



Middle Island

RESOURCES LIMITED

ABN 70 142 361 608

INTERIM FINANCIAL REPORT

For the Half-Year ended 31 December 2022

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2022 and any public announcements made by Middle Island Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' Report	3
Auditor's Independence Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' Declaration	16
Independent Auditor's Review Report	17

DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Middle Island Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

DIRECTORS

The names of the directors who held office during or since the end of the half-year, to the date of this report, are:

Peter Thomas
Brad Marwood
Bruce Stewart

REVIEW AND RESULTS OF OPERATIONS

A summary of consolidated revenues and results for the half-year is set out below:

	2022	
	Revenues	Loss for the Period
	\$	\$
Group revenues and loss	13,032	(3,523,671)

Corporate

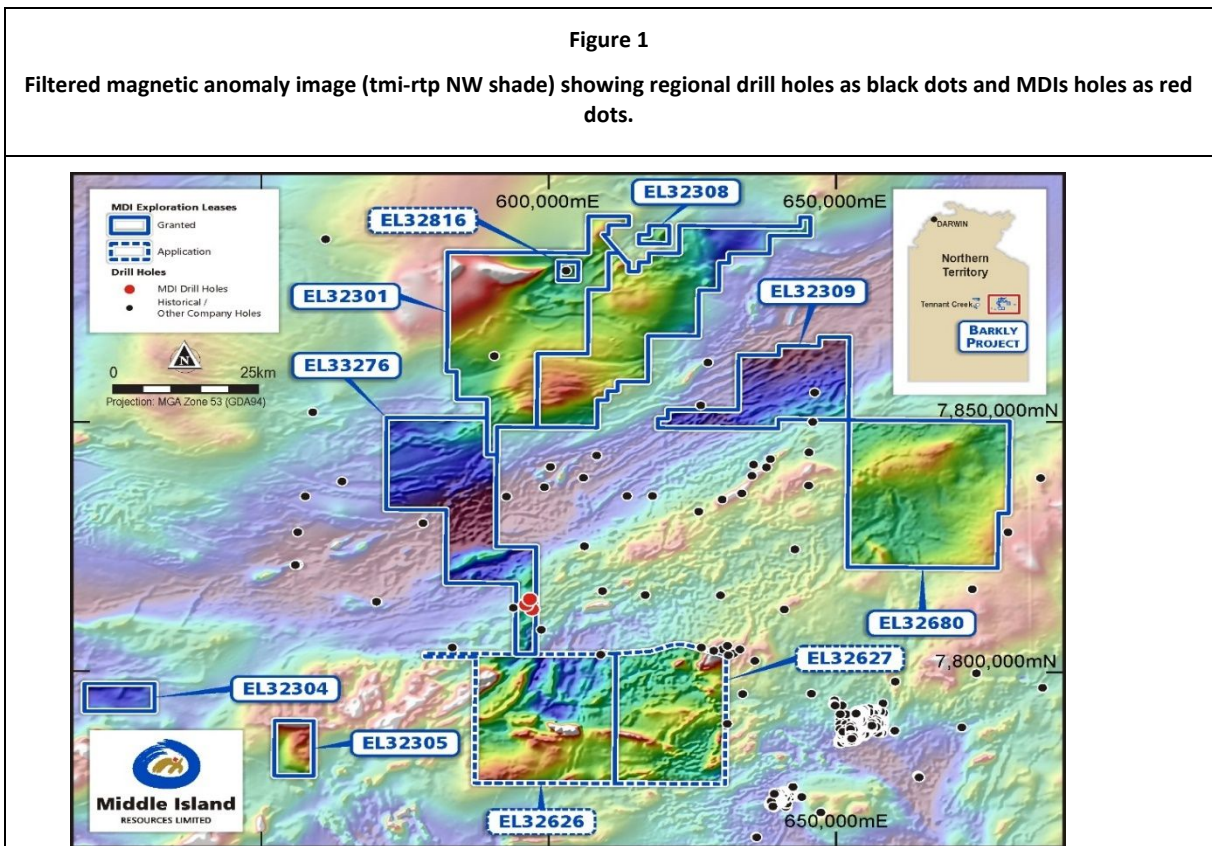
Middle Island Resources Limited (**ASX: MDI, Middle Island or the Company**), held cash and liquid investments of \$3,486,483 as at 31 December 2022, comprising \$3,333,709 in cash and A\$152,774 in available-for-sale listed equity investments. The Company also held listed securities in Aurumin Limited having a value (marked to the then market) of \$2,135,000 as at 31 December 2022.

Strategy & Operations

Below is a brief outline of what has happened over the last 6 months.

During the second half of the 2022 calendar year, MDI staff and consultants completed the initial drilling programme at Barkly Tablelands holdings. The approximate 3,000m drilled were logged and prepared for assay using the locally hired skilled artisans available in Tennent Creek. The prepared samples were packaged and sent to the Bureau Veritas Laboratory in Adelaide. A mismatch of sample numbers and samples required the cored to be relogged. All samples have now been sent to the laboratory for determinations.

The 40,000km air borne geophysical survey was completed and the initial interpretation of the results indicated that there was significant ghosting of the identified targets across geological boundaries. The Georgina Basin is 500 million to 700 million years old, the underlying basalts are 700 million to 750 million years old while the target host rocks are 1.8 Billion years old. Geologically it is very unlikely the IOCG mineral endowment crosses the time boundary of more than one billion years. MDI then obtained historical data that showed the base of the Georgina Basin, basalts and top of the underlying host rocks. This has been used to truncate the geophysical signatures originating above and below the contacts at the contacts.



MDI has logged over 1,200 holes that has been drilled in the Barkly Tablelands over the past 20 years. This data offers significant insights as to the geomorphology of the area and adds further weight to the prioritisation of targets. All exploration data has been incorporated into a geological Information System so that the data can be presented and analysed to develop a deeper understanding of the potential “Hot Spots” for IOCG department.

This report contains information in relation to exploration results extracted from the Company’s previous ASX announcements as noted in the text of the report, which are available to view on the Company’s website.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which any Competent Person’s findings are presented have not been materially modified from the original market announcements.



Middle Island Resources Limited
ACN 142 361 608

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This Directors' Report is made in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to read 'BM', followed by a long horizontal line that ends in a small upward tick.

Brad Marwood

Executive Director

Perth, 14 March 2023

AUDITOR'S INDEPENDENCE DECLARATION



To those charged with governance of Middle Island Resources Limited

As auditor for the review of Middle Island Resources Limited for the half-year ended 31 December 2022,
I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Sajjad Cheema affixed to original document and held on file

Sajjad Cheema

Director

14 March 2023

Perth

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2022

	Half-year Ended	
	31 December	31 December
	2022	2021
Note	\$	\$
CONTINUED OPERATIONS		
REVENUE		
Other income	13,032	19,715
OPERATING EXPENDITURE		
Administration expenses	(209,753)	(343,119)
Depreciation expense	(17,142)	(511)
Exploration and evaluation expenses	(1,238,645)	(168,311)
Fair value losses on financial assets	(1,834,128)	(89,827)
Salaries and employee benefits expense	(237,035)	(305,971)
LOSS BEFORE INCOME TAX	(3,523,671)	(888,024)
Income tax	-	-
LOSS FOR THE PERIOD from Continuing Operations	(3,523,671)	(888,024)
Loss from Discontinued Operations	8 -	(256,880)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income for the period, net of tax	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MIDDLE ISLAND RESOURCES LIMITED	(3,523,671)	(1,144,904)
Basic and diluted loss per share (cents) from continued operations	(2.88)	(0.73)
Basic and diluted loss per share (cents) from discontinued operations	(2.88)	(0.21)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		31 December 2022 \$	30 June 2022 \$
	Note		
CURRENT ASSETS			
Cash and cash equivalents		3,333,710	4,894,935
Trade and other receivables		51,563	214,388
Financial assets	3	2,287,774	96,903
TOTAL CURRENT ASSETS		5,673,047	5,206,226
NON-CURRENT ASSETS			
Plant and equipment		63,326	81,075
Investment in associate		-	4,025,000
TOTAL NON-CURRENT ASSETS		63,326	4,106,075
TOTAL ASSETS		5,736,373	9,312,301
CURRENT LIABILITIES			
Trade and other payables		67,049	96,279
Borrowings		7,007	13,949
Employee benefit obligations		20,141	35,562
TOTAL CURRENT LIABILITIES		94,197	145,790
NON-CURRENT LIABILITIES			
Employee benefit obligations		-	664
TOTAL NON-CURRENT LIABILITIES		-	664
TOTAL LIABILITIES		94,197	146,454
NET ASSETS		5,642,176	9,165,847
EQUITY			
Contributed equity	5	48,611,091	48,611,091
Accumulated losses		(42,968,915)	(39,445,244)
TOTAL EQUITY		5,642,176	9,165,847

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2022

Note	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2021	48,611,091	90,000	433,800	(43,605,798)	5,529,093
Loss for the period	-	-	-	(1,144,904)	(1,144,904)
Disposal of wholly owned subsidiary	-	-	(433,800)	-	(433,800)
BALANCE AT 31 DECEMBER 2021	48,611,091	90,000	-	(44,750,702)	3,950,389
BALANCE AT 1 JULY 2022	48,611,091	-	-	(39,445,244)	9,165,847
Loss for the period	-	-	-	(3,523,671)	(3,523,671)
BALANCE AT 31 DECEMBER 2022	48,611,091	-	-	(42,968,915)	5,642,176

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2022

	Half-year Ended	
	31 Dec 2022	31 Dec 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	114,661	9,475
Expenditure on mining interests	(1,269,661)	(408,542)
Net cash (used in) discontinued operations	-	(528,109)
Payments to suppliers and employees	(419,837)	(853,346)
Interest received	13,004	168
Government COVID-19 cashflow boost received	-	18,000
Net cash outflow from operating activities	(1,561,833)	(1,762,354)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	-	(2,025)
Proceeds from sale of computer equipment, motor vehicle	608	12,494
Net cash (outflow)/inflow from investing activities	608	10,469
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	-	(15,562)
Net cash inflow from financing activities	-	(15,562)
Net decrease in cash and cash equivalents	(1,561,225)	(1,767,447)
Cash and cash equivalents at the beginning of the period	4,894,935	3,247,637
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,333,710	1,480,190
Cash and cash equivalents included in disposal group	-	8,782
Cash and cash equivalents for continuing operations	3,333,710	1,471,408

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Middle Island Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This consolidated interim financial report has been prepared on an accruals and historical cost basis.

This consolidated interim financial report has been prepared on the going concern basis that contemplates normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

This consolidated interim financial report was approved by the Board of Directors on 14 March 2023.

Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2022. As a result of this review the Directors have determined that there is no impact, material or otherwise, of these new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going Concern

The interim financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the normal course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at the reporting date of this half-year financial report, the Group has approximately \$3.3M in cash and cash equivalents for continuing operations, and an additional \$2.29M in financial assets. The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate. The directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

NOTE 2: SEGMENT INFORMATION

For management purposes, the Group has identified one reportable segment, being exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves from the Group's mineral assets in these geographic locations.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	Half-year Ended	
	31 Dec 2022	31 Dec 2021
	\$	\$
<u>Exploration Segment</u>		
Segment revenue - Australia	13,032	611
Segment revenue - Total	13,032	611
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	13,003	611
Other income	29	19,104
Fair value gains on financial assets	-	-
Total revenue	13,032	19,715
Segment results - Australia	(3,523,671)	(1,136,532)
Segment results - Africa	-	(8,372)
Segment results - Total	(3,523,671)	(1,144,904)
Reconciliation of segment result to net loss before tax:		
Other income	13,032	19,715
Fair value (losses) on financial assets	(1,834,128)	(89,827)
Exploration and evaluation expenses	(1,238,645)	(168,311)
Other corporate and administration	(463,930)	(649,601)
Loss from discontinued operations	-	(256,880)
Net loss before tax	(3,523,671)	(1,144,904)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2: SEGMENT INFORMATION (cont'd)

	31 Dec 2022 \$	30 Jun 2022 \$
Segment operating assets - Australia	63,326	81,075
Segment operating assets - Total	63,326	81,075
Reconciliation of segment operating assets to total assets:		
Investment in associate	-	4,025,000
Other corporate and administration assets	5,736,373	5,206,226
Total assets	5,736,373	9,312,301
Segment operating liabilities - Australia	74,056	110,228
Segment operating liabilities - Total	74,056	110,228
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	20,141	36,226
Total liabilities	94,197	146,454

NOTE 3: FINANCIAL ASSETS

	31 Dec 2022 \$	30 Jun 2022 \$
Investment in Canadian listed equity securities	152,774	96,903
Investment in Aurumin Limited	2,135,000	-
Total	2,287,774	96,903

Investment in Canadian listed equity securities:

The fair value of the equity investments has been calculated by reference to the most recent quoted market closing price on the TSX at the respective reporting dates with the gain or loss in the fair value being recorded through profit or loss. This investment is classified as a Level 1 financial instrument.

Investment in Aurumin Limited:

The Company's investment in Aurumin was previously recorded as an investment in an "associate company" as MDI held a 25.14% shareholding. This shareholding has decreased to 19.6% as at 31 December 2022 and as a consequence, that investment is now required to be classified as a financial asset at fair value through Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4: CURRENT and NON-LIABILITIES - PROVISIONS

	31 Dec 2022 \$	30 Jun 2022 \$
Current Liabilities:		
Rehabilitation	-	-
Non-Current Liabilities:		
Rehabilitation	-	-
Opening Balance	-	1,384,900
Adjustment pursuant to disposal of Sandstone Operations Pty Ltd	-	(1,384,900)
Closing Balance	-	-

NOTE 5: EQUITY SECURITIES ISSUED

Issues of ordinary shares during the period

	Half-year Ended			
	31 Dec 2022		31 Dec 2021	
	Shares	\$	Shares	\$
Opening balance	122,418,222	48,611,091	122,418,222	48,611,091
Closing balance	122,418,222	48,611,091	122,418,222	48,611,091

Movements of options during the period

	Number of Options	
	31 Dec 2022	31 Dec 2021
Opening Balance	-	21,611,663
Lapse of unexercised option, expired 8 November 2021	-	(1,304,349)
Closing Balance	-	20,307,314

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: CONTINGENCIES

There has been no change in contingent liabilities since the last annual reporting date.

NOTE 7: TENEMENT EXPENDITURE and OTHER COMMITMENTS

The minimum statutory expenditure requirements on granted tenements for the next twelve months amounts to \$320,886.

The Company, through its wholly owned subsidiary, entered into a commercial lease agreement to rent premises in Tennant Creek. The initial term of the lease was for twelve months. As at 31 December 2022, the remaining rental commitments amounted to \$9,776. The Company is entitled to renew the lease for a further two terms of two years each.

NOTE 8: DISCONTINUED OPERATIONS

For the purposes of comparatives only, it is noted that during the half-year ended 31 December 2021, the Company completed a divestment of its 100% interests in the Sandstone Gold Project near Sandstone, Western Australia (settled in accordance with the agreed terms and conditions in March 2022), and its 100% interests in Burkina Faso SARL.

NOTE 9: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2022 which has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Middle Island Resources Limited will be able to pay its debts as and when they become due and payable.

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



Brad Marwood
Executive Director
Perth, 14 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

ELDERTON

AUDIT PTY LTD

To the members of Middle Island Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Middle Island Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2022, the consolidated condensed statement of financial performance, consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of anything that makes us believe that the accompanying half-year financial report of Middle Island Resources Limited does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Middle Island Resources Limited 's financial position as at 31 December 2022 and of its financial performance for the half-year then ended; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the *Corporations Act 2001* and the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Limited liability by a scheme approved under Professional Standards Legislation
T +61 8 6324 2900 E info@eldertongroup.com A Level 32, 152 St Georges Terrace, Perth WA 6000
ABN 51 609 542 458 W www.eldertongroup.com

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022, and of its financial performance for the half-year ended on that date, and complying with Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Signature of Elderton Audit Pty Ltd affixed to original document and held on file

Elderton Audit Pty Ltd

Signature of Sajjad Cheema affixed to original document and held on file

Sajjad Cheema

Director

14 March 2023

Perth