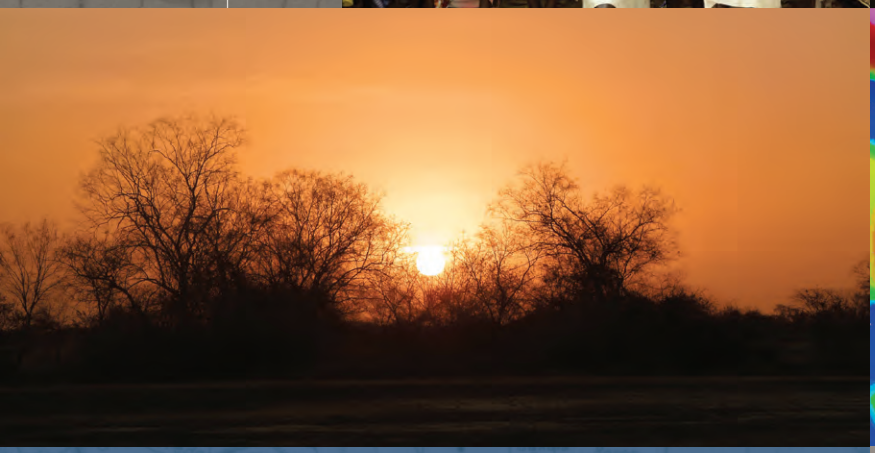
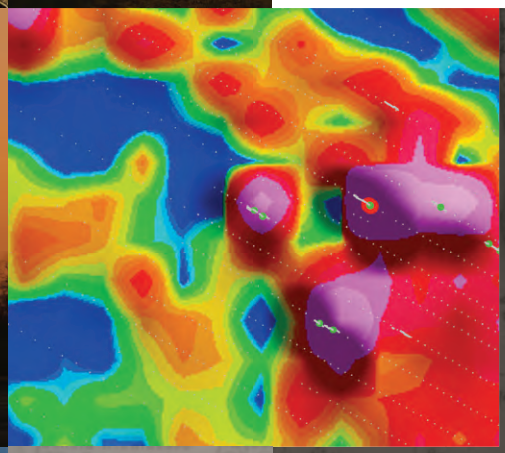
Middle Island
RESOURCES LIMITED





ANNUAL REPORT 2012

MIDDLE ISLAND
RESOURCES LIMITED
ABN 70 142 361 608

Annual Report
for the period ended
30 June 2012

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Peter Thomas	Non-Executive Chairman
Richard Yeates	Managing Director
Beau Nicholls	Technical Director
Linton Kirk	Non-Executive Director
Dennis Wilkins	Alternate for Beau Nicholls

COMPANY SECRETARY

Dennis Wilkins

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STOCK EXCHANGE LISTING

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

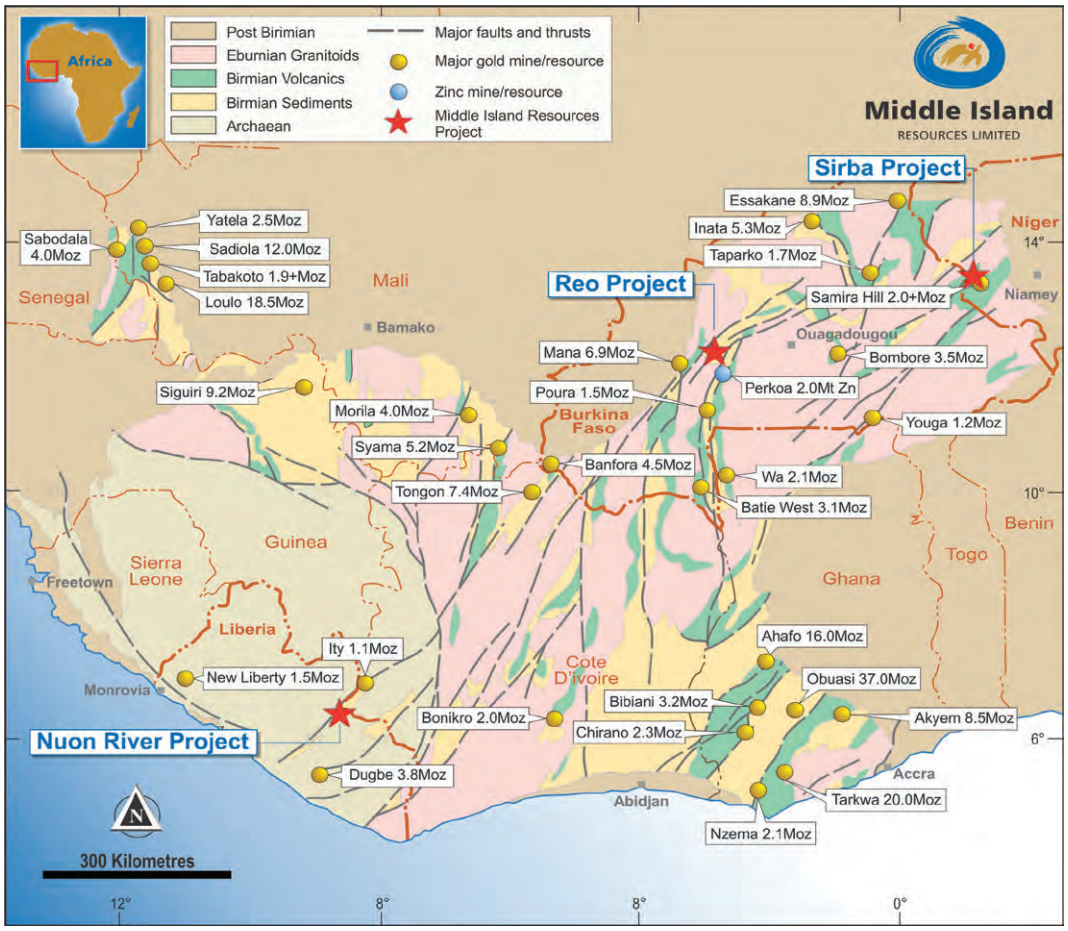
MANAGING DIRECTOR'S OVERVIEW

Dear Fellow Shareholders,

It gives me great pleasure to introduce to you Middle Island's 2012 Annual Report, a summary of the year's activities. Despite 2011-12 proving to be extremely challenging in terms of market sentiment, your Company remains in a sound financial position, finishing the financial year with A$13 million in cash and no debt. The Company therefore has sufficient funding for at least a further 18 months of 'steady state' gold exploration in West Africa and is well positioned to pursue the acquisition of distressed assets in the region at discounted values.

In the past financial year the Company continued a systematic evaluation of its three highly prospective West African gold projects; Reo in Burkina Faso, Sirba in Niger and Nuon River in Liberia. Baseline geophysical and geochemical surveys, undertaken to identify all targets within each project area, have largely been completed, allowing Middle Island to effectively prioritise targets for follow-up exploration. To balance date, 15 targets had been identified in total, with additional new prospects likely to be derived from further assay results pending at financial year end. In addition, we commenced drill assessment of six initial targets (one more than originally scheduled). At least one of these drilled targets, the K4/K5 Prospect at the Reo Project, demonstrates potential to represent a 'stand-alone' deposit, and a further four targets (Morley and Samba at the Reo Project, Songonduari-Forbemi at the Sirba Project, and Big Hill at the Nuon River Project) have the potential to at least represent satellite deposits that may supplement a nearby 'stand-alone' discovery or deposits amenable to toll milling.

Figure 1. **Middle Island Resources project locations**



MANAGING DIRECTOR'S OVERVIEW

Completion of baseline surveys in 2011-12 provides the opportunity to focus with greater confidence on 'stand-alone' targets with the potential to deliver strong early results in the 2012-13 field season.

Middle Island has also consolidated and strengthened its mineral tenure during the year. Your Company has been granted a 100% interest in the Kakou permit application, comprising part of the expanded Sirba Project in Niger, which represents an excellent consolidation of the Sirba greenstone belt surrounding SEMAFO Inc's Samira Hill mine. Middle Island has also achieved its initial 70% interest in the Nassilé permit, again part of the Sirba Project, and has earned its initial 15% interest in the Grand Gedeh permit, comprising part of the otherwise 100%-owned Nuon River Project.

Post balance date, the Company held an internal strategic planning workshop, at which your board and senior management team reaffirmed Middle Island's commitment to an exclusive commodity focus on gold and a geographic focus on West Africa. We remain extremely confident that the outlook for gold is very positive in the short, medium and longer term.

In April 2012, your Company raised an additional A$10 million at a 60% premium to the IPO price. This was undertaken via a private placement to selected major international resource funds, with our major shareholder Newmont participating on a pro-rata basis in a great endorsement of our assets and strategy. We welcome our new shareholders onto the register.

In response to current market circumstances the exploration strategy for 2012-13 is predicated on Middle Island's existing capital funding at least a further 18 months of 'steady state' exploration. Notwithstanding this, a 'company-making' discovery will see funding refocus onto a single asset in the first instance, and provide the environment in which to more favourably raise capital to progress the project in the second.

The target pipeline will also continue to be developed in order to honour statutory and joint venture expenditure commitments, albeit at a considerably slower pace than in previous years. Our exploration success to date and our planned programme for the coming field season provides, we believe, a sufficient basis for a positive re-rating by equity markets over the next 12 months.

The appointment during the year under review of Mr Linton Kirk as a Non-executive Director on the Middle Island Board brings a wealth of international mine operating, contracting and consulting experience to the team, and improves our corporate governance. Mr Kirk has already made a significant impact in our deliberations.

I thank the Middle Island Board for its strong support and thoughtful contribution during what has been a somewhat more challenging year than last, and can assure shareholders that your investment remains in sound hands.

Equally, the Middle Island exploration and administrative team successfully completed what was an ambitious exploration campaign during the 2011-12 field season, again ably led by Andrew Chubb as our resident Exploration Manager in West Africa. During the year, we also welcomed Ms Sarah Mackenzie into the part-time role of Community Relations Manager, and I sincerely thank and congratulate her for her extremely valuable contribution thus far.

Your Company also advanced its social development activities in line with its policy to dedicate 5% of exploration expenditure towards building community relations, and political and social capital. This approach is increasingly imperative for successful operations, and continues to attract considerable positive attention from corporate and institutional investors. Seven community development projects in all three West African jurisdictions were implemented or completed by year end. I am pleased to advise that four of these projects have attracted supplementary Australian Government funding, via the Direct Aid Program (DAP) that is administered by the various Australian High Commissions. These small, supplementary grants are provided in order to expand the nature and reach of these community development initiatives, and we are extremely grateful to DFAT, the Australian Heads of Mission and the Australia-Africa Mining Industry Group (AAMIG) for their support of these worthwhile projects.

Despite the present negative market sentiment, Middle Island continues to actively market and promote your Company at every opportunity. To this end, we have been well represented at eight major conferences, variously held in Livingstone (Africa Mining Congress), Cape Town (Mining Indaba), Toronto (PDAC), Perth (Africa Downunder), Kalgoorlie (Diggers & Dealers), Sydney (Resources Roundup), Hong Kong (Mines & Money) and Geneva (Precious Metals Summit). We have also participated in several road-shows to Sydney (x2), Melbourne, Hong Kong and London (frequently in conjunction with conferences to minimise expenditure), and otherwise made numerous presentations to international institutions, resource funds, broking houses and high net worth investors.

Middle Island has also been featured in dozens of editorial news articles in various respected print media and e-news platforms, and three broking firms, Bell Potter, PCF Capital and Argonaut Securities, now provide formal independent coverage of Middle Island Resources.

Your Company continues to make significant progress towards achieving its primary resource objective of a minimum 1.1-1.2Moz, albeit the target timeline of December 2012 is not now expected to be met. The Big Hill Prospect at the Barteh Jam Mining Centre in Liberia probably represented the best opportunity to achieve this objective within the desired timeframe, however initial results proved disappointing. Equally, the significant quantity of drilling required to achieve this same objective at the K4/K5 prospect on the Reo Project in Burkina Faso is unlikely to be completed within this timeframe due to the unexposed, composite character of multiple targets that comprise the prospect area.

Middle Island experienced significant delays in sample turnaround times at the SGS laboratory in Ouagadougou during the 2010-11 and 2011-12 field seasons. The Company addressed the immediate issue by redistributing the 2011-12 sample backlog to other laboratories in West Africa, and in the longer term by acquiring a dedicated, mobile sample preparation facility to produce pulps that can be cost-effectively flown to any laboratory in the world for assay. Construction and equipping of this facility in South Africa has been completed ready for shipping and, subject to current labour strikes at South African ports, it is anticipated that commissioning of this unit will occur in Burkina Faso in November. Proposals from accredited international assay laboratories to manage the facility on behalf of the Company are currently being evaluated in order to ensure the appropriate degree of independence is maintained.

I thank all shareholders for your on-going support of Middle Island Resources and for your important contribution to our efforts. Whilst 2011-12 has not been a rewarding year for all Middle Island investors, we continue to devote our energies to building sustained shareholder value in the longer term.

Kind regards,

Rick Yeates
Managing Director

Corporate

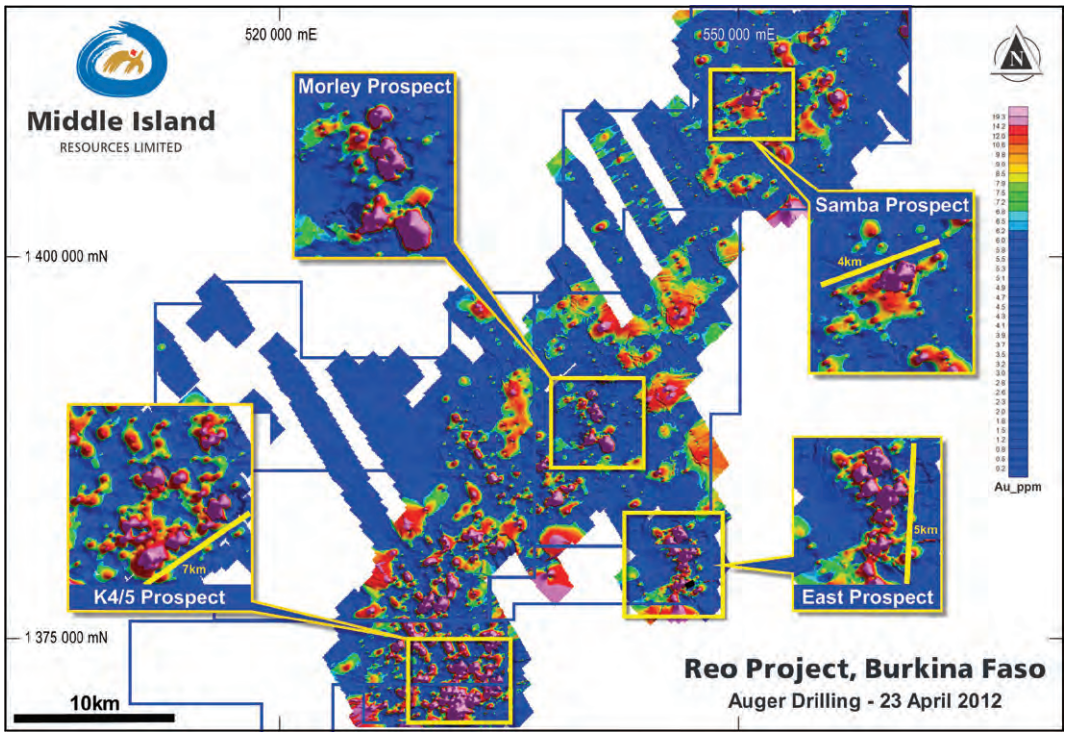
Middle Island had a strong balance sheet at balance date, with A$13 million in cash, no debt and low proportional corporate cost profile of approximately 20%.

REO PROJECT – BURKINA FASO

Auger Drilling

The geochemical auger drilling campaign was completed at the Reo Project during the reporting year, bringing the final program total to 69,528m (9,341 holes). The program defined (and refined) four principal target areas, being the Morley-Goumi, K4/K5, East and Samba prospects as shown in Figure 2.

Figure 2. **Image of auger geochemical drilling at the Reo Project, designed to define and refine targets for cost effective RAB and RC drilling, with the priority areas shown in inset boxes.**



RAB Drilling

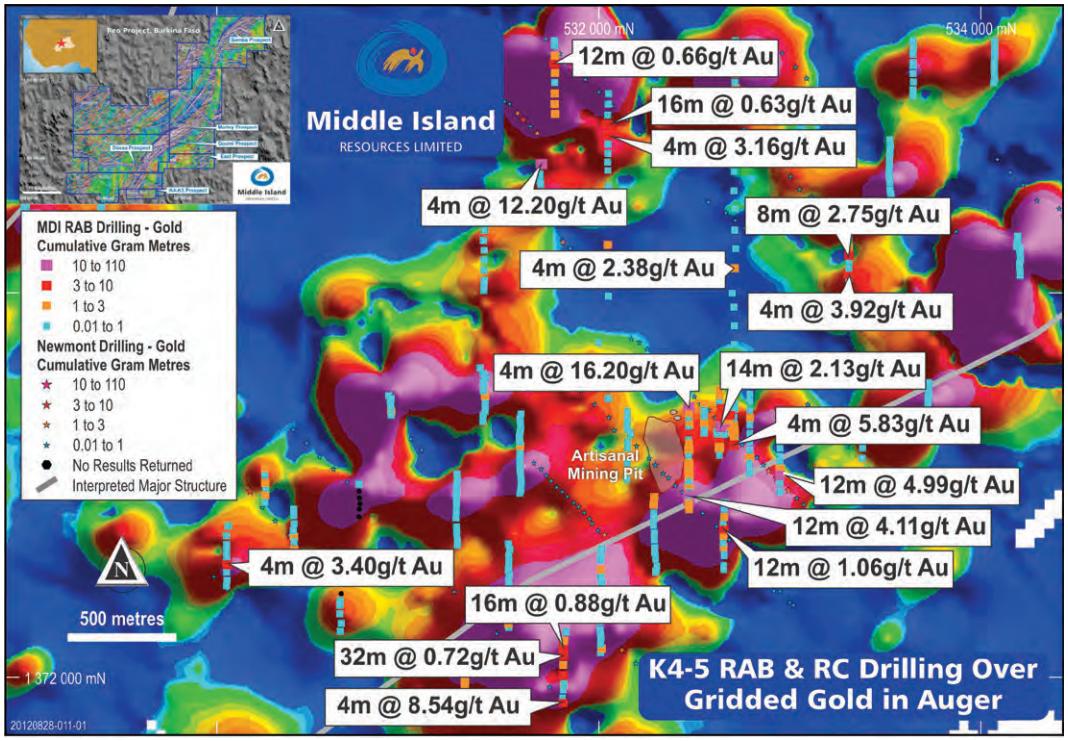
A total to 49,893m (1,440 holes) of reconnaissance RAB drilling traverses were completed at the Reo Project during the year. This program was designed to assess priority targets generated from geochemical auger drilling, with a particular focus on the K4/K5, East and Samba prospects.

K4/K5 Prospect

More significant 4m composite sample intercepts returned from the K4/K5 target area during the year, along with better aircore and RC results, include **18m at 2.51g/t (eoh), 13m at 2.23g/t (eoh), 4m at 16.2g/t, 4m at 14.0g/t, 12m at 4.11g/t, 8m at 2.25g/t, 20m at 1.73g/t, 12m at 1.06g/t, 4m at 8.54g/t, 18m at 1.59g/t, 8m at 1.86g/t, 4m at 12.2g/t, 4m at 3.40g/t and 4m at 2.38g/t Au.**

Mineralisation occurs over a 6km diameter area of the composite K4/K5 target, with at least four zones of significant mineralisation defined in the northern (K4) and southern (K5) areas of the prospect (as shown in Figure 3). Mineralisation consistently comprises sheeted quartz-carbonate veining, within strongly sericite-altered metasediments and metavolcanics that form embayments in the shallowly plunging southern extremity of the Didyr Granodiorite. While the precise control on mineralisation is not fully understood, there appears to be a close spatial relationship between gold mineralisation and the granodiorite contact.

Figure 3. **Summary of RAB, aircore and RC drilling at the K4/K5 Prospect, superimposed on the imaged auger gold geochemistry.**



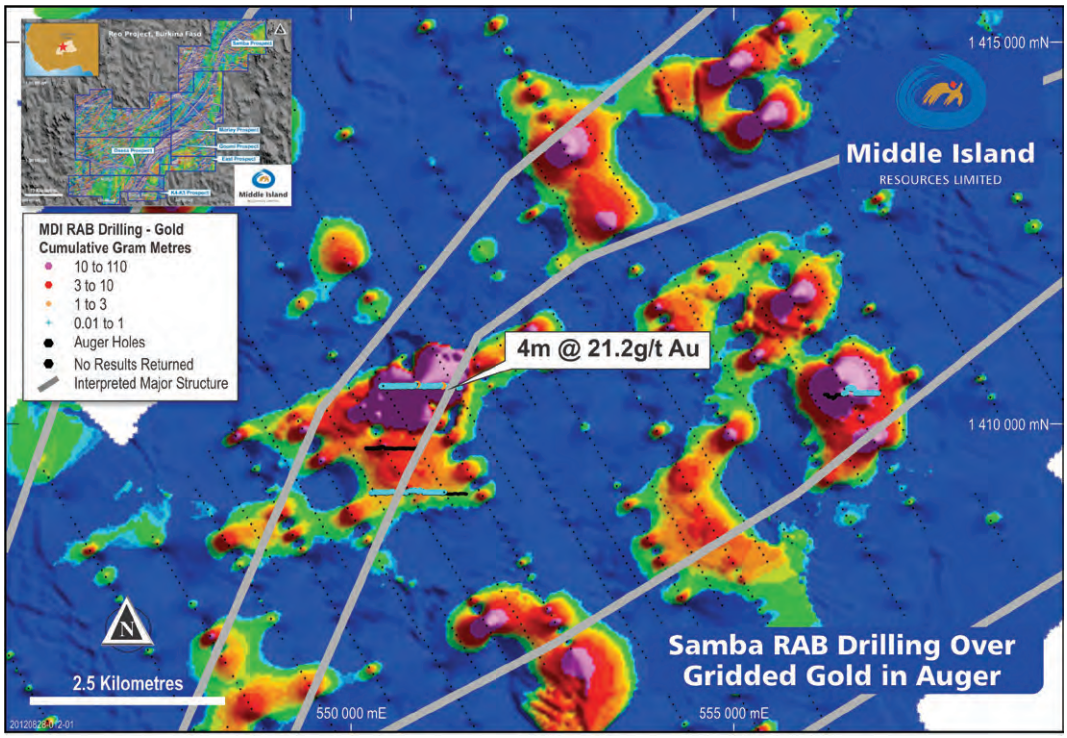
While continuity of mineralised zones will need to be demonstrated with further drilling, the extent and tenor of mineralisation encountered to date provides a reasonable basis for optimism that the K4/K5 Prospect will prove to collectively comprise a target consistent with the Company's minimum stand-alone resource objective.

The K4/K5 target will be a priority for early follow-up RAB, RC and diamond drilling in the 2012-13 field season. It is planned to complete a limited number of oriented diamond holes on better defined mineralised zones within the K4/K5 target in order to confirm the morphology of and controls on mineralisation, along with preliminary metallurgical testing, before embarking on pattern RC drilling.

Samba Prospect

Three, broad (800m) spaced, reconnaissance RAB drill traverses completed at the recently defined Samba Prospect, located at the north-eastern corner of the Reo gold project, returned a significant initial result of **4m at 21.7g/t Au** from 20m down hole depth, which ends in mineralisation (shown in Figure 4 below).

Figure 4. **Broad (800m) spaced reconnaissance RAB drilling traverses superimposed on the auger gold geochemical image of the Samba Prospect, with the discovery intercept annotated (assays were still pending for holes shown in black).**



This result is consistent with the sub-cropping geology mapped at the site, which comprises strongly sheared, and extensively altered and quartz veined meta-basalt, associated with the major shear zone that wraps around the western margin of the Samba granodiorite.

This extremely encouraging initial drill intercept is particularly satisfying, as the Samba Prospect is a totally new, greenfields discovery. The area's obvious prospectivity was immediately identified by the Middle Island team from the airborne magnetic survey early in 2011, validated by auger drill geochemistry in 2011-12 and is now proving to potentially represent

yet another valid resource target within the large and highly prospective Reo gold project. It is intended to undertake follow-up RC drilling on the Samba target in the 2012-13 field season.

East Prospect

Although the East Prospect was not an original RAB drilling priority, auger drilling defined a cohesive, high tenor gold anomaly over a 5-6km strike length that was found to be completely divorced from the original Newmont soil anomaly, implying a strong degree of laterite transposition.

The best RAB drilling intercept returned from initial traverses is **4m at 2.19g/t Au**. While assessment of results is continuing, at this stage the prospect is unlikely to remain a priority for the Company.

Goumi Prospect

The best 4m composite sample intercept returned from limited RAB drilling completed at the Goumi target during the year comprised **24m at 1.28g/t (including 8m at 2.25g/t Au)**. This intercept appears to represent a new zone of mineralisation in a similar structural setting to the high grade Morley Prospect some 2km to the north, and thoroughly deserves further limited RAB (and possibly subsequent RC) drilling during the coming field season to assess whether it represents a valid resource target.

Dassa Prospect

Although never a high priority for Middle Island, very limited reconnaissance RAB drilling completed at the Dassa Prospect generated a best intercept of **4m at 3.65g/t Au**, and no further work is planned at this stage.

All RAB drilling results have been tabulated in various ASX Releases and subsequent Quarterly Reports.

SIRBA PROJECT – NIGER

Tenure

The Dogona and Boulkagou permit applications were formally granted and issued to the Company's joint venture partner, Cassidy Gold Corp, on 13 July, 2011. Middle Island has the right to earn an initial 90% interest in the permits via staged exploration expenditure of US$1 million over a 2 year term from grant.

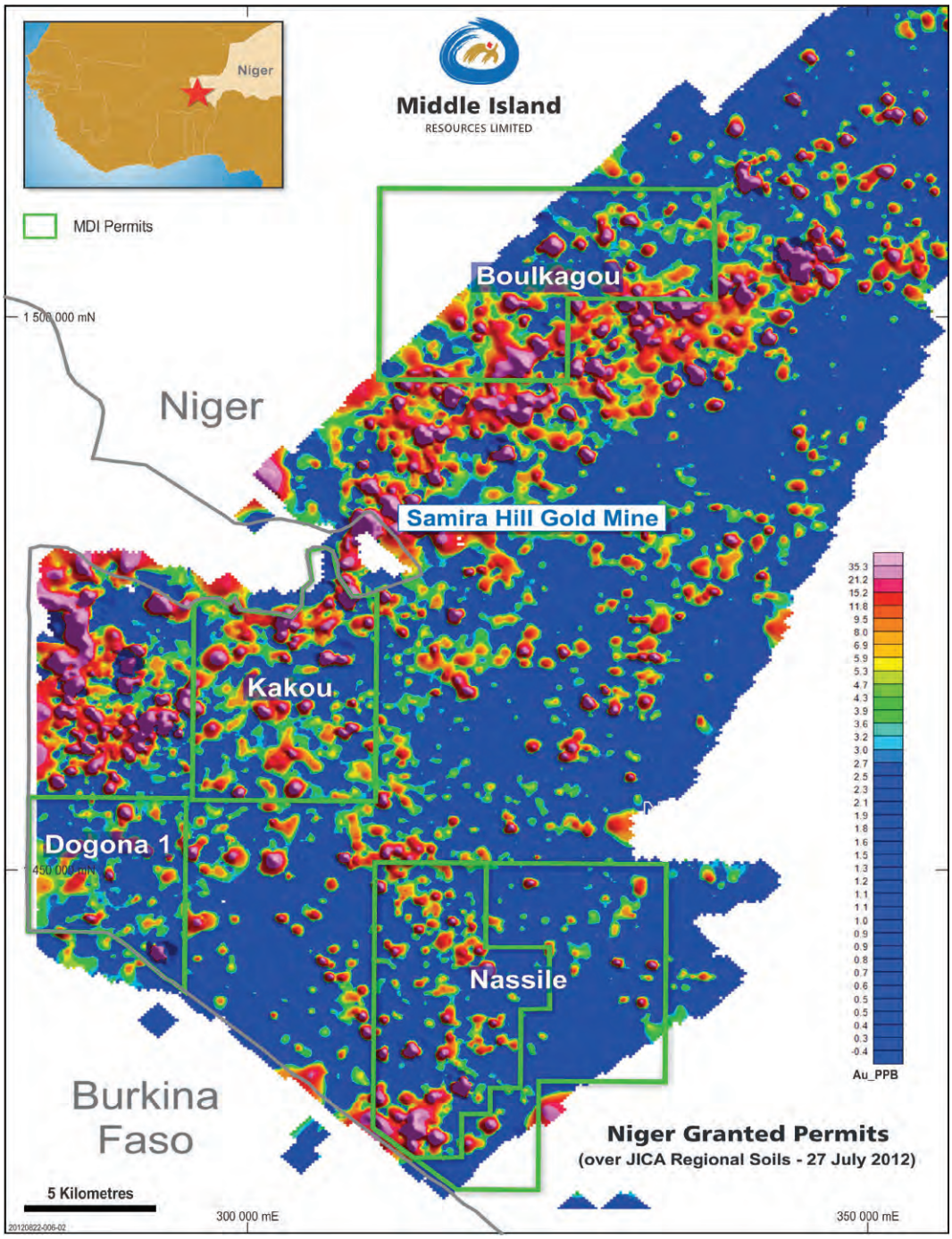
Following aggregate exploration expenditure of over US$2 million on the Nassilé permit, the Company has now effected its initial 70% interest in the Nassilé permit from minority partners First Graphite Corp. (formerly Island Arc Exploration Corp.) and Cassidy Gold Corp.

The Company is also pleased to report that the 100%-owned Kakou permit application was formally granted on 6 July 2012.

The Kakou permit lies immediately northwest of the Nassilé permit and immediately northeast of the Dogona permit, situated within the northeast trending structural and geochemical corridor that hosts the Samira Hill gold mine of SEMAFO Inc. (shown in Figure 5). The Kakou permit is consistent with the Company's strategic objectives, representing another significant step in the consolidation of the Sirba greenstone belt, straddling SEMAFO Inc's 2.1Moz Samira Hill gold mine.

As a consequence of this consolidation under several separate agreements, the Niger permits have collectively been renamed the 'Sirba Project'.

Figure 5. **Location of Middle Island's Sirba Project permits, superimposed on the imaged regional gold geochemistry, showing the recently granted Kakou permit located immediately southwest of the Samira Hill gold mine.**

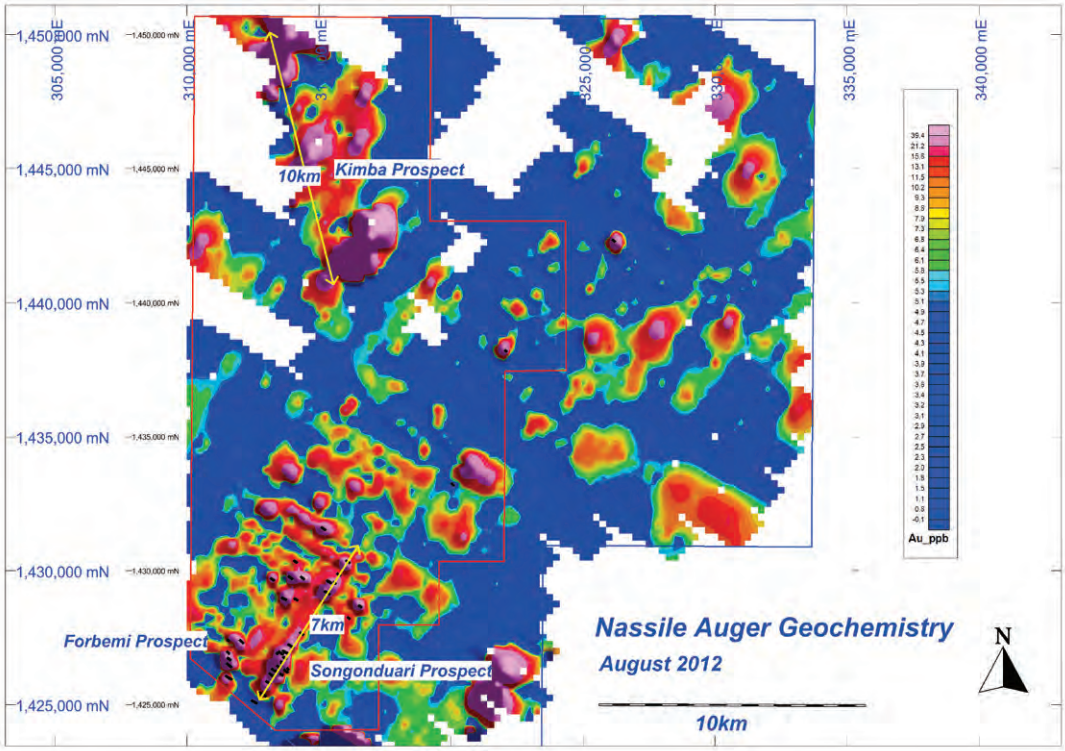


Geochemical Auger Drilling (Nassilé Permit)

All results have now been received for the 15,203m (2,911 holes) of primary and infill geochemical auger drilling completed at the Nassilé Project this financial year. In addition to the extensions previously defined to the Songonduari and Forbemi prospects, more recent drilling extended the geochemical coverage across major structural elements identified from the 2011 airborne magnetic survey.

A substantial new 10km long, high tenor gold anomaly, dubbed the 'Kimba Prospect', has been identified to the north of the Songonduari mineralised trend, as shown in Figure 6. This anomaly coincides with a granite contact interpreted from airborne magnetic data, and represents a high priority for infill auger drilling during the 2012-13 field season.

Figure 6. **Imaged auger gold geochemistry covering major structural elements defined from the airborne magnetic survey, identifying the new Kimba Prospect in the north-western portion of the image.**



RC Drilling (Nassilé Permit)

All assay results have now been received for the 168 RC holes (12,251m) completed as reconnaissance traverses over the Songonduari and Forbemi targets on the Nassilé permit during the year.

Songonduari Prospect

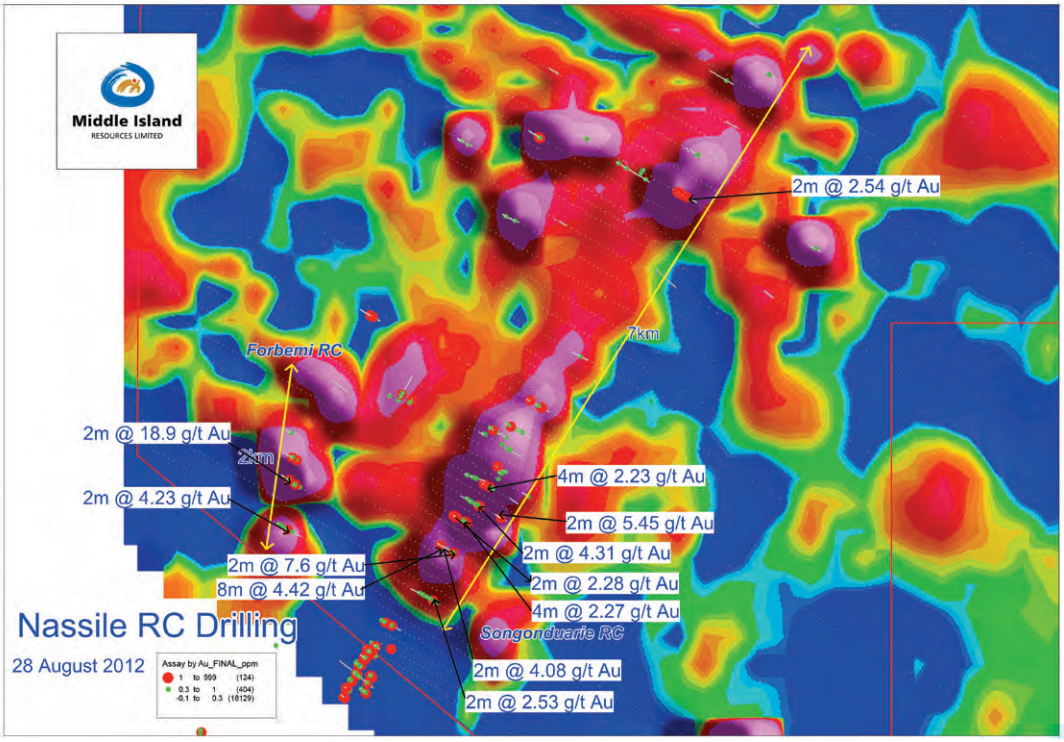
Further encouraging results have been received from RC drilling along the 8km long Songonduari trend, including **6m at 1.91g/t, 2m at 7.60g/t, 16m at 2.76g/t (including 10m at 4.09g/t) and 2m at 4.08g/t Au**. These results are in addition to previously reported RAB and RC intercepts of **12m at 3.08g/t, 6m at 1.98g/t, 3m at 4.90g/t, 15m at 2.24g/t, 4m at 2.24g/t, 2m at 4.31g/t and 2m at 5.45g/t Au**.

Forbemi Prospect

All assays results have been returned from broad (400m to 800m) spaced, reconnaissance RC drill traverses completed across the northern 1.2km long extension of the high grade, laminated quartz vein comprising the Forbemi Prospect. Better results include **2m at 4.23g/t and 4m at 9.71g/t (including 2m at 18.9g/t) Au**.

The distribution of the Songonduari and Forbemi RC drill results is shown in Figure 7. The RC results are being further evaluated to determine their significance prior to any decision being made on follow-up drilling.

Figure 7. **Reconnaissance RC drill traverses overlaid on imaged auger gold geochemistry, with better intercepts identified (assay results were still pending for holes shown in black).**



Auger Drilling & Soil Geochemistry – Dogona & Boulkagou Permits

At financial year end, approximately 35% of results had been received for reconnaissance gold soil sampling and auger drilling (2,455 holes; 16,350m) completed over priority corridors interpreted from airborne geophysical surveys on both the Dogona and Boulkagou permits (comprising portions of the recently renamed Sirba Project). These results are currently being compiled and evaluated.

NUON RIVER PROJECT – LIBERIA

Tenure

Having exceeded its required expenditure of US$500,000 on the Grand Gedeh permit under the farm-in agreement with Superior Minerals Resources Inc, Middle Island earned the first 15% interest in the Grand Gedeh permit during the year.

Stream Sediment Sampling

A comprehensive BLEG (bulk leach extractable gold) stream sediment sampling campaign, covering the whole of the Nuon River project area, was completed during the year. The campaign involved careful sampling and ultra-sensitive multi-element analytical techniques, designed to confidently identify and discriminate anomalies in order to delineate specific sources of primary gold mineralisation.

The BLEG stream sediment sampling program involved the collection of 395 samples, including field duplicates and replicates. Eight anomalies have been identified (shown in Figure 8), some of which are explained by existing artisanal alluvial workings, while others are completely new. Of these anomalies, soil sampling was completed over the Nico and Barteh Jam targets, and initial drilling undertaken at the latter. The Middle East and Mambo Camp targets have been prioritised for infill stream sediment and soil sampling during the 2012-13 field season.

Airborne Magnetic & Radiometric Survey

Airborne magnetic and radiometric surveys (17,500 line kilometres) were completed over the whole Nuon River project area during the March Quarter 2012. The total magnetic intensity (TMI) image from the survey, which was flown at a 200m line spacing and a 35m mean terrain clearance, is provided as Figure 9.

Structural interpretation and targeting studies have been completed by a respected external geophysical consultant, with the status of the full project interpretation shown in Figure 10.

Figure 8. **Nuon River Project stream sediment sampling results, identifying principal gold anomalies (red drainages).**

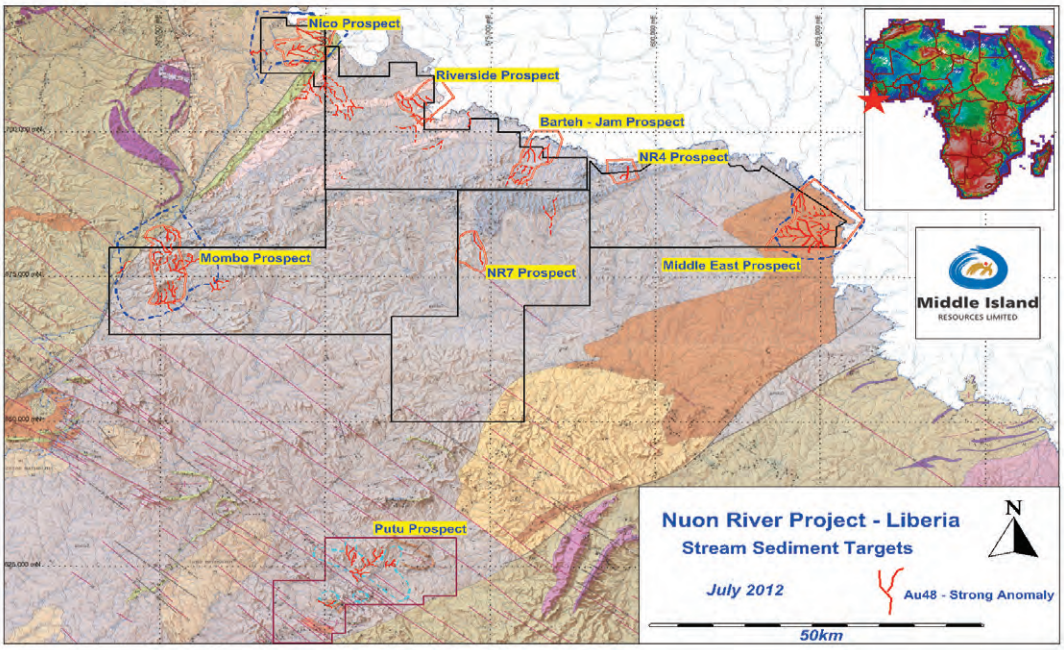


Figure 9. **Nuon River Project TMI image.**

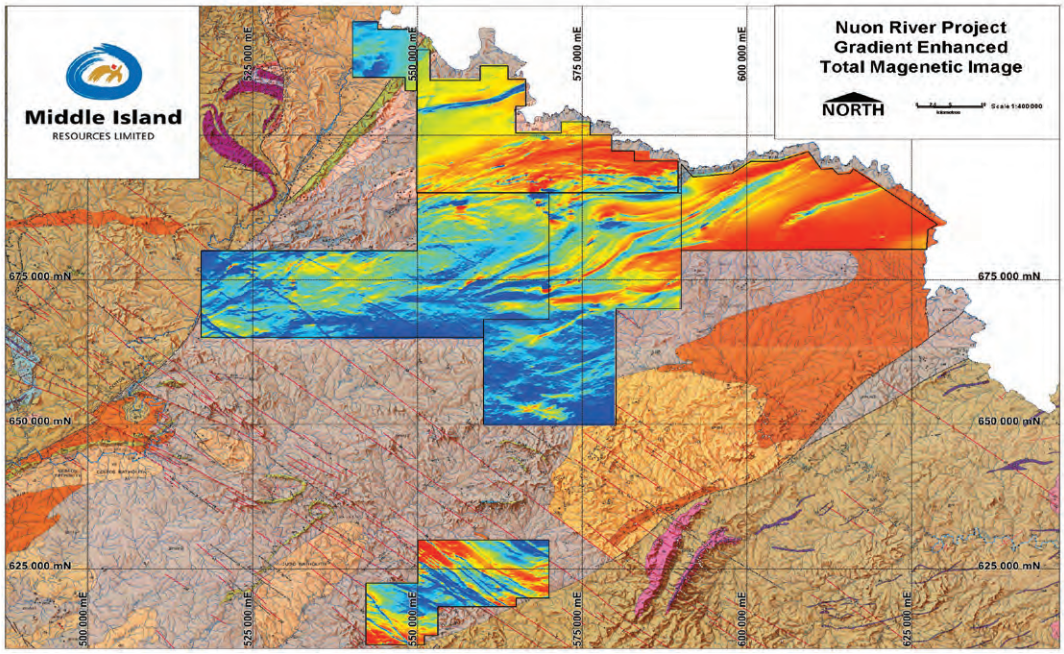
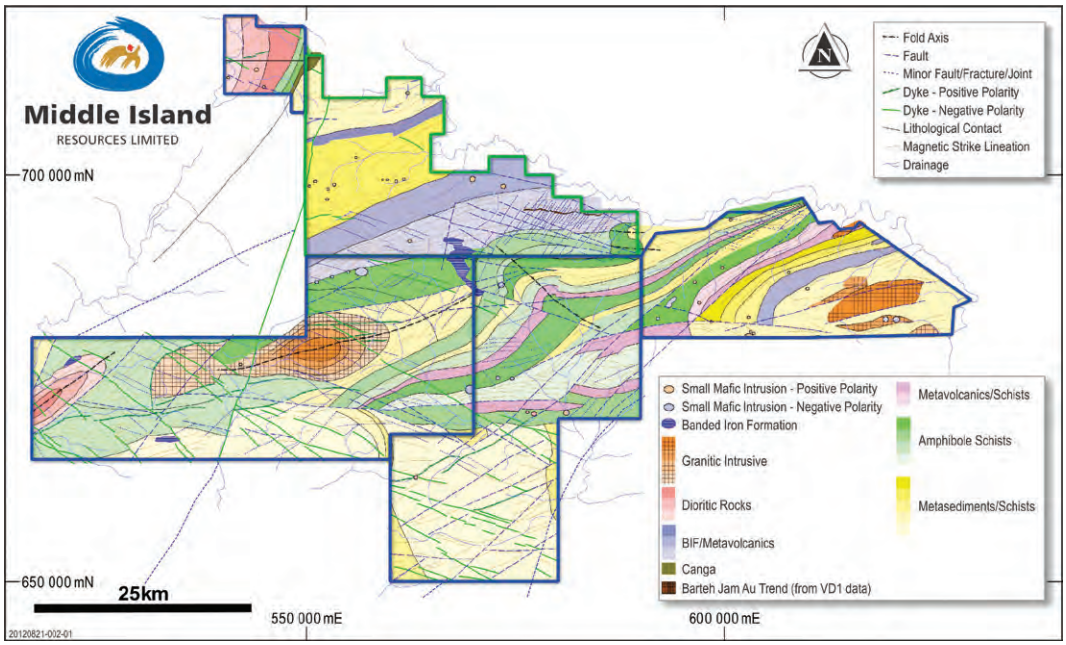


Figure 10. **Nuon River Project airborne geophysical interpretation.**



The combination of airborne geophysics and stream sediment sampling not only permit the identification of priority corridors for further gold exploration, but also allow rationalisation of the substantial Nuon River Project tenure to mitigate holding costs and high statutory expenditure commitments.

In addition to the gold potential, some 51 dipole anomalies have been interpreted to represent possible kimberlite diatremes, the primary host to diamonds. Of further significance is the identification of potential itabirite iron ore targets. The Zai Iron Prospect has been validated in the field with significant itabirite and massive haematite identified over an area 6.5km long and 800m wide.

As Middle Island's objective is to remain totally focussed on gold exploration and development, information memoranda on the diamond and iron ore potential of the Nuon River permits have been prepared for assessment by other companies that may be interested in farming into the associated diamond and iron ore rights.

RC/Diamond Drilling (Big Hill Prospect)

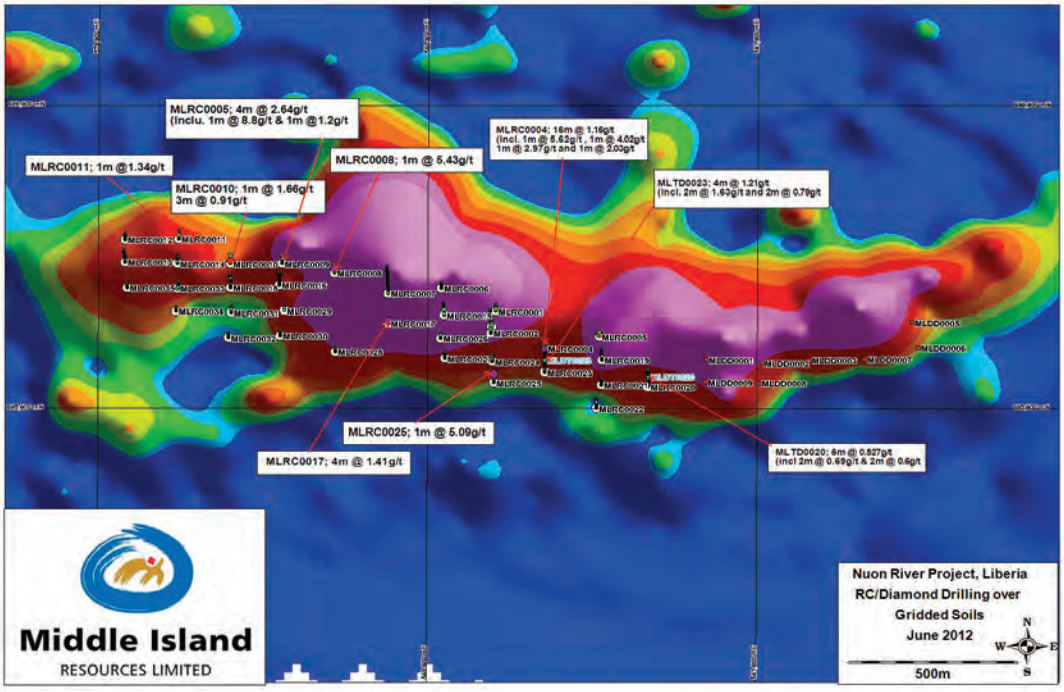
RC/diamond drilling at the Big Hill Prospect, comprising 35 RC holes for 1,410m, and 2,617m of diamond drilling in 28 holes (14 of which are tails of RC holes), was completed and the rigs demobilised.

Results have been received and reported for all RC drilling and initial diamond drilling completed over the western and central parts of the anomaly, while results for the final holes completed over the eastern half of the prospect were still pending at financial year end.

Better RC and diamond core intercepts to date include **3m at 4.19g/t, 16m at 1.16g/t, 4m at 2.64g/t, 1m at 8.80g/t, 1m at 5.43g/t and 1m at 5.09g/t Au**. Intervals of visible gold in diamond core derived from the latter part of the program suggest that further significant results can be anticipated.

The results to year end, shown in Figure 11, indicate that anomalous zones of mineralisation have been encountered on all sections (and the majority of holes on these sections), including some broad low grade and isolated higher grade intervals.

Figure 11. **Big Hill Prospect soil anomaly with superimposed collar positions of drill holes, annotated with more significant intercepts. Assay results were pending for holes (red collars) on the eastern five traverses.**



SAFETY & ENVIRONMENTAL PERFORMANCE

Middle Island's safety performance has been excellent during the year, with only one medically treated injury (MTI) and three Incidents recorded during the year to 30 June 2012. Irrespective of this excellent performance, we continue to build our policies and procedures, and undertake regular audits of higher risk areas and activities.

Middle Island is pleased to advise that there were no environmental incidents reported from the Company's activities during the reporting period.

COMMUNITY DEVELOPMENT

The Company is pleased to advise the appointment of Ms Sarah Mackenzie as Community Relations Manager on a part-time basis. Ms Mackenzie is well known to Middle Island, having successfully managed implementation of the Company's initial two community development projects on behalf of French NGO, Eau Vive. Ms Mackenzie is based in Ouagadougou, Burkina Faso, is fully literate in both French and English, and brings a wealth of practical experience in social policy development and community relations to Middle Island. We warmly welcome her important contribution to, and oversight of, the Company's community development objectives.

Middle Island continues to build political and social capital at all projects, consistent with the Company's policy to spend 5% of its exploration budget on community development initiatives. All projects take a participatory approach to design and implementation, and place strong emphasis on capacity building and local ownership. A total of seven community projects were completed or underway at year's end as follows:-

Country	MDI Project	Community	Project Description	Status
Burkina Faso	Reo	Pouni	Potable water pumping and reticulation to four tap-stands	Completed
Burkina Faso	Reo	Dassa*	Irrigated market gardening enhancement and training program	Advanced
Burkina Faso	Reo	Pouni*	Solar panels & pump installation for above potable water project	Commenced
Niger	Sirba	Koutougou*	Three classroom primary school, latrine block & water well for 90 students	Advanced
Liberia	Nuon River	Toe Town	Refurbishment of Toe Town Memorial Institute School	Completed
Liberia	Nuon River	Toe Town	Contribution of roofing materials for Toe Town Elementary & Nursery School	Advanced
Liberia	Nuon River	Zai Town*	Three classroom annex, with laboratory and library for Zai Town Secondary School	Commenced

* Designates projects where supplementary Australian Government funding applies

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Competent Persons Statement

Information in this report relates to exploration results or mineral resources that are based on information compiled by Mr Rick Yeates (Member of the Australasian Institute of Mining and Metallurgy) and Mr Beau Nicholls (Member of Australian Institute of Geoscientists). Mr Yeates and Mr Nicholls are both fulltime employees of Middle Island and have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Yeates and Mr Nicholls consent to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Forward Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs and other operating results, growth prospects and the outlook of Middle Island's operations contain or comprise certain forward looking statements regarding Middle Island's exploration operations, economic performance and financial condition. Although Middle Island believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties in foreign countries, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Middle Island undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events.

From left to right: Dennis Wilkins, Richard Yeates, Beau Nicholls, Linton Kirk, Peter Thomas

Your directors submit 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 year ended 30 June 2012.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Peter Thomas, (Non-Executive Chairman)

Mr Thomas was a practising solicitor from 1980 until June 2011 specialising in the provision of corporate and commercial advice to explorers and miners. Since the mid-1980s, he has served on the boards of various listed companies. He was the founding chairman of Sandfire Resources NL and remains the non-executive founding chairman of ASX-listed Image Resources NL, Magnetic Resources NL, Meteoric Resources NL, Emu Nickel NL and Middle Island Resources Limited.

Richard Yeates, (Managing Director)

Mr Yeates is a geologist whose professional career has spanned more than 30 years, initially working for major companies such as BHP, Newmont and Amax, prior to co-founding the consulting firm of Resource Service Group (subsequently RSG Global) in 1987, which was ultimately sold to ASX listed consulting firm, Coffey International, in 2006 to become Coffey Mining.

Mr Yeates has considerable international experience, having worked in some 30 countries, particularly within Africa and South America, variously undertaking project management assignments, feasibility studies and independent reviews for company listings, project finance audits and technical valuations. Mr Yeates was also responsible for developing and overseeing all marketing and promotional activities undertaken by RSG, RSG Global and Coffey Mining over a 23 year period.

Mr Yeates is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), a Member of the Australian Institute of Geoscientists (AIG) and is a Graduate Member of the Australian Institute of Company Directors (AICD). He currently serves as a non-executive director of ASX 200 nickel producer Western Areas NL, and is a board member of the Australia-Africa Mining Industry Group (AAMIG).

Beau Nicholls, (Technical Director)

Beau Nicholls has 16 years in mining and exploration geology, ranging from grass roots exploration management to through to mine production environments. He is a Member of the Australian Institute of Geoscientists (AIG) with a proven track record on four continents (Australia, Eastern Europe, Africa and the Americas) and in over 20 countries, Beau has been instrumental in the discovery and / or development of a number of world class deposits. Mr Nicholls also has over 10 year's international consulting experience with RSG, RSG Global and Coffey Mining, including 3 years as the resident Regional Manager in West Africa.

Linton Kirk, (Non Executive Director)

Mr Kirk is a Fellow of the AusIMM whose career variously encompasses mining, earthmoving, contracting, management and consulting activities covering both open pit and underground operations. His operating experience mostly involved him filling the positions of Mining Manager and/or General Manager of gold, iron ore and copper projects in Australia, Zambia, Papua New Guinea, Zimbabwe and Ghana.

He has been a fulltime consultant since 1997, servicing projects in some 20 countries. In this capacity he held the position of Manager – Mining Engineering with Global Mining Services then Manager – Mining Engineering and Partner at RSG Global, then, following the sale of RSG Global to Coffey International Limited in 2006, Chief Mining Engineer with Coffey Mining. Since 1997, Mr Kirk has been involved in and/or managed major feasibility studies, technical audits, owner mining studies and mining contract tenders on projects across the globe.

Dennis Wilkins, B.Bus, AICD, ACIS (Alternate Director for Beau Nicholls)

Mr Dennis Wilkins is an accountant who has been a director, company secretary or acted in a corporate advisory capacity to listed resource companies for over 20 years.

Mr Wilkins previously served as the Finance Director and Company Secretary for a mid-tier gold producer and also spent five years working for a leading merchant bank in the United Kingdom. Resource postings to Indonesia, South Africa and New Zealand in managerial roles has broadened his international experience.

Mr Wilkins has extensive experience in capital raising specifically for the resources industry and is the principal of DWCorporate which provides advisory, funding and administrative management services to the resource sector. Mr Wilkins is a director of Key Petroleum Limited and Minemakers Limited. Within the last 3 years Mr Wilkins has also been but no longer is a director of the following public company, namely, Enterprise Metals Limited.

COMPANY SECRETARY

Dennis Wilkins

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

As at the date of this report, the interests of the directors in the shares and options of Middle Island Resources Limited were:

	Ordinary Shares	Options over Ordinary Shares
Peter Thomas	3,000,000[1]	2,000,000[2,5]
Richard Yeates	20,000,010[3]	10,000,000[2,5]
Beau Nicholls	2,900,000[2]	2,500,000[2,5]
Linton Kirk	230,000[4]	300,000[4,6]
Dennis Wilkins	500,000[2]	500,000[2,5]

1. 2,200,000 restricted securities until 16 December 2012. 2. All restricted securities until 16 December 2012. 3. 20,000,002 restricted securities until 16 December 2012. 4. All unrestricted securities. 5. Exercisable at 25 cents, on or before 31 December 2014.

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements and applied for or acquired additional tenements with the primary objective of identifying economic gold deposits. It is not the objective of the Group to explore for or seek to identify other economic mineral deposits albeit the Group reserves the right to follow up leads (thrown up by its gold exploration activities) for other commodities where the Board of the Company considers that doing so may add value.

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Finance Review

Middle Island Resources Ltd was registered on 2 March 2010 and, after a $12.5M IPO raising, preceded by seed capital issues to raise $1,830,402, listed on the ASX in December 2010.

During the period, total exploration expenditure incurred by the Group amounted to $2,336,628. In line with the Group's accounting policies, all exploration expenditure, other than acquisition costs, were written off as they were incurred. Net administration expenditure incurred amounted to $912,016. This resulted in an operating loss after income tax for the period ended 30 June 2011 of $3,248,644.

At 30 June 2012 cash assets available totalled $12,959,058.

Operating Results for the Year

Summarised operating results are as follows:

	2012	
	Revenues $	Results $
Revenues and losses for the year from ordinary activities before income tax expense	505,232	(7,193,231)

Shareholder Returns

	2012	2011
Basic loss per share (cents)	(6.8)	(5.6)

Risk Management

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

The Group believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

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

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances, besides those disclosed at note 21, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group's strategy for the coming financial year, in light of market conditions, is to make prudent reductions in exploration expenditure so that the Group now has an even more focussed approach towards assets that have the potential to deliver early results. There are no expected substantive changes in the entity's operations.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Middle Island Resources Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific short term and long term incentives. The board of Middle Island Resources Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain suitable key management personnel to run and manage the Group.

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the board. All executives receive a base salary (which is based on factors such as experience), superannuation and a package of options over shares in the Company. The board will review executive packages as and when it considers it appropriate to do so in accordance with its remuneration policy and by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to reward executives for performance that results in long term growth in shareholder wealth.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government of Australia, which is currently 9% but are not entitled to receive any other retirement benefits.

All remuneration paid to directors and executives is "valued" at the cost to the Group and expensed. Options are ascribed a "fair value" in accordance with Australian Accounting Standards using the Black Scholes methodology.

The board's policy is to remunerate non executive directors at market rates for comparable companies for time, commitment and responsibilities, albeit that the non-executive directors are currently remunerated at the lower end of the market rate range. The board determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought as and when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting (currently $300,000). Fees for non executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance based remuneration

The Group has issued performance based remuneration to Mr A Chubb, Exploration Manager – West Africa, in the form of options. Mr Chubb's options have been issued to him but do not vest until certain hurdles have been met. The hurdles are based around the Company obtaining an interest in JORC mineral resources of certain levels within certain prescribed time periods. These hurdles could either be met by successful exploration or project acquisition. No amount has been brought to account for the 2012 financial year as the options have not yet vested.

Company performance, shareholder wealth and key management personnel remuneration

No relationship exists between shareholder wealth, key management personnel remuneration and Group performance.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2012.

Voting and comments made at the Company's 2011 Annual General Meeting

The Company received approximately 99% of "yes" votes on its remuneration report for the 2011 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Details of remuneration

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

The key management personnel of the Group include the directors as per page 16.

The requirement to disclose remuneration for the top five remunerated Company and Group executives was removed by the *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*, effective for reporting periods commencing on or after 1 July 2011. For comparative purposes only, the table below includes the remuneration for the period to 30 June 2011 for those employees who were classified as executives but who do not meet the definition of key management personnel. Hence their remuneration for the 2012 financial year is not disclosed.

Key management personnel of the Group

	Short-Term		Post Employment		Share-based Payments	Total
	Salary & Fees	Non Monetary (D&O Insurance premium)	Superannuation	Retirement benefits		
	$	$	$	$	$	$
Directors						
Peter Thomas						
2012	55,046	-	4,954	-	-	60,000
2011	30,064	-	2,706	-	-	32,770
Richard Yeates						
2012	300,000	-	27,000	-	-	327,000
2011	163,846	-	14,746	-	-	178,592
Beau Nicholls						
2012	196,200	-	-	-	-	196,200
2011	190,274	-	-	-	-	190,274
Linton Kirk (appointed 1 September 2011)						
2012	29,167	-	2,625	-	55,590	87,382
Dennis Wilkins						
2012	176,982[1]	-	-	-	-	176,982[1]
2011	198,471[1]	-	-	-	-	198,471[1]
Other key management personnel						
Andrew Chubb						
2011	95,478	-	-	-	63,075	158,553
Total key management personnel compensation						
2012	757,395	-	34,579	-	55,590	847,564
2011	678,133	-	17,452	-	63,075	758,660

[1] See details of service agreement. This amount includes fees for company secretarial and IPO corporate advisory services.

Service agreements

Richard Yeates, Managing Director:

- Term of agreement – Commencing 2 March 2010 until terminated in accordance with the agreement.
- Annual salary of $300,000, excluding superannuation, from the date of admission to the Official List of ASX (16 December 2010).
- The agreement may be terminated by the Company giving 12 months' notice in writing, or by Mr Yeates giving 3 month's written notice, or applicable shorter periods upon breach of contract by either party. No benefits are payable on termination other than entitlements accrued to the date of termination.

Beau Nicholls, Technical Director:

- Term of agreement – Commencing 1 May 2010 until terminated in accordance with the agreement.
- Annual salary of $146,200, inclusive of superannuation and exclusive of GST, for 12 months from 1 May 2010, then an annual salary of $196,200 inclusive of superannuation and exclusive of GST, from 1 May 2011. The agreement is with, and amounts are paid to, Amazon Consultoria Em Mineracao E Servicos, a company controlled by Mr Nicholls.
- The agreement may be terminated by the Company giving 1 months' notice in writing, or by Mr Nicholls giving 3 month's written notice, or applicable shorter periods upon breach of contract by either party. No benefits are payable on termination other than entitlements accrued to the date of termination.

Dennis Wilkins, Alternate Director and Company Secretary:

- Term of agreement – Commencing 17 March 2010 until terminated in writing by either party, no notice period of termination is required.
- Mr Wilkins' firm, DWCorporate Pty Ltd, is engaged to provide book keeping, accounting and company secretarial services. Fees are charged on an hourly basis, and all amounts are included in Mr Wilkins' remuneration.

Share-based compensation

Options may be issued to key management personnel as part of their remuneration. The Group does not have a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities, but the Board actively discourages key management personnel from obtaining mortgages over securities held in the Group.

The following options were granted to or vesting with key management personnel during the year, there were no options forfeited during the year:

	Grant Date	Granted Number	Vested Number	Date Vesting and Exercisable	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number	% of Remuneration
Directors									
Linton Kirk	30/11/2011	300,000	300,000	15/12/2011	15/12/2014	56.0	18.5	N/A	63.6

End of audited section

DIRECTORS' MEETINGS

During the year the Company held nine meetings of directors. The attendance of directors at meetings of the board were:

			Committee Meetings		Committee Meetings	
	Directors Meetings		Audit		Remuneration / Risk / Nomination	
	A	B	A	B	A	B
Peter Thomas	9	9	3	3	1	1
Richard Yeates	9	9	3	3	1	1
Beau Nicholls	7	9	*	*	1	1
Linton Kirk (appointed 1 September 2011)	6	8	1	3	1	1
Dennis Wilkins (alternate for Beau Nicholls)	2	2	0	0	0	0

Notes: A – Number of meetings attended. B – Number of meetings held during the time the director held office during the period. * – There were no meetings of other Committees during the period.

SHARES UNDER OPTION

At the date of this report there are 18,475,000 unissued ordinary shares in respect of which options are outstanding.

	Number of options
Balance at the beginning of the year	16,200,000
Movements of share options during the year	
Issued, exercisable at 50 cents, on or before 16 December 2014	1,500,000
Issued, exercisable at 51 cents, on or before 1 November 2014	275,000
Issued, exercisable at 53 cents, on or before 1 November 2014	200,000
Issued, exercisable at 56 cents, on or before 15 December 2014	300,000
Total number of options outstanding as at 30 June 2012 and the date of this report	**18,475,000**

The balance is comprised of the following:

Expiry date	Exercise price (cents)	Number of options
31 December 2014	25.0	250,000
30 June 2015	25.0	15,000,000
1 November 2013	37.5	450,000
31 December 2014	37.5	250,000
16 December 2014	50.0	1,500,000
31 December 2014	50.0	250,000
1 November 2014	51.0	275,000
1 December 2014	53.0	200,000
15 December 2014	56.0	300,000
Total number of options outstanding at the date of this report		**18,475,000**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

INSURANCE OF DIRECTORS AND OFFICERS

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

The total amount of insurance contract premiums paid is $16,650.

NON-AUDIT SERVICES

The following details any non audit services provided by the entity's auditor, Somes Cooke or associated entities. The directors are satisfied that the provision of non audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general standard of independence for auditors.

Somes Cooke received or are due to receive the following amounts for the provision of non audit services:

	2012 $	2011 $
Investigating Accountants Report for the IPO prospectus	-	7,150

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 24.

Signed in accordance with a resolution of the directors.

Richard Yeates

Managing Director

Perth, 29 September 2012

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Business Consultants
Financial Advisors

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Middle Island Resources Limited

As auditor for the audit of Middle Island Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

(a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) No contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Somes Cooke

Kevin Somes
28 September 2012
Perth

THE BOARD OF DIRECTORS

The Company's constitution provides that the number of directors shall not be less than three and not more than ten.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically. Otherwise reviews will be effected periodically and as circumstances demand. The optimum number of directors will be determined within the maximum and minimum limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

ROLE OF THE BOARD

The board's primary role is the protection and enhancement of long term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. The engagement of an outside adviser is subject to prior consultation with the Chairman (or another director if it is unreasonable that the Chairman is consulted).

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and resources.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised Recommendations and the following table sets out the Company's present position in relation to each of the revised Principles.

	ASX Principle	Status	Reference/comment
Principle 1:	Lay solid foundations for management and oversight		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	A	This information is disclosed in the Company's Board Charter, a copy of which can be viewed on the Company website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	A	In compliance with this recommendation, the Company declares that the senior executives of the Company (other than directors) are reviewed annually by the Managing Director against specified criteria, with the results of those review tabled at the next Remuneration Committee meeting for consideration. A review took place in December 2011 in accordance with this procedure. Executives are also effectively under a constant process of performance evaluation as measured by the Company's market capitalisation/share price at a point in time compared to previous periods or points in time. The Board will continue to review appropriate ways of compliance as and when further senior executives are engaged.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	A	A copy of the Company's Board Charter can be viewed on the Company website.
Principle 2:	Structure the board to add value		
2.1	A majority of the board should be independent directors	N/A	There are four directors on the board, two of which clearly serve as executives. Linton Kirk is considered to be an independent director. The Chair, Peter Thomas, considers himself to be an independent director as he is not part of the management team and he regards himself as being free of any relationship that could materially interfere with the independent exercise of his judgement. However he acknowledges that it might well be perceived that his shareholding in the Company and his remuneration as a director compromise or materially interfere with his independent exercise of judgement and ability to act in an entirely disinterested manner in all things.
2.2	The chair should be an independent director	A	The Chair, Peter Thomas, considers himself to be an independent director as he is not part of the management team and he regards himself as being free of any relationship that could materially interfere with the independent exercise of his judgement. However he acknowledges that it might well be perceived that his shareholding in the Company and his remuneration as a director compromise or materially interfere with his independent exercise of judgement and ability to act in an entirely disinterested manner in all things.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	A	
2.4	The board should establish a nomination committee	A	The full board comprises the Nomination Committee. A copy of the Nomination Committee Charter can be viewed on the Company website. The Nomination Committee met on 19 January 2012.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	A	This information is disclosed in the Company's Board Charter, a copy of which can be viewed on the Company website. An evaluation was conducted in accordance with the process disclosed at the Nomination Committee meeting on 19 January 2012.

A = Adopted N/A = Not adopted

	ASX Principle	Status	Reference/comment
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A	The skills, experience and period of office of Directors are set out in the Company's Annual Report (Directors' Report) and on its website. Statements as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board and as to the Company's materiality thresholds are disclosed in the Company's Board Charter, which can be viewed on the Company website.
Principle 3:	Promote ethical and responsible decision-making		
3.1	Companies should establish a code of conduct and disclose the code	A	The Company has established a Code of Conduct which can be viewed on its website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them	N/A	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review and amend this policy if it sees fit.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them	N/A	The Company has established a Diversity Policy, however, the policy does not include requirements for the board to establish measurable objectives for achieving gender diversity. Given the Company's size and stage of development as an exploration company, the board does not think it is appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review and amend this policy if it sees fit.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	A	The proportion of women employees in the whole organisation is 14.02% (excluding directors). There are currently no women in senior executive positions. There are currently no women on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	
Principle 4:	Safeguard integrity in financial reporting		
4.1	The board should establish an audit committee	A	The Audit Committee consists of Peter Thomas (Chairman), Linton Kirk (Independent Non-Executive Director), Rick Yeates (Managing Director) and Dennis Wilkins (Company Secretary). Mr Wilkins, Company Secretary, is chair of the Audit Committee. The composition of the Committee is considered to be appropriate given the Company's size and stage of development. The Company will review the composition of the audit committee as it develops.
4.2	The audit committee should be structured so that it: • consists only of nonexecutive directors	N/A	Peter Thomas and Linton Kirk are the only non-executive directors of the Company. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits. The board believes that this is both appropriate and acceptable at this stage of the Company's development.

A = Adopted N/A = Not adopted

	ASX Principle	Status	Reference/comment
	• consists of a majority of independent directors	N/A	Mr Thomas and Mr Kirk are the only independent directors of the Company. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
	• is chaired by an independent chair, who is not chair of the board	A	Dennis Wilkins is the chair of the Audit Committee.
	• has at least three members	A	
4.3	The audit committee should have a formal charter	A	A copy of the Audit Policy can be viewed on the Company website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	The committee is to meet at least half yearly, with further meetings on an as required basis. The Audit Committee met on 27 September 2011, 14 March 2012 and 19 June 2012.
Principle 5:	Make timely and balanced disclosure		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	A copy of the Company's Continuous Disclosure Policy can be viewed on the Company website.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	
Principle 6:	Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	A copy of the Company's Shareholder Communication Policy can be viewed on the Company website.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	
Principle 7:	Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	A copy of the Company's Risk Management Policy can be viewed on the Company website.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	N/A	Management has not reported to the board as to the effectiveness of the Company's management of its material business risks. Whilst the board recognises the benefit of the discipline of documenting such matters, the board has deployed its scarce resources to other endeavours in priority to the preparation of a written report on the matter of risk. Given that the Company has a Risk Management Policy in place and that the board has two executive directors who are well versed in the day to day affairs of the Company and the internal control measures in place, the Company considers that it is managing its material business risks just as effectively as if a formal independent committee was established for the purpose recommended. The Company will review the need to require management to design and implement risk management and internal control systems as it develops.

A = Adopted N/A = Not adopted

	ASX Principle	Status	Reference/comment
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	A	Assurances received.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	A	
Principle 8:	Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee	A	A Remuneration Committee has been formed with the Charter available on the Company's website. The remuneration committee is comprised of the full board, however the composition of the Remuneration Committee can vary to accommodate the requirement that a director must not sit on the committee to consider that director's remuneration. The composition of the Committee is considered to be appropriate given the Company's size and stage of development. The Company will review the structure of the Remuneration Committee as it develops. The Remuneration Committee met on 19 January 2012.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	N/A	Peter Thomas and Linton Kirk are the independent directors of the Company. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
	• is chaired by an independent chair	N/A	Peter Thomas is the Chair of the Remuneration Committee. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
	• has at least three members.	A	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	A	Refer to the Remuneration Report in the Company's Annual Report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	A	The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.

STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 30 JUNE 2012	Notes	Consolidated 2012 $	Consolidated 2011 $
REVENUE	4	505,232	453,730
EXPENDITURE			
Administration expenses		(1,211,859)	(930,515)
Depreciation expense		(144,209)	(51,896)
Exploration expenses		(5,711,639)	(2,336,628)
Salaries and employee benefits expense		(531,738)	(265,785)
Share-based payments	24	(99,018)	(117,550)
LOSS BEFORE INCOME TAX		(7,193,231)	(3,248,644)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(7,193,231)	(3,248,644)
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		(229,297)	126,943
Other comprehensive income for the period, net of tax		(229,297)	126,943
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(7,422,528)	(3,121,701)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	23	(6.8)	(5.6)

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

STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2012	Notes	Consolidated	Consolidated
		2012	2011
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	12,959,058	9,982,666
Trade and other receivables	8	98,494	320,260
TOTAL CURRENT ASSETS		13,057,552	10,302,926
NON-CURRENT ASSETS			
Plant and equipment	9	576,948	438,009
Mining properties	10	2,674,089	2,842,208
TOTAL NON-CURRENT ASSETS		3,251,037	3,280,217
TOTAL ASSETS		16,308,589	13,583,143
CURRENT LIABILITIES			
Trade and other payables	11	902,810	382,963
TOTAL CURRENT LIABILITIES		902,810	382,963
TOTAL LIABILITIES		902,810	382,963
NET ASSETS		15,405,779	13,200,180
EQUITY			
Contributed equity	12	25,733,440	16,204,331
Reserves	13(a)	114,214	244,493
Accumulated losses	13(b)	(10,441,875)	(3,248,644)
TOTAL EQUITY		15,405,779	13,200,180

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

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 JUNE 2012						
	Notes	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
Consolidated		$	$	$	$	$
BALANCE AT INCORPORATION		-	-	-	-	-
Loss for the period	13(b)	-	-	-	(3,248,644)	(3,248,644)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	126,943	-	126,943
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	126,943	(3,248,644)	(3,121,701)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the period	12	16,867,237	-	-	-	16,867,237
Transaction costs	12	(662,906)	-	-	-	(662,906)
Options issued to employees	24	-	117,550	-	-	117,550
BALANCE AT 30 JUNE 2011		16,204,331	117,550	126,943	(3,248,644)	13,200,180
Loss for the year	13(b)	-	-	-	(7,193,231)	(7,193,231)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	(229,297)	-	(229,297)
TOTAL COMPREHENSIVE INCOME		-	-	(229,297)	(7,193,231)	(7,422,528)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	12	10,000,000	-	-	-	10,000,000
Share issue transaction costs	12	(470,891)	-	-	-	(470,891)
Options issued to employees	24	-	99,018	-	-	99,018
BALANCE AT 30 JUNE 2012		25,733,440	216,568	(102,354)	(10,441,875)	15,405,779

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

YEAR ENDED 30 JUNE 2012	Notes	Consolidated 2012 $	Consolidated 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,876,227)	(1,002,604)
Expenditure on mining interests		(5,064,260)	(2,147,937)
Interest received		718,941	219,415
Payments for security deposits		12,522	(16,462)
Other revenue		308	-
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22(a)	(6,208,716)	(2,947,588)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		(311,311)	(500,935)
Payments for mining properties		(38,278)	(236,307)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(349,589)	(737,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		10,000,000	14,330,402
Payments of share issue costs		(470,891)	(662,906)
NET CASH INFLOW FROM FINANCING ACTIVITIES		9,529,109	13,667,496
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,970,804	9,982,666
Cash and cash equivalents at the beginning of the financial year		9,982,666	-
Effects of exchange rate changes on cash and cash equivalents		5,588	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	12,959,058	9,982,666

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

30 JUNE 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Middle Island Resources Limited and its subsidiaries. The financial statements are presented in the Australian currency. Middle Island Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 28 September 2012. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Middle Island Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2011.

(iv) Historical cost convention and going concern basis

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value. These financial statements have been prepared on the going concern basis.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Middle Island Resources Limited ("Company" or "parent entity") as at 30 June 2012 and the results of all subsidiaries for the year then ended. Middle Island Resources Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

(ii) Changes in ownership interests

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

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

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

(c) Segment reporting

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(iii) Group companies

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

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

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

(e) Revenue recognition

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

(f) Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 18). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(j) Investments and other financial assets

Classification

The Group classifies all of its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised initially at fair value and subsequently at amortised cost less impairment. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Collectability of loans and receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables or in an otherwise timely manner. The amount of the impairment allowance is the difference between the asset's carrying amount and the estimated future cash flows. None of the Group's loans and receivables has an applicable interest rate hence the cash flows are not discounted.

The amount of the impairment loss is recognised in the statement of comprehensive income within impairment expenses. When a loan or receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at "fair value" (as used in this report, "fair value" bears the meaning ascribed by the AASB which produces a result that commonly does not reflect market or realisable value) plus transaction costs for all financial assets not carried at "fair value" through profit or loss. Financial assets carried at "fair value" through profit or loss are initially recognised at "fair value" and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(k) Plant and equipment

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

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

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(l) Exploration and evaluation costs

It is the Group's policy to capitalise the cost of acquiring rights to explore areas of interest. All other exploration expenditure is expensed to the Statement of Comprehensive Income.

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

- Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively, by its sale; or
- Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence of otherwise of recoverable reserves, and active and significant operations in relation to the area are continuing.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment

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

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Any impairment losses are recognised in the Statement of Comprehensive Income.

(m) Trade and other payables

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

(n) Employee benefits

Wages and salaries and annual leave

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

(o) Share-based payments

The Group provides benefits to employees (including directors) of the Group, and to vendors and suppliers, in the form of share-based payment transactions, whereby employees render services, or where vendors sell assets to the Group, in exchange for shares or rights over shares ('equity-settled transactions'), refer to note 24.

The cost of these equity-settled transactions with employees is measured by reference to the "fair value" (not market value) at the date at which they are granted. The "fair value" is determined in accordance with Australian Accounting Standards by an internal valuation using a Black-Scholes option pricing model for options and a market price for ordinary shares. The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is in anyway representative of the market value of the share options issued,

however, in the absence of reliable measure of the goods or services received, AASB 2: Share Based Payments prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

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

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

(p) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(r) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2011) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012)

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

The amendments are not expected to impact the Group.

AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011/1 January 2013)

This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

This Standard is not expected to impact the Group.

AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2011–7] (applies to periods beginning on or after 1 January 2013)

This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2011–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

This Standard is not expected to impact the Group.

AASB 1054: Australian Additional Disclosures (applies to periods beginning on or after 1 January 2013)

This Standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB.

This Standard relocates all Australian specific disclosures from other standards to one place and revises disclosures in the following areas:

- compliance with Australian Accounting Standards;
- the statutory basis or reporting framework for financial statements;
- whether the financial statements are general purpose or special purpose;
- audit fees; and
- imputation credits.

This Standard is not expected to impact the Group.

AASB 2011-2: Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project – Reduced disclosure regime [AASB 101 & AASB 1054] (applies to periods beginning on or after 1 July 2013)

This Standard makes amendments to the application of the revised disclosures to Tier 2 entities that are applying AASB 1053.

This Standard is not expected to impact the Group.

AASB 10: Consolidated Financial Statements (applies to periods beginning on or after 1 January 2013)

This Standard establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and Interpretation 112 *Consolidation – Special Purpose Entities*.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This Standard is not expected to impact the Group.

AASB 11: Joint Arrangements (applies to periods beginning on or after 1 January 2013)

This Standard replaces AASB 131 Interests in Joint Ventures and Interpretation 113 *Jointly-Controlled Entities – Non-monetary Contributions by Ventures*. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition, AASB 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the Group.

AASB 12: Disclosures of Interests in Other Entities (applies to periods beginning on or after 1 January 2013)

This Standard includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group has not yet determined any potential impact on the financial statements.

AASB 13: Fair Value Measurement (applies to periods beginning on or after 1 January 2013)

This Standard establishes a single source of guidance under AASB for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AASB when fair value is required or permitted by AASB. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. The Group has not yet determined any potential impact on the financial statements.

The Directors do not consider the resultant value as determined by the AASB 13 is necessarily representative of the market value of assets and liabilities, however, in the absence of reliable measure of the market value, AASB 13 prescribes the measurement of the fair value of assets and liabilities.

AASB 119: Employee Benefits (applicable for annual reporting periods commencing on or after 1 January 2013)

The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognized in full with actuarial gains and losses being recognized in other comprehensive income. It also revised the method of calculating the return on plan assets. The definition of short-term benefits has been revised, meaning some annual leave entitlements may become long-term in nature with a revised measurement. Similarly the timing for recognising a provision for termination benefits has been revised, such that provisions can only be recognised when the offer cannot be withdrawn.

Consequential amendments were also made to other standards via AASB 2011-10.

Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine (applicable for annual reporting periods commencing on or after 1 January 2013)

This interpretation applies to stripping costs incurred during the production phase of a surface mine. Production stripping costs are to be capitalised as part of an asset, if an entity can demonstrate that it is probable future economic benefits will be realised, the costs can be reliably measured and the entity can identify the component of an ore body for which access has been improved. This asset is to be called the "stripping activity asset".

The stripping activity asset shall be depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity. The units of production method shall be applied unless another method is more appropriate.

(t) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Exploration and evaluation costs

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

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

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

Taxation

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

Share-based payments

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

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

(u) Accounting period

The Company was incorporated as Middle Island Resources Pty Ltd on 2 March 2010 and converted to a public company and changed its name to Middle Island Resources Limited on 5 November 2010. The comparative information included in these financial statements is for the period from incorporation to 30 June 2011.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process. The Managing Director, with the assistance of senior management as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the A$, the US dollar and the West African CFA franc.

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

The functional currency of subsidiary companies is either the US dollar or the West African CFA franc. All parent entity balances are in Australian dollars and all Group balances are in either Australian or US dollars, or West African CFA francs, so the Group does not have any exposure to foreign currency risk at the reporting date (2011: Nil exposure).

(ii) Commodity price risk

Given the current level of operations, the Group's financial statements for the year ended 30 June 2012 are not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $12,959,058 (2011: $9,982,666) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 5.5% (2011: 6.0%).

Sensitivity analysis

At 30 June 2012, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $91,000 lower/higher (2011: $75,500 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

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

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

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

(c) Liquidity risk

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

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

(d) Fair value estimation

The fair value (not market value) of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Group at the balance date are recorded at amounts approximating their carrying amount due to their short term nature.

3. SEGMENT INFORMATION

For management purposes, the Group has identified only one reportable segment as exploration activities undertaken in West Africa. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location.

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.

Exploration segment

30 JUNE 2012	Consolidated	Consolidated
	2012	2011
	$	$
Segment revenue	19	-
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	504,924	453,730
Other revenue	289	-
Total revenue	505,232	453,730
Segment results	(6,260,212)	(2,656,289)
Reconciliation of segment result to net loss before tax:		
Other corporate and administration	(933,019)	(592,355)
Net loss before tax	(7,193,231)	(3,248,644)
Segment operating assets	3,364,082	3,342,441
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	12,944,507	10,240,702
Total assets	16,308,589	13,583,143
Segment operating liabilities	822,894	187,048
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	79,916	195,915
Total liabilities	902,810	382,963

4. REVENUE

From continuing operations		
Other revenue		
Interest	504,924	453,730
Other revenue	308	-
	505,232	453,730

5. EXPENSES

30 JUNE 2012	Consolidated 2012 $	Consolidated 2011 $
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	42,325	19,335
Minimum lease payments relating to operating leases	41,074	21,052
Net foreign exchange losses	-	5,345

6. INCOME TAX

(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(7,193,231)	(3,248,644)
Prima facie tax benefit at the Australian tax rate of 30%	(2,157,969)	(974,593)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	29,705	35,265
Sundry items	1,079	362
	(2,127,185)	(938,966)
Movements in unrecognised temporary differences	(1,382)	(103,307)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	2,128,567	1,042,273
Income tax expense	-	-
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Sundry items	15,293	77,057
Capital raising costs	232,337	159,097
Carry forward tax losses	3,170,840	1,042,273
	3,418,470	1,278,427
Deferred Tax Liabilities (at 30%)	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

30 JUNE 2012	Consolidated	Consolidated
	2012	2011
	$	$
Cash at bank and in hand	3,419,858	689,282
Short-term deposits	9,539,200	9,293,384
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	12,959,058	9,982,666

Cash at bank and in hand at 30 June 2012 comprises A$12,882,290, with the balance held in US dollars and West African CFA francs.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Sundry receivables	98,494	320,260

9. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

Plant and equipment		
Cost	763,564	488,952
Accumulated depreciation	(186,616)	(50,943)
Net book amount	576,948	438,009
Plant and equipment		
Opening net book amount	438,009	-
Exchange differences	(28,163)	(11,030)
Additions	311,311	500,935
Depreciation charge	(144,209)	(51,896)
Closing net book amount	576,948	438,009

10. NON-CURRENT ASSETS - MINING PROPERTIES

Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening net book amount	2,842,208	-
Exchange variances	(206,397)	69,066
Capitalised tenement acquisition costs	38,278	2,773,142
Closing net book amount	2,674,089	2,842,208

The ultimate recoupment of costs carried forward for tenement acquisition is dependent on the successful development and commercial exploitation or sale of the respective mining areas.

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	409,618	292,592
Other payables and accruals	493,192	90,371
	902,810	382,963

12. ISSUED CAPITAL

(a) Share capital

30 JUNE 2012		2012		2011	
	Notes	Number of shares	$	Number of shares	$
Ordinary shares fully paid	12(b), 12(d)	124,987,349	25,733,440	99,987,349	16,204,331
Total issued capital		124,987,349	25,733,440	99,987,349	16,204,331

(b) Movements in ordinary share capital

Beginning of the financial period	99,987,349	16,204,331	-	-
Issued during the year:				
- Issued at incorporation	-	-	10	2
- Issued to Promoters	-	-	25,400,000	25,400
- Issued to seed investors	-	-	14,440,000	1,805,000
- Issued as consideration for tenement acquisition	-	-	10,147,339	2,536,835
- Issued at IPO for 25 cents per share	-	-	50,000,000	12,500,000
- Issued for cash at 40 cents per share	25,000,000	10,000,000	-	-
Less: Transaction costs	-	(470,891)	-	(662,906)
End of the financial year	124,987,349	25,733,440	99,987,349	16,204,331

(c) Movements in options on issue

	Number of options	
	2012	2011
Beginning of the financial year	16,200,000	-
Issued, exercisable at 25 cents, on or before 31 December 2014	-	250,000
Issued, exercisable at 25 cents, on or before 30 June 2015	-	15,000,000
Issued, exercisable at 37.5 cents, on or before 1 November 2013	-	450,000
Issued, exercisable at 37.5 cents, on or before 31 December 2014	-	250,000
Issued, exercisable at 50 cents, on or before 16 December 2014	1,500,000	-
Issued, exercisable at 50 cents, on or before 31 December 2014	-	250,000
Issued, exercisable at 51 cents, on or before 1 November 2014	275,000	-
Issued, exercisable at 53 cents, on or before 1 November 2014	200,000	-
Issued, exercisable at 56 cents, on or before 15 December 2014	300,000	-
End of the financial year	18,475,000	16,200,000

(d) Ordinary shares

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

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

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

(e) Capital risk management

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

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2012 and 30 June 2011 are as follows:

30 JUNE 2012	Consolidated	Consolidated
	2012	2011
	$	$
Cash and cash equivalents	12,959,058	9,982,666
Trade and other receivables	98,494	320,260
Trade and other payables	(902,810)	(382,963)
Working capital position	12,154,742	9,919,963

13. RESERVES AND ACCUMULATED LOSSES

(a) Reserves		
Foreign currency translation reserve	(102,354)	126,943
Share-based payments reserve	216,568	117,550
	114,214	244,493
Movements:		
Foreign currency translation reserve		
Balance at beginning of financial year	126,943	-
Currency translation differences arising during the year	(229,297)	126,943
Balance at end of financial year	(102,354)	126,943
Share-based payments reserve		
Balance at beginning of financial year	117,550	-
Option expense	99,018	117,550
Balance at end of financial year	216,568	117,550
(b) Accumulated losses		
Balance at beginning of financial year	(3,248,644)	-
Net loss for the year	(7,193,231)	(3,248,644)
Balance at end of financial year	(10,441,875)	(3,248,644)

(c) Nature and purpose of reserves

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

14. DIVIDENDS

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

15. KEY MANAGEMENT PERSONNEL DISCLOSURES

30 JUNE 2012	Consolidated	Consolidated
	2012	2011
	$	$
(a) Key management personnel compensation		
Short-term benefits	737,395	678,133
Post-employment benefits	34,579	17,452
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	55,590	63,075
	847,564	758,660

Detailed remuneration disclosures are provided in the remuneration report on pages 19 to 21.

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided and shares issued on exercise of such options

Details of options provided and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on page 19.

(ii) Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Middle Island Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below:

2012	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Middle Island Resources Limited							
Peter Thomas	2,000,000	-	-	-	2,000,000	2,000,000	-
Richard Yeates	10,000,000	-	-	-	10,000,000	10,000,000	-
Beau Nicholls	2,500,000	-	-	-	2,500,000	2,500,000	-
Linton Kirk	-	300,000	-	-	300,000	300,000	-
Dennis Wilkins	500,000	-	-	-	500,000	500,000	-

2011	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Middle Island Resources Limited							
Peter Thomas	-	-	-	2,000,000	2,000,000	2,000,000	-
Richard Yeates	-	-	-	10,000,000	10,000,000	10,000,000	-
Beau Nicholls	-	-	-	2,500,000	2,500,000	2,500,000	-
Dennis Wilkins	-	-	-	500,000	500,000	500,000	-
Other key management personnel of the Group							
Andrew Chubb	-	750,000	-	-	750,000	750,000	-

All vested options are exercisable at the end of the period.

(iii) Shareholdings

The numbers of shares in the Company held during the financial year by each director of Middle Island Resources Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2012	Balance at start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at end of the period
Directors of Middle Island Resources Limited				
Ordinary shares				
Peter Thomas	3,000,000	-	-	3,000,000
Richard Yeates	20,000,010	-	-	20,000,010
Beau Nicholls	2,900,000	-	-	2,900,000
Linton Kirk	-	-	230,000[1]	230,000
Dennis Wilkins	500,000	-	-	500,000

(1) The balance held on date of appointment as a director, 1 September 2011, was 80,000.

2011	Balance at start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at end of the period
Directors of Middle Island Resources Limited				
Ordinary shares				
Peter Thomas	-	-	3,000,000	3,000,000
Richard Yeates	-	-	20,000,010	20,000,010
Beau Nicholls	-	-	2,900,000	2,900,000
Dennis Wilkins	-	-	500,000	500,000
Other key management personnel of the Group				
Ordinary shares				
Andrew Chubb	-	-	-	-

(c) Loans to key management personnel

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

(d) Other transactions with key management personnel

Services

DWCorporate Pty Ltd, a business of which Mr Wilkins is principal, provided company secretarial, bookkeeping and other corporate services to the Middle Island Group during the year. The amounts paid were on arms' length commercial terms and are included as part of Mr Wilkins' compensation. At 30 June 2012 there was nil (2011: nil) owing to DWCorporate Pty Ltd.

Mr Nicholls is a director and 30% shareholder of PowerXplor Limited, which owns Sahara Geoservices SARL. Sahara Geoservices provided drilling services to the Middle Island Group during the year. The amounts paid were on arms' length commercial terms and amounted to $480,461 for the year to 30 June 2012. At 30 June 2012 there was nil (2011: $117,000) owing to Sahara Geoservices.

16. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

30 JUNE 2012	Consolidated	Consolidated
	2012	2011
	$	$
(a) Audit services		
Somes Cooke – audit and review of financial reports	35,500	25,000
Total remuneration for audit services	35,500	25,000
(b) Non-audit services		
Somes Cooke – independent accountants report	-	7,150
Total remuneration for other services	-	7,150

17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date other than the following.

The Group has included an amount of approximately $457,000 in Current Liabilities for services, the value of which is disputed. The amount has been included to ensure conservative accounting treatment. The Group believes it has strong grounds to successfully contest the claim. The accrual of the amount and inclusion in this report does not represent an admission of the debt.

18. COMMITMENTS

(a) Exploration commitments

The Group has certain (contingent) commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:

within one year	5,382,187	1,803,834
later than one year but not later than five years	6,508,950	6,987,956
	11,891,137	8,791,790
(b) Lease commitments: Group as lessee		
Operating leases (noncancellable):		
Minimum lease payments		
within one year	55,736	54,336
later than one year but not later than five years	32,997	88,733
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	88,733	143,069

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments to increase in accordance with CPI movements on each annual anniversary of the commencement date. An option exists to renew the lease at the end of the three-year term for an additional term of two years. The lease allows for subletting of all lease areas.

19. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Middle Island Resources Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 20.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 15.

(d) Loans to related parties

Middle Island Resources Limited has provided unsecured, interest free loans to each of its wholly owned subsidiaries totalling $11,560,042 at 30 June 2012 (2011: $5,684,739). An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

20. SUBSIDIARIES

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

Name	Country of Incorporation	Class of Shares	Equity Holding[1]	
			2012	2011
			%	%
Middle Island Resources - Burkina Faso Limited	Burkina Faso	Ordinary	100	100
Middle Island Resources – Liberia Limited	Liberia	Ordinary	100	100

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

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

22. STATEMENT OF CASH FLOWS

30 JUNE 2011	Consolidated	Consolidated
	2011	2011
	$	$
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	(7,193,231)	(3,248,644)
Non Cash Items		
Depreciation of non current assets	144,209	51,896
Share-based payments	99,018	117,550
Net exchange differences	-	68,907
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	221,441	(320,260)
Increase in trade and other payables	519,847	382,963
Net cash outflow from operating activities	(6,208,716)	(2,947,588)

(b) Non-cash investing and financing activities

During the financial period ended 30 June 2011, 10,147,339 ordinary shares were issued at a deemed cost of $2,536,835 as consideration for tenement acquisition. This amount has been capitalised as part of 'Mining properties' on the statement of financial position in accordance with the Group's accounting policy.

23. LOSS PER SHARE

	Number of shares 2012	Number of shares 2011
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(7,193,231)	(3,248,644)
(b) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	106,040,904	58,388,386

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2012, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

24. SHARE-BASED PAYMENTS

(a) Options issued to employees

The Group provides benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise price of the options granted during the year to 30 June 2012 range from 50 cents to 56 cents per option and have expiry dates ranging from 1 November 2014 to 16 December 2014.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Set out below are summaries of the options granted:

30 JUNE 2012				
	Consolidated 2012 Number of options	Consolidated 2012 Weighted average exercise price cents	Consolidated 2011 Number of options	Consolidated 2011 Weighted average exercise price cents
Outstanding at the beginning of the financial year	1,200,000	37.5	-	-
Granted	2,275,000	51.2	1,200,000	37.5
Forfeited/cancelled	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at year-end	3,475,000	46.5	1,200,000	37.5
Exercisable at year-end	1,975,000	43.8	1,200,000	37.5

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 2.3 years (2011: 3.1 years), and the exercise prices range from 25 to 56 cents.

The weighted average "fair value" (not market value) of the options granted during the year was 14.0 cents (2011: 9.8 cents). The price was calculated in accordance with Australian Accounting Standards by using the Black-Scholes European Option Pricing Model applying the following inputs. The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is in anyway representative of the market value of the share options issued:

30 JUNE 2012		
	2012	2011
Weighted average exercise price (cents)	51.2	37.5
Weighted average life of the option (years)	2.75	3.6
Weighted average underlying share price (cents)	32.6	27.3
Expected share price volatility	83.8%	75.0%
Weighted average risk free interest rate	4.00%	4.75%

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate.

The life of the options is based on historical exercise patterns, which may not eventuate in the future.

(b) Shares issued to suppliers

During the financial period ended 30 June 2011 shares were issued as consideration for tenement acquisition (refer note 22(b)).

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated	Consolidated
	2012	2011
	$	$
Options issued to employees (including directors) as part of share-based payments	99,018	117,550

25. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Middle Island Resources Limited, at 30 June 2012. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Current assets	12,919,000	10,200,399
Non-current assets	11,585,549	5,725,042
Total assets	24,504,549	15,925,441
Current liabilities	79,915	195,916
Total liabilities	79,915	195,916
Contributed equity	25,733,440	16,204,331
Share-based payments reserve	216,568	117,550
Accumulated losses	(1,525,374)	(592,356)
Total equity	24,424,634	15,729,525
Loss for the year	(933,018)	(592,356)
Total comprehensive loss for the year	(933,018)	(592,356)

In the directors' opinion:

(a) the financial statements comprising the statements of comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows and accompanying notes set out on pages 28 to 50 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2011 and of their performance for the financial year ended on that date;

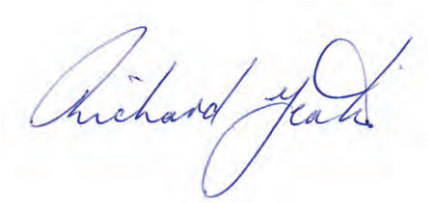
(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(c) the remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2011, comply with Section 300A of the *Corporations Act 2001;* and

(d) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

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

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



Richard Yeates

Managing Director

Perth, 29 September 2012

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Chartered Accountants
Business Consultants
Financial Advisors

Independent Auditor's Report
To the members of Middle Island Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Middle Island Resources Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Middle Island Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Middle Island Resources Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 21 of the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 200*1. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Middle Island Resources Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Somes Cooke

Kevin Somes
28 September 2012
Perth

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 25 September 2012.

(a) Distribution of equity securities

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

			Ordinary shares	
			Number of holders	Number of shares
1	-	1,000	21	7,289
1,001	-	5,000	77	263,312
5,001	-	10,000	104	864,405
10,001	-	100,000	370	14,690,355
100,001		and over	132	109,161,988
			704	124,987,349
The number of shareholders holding less than a marketable parcel of shares are:			46	50,690

(b) Twenty largest shareholders

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

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	Quenda Investments Pty Ltd <Quenda S/F A/C>	16,000,000	12.80
2	JP Morgan Nominees Australia Ltd <Cash Income A/C>	12,227,173	9.78
3	National Nominees Limited	10,686,699	8.55
4	Newmont Capital Pty Ltd	10,147,339	8.12
5	Citicorp Nominees Pty Ltd	4,527,080	3.62
6	Diamantina Resources Pty Ltd	4,000,000	3.20
7	Peter Thomas & Susan Goodwin <Waterford Retirement Plan A/C>	3,000,000	2.40
8	Amazon Consultoria Em Mineracao E Servicos	2,900,000	2.32
9	Newmont Capital Pty Ltd	2,537,156	2.03
10	Rollason Pty Ltd <Giorgetta Super Plan A/C>	1,810,000	1.45
11	Ross Stanley	1,750,000	1.40
12	Macquarie Bank Limited	1,500,000	1.20
13	Lomacott Pty Ltd <Keogh S/F A/C>	1,500,000	1.20
14	GP Securities Pty Ltd	1,200,000	0.96
15	Grimwood Nominees Pty Ltd	1,070,000	0.86
16	Super Seed Pty Ltd <Seed Family A/C>	1,033,300	0.83
17	Heemskirk Consolidated Limited	1,000,000	0.80
18	Anthony Smith & Therese Smith <Ariel A/C>	940,000	0.75
19	Garry Connell & Devryn Connell <Connell Contractors S/F A/C>	800,000	0.64
20	Aidan Keogh <AG Keogh S/F A/C>	800,000	0.64
		79,428,747	63.55

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Number of shares
Quenda Investments Pty Ltd <Quenda S/F A/C>	16,000,000
JP Morgan Nominees Australia Ltd <Cash Income A/C>	12,227,173
National Nominees Limited	10,686,699
Newmont Capital Pty Ltd	10,147,339

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Burkina Faso	Pouni II	100
Burkina Faso	Dassa	100
Burkina Faso	Didyr	100
Burkina Faso	Dassa Sud	100
Burkina Faso	Nebya	100
Burkina Faso	Bissou	100
Burkina Faso	Gossina	100
Niger	Dogona	90
Niger	Boulkagou	90
Niger	Nassilé	70
Niger	Kakou	100
Liberia	Grand Gedeh	75
Liberia	Cestos South	100
Liberia	Cestos North	100
Liberia	Zwedru North	100
Liberia	Zwedru	100
Liberia	Putu	100

(g) Restricted Securities

The number of restricted securities on issue are:

Class	Number of Restricted Securities	Date Escrow Period Ends
Ordinary Fully Paid Shares	25,600,002	16 December 2012
Unlisted 25 cent Options, Expiry 30 June 2015	15,000,000	16 December 2012

(h) Unquoted Securities

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class	
			Holder Name	Number of Securities
Fully Paid Ordinary Shares	25,600,002	6	Quenda Investments Pty Ltd	16,000,000
Unlisted 25 cent Options, expiry 30 June 2015	15,000,000	5	Quenda Investments Pty Ltd	8,000,000
Unlisted 37.5 cent Options, Expiry 1 November 2013	450,000	3	Ms K Manning	350,000
Unlisted 25 cent Options, Expiry 31 December 2014	250,000	1	Mr A Chubb	250,000
Unlisted 37.5 cent Options, Expiry 31 December 2014	250,000	1	Mr A Chubb	250,000
Unlisted 50 cent Options, Expiry 16 December 2014	1,500,000	1	Mr A Chubb	1,500,000
Unlisted 50 cent Options, Expiry 31 December 2014	250,000	1	Mr A Chubb	250,000
Unlisted 53 cent Options, Expiry 1 November 2014	200,000	1	Mr E Sarbah	200,000
Unlisted 51 cent Options, Expiry 1 November 2014	275,000	2	Mr A Razak	250,000
Unlisted 56 cent Options, Expiry 15 December 2014	300,000	1	Mr L Kirk	300,000

(i) Use of Funds

The Company has used its funds in accordance with its initial business objectives.

Exploring Golden Frontiers

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