

Quarterly Activities Report Ended 30 June 2023

HIGHLIGHTS

BARKLY COPPER-GOLD PROJECT, NORTHERN TERRITORY

- Contracted to purchase East Tennant Project from Strategic Energy Resources (purchase completed post reporting period)
Ltd (ASX:SER)
- Complimentary asset with a portfolio of high priority targets
- Positions the Barkly Super Project for a re-rate with a larger and target rich strategic holding in the region
- Total tenement holdings after acquisition of 1,319 sq km in tenement area from SER is 6,753 sq km

CORPORATE

- Highly experienced Geologist and Manager with particular expertise in IOCG systems, Roland Bartsch, appointed as Chief Executive Officer effective 1 April 2023
- MDI maintains ~17.7% shareholding in Aurumin Limited

OPERATING ACTIVITIES CORPORATE

Finances

Middle Island Resources Limited (ASX: MDI, Middle Island, or the Company), held aggregated cash and share investments of A\$3.91M as of 30 June 2023, comprising:

- Cash reserves - A\$2.66M
- Shares held in Aurumin Limited (ASX:AUN) – A\$1.13M
- Shares held in Tajiri Resources Corporation (TSXV:TAJ) -A\$117K

During the June 2023 quarter, MDI diligently, in a considered and measured manner, progressed the works away-from-field activities whilst taking every opportunity to preserve cash without jeopardising timely outcomes.

ASX Additional Information

ASX Listing Rule 5.3.1: Exploration and evaluation expenditure during the June quarter was \$188k.

ASX Listing Rule 5.3.2: No substantive mining production or development activities were undertaken during the March quarter.

ASX Listing Rule 5.3.5: During the June quarter, the Company made cash payments of \$64K to related parties and their associates, being the aggregate amount paid to Directors as salary, directors fees, consulting fees and superannuation.

Tenure

MDI holds 100% in 16 granted exploration licences and 2 pending applications covering 6,753km² within the Barkly region of the Northern Territory (Table 1; includes exploration licences from SER).

Strategy

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

Project Acquisitions

Middle Island entered into a binding Sale and Purchase Agreement ("SPA") with ASX-listed Strategic Energy Resources Ltd (ASX:SER or "**Strategic Energy**") pursuant to which MDI contracted to acquire SER's East Tennant Project. The purchase, which covers exploration licenses EL32109, EL32306, EL32307, EL32617, EL32760 and EL32809, totalling 1,319km², was completed post reporting period thus expanding Middle Island's existing Barkly Super Project in the East Tennant region (Figure 1).

Middle Island purchased 100% of SER's East Tennant Projects for 18,240,000 fully paid ordinary MDI shares at a deemed price of \$0.035 per share, this being the closing price of ASX:MDI on Friday 12 May 2023 (**Consideration Shares**).

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

The purchase expanded the Barkly Super Project's already considerable exploration target list.

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

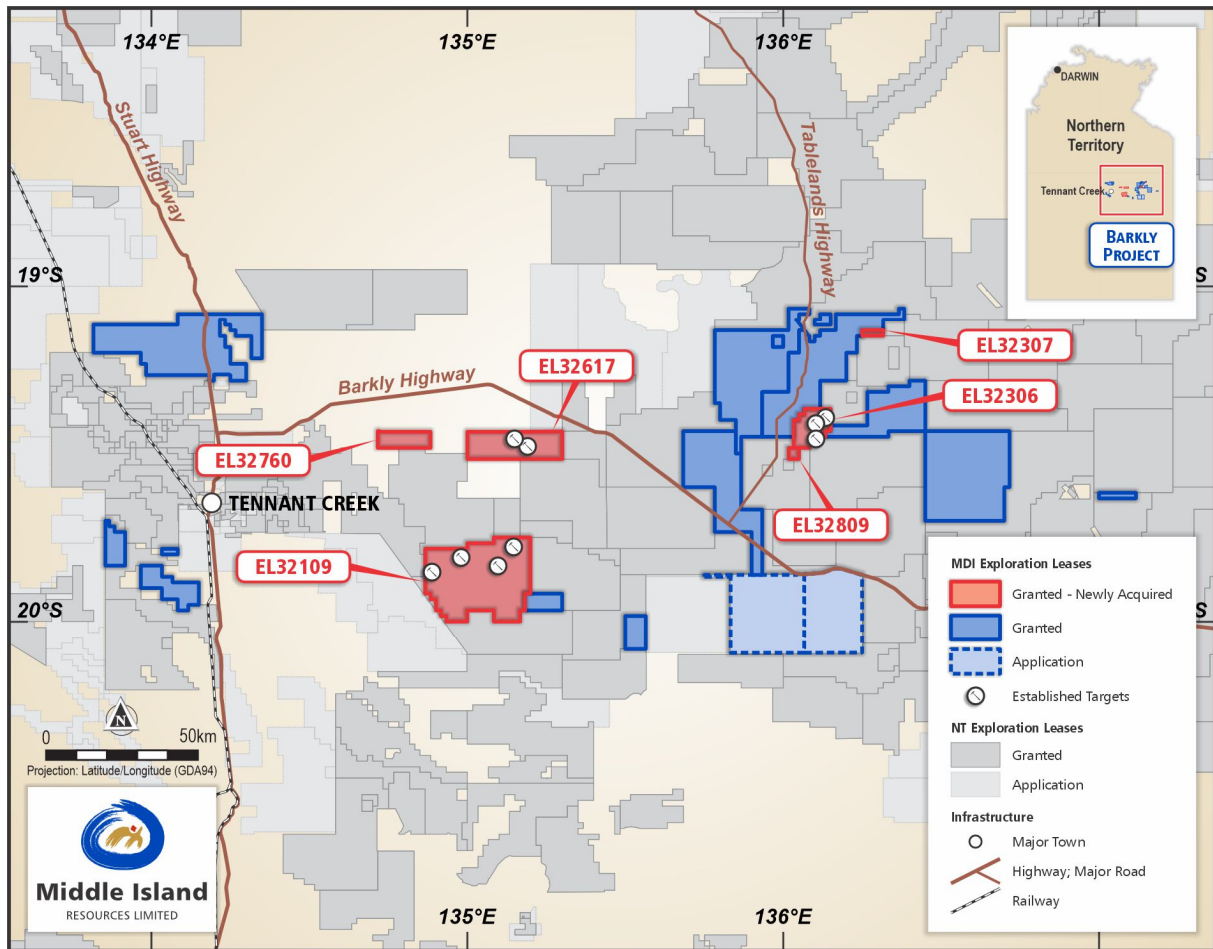


Figure 1

Note: EL32809 & EL32306 subsequent to the signing of the SPA has been amalgamated and replaced by EL33507.

BARKLY COPPER-GOLD SUPER PROJECT (100%) - NORTHERN TERRITORY

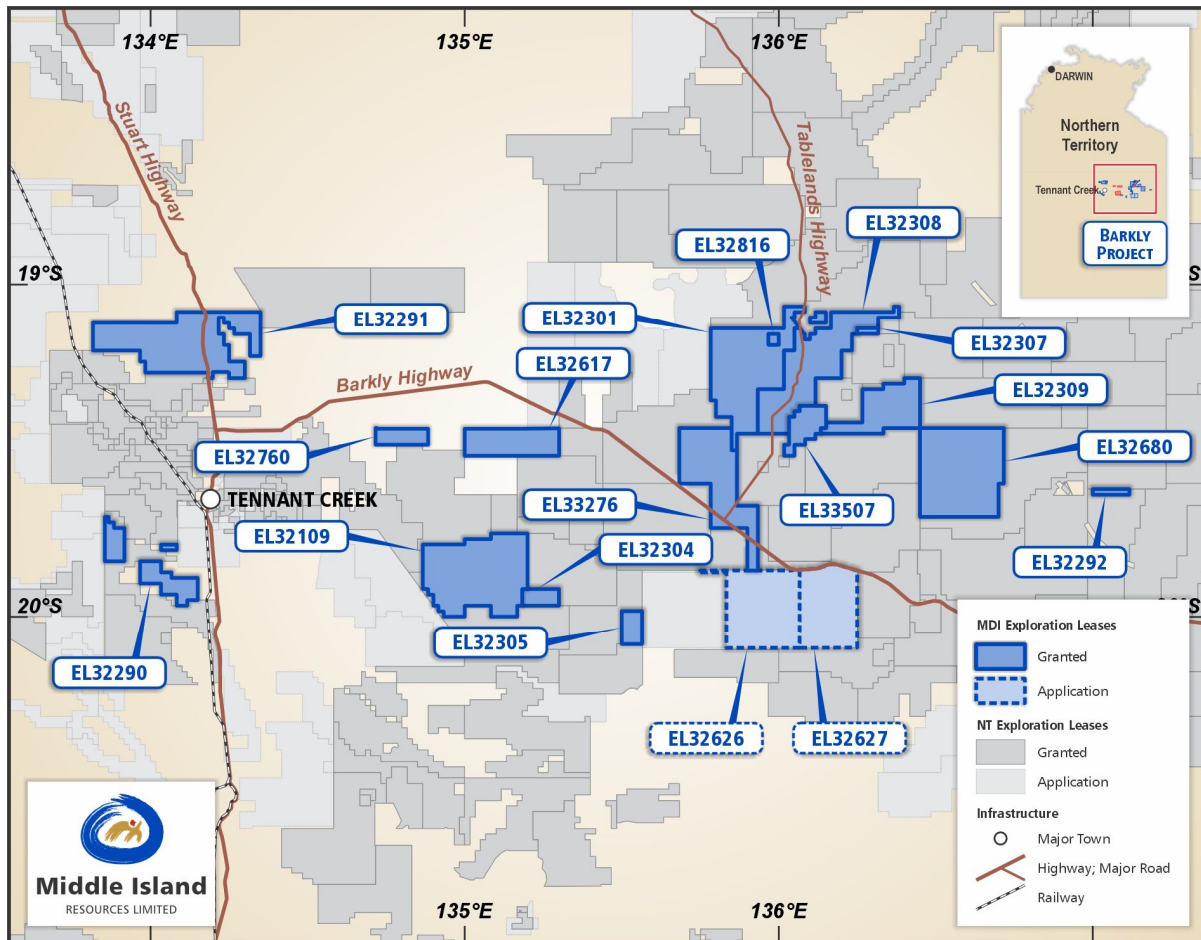


Figure 2 Barkly Project on completion of the SER Exploration tenements.

Exploration Overview

- Located on an interpreted eastward extension of the fault-bounded and prospective East Tennant Ridge under shallow to moderate Georgina Basin cover in the Northern Territory, the project's Exploration Licences (16 granted & 2 applications) cover a total of approximately 6753km² (Table 1; includes exploration licences from SER).
- The East Tennant corridor has gained recognition as a priority, largely unexplored, IOCG mineral province. The corridor is also considered to be prospective for other styles of mineralization including "world-class" sediment hosted Cu-Zn-Pb-Ag deposits like those found in the Mt Inlier to the east.
- IOCG deposits, which are MDI's primary target to date, include large lower grade deposits to smaller high-grade variants. Australian deposit examples include Olympic Dam, Prominent Hill, and Carrapateena in South Australia; Ernest Henry in Queensland, and Warrego and Juno located to the west of the Barkly Project at Tennant Creek.
- The deposits and alteration surrounding them have elevated levels of iron oxide minerals magnetite and hematite, which give rise to elevated magnetic and gravity (density) signatures that can be mapped readily with geophysical surveys (magnetics and gravity). The copper-gold

mineralisation that makes up the deposits occurs as sulphide minerals with a more restricted areal extent that can commonly be mapped by other geophysical techniques (IP, EM, MT). The often-strong geophysical signatures of the alteration and mineralisation lends itself to effective explorations under cover, as is the case at Barkly.

- MDI's exploration strategy is to complete systematic detailed assessment of its data from surveys (including aeromagnetic, induced polarization (IP)/resistivity and detailed ground gravity -completed in 2022) over its granted Exploration Licences and to complete incorporation into its consolidated data base to enable development of structurally focused solid geological interpretations to generate a prioritised target list for the next stage of screening (further geophysics or select drilling).
- The Crosswinds prospect was identified early and stood out by the presence of copper mineralisation at surface and was advanced ahead of the broader project targeting. Ground gravity surveys, IP geophysical surveys and maiden drilling was completed in 2022.

Geophysics & Targeting

Mineral Deposit concepts and targets are being generated from the 40,000 line-kilometres of aerial geophysics (magnetics and radiometrics) collected in 2022 covering the full project areas. The aerial survey was completed by MagSpec Airborne Surveys. Reprocessing of these data was completed by Southern Geoscience Consultants to produce 3D inversion models and is being integrated with compiled regional data and local detailed surveys at the Crosswinds prospect and detailed gravity survey data collected by SER across its exploration licences.

Regional open file data compiled and modelled include:

- Gravity;
- Seismic lines;
- Historical drill holes across the region (~1200 holes; exploration and shallow water bores); and,
- The depth to top target 'basement' surface, to help define the bottom of the masking basin cover sediments.

The targeting is well advanced with a large (but still increasing) number of targets identified. This data will be reported to the market when initial interpretations have been completed.

Crosswinds Prospect

Further work was conducted during the quarter on the Crosswinds prospect including field review and further 3D geophysical modelling.

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

Detailed geophysics was conducted over the prospect in 2022 by MDI that included airborne magnetics; five lines (28.5 kms) of Induced Polarisation (IP)/Resistivity by Planetary Geophysics Pty Ltd; and detailed ground gravity (2,016stations) by Atlas Geophysics. The geophysics mapped features that may indicate the presence of sulphide mineralization (notably a strong chargeability anomaly at depth). Four drill holes were completed in 2022 as a first-pass test of the identified targets directed primarily at gaining an understanding of the geology. No economic mineralisation was recorded in the drilling, however the peak of the IP chargeability anomaly and the area of surface copper occurrence was drill intersected in the drilling and further work is required.

Field Activities

Reconnaissance field work was conducted at the Crosswinds prospect and two emerging targets on EL32991. Orientation soil samples were collected at Crosswinds and on EL32991.

Planned September 2023 Quarter Activities

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

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

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

MINING TENEMENTS

Middle Island Resources Limited advises the following information required under ASX Listing 5.3.3 as of 30 June 2023

Tenements	Mining tenements acquired during the quarter	Mining tenements Disposed during the quarter	Mining tenements held at the end of the quarter	Tenement location
EL 32290	Granted		100%	Northern Territory
EL 32291	Granted		100%	Northern Territory
EL 32292	Granted		100%	Northern Territory
EL 33276	Granted		100%	Northern Territory
EL 32301	Granted		100%	Northern Territory
EL 32304	Granted		100%	Northern Territory
EL 32305	Granted		100%	Northern Territory
EL 32308	Granted		100%	Northern Territory
EL 32309	Granted		100%	Northern Territory
EL 32680	Granted		100%	Northern Territory
EL 32816	Granted		100%	Northern Territory
EL 32626	Application		Pending Grant – 100%	Northern Territory
EL 32627	Application		Pending Grant – 100%	Northern Territory
EL32109	Granted ¹		100%	Northern Territory
EL32307	Granted ¹		100%	Northern Territory
EL32617	Granted ¹		100%	Northern Territory
EL32760	Granted ¹		100%	Northern Territory
EL33507	Granted ¹		100%	Northern Territory

¹ Tenement transfer applications from SER to MDI lodged with the DITT; transfers pending at 30 June.

SAFETY, ENVIRONMENTAL AND SOCIAL

Health & Safety

No injuries or incidents were recorded at the Company's projects and premises during the June quarter.

Environment

No environmental incidents were recorded at the Company's projects and premises during the June quarter.

Social

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

RELEASE AUTHORISED BY THE MDI BOARD:

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Website: www.middleisland.com.au

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Middle Island, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Middle Island Resources Limited
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ABN:

70 142 361 608

Quarter ended ("Current Quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(188)	(1,610)
(b) development	-	-
(c) production	-	-
(d) staff costs	(162)	(525)
(e) administration and corporate costs	(128)	(378)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	9	31
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material) – gold sale proceeds and government grants	131	246
1.9 Net cash from / (used in) operating activities	(338)	(2,236)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings – <i>Insurance Premium Funding – adjust to expense</i>	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,997	4,895
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(338)	(2,236)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,659	2,659

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	153	61
5.2	Call deposits at interest	2,465	2,895
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Term Deposits	41	41
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,659	2,997

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	64
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(338)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(338)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,659
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,659
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	7.87
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- This statement gives a true and fair view of the matters disclosed.

Date: **31 July 2023**

Authorised by: **Rudolf Tieleman, Company Secretary**
(Name of body or officer authorising release – see note 4)

Notes

- This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
- If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. By the Company lodging this Appendix 5B, the Executive Director and CFO declare that the Appendix 5B for the relevant quarter:
 - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
 - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.