting for historical disruption factors), however this figure is largely dependent on the global ability to control the COVID virus. Output is expected to benefit from a recovery from the constrained operating levels in 2020, and increased supply resulting from the ramp-up of a number of recently commissioned mines and the planned start-up of larger projects within the industry.

The ICSG also expects sustained growth in copper demand as it remains an essential commodity to economic activity, particularly in today's modern technological society. Infrastructure development in China and India as well as the trend towards cleaner energy is expected to support demand for the metal. World apparent refined usage is expected to increase by around 0.2% and 3.0% in 2021 and 2022 respectively. Overall, global refined copper balance projections indicate a surplus of about 80,000t for 2021 and 110,000t for 2022, increasing from a deficit of approximately 50,000t on 2020. The actual market balances will however, be influenced by the ongoing US-China trade issues and strength of the global economy, especially that of China.

As the global economy shifts towards decarbonisation and electrification, it is expected that the demand for copper production will follow. Copper has become synonymous with a low-carbon economy as it is a highly efficient conductor of electricity and heat, and is utilized in renewable energy systems to generate power from solar, hydro, thermal and wind energy across the world. Renewable energy currently provides approximately one quarter of the world's power and is expected to grow, as the Joe Biden administration has set goals for 100% renewable energy in the US power sector by 2035. The International Copper Association ('ICA') forecast that the global copper demand for use in solar and wind energy systems is expected to rise by 56% by 2027, with China being a leading catalyst due to their desired switch to renewable energy systems. The role of copper as a forward-facing metal stems from being one of the few materials that can be recycled 100 percent repeatedly without a loss in performance, as annually nearly as much copper is recovered from recycled materials as is derived from newly mined ore. BHP Group expect that the production of copper must double over the next 30 years to meet the demand.

Copper will also play an instrumental role in the growth of Electric Vehicles ('EV'). EVs typically contain four times more copper than traditional gasoline-powered vehicles, however most of the copper demand will result from charging stations and related infrastructure to support EV growth. The demand for EVs is expected to experience significant growth over the next decade, driven by technological improvements, increased affordability, and the deployment of more electric charging stations. As a result, the ICA forecast that by 2030 more than 250,000 tonnes of copper will be used per year as part of the windings in electric traction motors, resulting in an increase in the overall demand for copper in EVs rising from 185,000 tonnes in 2017 to 1.74 million tonnes in 2027.

Source: Consensus Economics, Reuters, Emerging Market Views September 2020, Copper Development Association, International Copper Association, IDTechEx Electric Vehicle Market Factsheet June 2017.

9. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

In our assessment of whether the Proposed Transaction is fair, we have considered how the value of the Assets to be Disposed compares to the value of the Consideration.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information.

9.1. Valuation of the Assets to be Disposed

In our assessment of the value of SOPL we have chosen to employ the Sum-of-Parts methodology, which estimates the market value of a company by assessing the realisable value of its identifiable assets and liabilities. The value of each asset and liability may be determined using different methods and the component parts are then aggregated using the NAV methodology. The value derived from this methodology reflects a control value, which is reasonable for our assessment given that Aurumin will acquire a 100% interest in SOPL.

Our Sum-of-Parts methodology considers the following components:

- Value of the Sandstone Project; and
- Value of SOPL's other assets and liabilities.

Technical Expert

In performing our valuation of the Sandstone Project, we have relied on the Technical Specialist Report ('**Technical Specialist Report**') prepared by Valuation & Resource Management Pty Ltd ('VRM'), which includes an assessment of the market value of the Sandstone Project.

We instructed VRM to provide an independent market valuation of the Sandstone Project. VRM considered a number of different valuation methods when assessing the value of the Sandstone Project. VRM's Technical Specialist Report has been prepared in accordance with the Australasian Code for Public Reporting of Technical Assessments and Valuation of Mineral Assets (2015 Edition) ('**VALMIN Code**') and the JORC Code.

We are satisfied with the valuation methodologies adopted by VRM which we believe are in accordance with industry practices and are compliant with the requirements of the VALMIN Code. The specific valuation methodologies used by VRM are referred to in the respective sections of our Report and in further detail in the Technical Specialist Report attached as Appendix 3.

We are unable to identify a reliable secondary valuation methodology to adopt as a useful cross-check of the valuation prepared by VRM. However, within the valuation for the Sandstone Project, VRM have



considered multiple valuation methodologies including the comparable transactions methodology and the yardstick approach (a market based assessment), as detailed in Appendix 3.

9.2. Valuation of the Consideration

The Consideration for SOPL comprises the Cash Consideration (\$6.0 million in cash) and the Scrip Consideration (Aurumin shares to the value of \$6 million). Our valuation methodology for the Consideration is on an undiscounted basis at face value.

10. Valuation of the Assets to be Disposed

10.1 Net Asset Valuation of SOPL

Our net asset valuation of SOPL has been assessed using the Historical Statement of Financial Position of SOPL as at 30 September 2021 extracted from SOPL's management accounts. The value of SOPL's assets on a going concern basis is reflected in our valuation below:

Statement of Financial Position*	Ref	Mgmt accts as at 30-Sep-21 \$	Low value \$	Preferred value \$	High Value \$
CURRENT ASSETS					
Cash and cash equivalents	a)	42,324	-	-	-
Accounts receivable	a)	4,677	-	-	-
TOTAL CURRENT ASSETS		47,001	-	-	-
NON-CURRENT ASSETS					
Fixed assets		2,052,536	2,052,536	2,052,536	2,052,536
Tenement acquisition costs	b)	1,659,237	8,400,000	14,800,000	21,300,000
Loan - MDI	c)	(14,324,437)	-	-	-
TOTAL NON-CURRENT ASSETS		(10,612,665)	10,452,536	16,852,536	23,352,536
TOTAL ASSETS		(10,565,664)	10,452,536	16,852,536	23,352,536
CURRENT LIABILITIES					
Trade and other payables	d)	58,100	-	-	-
TOTAL CURRENT LIABILITIES		58,100	-	-	-
NON-CURRENT LIABILITIES					
Rehabilitation obligations	e)	1,384,900	1,384,900	1,384,900	1,384,900
TOTAL NON-CURRENT LIABILITIES		1,384,900	1,384,900	1,384,900	1,384,900
TOTAL LIABILITIES		1,443,000	1,384,900	1,384,900	1,384,900
NET ASSETS		(12,008,664)	9,067,636	15,467,636	21,967,636

Source: SOPL management accounts as at 30 September 2021 and BDO analysis

*Calculations are subject to rounding

The table above indicates the net asset value of SOPL is between \$9.07 million and \$21.97 million with a preferred valuation of \$15.47 million.

SOPL has declared in the SPA that the above management accounts as at 30 September 2021 were maintained in accordance with Australian accounting principles, and fairly and accurately reflect the assets and liabilities of SOPL in all material respects.

The following adjustments were made to the net assets of SOPL as at 30 September 2021 in arriving at our valuation:

a) Cash and cash equivalents and accounts receivable

Pursuant to the SPA, no cash or cash equivalent assets will be owned by SOPL at completion of the Proposed Transaction. Similarly, the target assets being acquired under the SPA does not include SOPL's

accounts receivable. As such, we have adjusted the value of cash and cash equivalents and accounts receivable as at 30 September 2021 to nil.

b) Tenement acquisition costs

Tenement acquisition costs comprises the value of the Sandstone Project. In performing our valuation, we have relied on the Technical Specialist Report prepared by VRM, which includes an assessment of the market value of the Sandstone Project.

We have instructed VRM to provide an independent market valuation of the Sandstone Project. VRM considered a number of different valuation methods, including the comparable transactions approach as the primary valuation methodology and the yardstick approach as the secondary valuation methodology.

The range of values for the Sandstone Project, as assessed by VRM, are set out below:

Valuation of the Sandstone Project	Low Value \$m	Preferred Value \$m	High Value \$m
Comparable Transactions	8.4	14.8	21.3
Yardstick Valuation	9.4	14.1	18.7
Concluded Range	8.4	14.8	21.3

Source: VRM Valuation, 2021

The table above indicates a range of values between \$8.4 million and \$21.3 million, with a preferred value of \$14.8 million. As such, we have adjusted the value of tenement acquisition costs to reflect the value outlined by VRM. For further information on VRM's approach and valuation, refer to the Technical Specialist Report included in Appendix 3 of our Report.

c) Loan - MDI

As outlined in the SPA, the intercompany loan between SOPL and MDI of \$14.32 million as at 30 September 2021 will be forgiven or converted into shares in SOPL upon completion of the Proposed Transaction. Accordingly, we have adjusted the value of this loan to nil in our NAV.

d) Trade and other payables

According to the SPA, the sale of SOPL is with its existing liabilities, other than the Excluded Liabilities, as outlined in Section 4 of our Report.

Management of MDI has advised that the balance of trade and other payables in comprised entirely of the Excluded Liabilities. As such, as these liabilities will not be included in the sale of SOPL, we have adjusted the value of trade and other payables to nil.

e) Rehabilitation obligations

We note that the valuation of the mineral assets undertaken by VRM does not consider rehabilitation obligations at the Sandstone Project. Therefore, we have not adjusted the balance of rehabilitation obligations as at 30 September 2021.

Full details of VRM's valuation are provided in Appendix 4 to our Report.

11. Valuation of the Consideration

As outlined in Section 4, the Consideration comprises \$6.0 million in cash and fully paid ordinary shares in Aurumin to the value of \$6.0 million. The breakdown of the value of the Consideration is as follows:

Valuation of the Consideration		\$
Value of the Cash Consideration	6,000,000	
Value of the Scrip Consideration	6,000,000	
TOTAL	12,000,000	

Source: BDO analysis

The Cash Consideration comprises a \$6.0 million cash payment, which we have considered undiscounted at face value. Similarly, the Scrip Consideration is the issue of shares in Aurumin that have an aggregate value of \$6.0 million, which we have also considered undiscounted at face value.

Therefore, the value of the Consideration is \$12.0 million.

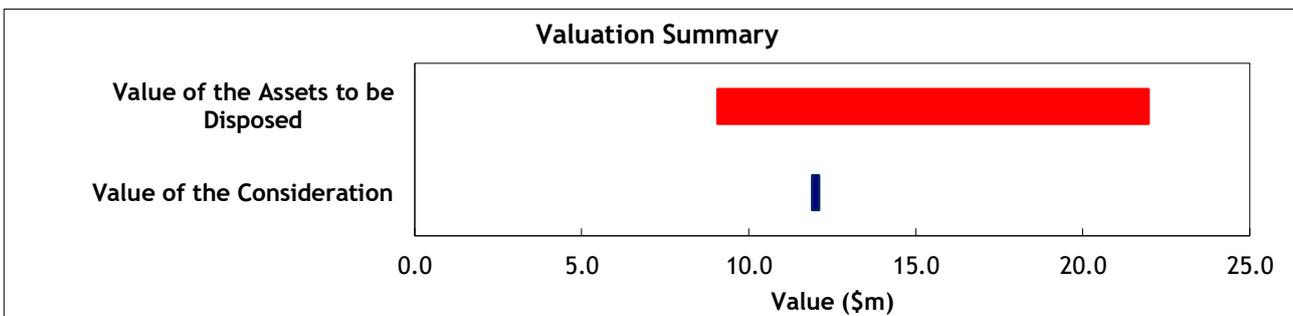
12. Is the Proposed Transaction fair?

The value of the Assets to be Disposed against the value of the Consideration is compared below:

	Ref	Low \$	Preferred \$	High \$
Value of the Assets to be Disposed	10	9,067,636	15,467,636	21,967,636
Value of the Consideration	11	12,000,000	12,000,000	12,000,000

Source: BDO analysis

The above valuation ranges are graphically presented below:



Source: BDO analysis

We note from the above that the value of the Consideration is contained within the range of values of the Assets to be Disposed.

Therefore, in the absence of any other relevant information and an alternative offer, we consider that the Proposed Transaction is fair for Shareholders.

13. Is the Proposed Transaction reasonable?

13.1 Alternative Proposal

We are unaware of any alternative proposal that might offer the Shareholders of MDI a premium over the value resulting from the Proposed Transaction.

13.2 Consequences of not Approving the Proposed Transaction

Shareholders will continue to participate in the full upside of the Sandstone Project

In the event that Shareholders do not approve the Proposed Transaction, MDI will retain 100% ownership of the Sandstone Project. As such, Shareholders will be exposed to 100% of the upside or downside of future exploration and development exploits at the Project.

The Company will not receive the Consideration

If the Proposed Transaction is not approved, the Company will not receive the Consideration from Aurumin in exchange for 100% of SOPL. This means that the Company's financial position will not be strengthened by the injection of \$6.0 million in cash and financial assets to the value of \$6.0 million, representing approximately a 19.47% interest in Aurumin.

If the Proposed Transaction is not approved, and should the Company still seek to divest its Sandstone Project, it may have to renegotiate the terms of a SPA, which may then be on less favourable terms.

In addition, in the event that the Proposed Transaction is not approved by MDI Shareholders, the Company will be required to pay Aurumin a break fee of \$100,000 as compensation for the Aurumin's legal fees, due diligence costs, lost opportunities and costs of commissioning an independent expert's report.

13.3 Advantages of Approving the Proposed Transaction

We have considered the following advantages when assessing whether the Proposed Transaction is reasonable.

Advantage	Description
The Proposed Transaction is fair	As set out in Section 12, the Proposed Transaction is fair. RG 111.12 states that an offer is reasonable if it is fair.
The Proposed Transaction will improve MDI's cash position and removes the need to raise funds in the short term	<p>If the Proposed Transaction is approved, the Company will receive \$6.0 million in cash, and fully paid ordinary shares in Aurumin at an aggregate value of \$6.0 million. This will strengthen the cash position of MDI, whilst also providing the Company with liquid assets (following escrow periods) of \$6.0 million by way of shares in Aurumin.</p> <p>By strengthening the cash position of the Company, it is unlikely that MDI will need to raise capital over the short term. Additionally, this cash can be applied to the Barkly Project, or be used for new projects, should the Company choose to evaluate new prospective projects not currently held by MDI.</p>

Advantage	Description
Exposure to Aurumin's existing projects, whilst retaining exposure to Sandstone	<p>The Company will gain exposure to the upside of Aurumin, which holds a diversified suite of gold exploration projects in the Southern Cross and Kalgoorlie regions of WA. Additionally, given part of the Consideration is the Scrip Consideration, MDI will hold approximately 19.47% of the issued capital of Aurumin, giving it some continued exposure to the upside of the Sandstone Project.</p> <p>The Proposed Transaction will broaden MDI's mineral exposure into the Southern Cross region of WA, which is widely regarded as a highly prospective gold region.</p>
Increased focus on the Barkly Project	<p>If the Proposed Transaction is approved, the Company will hold a single exploration asset, being the Barkly Project. Since the Company's Directors are well versed in the gold and copper mining industry, the Proposed Transaction will allow management to focus their efforts on the Barkly Project.</p>
Removes the burden of attempting to generate value from an economically unviable project	<p>If the Proposed Transaction is approved, MDI will be less pressured to seek a solution to generate value from the Sandstone Project.</p> <p>According to the Company's announcement on the ASX on 1 June 2021, the Sandstone Project requires one or more of the following to be considered economically viable to be recommissioned:</p> <ul style="list-style-type: none"> • A longer mine life and larger milling inventory; • Higher weighted average gold grade; • Higher plant throughput; and/or • A higher gold price. <p>This being said, the Sandstone Project is currently not economically viable, and the Proposed Transaction allows for an increased cash balance to spend in the ground at the Barkly Project, which the Company believes will lead to an increase in value.</p>
No dilution of existing Shareholders' interests	<p>The Proposed Transaction does not involve the issuance of MDI shares. Therefore, existing Shareholders' interests in the Company will not be diluted should the Proposed Transaction proceed.</p>

13.4 Disadvantages of Approving the Proposed Transaction

Disadvantage	Description
The Company will no longer hold a 100% interest in the Sandstone Project	<p>If the Proposed Transaction is approved, the Company will no longer directly own the Sandstone Project. However, we note that as consideration for the Sandstone Project, the Company will receive 30 million shares in Aurumin, translating to approximately 19.47% of the issued capital of Aurumin (following the Proposed Transaction and the Aurumin Capital Raising). Therefore, Shareholders will still have the opportunity to participate in the potential upside of the Sandstone Project, albeit in a more indirect way.</p>

Disadvantage	Description
Increased exposure to a single exploration asset	If the Proposed Transaction is approved, Shareholders will go from holding shares in a company with two exploration projects to holding shares in a company with a single exploration project. Despite both the Sandstone Project and Barkly Project being primarily gold and gold-copper assets, should the Proposed Transaction proceed, Shareholders will be solely exposed to the Barkly Project and bear more project specific risk by holding shares in a company with a single exploration asset.

14. Conclusion

We have considered the terms of the Proposed Transaction as outlined in the body of this report and have concluded that the Proposed Transaction is fair and reasonable to the Shareholders of MDI.

15. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement on or about the date of this report;
- Audited financial statements of MDI for the years ended 30 June 2019, 2020 and 2021;
- Audited financial statements of Aurumin for the years ended 30 June 2020 and 2021;
- Independent Valuation Report of MDI mineral assets dated 25 November 2021 performed by Valuation & Resource Management;
- Draft Share Purchase Agreement dated 15 November 2021 between Aurumin, AAPL, MDI, and SOPL;
- Share registry information of MDI;
- BDO Explorer Quarterly Cash Update: June 2021;
- RBA Monetary Policy Decisions dated 2 November 2021 and prior periods;
- Consensus Economics;
- Announcements made by MDI and Aurumin available through the ASX;
- Bloomberg;
- Information in the public domain; and
- Discussions with Directors and Management of MDI.

16. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$30,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by MDI in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the MDI, including the non-provision of material information, in relation to the preparation of this report.



Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to MDI and Aurumin and any of their respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of MDI and Aurumin and their respective associates.

Neither the two signatories to this report nor BDO Corporate Finance (WA) Pty Ltd, have had within the past two years any professional relationship with MDI, or their associates, other than in connection with the preparation of this report.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of MDI or Aurumin.

A draft of this report was provided to MDI and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

17. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 400 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

18. Disclaimers and consents

This report has been prepared at the request of MDI for inclusion in the Notice of Meeting which will be sent to all MDI Shareholders. MDI engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the proposal to sell the Company's wholly owned subsidiary, SOPL, the owner of the Sandstone Project, to AAPL for consideration comprising cash and shares in Aurumin.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Notice of Meeting. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Notice of Meeting other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Aurumin. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Proposed Transaction, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of MDI, or any other party.

BDO Corporate Finance (WA) Pty Ltd has also considered and relied upon independent valuations for mineral assets held by MDI.

The valuer engaged for the mineral asset valuation, VRM, possess the appropriate qualifications and experience in the industry to make such assessments. The approaches adopted and assumptions made in arriving at their valuation is appropriate for this report. We have received consent from the valuer for the use of their valuation report in the preparation of this report and to append a copy of their report to this report.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and prior to the date of the meeting or during the offer period.



Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes'. The signature is fluid and cursive, written on a light grey rectangular background.

Sherif Andrawes

Director

A handwritten signature in black ink, appearing to read 'Adam Myers'. The signature is fluid and cursive, written on a light grey rectangular background.

Adam Myers

Director

Appendix 1 - Glossary of Terms

Reference	Definition
\$, A\$, AUD	Australian Dollars
AAPL	Aurumin Australia Pty Ltd
The Act	The Corporations Act 2001 Cth
Alto	Alto Metals Limited
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
Assets to be Disposed	Sandstone Operations Pty Ltd and the Sandstone Project
ASX	Australian Securities Exchange
Au	Gold
Aurumin	Aurumin Limited
Aurumin Capital Raising	Future capital raising to raise no less than \$8.0 million
Barkly Project	Barkly Copper Gold Project
BDO	BDO Corporate Finance (WA) Pty Ltd
Black Oak	Black Oak Minerals Limited
BOPL	Barkly Operations Pty Ltd
Cash Consideration	A payment of \$6.0 million in cash
The Company	Middle Island Resources Limited
Consideration	Comprises the Cash Consideration and the Scrip Consideration
Corporations Act	The Corporations Act 2001 Cth
Excluded Liabilities	Liabilities not included in the sale of SOPL, being <ul style="list-style-type: none"> ○ Income tax, GST, payroll tax and fridge benefits tax; ○ Unpaid wages, salary, leave entitlements or remuneration liabilities;

Reference	Definition
	<ul style="list-style-type: none"> ○ Superannuation liabilities; ○ Transfer duty liabilities; ○ Rents, rates and taxes; and ○ Penalties and fines.
EV	Electric Vehicle
FS	Feasibility Study
g/t	Grams per tonne
ICA	International Copper Association
ICGS	International Copper Study Group
Johnson Range	Johnson Range Project
JORC	Joint Ore Reserves Committee
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012 Edition)
IPO	Initial Public Offering
Karramindie	Karramindie Project
kms	Kilometres
km ²	Square kilometres
MDI	Middle Island Resources Limited
MRE	Mineral Resource Estimate
Mt	Million tonnes
Mt Dimer	Mt Dimer Project
Mt Palmer	Mt Palmer Project
NAV	Net Asset Value
NT	Northern Territory
oz	Ounces

Reference	Definition
PFS	Pre-feasibility study
The Project	Sandstone Project
The Proposed Transaction	The proposal to sell the Company's wholly owned subsidiary, comprising its principal asset, the Sandstone Project, to Aurumin for consideration comprising cash and shares in Aurumin
QMP	Quoted market price
RBA	Reserve Bank of Australia
RC	Reverse Circulation
Regulations	Corporations Act Regulations 2001 (Cth)
Our Report	This Independent Expert's Report prepared by BDO
RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
Sandstone Project	Sandstone Gold Project
Scrip Consideration	The issue of Aurumin shares that have an aggregate value on issue of \$6.0 million, where the issue price for the Scrip Consideration shall be equal to the price per share at which Aurumin shares are issued pursuant to a future capital raising, or at a price which is equal to the VWAP of Aurumin shares on the ASX over the 10 trading days prior to the execution date of the SPA.
Section 411	Section 411 of the Corporations Act
Section 611	Section 611 of the Corporations Act
Shareholders	Shareholders of MDI not associated with Aurumin
SOPL	Sandstone Operations Pty Ltd
Sum-of-Parts	A combination of different methodologies used together to determine an overall value where separate assets and liabilities are valued using different methodologies
Tajiri	Tajiri Resources Corporation
Technical Specialist Report	Technical Specialist Report of MDI's Sandstone Project, provided by VRM
tpa	Tonnes per annum

Reference	Definition
Troy	Troy Resources Limited
USGS	United States Geological Survey
Valmin Code	Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (2015 Edition)
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
VRM	Valuation & Resource Management
VWAP	Volume Weighted Average Price
WA	Western Australia

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The Directors

BDO Corporate Finance (WA) Pty Ltd

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Australia

Appendix 2 - Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value ('NAV')*

Asset based methods estimate the market value of an entity's securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity's valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity's value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity's assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis ('QMP')*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a liquid and active market in that security.

3 *Capitalisation of future maintainable earnings ('FME')*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ('EBIT') or earnings before interest, tax, depreciation and amortisation ('EBITDA'). The capitalisation rate or 'earnings multiple' is adjusted to reflect which base is being used for FME.

4 Discounted future cash flows ('DCF')

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start-up phase, or experience irregular cash flows.

5 Market Based Assessment

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.



Appendix 3 - Independent Valuation Report

INDEPENDENT TECHNICAL ASSESSMENT & VALUATION REPORT

Presented To:

Middle Island Resources Limited



Middle Island
RESOURCES LIMITED

Date Issued:

25 November 2021

Document Reference Middle Island ITAR and Valuation Report Nov 21 Rev3

Distribution BDO Corporate Finance (WA) Pty Ltd
Middle Island Resources Limited
Valuation and Resource Management Pty Ltd

Principal Author Paul Dunbar
BSc Hons (Geology)
M AusIMM
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Date: 25 November 2021

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Valuation Date 10 November 2021

Contents

Executive Summary.....	i
Middle Island Projects - Sandstone Gold Project.....	i
Conclusions.....	ii
1. Introduction	1
1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides.....	1
1.2. Scope of Work	2
1.3. Statement of Independence.....	2
1.4. Competent Persons Declaration and Qualifications.....	2
1.5. Reliance on Experts.....	3
1.6. Sources of Information	3
1.7. Site Visits.....	4
2. Mineral Asset – Sandstone Gold Project	5
2.1. Tenure	5
2.2. Accessibility	6
2.3. Climate	7
2.4. Topography	7
2.5. Geological Setting.....	7
2.5.1.Regional Geology	7
2.6. Mineralisation Styles	11
2.7. Previous Exploration.....	12
2.8. Mineral Resources.....	14
3. Valuation Methodology.....	16
3.1. Previous Valuations.....	16
3.2. Valuation Subject to Change	16
3.3. General assumptions.....	17
3.4. Market Based Valuations.....	17
3.5. Valuation of Advanced Properties.....	18
3.6. Comparable Market Based Transactions – Resource Based.....	18
3.7. Yardstick Valuation	19
4. Project Valuation	20
4.1. Comparable Transactions – Resource Multiples	20
4.2. Yardstick Method	22
5. Risks and Opportunities.....	23
6. Preferred Valuations.....	23
7. References.....	25
8. Glossary.....	26
Appendix A - Comparable Gold transactions.....	31

List of Figures

Figure 1 Project Location Plan.....	5
Figure 2 Sandstone Gold Project location and terranes / domains of the Yilgarn Craton.....	8
Figure 3 Geology and structural components of the Sandstone Greenstone Belt.....	9
Figure 4: Interpreted bedrock geological map of ATLEY and southern SANDSTONE.....	10
Figure 5 Open pit gold deposits and prospects assessed in the 2020 drilling campaign.....	13
Figure 6 Five Year gold price graph in Australian Dollars.....	18
Figure 7 Valuation Chart for the Sandstone Gold Project.....	24

List of Tables

Table 1 Tenement Schedule for Middle Island Resources as at 16 November 2021.....	6
Table 2: Sandstone Mineral Resources Estimate Summary from Middle Island 2021 Annual Report.....	15
Table 3 VALMIN Code 2015 valuation approaches suitable for Mineral Properties.....	16
Table 4 Area Based Comparable Transaction valuation.....	21
Table 5 Yardstick valuation of the Sandstone Gold Project.....	22
Table 6 Middle Island Mineral Valuation Summary by method.....	23

Executive Summary

BDO Corporate Finance (WA) Pty Ltd (BDO) engaged Valuation and Resource Management Pty Ltd (VRM) to prepare an Independent Technical Assessment and Valuation report (ITAR or the Report) on the mineral assets currently owned by Middle Island Ltd (ASX: MDI) (Middle Island or the Company) and a series of tenements to be divested as a part of the proposed transaction. BDO was commissioned by Middle Island to prepare an Independent Expert's Report (IER) for inclusion in a Notice of Meeting to assist the shareholders of Middle Island in either approving or rejecting the proposed transaction.

This Report is a public document, in the format of an ITAR and is prepared in accordance with the guidelines of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets – The VALMIN Code (2015 edition) (VALMIN). VRM understands that BDO will include the Report within its IER relating to the proposed transaction.

This Report is a technical review and valuation opinion of the Sandstone Gold Project owned by Middle Island. Applying the principles of the VALMIN Code VRM has used several valuation methods to determine the value for the project. Importantly, as neither the principal author nor VRM hold an Australian Financial Securities Licence, this valuation is not a valuation of Middle Island but an asset valuation of the projects.

This valuation is current as of 10 November 2021. VRM provided a final version of this report to Middle Island via BDO on 19 November 2021.

As commodity prices, exchange rates and cost inputs fluctuate this valuation is subject to change over time. The valuation derived by VRM is based on information provided by Middle Island along with publicly available data including ASX releases and published technical information. VRM has made reasonable endeavours to confirm the accuracy, validity and completeness of the technical data which forms the basis of this Report. The opinions and statements in this Report are given in good faith and under the belief that they are accurate and not false nor misleading.

The default currency is Australian dollars (unless otherwise stated). As with all technical valuations the valuation included in this Report is the value of the mineral projects and not an absolute value. A range of likely values for the various mineral assets is provided with that range indicating the accuracy of the valuation.

Middle Island Projects - Sandstone Gold Project

The Sandstone Gold project, held 100% by Middle Island, consists of six tenements (two mining leases, three prospecting leases and one exploration licence). The project is considered to be at the Resource Delineation stage of exploration with eleven open pit and two underground Mineral Resource Estimates (MDI Annual Report 2021).

VRM has estimated the value of the project based on the technical information that supports the exploration prospectivity. There are eleven open pit and two underground Mineral Resource Estimates

within the Project that has been prepared by applying the guidelines of the Australasian Code for Reporting of Exploration Targets, Mineral Resources and Ore Reserves - The JORC Code 2012 Edition (JORC). The Resource estimate has been used as the primary valuation method.

The primary valuation method used for the project is a comparable transaction based on the Mineral Resource estimates within the project area as at the valuation date. A secondary valuation has been determined based on a Yardstick method.

This report documents the technical aspects of the tenements along with explaining valuations for the project applying the principles and guidelines of the VALMIN and JORC Codes.

Conclusions

The review found that while the Sandstone Gold project has a high exploration potential and there are eleven open pit and two underground Mineral Resource estimates completed in the project the project remains at the Resource delineation stage. A Feasibility study into developing the project, using the existing processing facility did not result in an economic outcome that supported a re-development. Additional resources need to be delineated and a review of the processing throughput and suitability of the existing processing facility is required to justify a redevelopment of the project. There are existing royalties on the project however MDI is currently in negotiations to either purchase these royalties or assign them to the potential purchaser.

Considering both the mineralisation currently identified and the exploration potential, in VRM's opinion the Sandstone Gold Project currently owned by Middle Island have a market value to MDI (at the valuation date) of between \$8.4 million and \$21.3 million with a preferred valuation of \$14.8 million. Importantly these values do not take into account the liabilities associated with the rehabilitation of the project. VRM has not undertaken an independent assessment of these liabilities however does note that Middle Island has environmental liabilities associated with the Sandstone project stated in their accounts of \$1.38 million. To determine the market value of the Sandstone project it is considered reasonable to deduct these environmental liabilities from the valuation. Therefore, after taking the rehabilitation into account the market value of the Sandstone Gold project is between \$7.0 million and \$19.9 million with a preferred value of \$13.5 million. VRM has not undertaken a valuation of the other mineral assets owned by Middle Island.

1. Introduction

Valuation and Resource Management Pty Ltd (VRM), was engaged by BDO Corporate Finance (WA) Pty Ltd (BDO) to undertake an Independent Technical Assessment and Valuation Report (Report or ITAR) on the Sandstone Gold Project currently owned 100% by Middle Island Resources Limited (Middle Island, the company or MDI). Middle Island is seeking approval from its shareholders to divest the Sandstone Gold Project, which is considered to be a major asset. Middle Island has entered into a non-binding Sale and Purchase agreement whereby Aurumin Australia Pty Ltd will purchase all of the issued shares in Sandstone Operations Pty Ltd, a subsidiary of Middle Island. To divest the major asset, Middle Island requires shareholder approval and an assessment if the transaction is fair and or reasonable to the MDI shareholders. BDO was engaged by Middle Island to prepare an Independent Expert's Report (IER) to assess the transaction. The IER will be included in a notice of meeting (NoM) to assist the shareholders of Middle Island to approve or reject the proposed transaction.

VRM understands that this ITAR will be included in the Independent Experts Report (IER) being prepared by BDO. BDO will refer to, and rely on, the VRM report and mineral asset valuation which will be attached to its IER to inform the Middle Island shareholders as to the fairness and reasonableness of the proposed transaction.

Paul Dunbar of VRM was contacted to undertake a valuation of the Sandstone Gold Project, owned by Middle Island located in the Murchison region of Western Australia (WA). BDO engaged VRM for the purposes of the ITAR and all correspondence was directed through BDO.

VRM has estimated the value considering the Mineral Resource estimates and the exploration potential within the project. The technical information supporting the prospectivity of the licences and the valuation of the tenements is on a 100% interest basis to determine a market value for the licences as at 10 November 2021 and considering information up to the valuation date.

1.1. Compliance with the JORC and VALMIN Codes and ASIC Regulatory Guides

The ITAR is prepared applying the guidelines and principles of the 2015 VALMIN Code and the 2012 JORC Code. Both industry codes are mandatory for all members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). These codes are also requirements under Australian Securities and Investments Commission (ASIC) rules and guidelines and the listing rules of the Australian Securities Exchange (ASX).

This ITAR is a Public Report as described in the VALMIN Code (Clause 5) and the JORC Code (Clause 9). It is based on, and fairly reflects, the information and supporting documentation provided by Middle Island and associated Competent Persons as referenced in this ITAR and additional publicly available information.

1.2. Scope of Work

VRM's primary obligation in preparing mineral asset reports is to independently describe mineral projects applying the guidelines of the JORC and VALMIN Codes. These require that the Report contains all the relevant information at the date of disclosure, which investors and their professional advisors would reasonably require in making a reasoned and balanced judgement regarding the project.

VRM has compiled the valuation based upon the principle of reviewing and interrogating both the documentation of Middle Island and previous exploration within the project area. This Report is a summary of the work conducted, completed, and reported by the various explorers to 10 November 2021 based on information supplied to VRM by Middle Island and other information sourced from the public domain to the extent required by the VALMIN and JORC Codes.

VRM understands that the objective of this study is to provide:

- Summaries of the regional and local geology, the security of the tenure, a summary of the recent and previous exploration,
- Review of the mineral assets to determine the most appropriate valuation techniques for the assets based on the development stages of the projects and amount of available information.
- Provide an independent valuation on the Sandstone Gold Project owned by Middle Island as at 10 November 2021.

VRM understands that its reviews and valuations will be relied upon and appended to an IER prepared by BDO for inclusion in Notice of Meeting (NoM), to assist Middle Island shareholders in their decision regarding the proposed transaction. As such, it is understood that VRM's review and valuation will be a public document.

1.3. Statement of Independence

VRM was engaged to undertake an ITAR. This work was conducted applying the principles of the JORC and VALMIN Codes, which in turn reference ASIC Regulatory guide 111 Content of Expert Reports (RG111) and ASIC Regulatory guide 112 Independence of Experts (RG112).

Mr Paul Dunbar and Mr Alexander (Sandy) Moyle of VRM have not had any association with Middle Island, their individual employees, or any interest in the securities of Middle Island which could be regarded as affecting their ability to give an independent, objective, and unbiased opinion. As neither VRM, Mr Dunbar nor Mr Moyle hold an Australian Financial Services Licence (AFSL) and the valuation contained within this Report is limited to a valuation of the Sandstone Gold Project. VRM will be paid a fee for this work based on standard commercial rates for professional services. The fee is not contingent on the results of this review and is \$33,000 (excluding GST).

1.4. Competent Persons Declaration and Qualifications

This Report was prepared by Mr Paul Dunbar as the primary author with contributions from Mr Alexander (Sandy) Moyle.

The Report and information that relates to geology, exploration and the mineral asset valuation is based on information compiled by Mr Paul Dunbar, BSc (Hons), MSc (Minex), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and Member of the Australian Institute of Geoscientists (AIG). Mr Dunbar is a Director of VRM and has sufficient experience, which is relevant to the style of mineralisation, geology and type of deposit under consideration and to the activity being undertaken to qualify as a competent person under the under the 2012 edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code) and a specialist under the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (the 2015 VALMIN Code). Mr Dunbar consents to the inclusion in the report of the matters based on his information in the form and context in which it appears

Between 10 November 2021 and the date of this Report, nothing has come to the attention of VRM unless otherwise noted in the Report that would cause any material change to the conclusions.

1.5. Reliance on Experts

The Sandstone Gold Project contains thirteen separate Mineral Resource Estimates (MRE) which were all estimated in 2020 and 2021 with all of these estimates undertaken following the guidelines of the JORC Code 2012 and completed by an independent Resource consultant. VRM has therefore placed reliance on the Mineral Resource estimates undertaken by Mr Brett Gossage of EGRM Consulting Pty Ltd, Mr Shaun Searle of Ashmore Advisory Pty Ltd and Ms Lisa Bascombe of Mining Plus Pty Ltd being the independent Competent Person's for the JORC 2012 MRE as reported by Middle Island.

While VRM relies on these independent experts in reporting these JORC 2012 MRE's in this report it has not validated these resources, the underlying geological or drilling datasets, the resource models used to estimate the resources.

Mr Dunbar and Mr Moyle the authors of this report are not qualified to provide extensive commentary on the legal aspects of the mineral properties or the compliance with the legislative environment and permitting in WA. In relation to the tenement standing, VRM has relied on a search of Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles online to confirm the validity of the tenements including previous expenditure. As required by the VALMIN Code the status of the tenements is detailed within this Report. VRM relies on the documentation of the Competent Person and JORC Table 1 associated with the various MRE's.

1.6. Sources of Information

All information and conclusions within this report are based on information made available to VRM to assist with this report by Middle Island Resources and other relevant publicly available data to 10 November 2021. Reference has been made to other sources of information, published and unpublished, including government reports and reports prepared by previous interested parties and Joint Venturers to the areas, where it has been considered necessary. VRM has, as far as possible and making all reasonable enquiries, attempted to confirm the authenticity and completeness of the technical data used in the

preparation of this Report and to ensure that it had access to all relevant technical information. VRM has relied on the information contained within the reports, articles and databases provided by Middle Island as detailed in the reference list. A draft of this Report was provided to Middle Island Resources, via BDO to identify and address any factual errors or omissions prior to finalisation of the Report. The valuation sections of the Report were not provided to Middle Island until the technical aspects were validated and the Report was declared final.

1.7. Site Visits

No specific site visits have occurred as a part of this Report or valuation. VRM is satisfied that all information has been made available to it to undertake this valuation and report. Given the project was visited on multiple occasions by the independent Resource Consultant (and competent person) VRM considers that no additional information would be obtained from undertaking a site visit and any information obtained from a site visit would not materially change the outcome of the report or the valuation contained in this report. While no specific site visit was undertaken for this report Mr Paul Dunbar has previously worked in the Sandstone region between 2010 and 2013 and he is aware of the local and regional geology, regolith, geochemistry of the region, the mineralisation and exploration potential of the Sandstone area.

2. Mineral Asset – Sandstone Gold Project

The mineral assets included in this valuation is the Sandstone Gold Project consisting of several Mineral Resource estimates, the mining tenements and gold processing plant within the Sandstone district of Western Australia. The location of the MDI Gold Project tenements and several of the gold deposits are displayed in Figure 1.

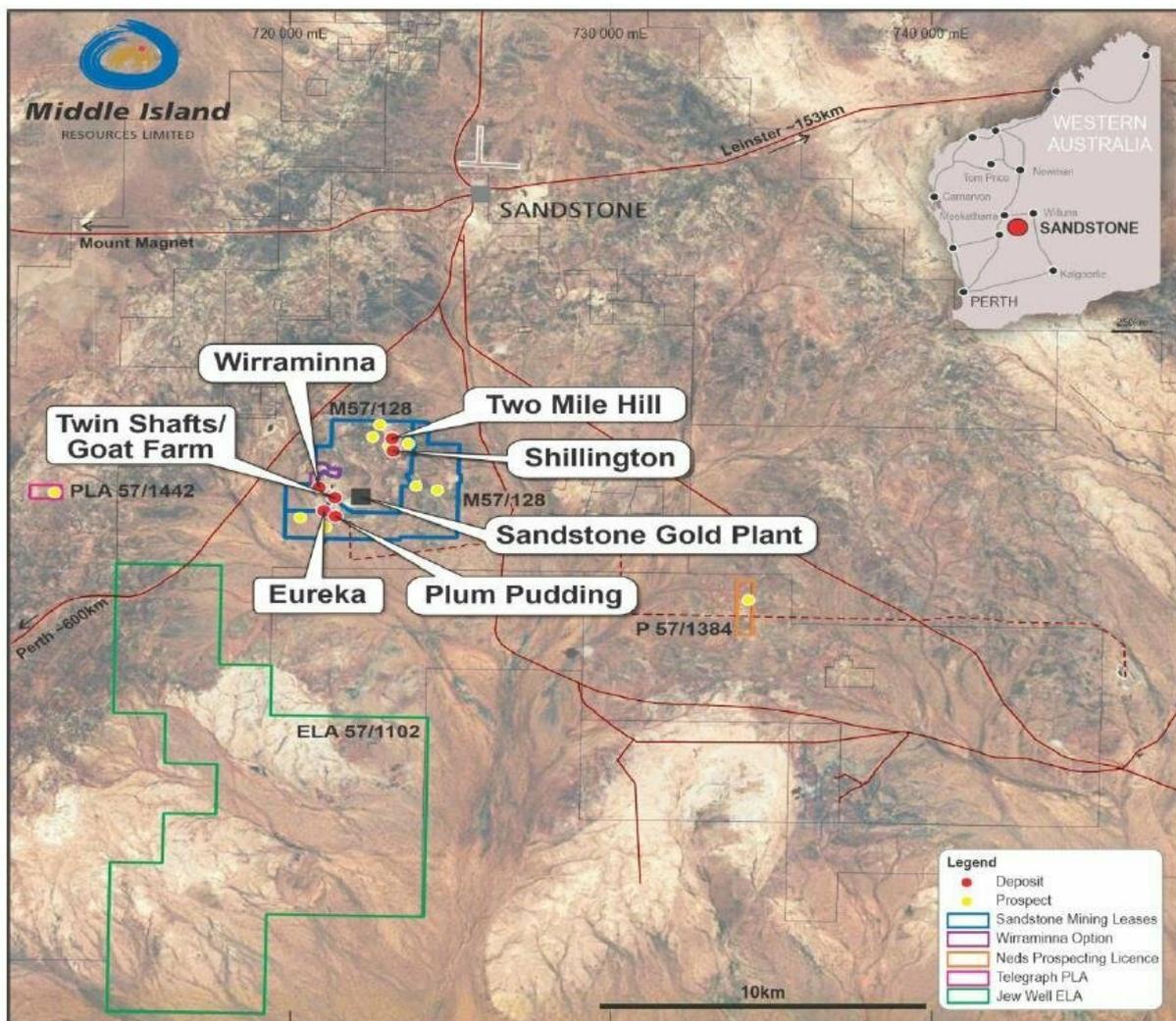


Figure 1 Project Location Plan

2.1. Tenure

Middle Island tenure held as at the valuation date within the Sandstone district are detailed in Table 1. These are located on the Youanmi (SH50-4) 1:250 000 and the Atley (2741) 1:100 000 scale map sheets.

For these tenements VRM has reviewed the 2021 MDI Annual Report and various ASX releases associated with the Sandstone district tenements (MDI Annual Report. Ref: 2823-MDI-AR-2021-Final-web.pdf P51).

Table 1 Tenement Schedule for Middle Island Resources as at 16 November 2021

Tenements	Project	Holder	Stats	Area Blocks/Ha	Grant / Application	Expiry
M57/128	Sandstone	MDI	Live	974.5 Ha	27/09/1989	26/09/2031
M57/129	Sandstone	MDI	Live	996.8 Ha	10/04/1989	9/04/2031
P57/1384	Sandstone	MDI	Live	100.1 Ha	5/04/2016	4/04/2024
P57/1395	Wirraminna	MDI	Live	40.6 Ha	13/06/2017	12/06/2025
P57/1442	Telegraph	MDI	Live	52.1 Ha	21/05/2019	20/05/2023
E57/1102	Jew Well	MDI	Live	30 Bl	28/05/2019	27/05/2024

Notes

There may be a further legacy royalty payable in relation to the tenements acquired by the Company. Pursuant to an Agreement (Deed of Sale – Sandstone) dated 27 September 2004 (Sale Deed) a royalty may be payable in relation to a portion of any gold produced from the Sandstone tenements. Royalties payable under the Sale Deed are to be calculated using a complex formula driven by the specific tenements from which gold is produced, the “deemed entitlement to gold” of persons having a 33.3% participating interest in “the Sandstone Joint Venture,” and a royalty rate of \$12.50 per ounce of gold. Eighty-six tenements are covered by the Sale Deed, only two of which were acquired by the Company. The Company’s understanding is that the Sandstone Joint Venture no longer exists. The royalty only commences when 50,000 ounces of gold have been produced across the eighty-six tenements and it ceases when \$4 million has been paid in total across the eighty-six tenements under the Sale Deed. Accordingly, depending on how much gold has been produced from the other eighty-four tenements and the status of the Sandstone Joint Venture, it is possible that a \$12.50 royalty per ounce of gold produced is payable on 1/3 of the gold produced from certain portions of the tenements acquired by the Company. The Company will inform the market if and as soon as the status of that potential further royalty has been resolved. (MDI Annual Report. Ref: 2823-MDI-AR-2021-Final-web.pdf P51)

VRM independently confirmed the status of the Western Australian tenements on the Department of Mines, Industry Regulation and Safety (DMIRS) online tenement database, Mineral Titles Online accessed on 16 November 2021.

2.2. Accessibility

The Sandstone Gold Project plant is situated approximately 11 km south of the township of Sandstone, 400km northeast of Perth by air. Sandstone town is approximately 720 km by road northeast of Perth, via Mt Magnet. Sandstone is accessible from Kalgoorlie by 510 km of sealed road via Leinster and the Goldfields Highway.

The Sandstone Gold Project consists of the central core tenements M57/128, M57/129 and P57/1395 containing the gold deposits and gold plant surrounded by P57/1442 (Telegraph) 10 km to the west, P57/1384 (Wirraminna) 13 km to the east-southeast, and E57/1102 (Jew Well) centred 10 km to the south of the Sandstone Gold Plant. Various gazetted roads, station and exploration tracks provide access to and within the tenements to the main prospect areas.

2.3. Climate

The Sandstone region has a semi-arid climate, with hot, dry summers with temperatures regularly higher than 30°C from January to March. Winters are mild to cold, with some frosty nights. The mean annual maximum and minimum temperatures are 27°C and 13°C with summer extremes up to 37°C and winter lows just above freezing (5°C).

Average annual rainfall of the township of Sandstone is 249 mm (Bureau of Meteorology, 2021). Rain falls mainly in winter months from May to July. Tropical cyclones coming from the north-northwest result in occasional thunderstorms resulting in sporadic wet summer months.

2.4. Topography

The topography in the vicinity of the Sandstone Gold Project is typically flat to undulating. Altitude ranges from about 400 to 581 m above the Australian Height Datum (AHD)

Landforms of the region are commonly controlled by the underlying rock types. Areas underlain by greenstones are characterized by subdued strike ridges and subrounded hills, whereas areas underlain by granite are characterized by rocky ground, flat pavements, well developed breakaways up to 15 m high, and extensive sand plains. Although most of the prominent ridges are composed of banded iron-formation and chert, some are composed of mafic rocks (e.g., Black Range to the west of E57/1102).

2.5. Geological Setting

The Middle Island Sandstone Gold Project is situated in the central-northern part of the Southern Cross Granite–Greenstone Terrane of the Yilgarn Craton and lies within the Sandstone greenstone belt (SSGB). Figure 2 displays the location of the Sandstone Gold Project in relation to the subdivision terranes and domains of the Yilgarn Craton proposed by Cassidy et al, 2006.

2.5.1. Regional Geology

The regional geology of the Sandstone greenstone belt (SSGB) has been described by the Geological Survey of Western Australia (GSWA) in the Youanmi (SH50-4) 1:250 000 map sheet prepared by Stewart et al (1983). The Middle Island Sandstone Gold Project tenements lie both within and to the south of the SSGB which is displayed in Figure 3.

The SSGB occupies a triangular area between the north-easterly trending Youanmi Shear Zone and the north-westerly trending Edale Shear Zone, with the northern apex of the triangle at the junction of the shear zones, and the southern margin disrupted by granite intrusions (Figure 4), Chen, S.F. (2005). The triangle is approximately 40 km along its southern margin, and 35 km from south to north. Greenstones are locally well exposed in the western, eastern, and south-eastern parts, with the best exposure in the Black Range (around MGA 712136E 6887178N). Exposure is poor in the centre and south, with extensive areas of laterite, colluvium, and sheetwash.

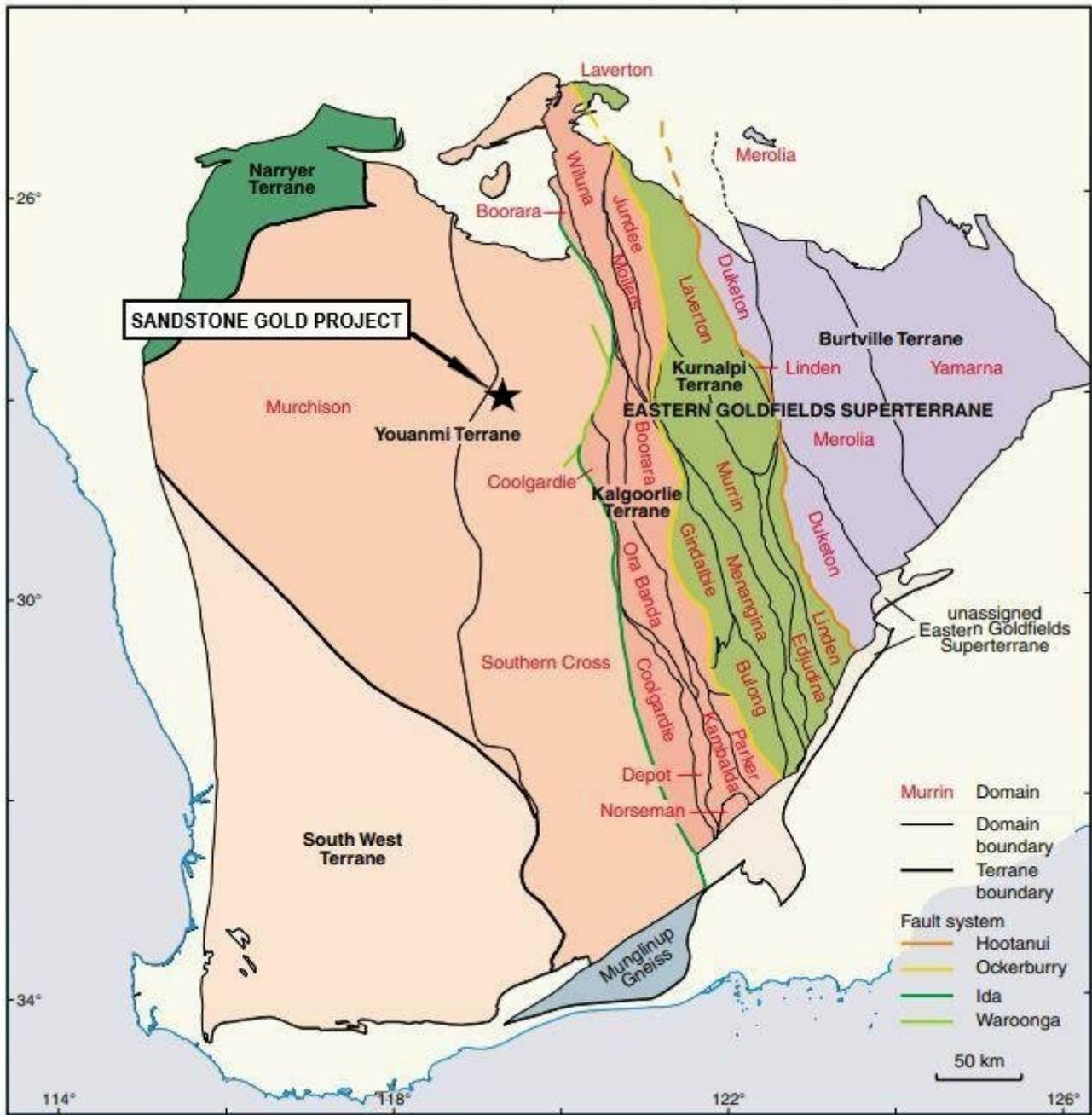


Figure 2 Sandstone Gold Project location in relation to subdivision terranes and domains of the Yilgarn Craton (Cassidy et al, 2006).

The Sandstone greenstone belt is characterized by widespread ultramafic rocks, with its southern margin intruded by several large granite plutons. The Archaean lithostratigraphy of the Sandstone greenstone belt is controlled by the regional-scale Sandstone Syncline, Chen, S.F. (2005). A mafic-dominated succession is preserved on the limbs of the syncline, and contains abundant banded iron-formation, chert, and a major unit of tremolite–chlorite(–tal) schist, Figure 4. An ultramafic-dominated succession of komatiites, and fine-grained clastic sedimentary rocks are located in the central-southern part and the northern apex of the Sandstone greenstone belt, respectively. Both of them are structurally higher than, and appear to be discordant with, the mafic-dominated succession, but their exact stratigraphic relationship with the latter remains unclear due to poor exposure and structural complexity, Chen, S.F. (2005).

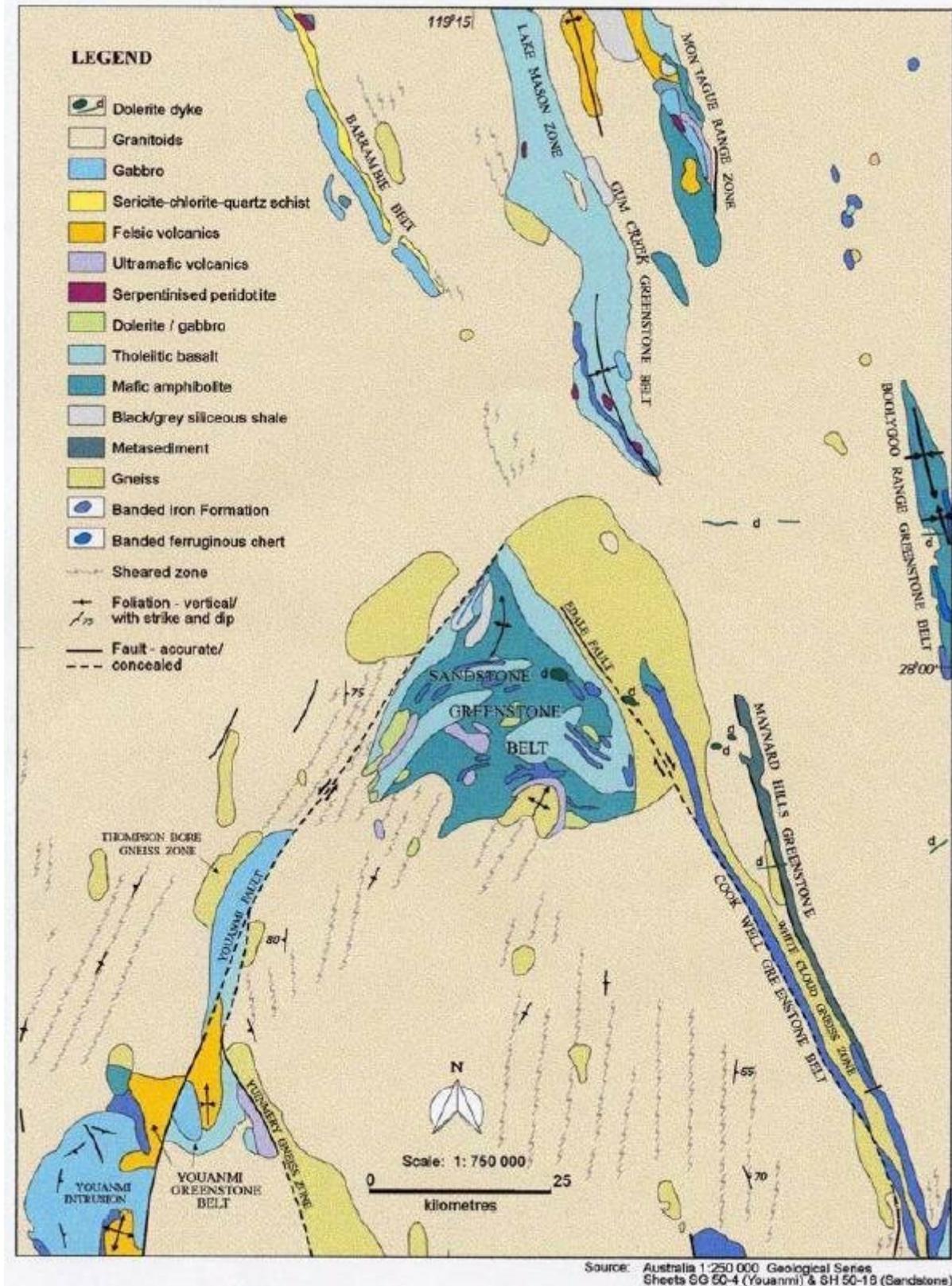


Figure 3 Geology and structural components of the Sandstone Greenstone Belt

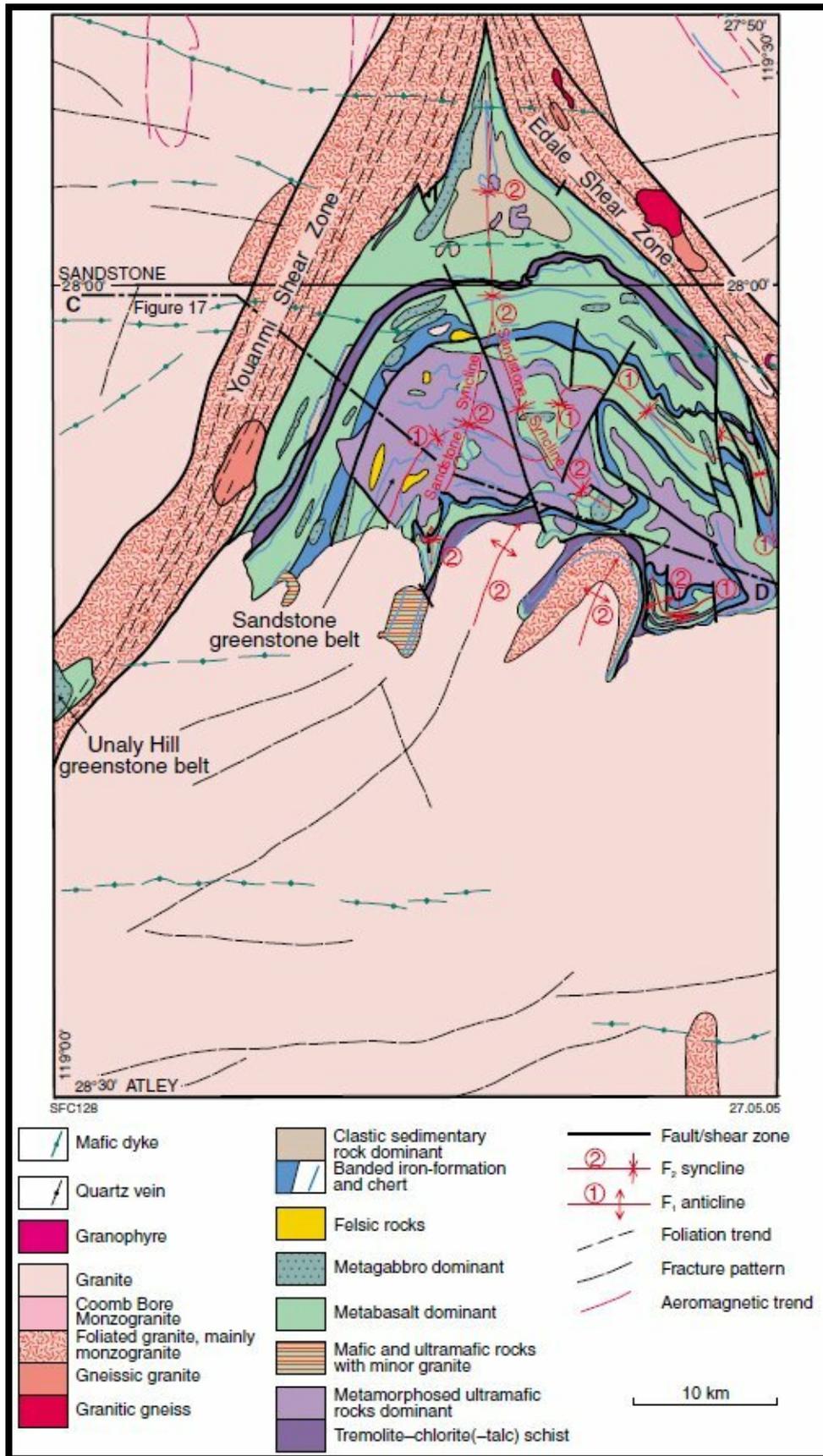


Figure 4: Interpreted bedrock geological map of ATLEY and southern SANDSTONE. Source: GSWA Regional mapping Chen, S F (2005).

Archaean granitic rocks occupy or underlie much of the area. They are dominated by massive to weakly deformed monzogranite. Strongly deformed granitic rocks (foliated monzogranite, gneissic granite, and granitic gneiss) are commonly distributed along regional-scale ductile shear zones, or adjacent to granite–greenstone contacts, with some significant exceptions, Chen, S.F. (2005).

Three principal deformation events (D1–D3) have been recognized in the area displayed in Figure 4, Chen, S.F. (2005). North–south compression during D1 produced layer-parallel foliation, thrusts, and originally east-trending folds, particularly a regional-scale F1 syncline that is outlined by a prominent unit of banded iron-formation and chert. East–west shortening during D2 produced the regional-scale, doubly plunging Sandstone Syncline with a box-fold geometry, and other north- to north-northeast-trending, macroscopic to mesoscopic folds in greenstones, and a northerly trending gneissic banding in granitic gneiss. Progressive and inhomogeneous east–west shortening in D3 produced the northwest-trending, sinistral Edale and Yuinmery Shear Zones, and the northeast-trending, dextral Youanmi Shear Zone.

All Archaean greenstones and granitic rocks in the area displayed in Figure 4 have been metamorphosed, Chen, S.F. (2005). In the Sandstone greenstone belt, the medium- to low-grade (amphibolite to mid-greenschist facies) marginal zones are characterized by high-strain, dynamic-style metamorphism, whereas the low to very-low grade central zone is characterized by low-strain, static-style metamorphism. Most granitic rocks show evidence of only low-grade metamorphism, although medium to high-grade metamorphism may have taken place in granitic gneiss, Chen, S.F. (2005).

The majority of the MDI Sandstone Gold Project deposits listed in [redacted] and displayed in Figure 5 are located within the western portion of the ultramafic-dominated succession rocks in the central-southern part of the Sandstone greenstone belt displayed in Figure 4.

Extensive areas of the MDI tenure have soil or transported cover.

2.6. Mineralisation Styles

Davies et al (2019) summarised the geological characteristics of the main deposits within the SSGB. Higher grade mineral deposits of lower tonnage tend to occur within discrete structures within dolerite, ultramafic and mafic volcanic rocks (Twin Shafts-Goat Farm deposits) and BIF (Shillington deposit) associated with veins within shear hosted, gently to steeply dipping quartz reefs less than 5m in width yet up to 500m along strike. Whereas higher grade bulk tonnage deposits are usually associated with stockwork and sheeted vein-type arrays in felsic intrusions (Two Mile Hill tonalite).

Strong structural controls are dominant in all the known deposits.

The Two-Mile Hill Tonalite Deeps deposit comprises an ovoid (elongate north-south), intrusive tonalite stock some 250m long and up to 90m wide at surface that plunges steeply to the west. The intrusive appears to be ubiquitously mineralised to at least 713m depth and remains open below this depth. Gold

mineralisation is associated with sheeted quartz veining comprising two, essentially sub-horizontal, vein sets. Coarse free gold is frequently evident in quartz veins, often associated with galena. Quartz veining is associated with pervasive sericite-carbonate alteration, frequently accompanied by disseminated pyrite (MDI ASX 14 April 2020).

Gold mineralisation at the Two-Mile Hill BIF deeps deposit is hosted within a series of stacked BIF units, which dip at approximately 40° towards the northeast, and are intruded by the Two-Mile Hill tonalite deeps deposit. Gold mineralisation is associated with massive to semi-massive pyrite replacement of magnetite horizons within the BIF units, commonly proximal to zones of oblique quartz veining and/or brecciation. Although rarely visible, petrographic evidence indicates that the gold is relatively coarse and is developed along fractures within pyrite grains or along pyrite grain boundaries (MDI ASX 14 April 2020). The disposition of thick, higher grade gold intervals within the BIF appears to be primarily controlled by proximity to the intrusive contact with the Two-Mile Hill tonalite.

2.7. Previous Exploration

Sandstone and Wirraminna (M57/128, M57/129 and P57/1395)

Substantial gold exploration programs have been conducted in the Sandstone Greenstone Belt from the 1970s until the present. Both Herald and Troy completed detailed gold exploration work between 1989 and 2010, including extensive drilling within the MDI Sandstone Mining Lease areas.

MDI acquired the project in 2016 and has subsequently completed several extensive DD and RC drill programs focused on delineating gold deposits, upgrading resources, extending known gold mineralisation, and exploring for new deposits. AC drilling was used for interface (palaeo-surface) sampling of exploration targets.

Much of these tenements have soil or transported cover. Historic surface soil geochemical exploration in these areas is of limited value. Auger and AC drilling has been used to locate and investigate geochemical targets beneath cover, particularly along strike from known mineralisation, and over areas of aeromagnetic anomalism.

Jew Well (E57/1102)

Historic exploration activity, principally comprising broad spaced soil sampling across the northern third of the tenement, airborne geophysical surveys, and several broad spaced lines of shallow RAB and vacuum drilling, also focussed on the northern third of the tenement. Several magnetic targets were identified by Troy Resources but remained untested.

Auger drilling at 400m by 100m grid pattern was used to investigate one of two areas of aeromagnetic anomalism signifying underlying greenstone terrain. These areas of magnetic anomalism have been named the North and Central targets. Auger holes ranged from 1m to 14m in depth and targeted the interface (palaeo-surface) zone for sampling below the transported cover. Drilling at the Central Target

revealed weak gold associated with the ultramafic. A 2km long zone of elevated nickel geochemistry from portable pXRF analysis of drill samples highlighted the potential of the underlying ultramafic rocks to host a nickel deposit. The North target is yet to be evaluated.

Telegraph (P57/1442)

Previous exploration at this licence is unknown.

Wirraminna (P57/1348)

MDI has conducted exploration programs including geological mapping, rock chip sampling, and soil sampling over this tenement. Three cohesive gold in soil anomalies have been identified. These coincide with historic workings. Follow-up RC drilling was warranted.

The location of the mill, the various open pit deposits that comprise the Feasibility Study and the prospects assessed in the 2020 drilling campaign are shown in Figure 5.

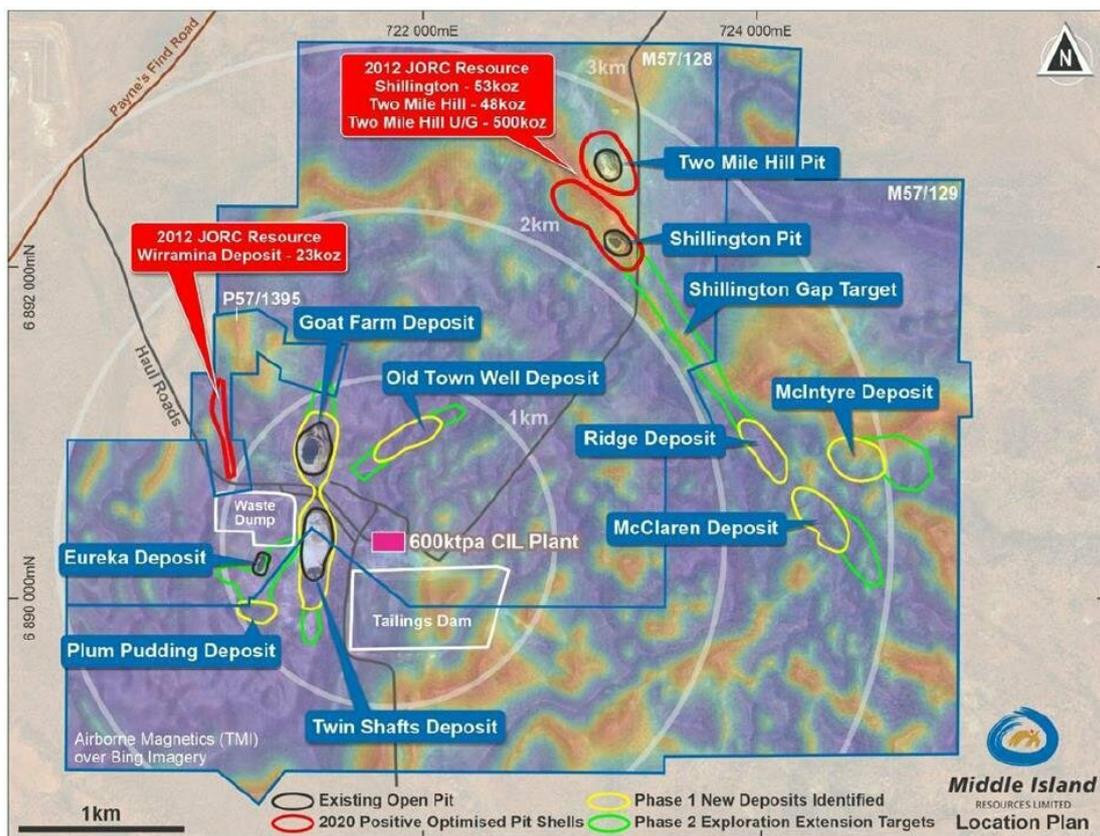


Figure 5 Open pit gold deposits and prospects assessed in the 2020 drilling campaign (MDI ASX release 19 April 2021).

2.8. Mineral Resources

Mineral Resource Estimates have been completed on ten deposits at the MDI Sandstone Gold Project. Table 2 contains a summary of all Mineral Resources Estimates (2012 JORC Code) at 0.5g/t Au cut-off as at 30 June 2021 (MDI 2021 Annual Report). The locations of the deposits containing the Mineral Resources, which total 784,300oz gold, including Two Mile Hill underground Mineral Resource Estimates of 500,000oz gold, are displayed in Figure 5.

Mining Plus Pty Ltd conducted the independent estimate of the Two-Mile Hill deeps deposit, comprising both the tonalite deeps and BIF deeps components. The tonalite deeps deposit was previously classified as an Exploration Target (ASX Release 29 November 2017), extending from the base of the quantified open pit Mineral Resources at 140m below surface to 700m depth, below which gold mineralisation potential remains open. The deepest diamond drillhole (MSDD156) completed to date at the Two-Mile Hill tonalite deeps deposit is 713m, which generated a mineralised intercept of 508.3m at 1.38g/t Au from the commencement of coring at 83.7m depth, including 160m at 2.31g/t Au from 432m depth (ASX Release 14 November 2017).

The smaller, but immediately adjacent, BIF deeps deposit at Two Mile Hill comprises higher grade mineralisation hosted by a series of moderately northeast dipping banded iron formations (BIFs) intruded by the tonalite, where gold mineralisation is associated with pyrite replacement of magnetite horizons.

Information relating to the Table 2 Mineral Resources is based on, and fairly reflects, information and supporting documentation variously prepared by Mr Brett Gossage of EGRM Consulting Pty Ltd, Mr Shaun Searle of Ashmore Advisory Pty Ltd and Ms Lisa Bascombe of Mining Plus Pty Ltd on behalf of Middle Island Resources Limited (MDI 2021 Annual Report).

VRM notes that there is an error in Table 2 where the Total Inferred material are incorrect and has not been updated to account for the Inferred material from the recently announced Eureka Mineral Resource estimate, the Total Indicated material was updated. The Total Inferred material should, in VRM's opinion, be 16,441 kt at a grade of 1.1g/t Au for 576,100oz of contained gold.

There are no Ore Reserves currently reported in relation to the MDI Sandstone Gold Project.

Table 2: Sandstone Mineral Resources Estimate Summary (2012 JORC Code) at 0.5g/t cut-off, 30 June 2021 (MDI 2021 Annual Report).

Sandstone Open Pit Deposits – Summary Mineral Resource Estimates (2012 JORC Code) at 0.5g/t cut-off									
Deposit	Indicated			Inferred			Total		
	Tonnes kt	Au g/t	Au Oz	Tonnes kt	Au g/t	Au Oz	Tonnes kt	Au g/t	Au Oz
Two Mile Hill ⁽¹⁾	1,901	1.1	66,000	178	0.8	5,000	2,078	1.1	71,000
Shillington ⁽³⁾	1,440	1.2	57,200	830	1.1	29,300	2,270	1.2	86,500
Wirraminna ⁽³⁾	300	1.3	12,100	280	1.1	9,700	580	1.2	21,800
Old Town Well ⁽⁵⁾	282	1.0	8,800	68	0.6	1,400	351	0.9	10,100
Plum Pudding ⁽⁵⁾	384	1.1	13,100	35	0.9	1,000	419	1.1	14,100
Eureka	340	0.9	9,700	221	0.9	6,500	561	0.9	16,200
Twin Shafts ⁽⁴⁾	149	1.0	4,700	37	0.7	900	186	0.9	5,600
Goat Farm ⁽⁴⁾				398	1.0	13,200	398	1.0	13,200
McIntyre ⁽⁴⁾	496	1.2	19,400	67	0.9	1,900	562	1.2	21,300
Ridge ⁽⁶⁾	173	1.2	6,700	67	1.9	4,000	240	1.4	10,700
McClaren ⁽⁶⁾	236	1.4	10,600	60	1.7	3,200	296	1.5	13,800
Open Pit Subtotal	5,701	1.1	208,300	2,241	1.0	76,100	7,941	1.1	284,300
Sandstone Underground Deposits – Summary Mineral Resource Estimates (2012 JORC Code)*									
Two Mile Hill ⁽²⁾				14,000	1.10	480,000	14,000	1.10	480,000
Two Mile Hill – BIF ⁽²⁾				200	3.10	20,000	200	3.10	20,000
Underground Subtotal				14,200	1.1	500,000	14,200	1.1	500,000
TOTAL	5,701	1.1	208,300	16,220	1.2	569,600	22,141	1.1	784,300

The totals contained in the above table have been rounded to reflect the relative uncertainty of the estimates, which may result in some computational discrepancies (MDI 2021 Annual Report).

* The Two-Mile Hill Tonalite Deeps and BIF Deeps have been reported within optimised wireframes. All wireframes include waste and have an aggregate grade at or above the cut-off of 0.64g/t Au.

This Statement includes information extracted from the Company's previous ASX announcements, which are available to view on the MDI's website, as follows:

- (1) ASX Release dated 14 December 2016.
- (2) ASX Release dated 14 April 2020.
- (3) ASX Release dated 24 July 2020.
- (4) ASX Release dated 2 October 2020.
- (5) ASX Release dated 21 October 2020.
- (6) ASX Release dated 17 November 2020.

3. Valuation Methodology

The VALMIN Code outlines various valuation approaches that are applicable for Properties at various stages of the development pipeline. These include valuations based on market-based transactions, income or costs as shown in Table 3 and provides a guide as to the most applicable valuation techniques for different assets.

Table 3 VALMIN Code 2015 valuation approaches suitable for Mineral Properties.

Valuation Approaches suitable for mineral properties				
Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

All of the projects are best described as early-stage exploration projects. There are thirteen Mineral Resources Estimates (eleven open pit and two underground Mineral Resource estimates) within the Sandstone Gold Project. There are no declared Ore Reserves in the project, therefore in VRM’s opinion an income approach is not considered a viable valuation method.

VRM is of the view that a market-based approach is more the most suitable valuation method. On that basis the valuation of the projects is based on a comparable transaction (market-based approach) based on the declared Mineral Resources within the project. A Yardstick valuation approach has been used as a secondary valuation method.

3.1. Previous Valuations

VRM is not aware of any relevant valuation reports on the projects.

3.2. Valuation Subject to Change

The valuation of any mineral Property is subject to several critical inputs most of these change over time and this valuation is using information available as of 10 November 2021 being the valuation date of this Report and considering information up to 10 November 2021. This valuation is subject to change due to updates in the geological understanding, variable assumptions and mining conditions, climatic variability that may impact on the development assumptions, the ability and timing of available funding to advance the properties, the current and future metal prices, exchange rates, political, social, environmental aspects of a possible development, a multitude of input costs including but not limited to fuel and energy prices, steel prices, labour rates and supply and demand dynamics for critical aspects of the potential development like mining equipment. While VRM has undertaken a review of several key technical aspects that could impact the valuation there are numerous factors that are beyond the control of VRM.

As at the date of this Report in VRM's opinion there have been no significant changes in the underlying inputs or circumstances that would make a material impact on the outcomes or findings of this Report.

3.3. General assumptions

The Mineral Assets of Middle Island are valued using appropriate methodologies as described Table 3 and in the following sections. The valuation is based on several specific assumptions detailed above, including the following general assumptions.

- That all information provided to VRM is accurate and can be relied upon,
- The valuations only relate to the Middle Island Mineral Assets located within tenements controlled by the Company and not the Company itself nor its shares or market value,
- That the mineral rights, tenement security and statutory obligations were fairly stated to VRM and that the mineral licences will remain active,
- That all other regulatory approvals for exploration and mining are either active or will be obtained in the required and expected timeframe,
- That the owners of the mineral assets can obtain the required funding to continue exploration activities,
- The gold (where it is used / considered in the valuation) is as at 10 November 2021, being US\$1,858.40/oz (www.kitco.com London PM Fix Price),
- At the valuation date (10 November 2021) the US\$ - AUS\$ exchange rate of 0.7362 (www.xe.com) resulting in an Australian dollar price of AUS\$2,524.28/oz gold.
- All currency in this report are Australian Dollars or AUS, unless otherwise noted, if a particular value is in United States Dollars, it is prefixed with US\$.

3.4. Market Based Valuations

As the projects being valued in this Report are dominantly prospective for gold or base metals (zinc and lead) it is important to note the current market conditions for these metals.

The gold price is fundamentally different to many of the other commodities as the gold price is frequently seen as a pseudo currency and is considered by many as a safe-haven investment option, especially in the current monetary policies of many of the major countries reserve banks. Global uncertainty in regard to the outbreak of COVID-19 and the resulting impact to the world economy has driven an increase in the gold price during early 2020. Figure 6 shows the gold price over the last five years.



(Source: S&P Capital IQ)

Figure 6 Five Year gold price graph in Australian Dollars

3.5. Valuation of Advanced Properties

There are several valuation methods that are suitable for advanced Properties (where there are significant reported Mineral Resources or Ore Reserves) including the following:

- An income valuation approach for example financial modelling including discounted cash flow (DCF) valuations.,
- Comparable Market Based transactions including Resource and Reserve Multiples
- Joint Venture Transactions
- Yardstick valuations

As at the Valuation Date there were no current Ore Reserves estimated for the projects, VRM does not consider an income-based valuation approach to be a viable valuation method. The reported Mineral Resource estimates are considered the main driver of the value for the Sandstone Gold Project, this is due to the modest tenement area and the moderate to large gold resources within the project. While there is additional exploration potential within the project’s tenements VRM considers, due to the moderate project area, the resource multiple valuation method and the transactions selected as potentially comparable all having additional exploration potential outside the mineral resources defined at the time of the transaction the exploration potential within the project is captured in the resource multiple valuation.

3.6. Comparable Market Based Transactions – Resource Based

A comparable transactional valuation is a simple and easily understood valuation method which is broadly based on the real estate approach to valuation. It can be applied to a transaction based on the contained metal for projects with Mineral Resource or Ore Reserves estimates reported. Advantages of this type of valuation method include that it is easily understood and applied, especially where the resources or

tenement area is comparable, and the resource or exploration work is reported according to an industry standard (like the JORC Code or NI43-101).

However, is not as robust for projects where the resources are either historic in nature, reported according to a more relaxed standard, or are using a cut-off grade that reflects a commodity price that is not justified by the current market fundamentals. If the projects being valued are in the same or a comparable jurisdiction, then it removes the requirement for a geopolitical adjustment. Finally, if the transaction being used is recent then it should reflect the current market conditions.

Difficulties arise when there are a limited number of transactions, where the projects have subtle but identifiable differences that impact the economic viability of one of the projects. For example, the requirement for a very fine grind required to liberate gold from a sulphide rich ore or where the ore is refractory in nature and requires a non-standard processing method.

The information for the comparable transactions has been derived from various sources primarily the S&P Capital IQ database that captures the ASX and other securities exchange releases associated with these transactions, compiled by VRM for exploration stage projects (with resources estimated) and development ready projects.

This valuation method is typically the primary valuation method for exploration or advanced (pre-development) projects where Mineral Resources have been estimated. More advanced projects, where Ore Reserves have been estimated, would generally be valued using an income approach due to the modifying factors for a mining operation being better defined.

The preference is to limit the transactions and resource multiples to completed transactions from the past five years in either the same geopolitical region or same geological terrain. The comparable transactions have been compiled where Mineral Resources and in some cases Ore Reserves have been estimated. Appendix A details the Resource Multiples for a series of transactions that are considered at least broadly comparable with the Sandstone Gold Project.

3.7. Yardstick Valuation

A yardstick valuation was undertaken as a check of the comparable transactions. This yardstick valuation is based on a rule of thumb as supported by a large database of transactions where resources and reserves at various degrees of confidence are multiplied by a percentage of the spot price. The yardstick valuation factors used in this report are in line with other yardstick valuation factors commonly used by other independent specialists and applied in other VALMIN reports. The gold price, in Australian dollars as of 10 November 2021 and documented above have been used to determine the yardstick valuation.

4. Project Valuation

The principal mineral asset valued as a part of this ITAR is the Sandstone Gold Project

In VRM's opinion an income valuation approach is not considered a viable valuation method for the Projects given the exploration stage of the project. While feasibility study was completed in 2021, the outcome was that the development as outlined did not provide a viable development option, this is partly due to the grade of the Mineral Resources and also the small processing throughput which limited the economies of scale which are required given the low global resource grade. Therefore, VRM has undertaken a valuation based on several techniques, these being a comparable transaction (Resource multiplier) and a Yardstick valuation method.

4.1. Comparable Transactions – Resource Multiples

VRM reviewed a series of early-stage mineral project transactions in Western Australia over the past five years. A total of sixty-five transactions were identified as being potentially comparable gold transactions. A Resource multiple was calculated for each transaction to determine the price paid per ounce of gold in the global Mineral Resource estimates at the date the transaction was announced (AUS\$/oz). The Resource multiple was then normalised to the transaction date considering the relative gold prices to account for market fluctuations. The final set of data used to derive the valuation included twenty-four transactions as detailed in Appendix A. The reduction in the transactions considered comparable was due to the geographic location, project status and strategic acquisitions where a company has purchased a project for operational or strategic reasons. During a statistical analysis of the transactions several outliers were also removed

From the analysis of completed transactions, VRM determined average, median, and various percentiles of the data at the transaction date as well as normalised to the valuation date (refer Appendix A). The projects that are considered potentially comparable transacted at a Resource Multiple of between \$5.23/oz and \$79.26/oz. The average was \$32.28/oz, and the median was \$20.36/oz with the 25th and 75th percentile values being \$11.62/oz and \$54.44/oz. These multiples are based on completed transactions for comparable projects located in Western Australia, on that basis it is considered reasonable to use these multiples on the various Mineral Resources.

In VRM's opinion these multiples should be applied the Mineral Resources contained within the Sandstone Gold project, owned by Middle Island with different multiples used for the underground and open pit Mineral Resource estimates. The valuation range has been determined based on the current market conditions for gold projects and the grades of the various Mineral Resources. VRM considers that an underground gold Mineral Resource with an average grade of 1.1g/t gold is very low and would transact at a much lower Resource multiple than an open pit Mineral Resource.

The Resource multiples detailed above as supported by the information in Appendix A have been used along with the Mineral Resource estimates undertaken by independent Competent Resource Specialists and reported by Middle Island. VRM considers that a reasonable range in Resource multiples for the open pit Mineral Resources within the Sandstone Gold project would be between \$20.36/oz (the median of the transactions) and \$54.44/oz (75th Percentile due to the high gold price) while the underground Mineral Resources would, due to the low average grade, transact at between \$5.23/oz (the lowest comparable transaction) and \$11.62/oz (25th Percentile)

Table 4 Area Based Comparable Transaction valuation

Comparable Transaction Valuation Summary – Project Basis								
Project	Open Pit / Underground	Resource (Moz)	Resource Grade (g/t Au)	Resource Multiples (\$/oz)		Lower	Preferred	Upper
				Lower	Upper			
Sandstone Gold Project (100% MDI)	Open Pit	0.284	1.1	\$20.36	\$54.44	\$5.8	\$10.6	\$15.5
	Underground	0.500	1.0	\$5.23	\$11.62	\$2.6	\$4.2	\$5.8
Total Valuation (AUS\$)						\$8.4	\$14.8	\$21.3

Note the valuation is determined by the overall Global Resource as at 10 November 2021 multiplied by the normalised Resource Multiple, a lower resource multiple has been used for the low grade underground MRE when compared to other transactions. Appropriate rounding has been applied to the valuation.

Therefore, VRM considers that the Mineral Resources within the Sandstone Gold Project have a value between \$8.4 million and \$21.3 million with a preferred value of \$14.8 million.

Importantly the valuations in Table 4 and detailed above are for all of the Sandstone Gold project however the environmental liabilities associated with the project have not been captured in the comparable transactions therefore the rehabilitation requirements for the project need to be deducted from the values in Table 4. VRM are not specialists in determining the environmental liabilities associated with a project however we note that MDI has environmental liabilities in their financial accounts of \$1.38 million. Therefore, these liabilities should be deducted from the valuation. This results in a valuation range, as determined by the comparable transaction method of between \$7.0 million and \$19.9 million with a preferred valuation of \$13.5 million.

4.2. Yardstick Method

As detailed above the yardstick method can also be considered as a valuation approach, particularly as a cross check or secondary valuation technique to support the valuation generated by a comparable transaction method. This method is typically used as a secondary approach for valuation of Mineral Resources and is based on a percentage of the current metal prices.

For Mineral Resources, a typical yardstick value would be between 0.25% and 2% of the current base metal price, dependent on the classification as at the valuation date. For lower classification levels such as Inferred Mineral Resources this percentage is lower reflecting the higher uncertainty compared to Indicated or Measured categories. In this approach the valuation method does not draw a comparison with any other stated resources, instead it only considers the declared resources at the current metal prices.

This yardstick valuation was determined based on the Australian dollar gold price as at the valuation date multiplied by the yardstick value of between 0.25% and 2% with this then multiplied by the contained gold in the various Mineral Resource estimate classification.

VRM has applied a range of percentage values, corresponding to the classification of the various Mineral Resource estimates, contained gold in those estimates and of the gold price at the valuation date to value the estimates within the Sandstone Gold Project. This valuation is summarised in Table 5.

Table 5 Yardstick valuation of the Sandstone Gold Project

Yardstick Valuation Summary of Sandstone Gold Project					
Mineral Resource estimate Classification	Yardstick Factors	Contained Gold (oz)	Lower (\$M)	Preferred (\$M)	Upper (\$M)
Open Pit Indicated	1.0 – 2.0%	208,300	5.3	7.9	10.5
Open Pit Inferred	0.5 – 1.0%	76,100	1.0	1.4	1.9
Underground Inferred	0.25 – 0.5%	500,000	3.2	4.7	6.3
Total Sandstone Gold Project Valuation			9.4	14.1	18.7

Notes Yardstick valuation based on gold price of AUS\$2524.28/oz, the gold contained in the above classification of estimates on a 100% basis. Appropriate rounding has been applied to the Mineral Resource estimates and valuation. A lower yardstick multiple was used for the underground Mineral Resources due to what is considered to be a very low average grade for an underground Mineral Resource estimate.

Therefore, VRM considers the Mineral Resource estimates within the Sandstone Gold Project to be valued, based on a yardstick approach, at between \$9.4 million and \$18.7 million with a preferred valuation of \$14.1 million.

Overall VRM considers that the Yardstick method remains a valid and viable valuation method however in this case it is only used as a secondary valuation / cross check of the validity of the comparable transaction valuation method.

5. Risks and Opportunities

As with all mineral assets there are several risks and opportunities, therefore these risks and opportunities are also linked to the valuation of those assets. Some non-geological or mining related technical risks and opportunities that are common to most projects include the risks associated with security of tenure, native title claims, environmental approvals, social, geopolitical, and regulatory approval risks. As the Sandstone Gold project has previously produced gold from the existing processing facility VRM considers that these risks are low.

As with all exploration projects, a key technical risk is that further exploration will not result in identifying a body of mineralisation sufficiently large to be considered an economic resource. These risks have been considered in this valuation and to the extent possible have been included in the market values of the project.

One aspect that is both a risk and opportunity is the impact that the gold price can have on the Sandstone Gold project. This is clearly out of the control of Middle Island however VRM does note that the current gold price in Australian dollars is at or close to historic highs, therefore the gold price were to decline to the five or ten year average gold price then it is likely that the project would have a lower value than at the valuation date, conversely if the gold price remains at the current high or an increase price then the value of the project may increase.

6. Preferred Valuations

Based on the valuation techniques detailed above, Table 6 provides a summary of the valuations derived by the various techniques. These valuations are graphically shown in Figure 7. VRM has determined the preferred valuation based on the comparable transaction methodology. This valuation is supported by the Yardstick method which is considered a secondary valuation method.

Table 6 Middle Island Mineral Valuation Summary by method

Valuation summary by various methods				
Valuation Technique	Valuation Type	Lower (\$M)	Preferred (\$M)	Upper (\$M)
Comparable Transactions	Primary	\$8.4	\$14.8	\$21.3
Yardstick	Secondary	\$9.4	\$14.1	\$18.7

Note: appropriate rounding has been applied to the valuations.

In VRM’s opinion the valuation of the Sandstone Gold Project currently owned by Middle Island as outlined in Table 6, ranges from \$8.4 million to \$21.3 million with a preferred valuation of \$14.8 million.

When the environmental liabilities associated with the project and reported by Middle Island in their financial statements are taken into consideration VRM considers that the market value of the project would be reduced by these environmental liabilities which are reported as being \$1.38 million. This results in a market valuation range of \$7.0 million to \$19.9 million with a preferred valuation of \$13.5 million.

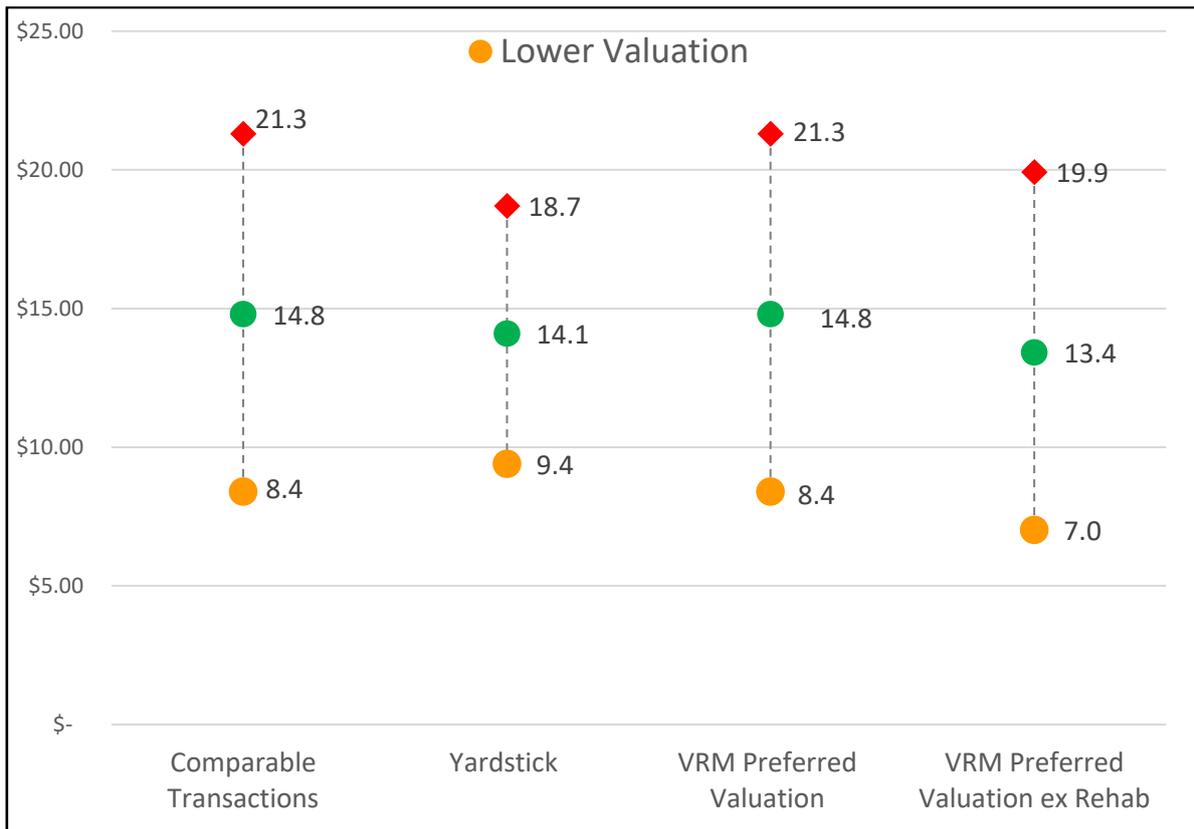


Figure 7 Valuation Chart for the Sandstone Gold Project

7. References

The references below document the main documents referred to in this report however the various ASX releases for the various companies including Middle Island Resources have not been included in the reference list

Bureau of Meteorology Summary Statistics, 2021. Viewed on 17 Nov. 2021
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8. Glossary

Below are brief descriptions of some terms used in this report. For further information or for terms that are not described here, please refer to internet sources such as Webmineral www.webmineral.com, Wikipedia www.wikipedia.org,

The following terms are taken from the 2015 VALMIN Code

Annual Report means a document published by public corporations on a yearly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Australasian means Australia, New Zealand, Papua New Guinea and their off-shore territories.

Code of Ethics means the Code of Ethics of the relevant Professional Organisation or Recognised Professional Organisations.

Corporations Act means the Australian Corporations Act 2001 (Cth).

Experts are persons defined in the Corporations Act whose profession or reputation gives authority to a statement made by him or her in relation to a matter. A Practitioner may be an Expert. Also see Clause 2.1.

Exploration Results is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Feasibility Study means a comprehensive technical and economic study of the selected development option for a mineral project that includes appropriately detailed assessments of applicable Modifying Factors together with any other relevant operational factors and detailed financial analysis that are necessary to demonstrate at the time of reporting that extraction is reasonably justified (economically mineable). The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-feasibility Study.

Financial Reporting Standards means Australian statements of generally accepted accounting practice in the relevant jurisdiction in accordance with the Australian Accounting Standards Board (AASB) and the Corporations Act.

Independent Expert Report means a Public Report as may be required by the Corporations Act, the Listing Rules of the ASX or other security exchanges prepared by a Practitioner who is acknowledged as being independent of the Commissioning Entity. Also see ASIC Regulatory Guides RG 111 and RG 112 as well as Clause 5.5 of the VALMIN Code for guidance on Independent Expert Reports.

Information Memoranda means documents used in financing of projects detailing the project and financing arrangements.

Investment Value means the benefit of an asset to the owner or prospective owner for individual investment or operational objectives.

Life-of-Mine Plan means a design and costing study of an existing or proposed mining operation where all Modifying Factors have been considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified. Such a study should be inclusive of all development and mining activities proposed through to the effective closure of the existing or proposed mining operation.

Market Value means the estimated amount of money (or the cash equivalent of some other consideration) for which the Mineral Asset should exchange on the date of Valuation between a willing

buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. Also see Clause 8.1 for guidance on Market Value.

Materiality or being **Material** requires that a Public Report contains all the relevant information that investors and their professional advisors would reasonably require, and reasonably expect to find in the report, for the purpose of making a reasoned and balanced judgement regarding the Technical Assessment or Mineral Asset Valuation being reported. Where relevant information is not supplied, an explanation must be provided to justify its exclusion. Also see Clause 3.2 for guidance on what is Material.

Member means a person who has been accepted and entitled to the post-nominals associated with the AIG or the AusIMM or both. Alternatively, it may be a person who is a member of a Recognised Professional Organisation included in a list promulgated from time to time.

Mineable means those parts of the mineralised body, both economic and uneconomic, that are extracted or to be extracted during the normal course of mining.

Mineral Asset means all property including (but not limited to) tangible property, intellectual property, mining and exploration Tenure and other rights held or acquired in connection with the exploration, development of and production from those Tenures. This may include the plant, equipment and infrastructure owned or acquired for the development, extraction, and processing of Minerals in connection with that Tenure.

Most Mineral Assets can be classified as either:

- (a) **Early-stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified;
- (b) **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- (c) **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care and maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- (d) **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a Pre-Feasibility Study.
- (e) **Production Projects** – Tenure holdings – particularly mines, wellfields, and processing plants – that have been commissioned and are in production.

Mine Design means a framework of mining components and processes taking into account mining methods, access to the Mineralisation, personnel, material handling, ventilation, water, power, and other technical requirements spanning commissioning, operation, and closure so that mine planning can be undertaken.

Mine Planning includes production planning, scheduling and economic studies within the Mine Design taking into account geological structures and mineralisation, associated infrastructure and constraints, and other relevant aspects that span commissioning, operation, and closure.

Mineral means any naturally occurring material found in or on the Earth's crust that is either useful to or has a value placed on it by humankind, or both. This excludes hydrocarbons, which are classified as Petroleum.

Mineralisation means any single mineral or combination of minerals occurring in a mass, or deposit, of economic interest. The term is intended to cover all forms in which mineralisation might occur, whether by class of deposit, mode of occurrence, genesis, or composition.

Mineral Project means any exploration, development, or production activity, including a royalty or similar interest in these activities, in respect of Minerals.

Mineral Securities means those Securities issued by a body corporate or an unincorporated body whose business includes exploration, development or extraction and processing of Minerals.

Mineral Resources is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Mining means all activities related to extraction of Minerals by any method (e.g., quarries, open cast, open cut, solution mining, dredging etc).

Mining Industry means the business of exploring for, extracting, processing, and marketing Minerals.

Modifying Factors is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Ore Reserves is defined in the current version of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Refer to <http://www.jorc.org> for further information.

Petroleum means any naturally occurring hydrocarbon in a gaseous or liquid state, including coal-based methane, tar sands and oil-shale.

Petroleum Resource and **Petroleum Reserve** are defined in the current version of the Petroleum Resources Management System (PRMS) published by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, and the Society of Petroleum Evaluation Engineers. Refer to <http://www.spe.org> for further information.

Practitioner is an Expert as defined in the Corporations Act, who prepares a Public Report on a Technical Assessment or Valuation Report for Mineral Assets. This collective term includes Specialists and Securities Experts.

Preliminary Feasibility Study (Pre-Feasibility Study) means a comprehensive study of a range of options for the technical and economic viability of a mineral project that has advanced to a stage where a preferred mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, is established and an effective method of mineral processing is determined. It includes a financial analysis based on reasonable assumptions on the Modifying Factors and the evaluation of any other relevant factors that are sufficient for a Competent Person, acting reasonably, to determine if all or part of the Mineral Resources may be converted to an Ore Reserve at the time of reporting. A Pre-Feasibility Study is at a lower confidence level than a Feasibility Study.

Professional Organisation means a self-regulating body, such as one of engineers or geoscientists or of both, that:

- (a) admits members primarily on the basis of their academic qualifications and professional experience.
- (b) requires compliance with professional standards of expertise and behaviour according to a Code of Ethics established by the organisation; and
- (c) has enforceable disciplinary powers, including that of suspension or expulsion of a member, should its Code of Ethics be breached.

Public Presentation means the process of presenting a topic or project to a public audience. It may include, but not be limited to, a demonstration, lecture or speech meant to inform, persuade, or build good will.

Public Report means a report prepared for the purpose of informing investors or potential investors and their advisers when making investment decisions, or to satisfy regulatory requirements. It includes, but is not limited to, Annual Reports, Quarterly Reports, press releases, Information Memoranda, Technical Assessment Reports, Valuation Reports, Independent Expert Reports, website postings and Public Presentations. Also see Clause 5 for guidance on Public Reports.

Quarterly Report means a document published by public corporations on a quarterly basis to provide shareholders, the public and the government with financial data, a summary of ownership and the accounting practices used to prepare the report.

Reasonableness implies that an assessment which is impartial, rational, realistic, and logical in its treatment of the inputs to a Valuation or Technical Assessment has been used, to the extent that another Practitioner with the same information would make a similar Technical Assessment or Valuation.

Royalty or Royalty Interest means the amount of benefit accruing to the royalty owner from the royalty share of production.

Securities has the meaning as defined in the Corporations Act.

Securities Expert are persons whose profession, reputation or experience provides them with the authority to assess or value Securities in compliance with the requirements of the Corporations Act, ASIC Regulatory Guides and ASX Listing Rules.

Scoping Study means an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistically assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be reasonably justified.

Specialist are persons whose profession, reputation, or relevant industry experience in a technical discipline (such as geology, mine engineering or metallurgy) provides them with the authority to assess or value Mineral Assets.

Status in relation to Tenure means an assessment of the security of title to the Tenure.

Technical Assessment is an evaluation prepared by a Specialist of the technical aspects of a Mineral Asset. Depending on the development status of the Mineral Asset, a Technical Assessment may include the review of geology, mining methods, metallurgical processes and recoveries, provision of infrastructure and environmental aspects.

Technical Assessment Report involves the Technical Assessment of elements that may affect the economic benefit of a Mineral Asset.

Technical Value is an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations.

Tenure is any form of title, right, licence, permit or lease granted by the responsible government in accordance with its mining legislation that confers on the holder certain rights to explore for and/or extract agreed minerals that may be (or is known to be) contained. Tenure can include third-party ownership of the Minerals (for example, a royalty stream). Tenure and Title have the same connotation as Tenement.

Transparency or being **Transparent** requires that the reader of a Public Report is provided with sufficient information, the presentation of which is clear and unambiguous, to understand the report and not be misled by this information or by omission of Material information that is known to the Practitioner.

Valuation is the process of determining the monetary Value of a Mineral Asset at a set Valuation Date.

Valuation Approach means a grouping of valuation methods for which there is a common underlying rationale or basis.

Valuation Date means the reference date on which the monetary amount of a Valuation in real (dollars of the day) terms is current. This date could be different from the dates of finalisation of the Public Report or the cut-off date of available data. The Valuation Date and date of finalisation of the Public Report **must** not be more than 12 months apart.

Valuation Methods means a subset of Valuation Approaches and may represent variations on a common rationale or basis.

Valuation Report expresses an opinion as to monetary Value of a Mineral Asset but specifically excludes commentary on the value of any related Securities.

Value means the Market Value of a Mineral Asset.

Appendix A - Comparable Gold transactions

Properties Acquired	Acquirer Name	Date	Development Stage(s)	Summary	Equity Acquired (%)	Value (AU\$M)	Acquired (oz)	Gold Price - \$/oz (AU\$/oz)	Multiple (AU\$/oz)	Normalised Multiple AUS\$/oz
Norseman	Pantoro	14/05/2019	Limited Production	Pantoro acquired a 50% interest in the Central Norseman project from Bondi Junction, Australia-based Norseman Gold Plc, through a joint venture transaction. The project is located in Western Australia.	50.00	55.00	1,745,500	1,817.01	\$32.66	
Youanmi	Rox Resources	21/06/2019		Rox Resources acquired a 70% interest in OYG Joint venture from Venus Metals Corp. through an earn-in and joint venture agreement. The project is located in Western Australia, Australia.	70.00	6.00	833,420	2,099.58	\$15.36	\$18.46
Grants Patch Gold Tribute, Warrawoona	Calidus	21/03/2017	Commissioning, Reserves Development	Calidus has acquired Warrawoona project from Keras Resources. The Warrawoona project is located in Australia.	100.00	NA	813,209	1,818.19	\$18.45	\$25.61
Bardoc	Bardoc	8/05/2019	Target Outline	Bardoc Gold acquired 100% interest in the Bardoc project from Perth, Australia-based Torian. The project consists of a package of 40 tenements, located in Western Australia.	100.00	0.15	549,000	1,817.01	\$0.27	
Murchison	Westgold	23/06/2017	Operating	Westgold acquired Tuckabianna assets from Silver Lake Resources. These assets comprise Tuckabianna gold processing facility and underlying mining tenure, located in Australia.	100.00	8.50	523,500	1,818.19	\$15.87	\$22.03
Western Tanami	Northern Star	2/10/2017	Operating	Northern Star has acquired a 100% interest in the Western Tanami project from Tanami Gold, the legal and beneficial owner of the Western Tanami project located in Western Australia.	100.00	4.00	523,000	1,818.19	\$7.65	\$10.62
Kookynie	Genesis Minerals	12/01/2021	Reserves Development	Genesis Minerals has acquired Kookynie project from an investor. The project is located in Western Australia.	100.00	13.50	414,000	2,099.58	\$34.95	\$42.02
Kookynie, Yundamindera	Metalicity	6/05/2019	Target Outline	Metalicity has acquired a 51% interest in the Kookynie and Yundamindra Nex Metals., through an earn-in and joint venture transaction. The projects are located in Western Australia.	51.00	NA	392,739	2,099.58	\$12.73	\$15.31

Properties Acquired	Acquirer Name	Date	Development Stage(s)	Summary	Equity Acquired (%)	Value (AU\$M)	Acquired (oz)	Gold Price - \$/oz (AU\$/oz)	Multiple (AU\$/oz)	Normalised Multiple AUS\$/oz
Indee	De Grey	9/02/2018	Pre-feasibility	De Grey Mining Ltd. has acquired Indee project from Xi'an, China-based Shaanxi Non-ferrous Metals Holding Group Co. Ltd. The Indee project is located in Western Australia, Australia.	100.00	15.00	345,000	1,817.01	\$40.64	\$56.45
Blue Spec	Calidus	19/09/2020	Feasibility Started	Calidus Resources Ltd. has acquired the Blue Spec project from Novo Resources Corp. The project is located in Western Australia.	100.00	19.50	246,900	2,484.70	\$69.65	\$70.76
Kalpini	Horizon	12/10/2020		Horizon Minerals acquired the Kalpini project from NBT Metals Pty Ltd. The project comprises of mining lease M27/485 and miscellaneous lease L27/88 located in Western Australia.	100.00	2.75	255,600	2,099.58	\$10.76	\$12.94
Lindsays	Nu-Fortune Gold	4/12/2020	Preproduction	Nu-Fortune Gold Ltd has acquired Lindsays project KalNorth Gold Mines. The project is located in Western Australia.	100.00	5.00	215,100	2,484.70	\$23.25	\$23.62
Box Well, Deep South	Saracen	18/04/2019	Reserves Development	Saracen has acquired a 100% interest in Box Well and Deep South mining leases along with 18 tenements from Hawthorn Resources Ltd. The 18 tenements and leases are located in Western Australia, Australia.	100.00	13.50	206,800	1,817.01	\$65.28	
FGP	Classic Minerals	28/02/2017	Pre-feasibility	Classic Minerals has acquired an 80% interest of the gold rights over certain tenements of the Forrestania project Stock Assist Group. The Forrestania project is located in Western Australia.	80.00	NA	192,520	1,818.19	\$6.18	\$8.58
Kurnalpi	Northern Star	17/03/2021	Reserves Development	Northern Star acquired the Kurnalpi Project from KalNorth Gold Mines Ltd. The project is located in Western Australia.	100.00	18.00	189,400	2,484.70	\$95.04	
Mission/Cables	Red 5	22/05/2020	Pre-feasibility	Red 5 has acquired the Cables and Mission deposits from Mr. Andrew George Paterson. The deposits are located in Western Australia.	100.00	2.50	185,527	2,099.58	\$13.48	\$16.20
Spargos Reward	Karora Resources	11/05/2020	Pre-feasibility	Karora Resources acquired the Spargos Reward project from Corona Resources. The project is located in Western Australia.	100.00	NA	177,000	2,099.58	\$36.86	\$44.32
Anthill	Intermin	8/03/2017	Reserves Development	Intermin Resources acquired the Anthill project from Echo Resources. The Anthill project is located in Western Australia, Australia.	100.00	0.30	167,000	1,818.19	\$4.79	\$6.65

Properties Acquired	Acquirer Name	Date	Development Stage(s)	Summary	Equity Acquired (%)	Value (AU\$M)	Acquired (oz)	Gold Price - \$/oz (AU\$/oz)	Multiple (AU\$/oz)	Normalised Multiple AUS\$/oz
Mount Ida	Red Dirt Metals	13/09/2021	Feasibility	Red Dirt Metals Ltd. has acquired Mount Ida project from Ora Banda Mining Ltd. The project is located in Western Australia.	100.00	11.00	141,000	2,484.70	\$78.01	\$79.26
Snake Well	Adaman Resources	27/12/2018	Pre-feasibility	Perth, Australia-based Adaman Resources Pty Ltd. has acquired the Snake Well project from Perth, Australia-based Kalamazoo Resources Ltd. The project is located in Western Australia.	100.00	7.00	140,900	1,817.01	\$49.68	\$69.02
Mt Clement	Northern Star	20/07/2020	Reserves Development	Perth, Australia-based Northern Star Resources Ltd. has acquired the remaining 80% interest in Mt Clement project from Perth, Australia-based Artemis Resources Ltd. The project is located in Western Australia, Australia.	80.00	0.34	63,609	2,099.58	\$2.96	
Clinker Hill, Slate Dam, Trojan	Black Cat Syndicate	7/10/2020	Pre-feasibility	Perth, Australia based-Black Cat Syndicate Ltd. has acquired Trojan, Slate Dam and Clinker Hill projects from Perth, Australia based-Aruma Resources Ltd. The projects are located in Western Australia.	100.00	0.50	115,000	2,099.58	\$4.35	\$5.23
Balagundi	Black Cat Syndicate	24/01/2018	Reserves Development	Perth, Australia-based Black Cat Syndicate Ltd. has acquired Bulong project from Subiaco, Australia-based Bulong Mining Pty Ltd. Bulong project is located in Western Australia, Australia.	100.00	0.70	109,000	1,817.01	\$6.42	\$8.92
Leonora	Specrez	10/08/2020	Reserves Development	Perth, Australia-based Specrez Pty Ltd. has acquired the Leonora project tenements from Perth, Australia-based Kingwest Resources Ltd. These tenements include M37/1202, E37/893 and P37/8901, located in Western Australia.	100.00	0.19	104,000	2,099.58	\$1.83	
Horse Well	Strickland Metals	5/05/2021	Reserves Development	Perth, Australia-based Strickland Metals Ltd. has acquired the remaining 37% interest in the Horse Well project from South Perth, Australia-based Silver Lake Resources Ltd. The project is located in Western Australia.	37.00	1.75	95,090	2,484.70	\$18.40	\$18.70
Tuckanarra	Odyssey Energy	19/10/2020	Reserves Development	Odyssey Energy acquired an 80% interest in the Tuckanarra project from Monument Mining, through a joint venture transaction. The project is located in Western Australia.	80.00	5.00	80,739	2,099.58	\$61.93	\$74.45
Xanadu	Platina Resources	22/06/2021	Reserves Development	Platina Resources acquired the Xanadu project from an investor group. The project is located in WA	100.00	1.08	78,000	2,484.70	\$14.44	\$14.66

Properties Acquired	Acquirer Name	Date	Development Stage(s)	Summary	Equity Acquired (%)	Value (AU\$M)	Acquired (oz)	Gold Price - \$/oz (AU\$/oz)	Multiple (AU\$/oz)	Normalised Multiple AU\$/oz
Eureka	Tyranna Resources	30/11/2017	Advanced Exploration	Tyranna Resources acquired a 100% interest in the Eureka Gold project from Central Iron Ore. The project is located in Western Australia, Australia.	100.00	3.20	64,200	1,686.02	\$47.59	\$71.24
Great Western	Red 5	2/04/2020	Pre-feasibility	Red 5 acquired the mining lease M37/54 from Terrain Minerals. The lease is located in WA	100.00	2.50	62,100	2,099.58	\$40.26	\$48.40
Monument	SI6 Metals	26/07/2021	Advanced Exploration	SI6 Metals acquired Monument project from DiscovEx Resources. The project is located in WA.	100.00	NA	50,000	2,484.70	\$11.00	\$11.18

The rows that are highlighted are not considered comparable but were included in the initial assessment of potential projects, they are not considered comparable due to 1) being acquired for strategic corporate reasons (i.e. being adjacent to an operation) the price paid was elevated due to the operational synergies, 2) larger global Mineral Resource, 3) being a statistical outlier, 4) having significant metallurgical or environmental impediments, or 5) due to different geological aspects

VRM undertook a statistical analysis of the twenty-six transactions considered potentially comparable with various statistics detailed in the table below. VRM considers that for the open pit Mineral Resources the value of the project would be within the multiples based on the median (A\$20.36/oz) and 75th percentile (A\$54.44/oz) due to the market conditions associated with advanced gold projects while the underground Mineral Resources would be valued using the lowest transaction multiple (A\$5.23/oz) and the 25th percentile (A\$11.62/oz), the reason for using these different lower multiples is due to the low grade of these inferred Mineral Resources. The valuation was determined based on the declared JORC 2012 Mineral Resource estimates as reported by Middle Island and documented in the MDI 2021 Annual Report.

Statistic	Normalised Resource Multiple (A\$/oz)
Average	\$32.28
Median	\$20.36
25th	\$11.62
75th	\$54.44
min	\$5.23
max	\$79.26

SCHEDULE 3 – DIRECTORS' OPTIONS
TERMS AND CONDITIONS

The Options are issued by Middle Island Resources Limited (**MDI** or **the Company**) on the following terms:

1. Each Option may be exercised by giving notice in that regard together with payment of an amount which is calculated as being a premium of 33.33% (calculated as being 12.79 cents) above the 5-day volume weighted average price (**5-day VWAP**) of ASX:MDI quoted shares, up to and including the 23 December 2021 which is the date on which a Deed Poll was executed between MDI and the directors or, if required, such later date as shall be required to comply with ASX Listing Rules and/or corporate legislation and/or taxation legislation (**Exercise Price**).
2. Each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in Middle Island Resources Limited ACN 142 361 608 (**Company**) upon the payment of the Exercise Price per Share subscribed for.
3. The Options will lapse at 5:00pm on the date which is 60 months from their date of issue (**Expiry Date**).
4. The Options are transferable at any time in accordance with the Corporations Act 2001 and any applicable rules of ASX.
5. There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled (as a consequence of holding Option) to participate in new issues of capital that may be offered to shareholders during the currency of the Options.
6. The Option holder has the right to exercise Options prior to the date for determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 3 business days before the relevant record date to exercise the Options.
7. Subject to any requirements of the Corporations Act and ASX Listing Rules, the Options do not confer the right to a change in exercise price or the number of securities over which the Option can be exercised.
8. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
9. Unless approved otherwise by the Company on a case-by-case basis (with no obligation on the Company to do so), Options can only be exercised in parcels of not less than 500,000, except where the total number of Options held by the holder is less than 500,000 (in which case, all Options held by the holder must be exercised and the costs of filing with ASX in connection with the exercise to be borne up front by the Optionholder). Subject to ASX listing rules, the Company shall not be obliged to issue Shares in response to an exercise of Options more frequently than once per calendar quarter. The Company may, in its discretion, waive this clause or any part of it and such a waiver may be subject to conditions or further limitations.
10. Subject to clause 9, the Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by: (a) the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by cleared funds for the subscription monies for the Shares; or (b) such other form and method as may be approved by the Company from time to time. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it PROVIDED THAT if the remaining number be less than 500,000 those Options shall ipso facto lapse unless the Board advises otherwise either before or after such lapse.
11. If the Company has entered into an agreement to underwrite the exercise of the Options and any Options remain unexercised at the Expiry Date, then the holder of those unexercised Options immediately, unconditionally and irrevocably appoints the Company as the Optionholder's agent to transfer (for no consideration to that holder) the unexercised Options to the relevant underwriter and, despite clause 10, that underwriter is entitled to exercise the unexercised Options within 14 calendar days (or such fewer days as the Company may determine in its absolute discretion) of the Expiry Date.
12. Subject to clause 9, the Company shall endeavour to allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Company does not undertake to apply for quotation of the Options on ASX.



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited | 70 142 361 608

Proxy Voting Form

If you are attending the virtual Meeting please retain this Proxy Voting Form for online Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **10.00am (AWST) on Wednesday, 9 February 2022**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

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+61 2 8583 3040

All enquiries to Automic:

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1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

