



Middle Island

RESOURCES LIMITED

ABN 70 142 361 608

INTERIM FINANCIAL REPORT

For the Half-Year ended 31 December 2023

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2023 and any public announcements made by Middle Island Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.



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DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity (referred to hereafter as the Group) consisting of Middle Island Resources Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS

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

Peter Thomas
Brad Marwood
Bruce Stewart

REVIEW AND RESULTS OF OPERATIONS

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

	2023	
	Revenues \$	Loss for the Period \$
Group revenues and loss	20,686	(1,432,035)

Corporate

Middle Island Resources Limited (**ASX: MDI, Middle Island or the Company**), held cash and liquid investments of \$2,525,258 as at 31 December 2023, comprising \$2,429,975 in cash and A\$95,283 in available-for-sale listed equity investments. The Company also held listed securities in Aurumin Limited having a value (marked to the then market) of \$1,052,883 as at 31 December 2023.

Operations Review

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

During the second half of the 2023 calendar year the Company solidified its position in the NT. It completed purchase of the East Tennant Project from Strategic Energy Resources Ltd (ASX:SER) and applied for a new tenement EL33585 to secure a new target (Zermatt). Total Barkly Copper-Gold Super Project tenement holdings with these new areas is 6,918 sq km (granted and in application).

The Company's technical team progressed exploration activities whilst taking every opportunity to preserve cash without jeopardising timely outcomes. A systematic detailed assessment of its data from surveys (including aeromagnetic, induced polarization (IP)/resistivity and detailed ground gravity) was completed and a structurally focused solid geological interpretation developed from which a prioritised target list for the next stage of screening was developed. This initial targeting exercise considered prospectivity for IOCG and Sediment Hosted Cu-Zn-Pb-Ag deposits, based on deposit conceptual model parameters. A total of 55 exploration targets within the Barkly tenements for ongoing assessment (Figure 1). A number of high priority targets were identified for immediate follow-up that was started in September.

Field activities were delayed due to bushfire conditions throughout the Tennant Creek - Barkly region, but were completed during the December reporting period. Prospect scale programmes were completed across a selection of targets:

- Soil geochemistry surveys (6 separate grid areas) were conducted across a selection of targets on EL32291, EL32290, EL32760, EL 33276, EL33585 and EL33588 using sampling and analytical methods that may detect low level metal anomalies in unmineralised cover above ‘blind’ deposits); and
- ground gravity surveys (8 separate grids) were completed by Daishsat Geodetic Surveyors across a selection of targets on EL32291, EL33588, EL32109 and EL33588.

Initial results for the soils and gravity surveys were received late December and are being processed to guide planned drilling scheduled for 2024.

At the end of reporting period, positioning itself to have adequate funding for a drill program at the end of the wet season in the NT, the Company successfully completed a Renounceable Rights Issue (RRI). The total amount raised was \$1,154,937 (before costs). The RRI was strongly supported with existing shareholders applying for approximately 86% of the 1:2 rights issue amount and with investors wishing to take up the shortfall in excess of 20 times of the amount that was available to place to these investors.

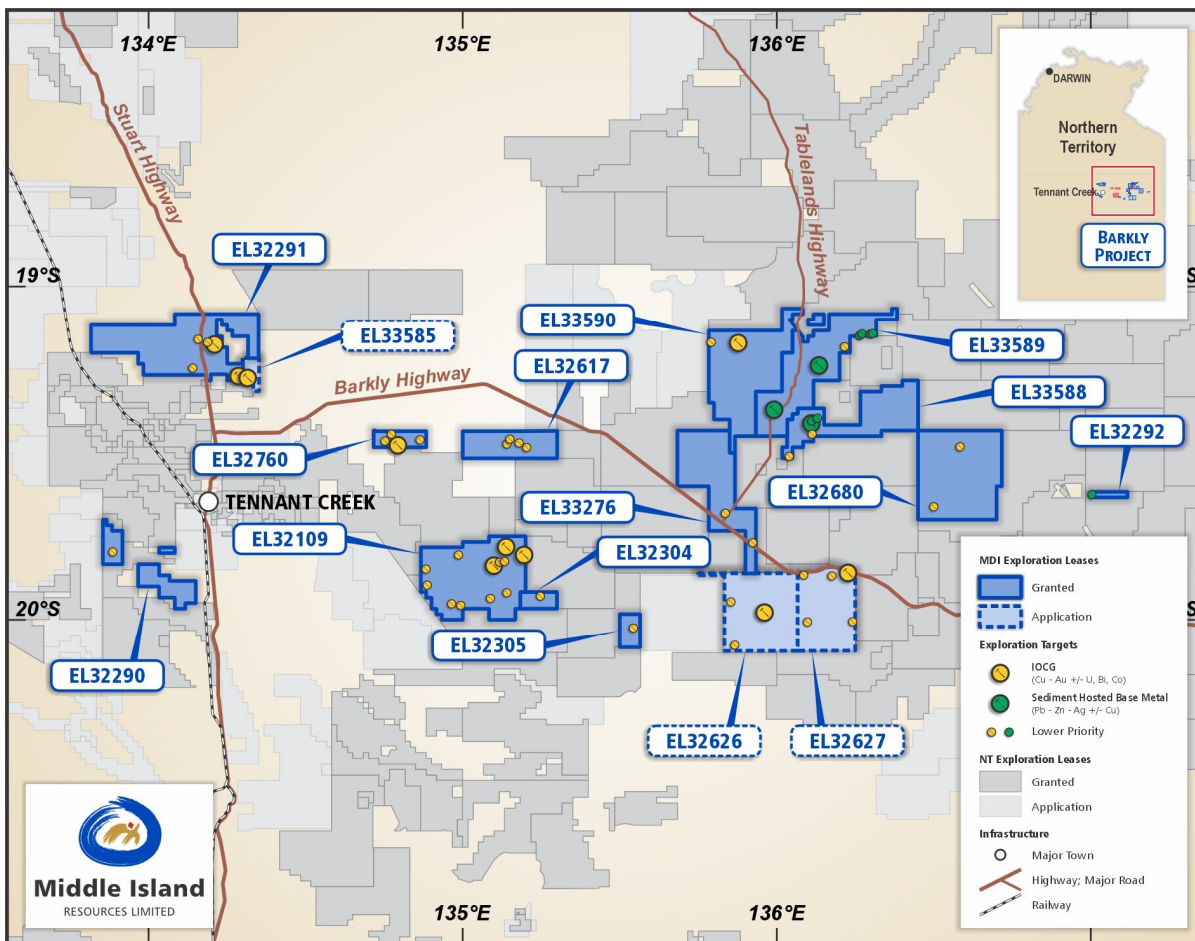


Figure 1. Barkly Project and exploration targets

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and



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context in which any Competent Person's findings are presented have not been materially modified from the original market announcements.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Signature of Peter S Thomas affixed to original document and held on file

PETER S THOMAS

Chairman

Perth, 15 March 2024

AUDITOR'S INDEPENDENCE DECLARATION



To those charged with governance of Middle Island Resources Limited

As auditor for the review of Middle Island Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

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

Elderton Audit Pty Ltd

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

Sajjad Cheema

Director

15 March 2024

Perth

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2023

Note	Half-year Ended:	
	31 December	31 December
	2023	2022
	\$	\$
CONTINUED OPERATIONS		
REVENUE		
Other income	20,686	13,032
OPERATING EXPENDITURE		
Administration expenses	(365,368)	(209,753)
Depreciation expense	(16,761)	(17,142)
Exploration and evaluation expenses	(663,600)	(1,238,645)
Fair value losses on financial assets	(191,451)	(1,834,128)
Salaries and employee benefits expense	(215,541)	(237,035)
LOSS BEFORE INCOME TAX	(1,432,035)	(3,523,671)
Income tax	-	-
LOSS FOR THE PERIOD from Continuing Operations	(1,432,035)	(3,523,671)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income for the period, net of tax	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF MIDDLE ISLAND RESOURCES LIMITED	(1,432,035)	(3,523,671)
Basic and diluted loss per share (cents) from continuing operations	(0.93)	(2.88)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December	30 June
	Note	2023 \$	2023 \$
CURRENT ASSETS			
Cash and cash equivalents		2,429,975	2,659,333
Trade and other receivables		65,479	68,756
Financial assets	3	95,283	117,231
TOTAL CURRENT ASSETS		2,590,737	2,845,320
NON-CURRENT ASSETS			
Plant and equipment		29,816	46,577
Financial assets	3	1,052,883	1,085,000
Tenement acquisition costs	4	638,400	-
TOTAL NON-CURRENT ASSETS		1,721,099	1,131,577
TOTAL ASSETS		4,311,836	3,976,897
CURRENT LIABILITIES			
Trade and other payables	5	109,279	92,514
Employee benefit obligations		26,544	14,464
TOTAL CURRENT LIABILITIES		135,823	106,978
TOTAL LIABILITIES		135,823	106,978
NET ASSETS		4,176,013	3,869,919
EQUITY			
Contributed equity	6	50,306,208	48,611,091
Reserves	7	43,013	
Accumulated losses		(46,173,208)	(44,741,172)
TOTAL EQUITY		4,176,013	3,869,919

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



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2023

	Note	Contributed Equity	Share-based Payments Reserve	Accumulated Losses	Total
		\$	\$	\$	\$
BALANCE AT 1 JULY 2022		48,611,091	-	(39,445,244)	9,165,847
Loss for the period		-	-	(3,523,671)	(3,523,671)
BALANCE AT 31 DECEMBER 2022		48,611,091	-	(42,968,915)	5,642,176
BALANCE AT 1 JULY 2023		48,611,091	-	(44,741,172)	3,869,919
Shares issued for acquisition of strategic project	4	638,400	-	-	638,400
Shares issued pursuant to Renounceable Rights Issue		1,154,937	-	-	1,154,937
Capital raising costs		(98,220)	-	-	(98,220)
Share based payments	7	-	43,013	-	43,013
Loss for the period		-	-	(1,432,035)	(1,432,035)
BALANCE AT 31 DECEMBER 2023		50,306,208	43,013	(46,173,208)	4,176,013

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2023

	Half-year Ended:	
	31 Dec 2023	31 Dec 2022
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	-	114,661
Expenditure on mining interests	(645,184)	(1,269,661)
Payments to suppliers and employees	(530,080)	(419,837)
Interest received	20,686	13,004
Net cash outflow from operating activities	(1,154,578)	(1,561,833)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of computer equipment, motor vehicle	-	608
Purchase of available for sale assets	(137,387)	-
Net cash (outflow)/inflow from investing activities	(137,387)	608
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of securities	1,065,813	-
Share issue expenses	(3,206)	-
Net cash inflow from financing activities	1,062,607	-
Net decrease in cash and cash equivalents	(229,358)	(1,561,225)
Cash and cash equivalents at the beginning of the period	2,659,333	4,894,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	2,429,975	3,333,710

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

This consolidated interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by Middle Island Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

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

This consolidated interim financial report was approved by the Board of Directors on 15 March 2024.

Accounting Policies

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

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

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2023. As a result of this review the Directors have determined that there is no impact, material or otherwise, of these new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Going Concern

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at the reporting date of this half-year financial report, the Group has approximately \$2.43M in cash and cash equivalents for continuing operations, and an additional \$1.15M in financial assets. The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate. The directors believe that they will continue to be successful in securing additional funds as and when the need to raise working capital arises.

NOTE 2: SEGMENT INFORMATION

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

NOTE 3: FINANCIAL ASSETS

	31 Dec 2023 \$	30 Jun 2023 \$
Investment in Canadian listed equity securities	95,283	117,231
Investment in Aurumin Limited	1,052,883	1,085,000
Total	1,148,166	1,202,231

Investment in Canadian listed equity securities:

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

Investment in Aurumin Limited:

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

NOTE 4: TENEMENT ACQUISITION COSTS

	31 Dec 2023 \$	30 Jun 2023 \$
Tenement Costs - East Tennant Project	638,400	-
Total	638,400	-

MDI announced the acquisition of the East Tennant Project from ASX-listed Strategic Energy Resources Ltd (ASX:SER or "Strategic Energy") on 17 July 2023.

The purchase, which covers exploration licenses EL32109, EL32306, EL32307, EL32617, EL32760 and EL32809, expands Middle Island's existing Barkly Super Project in the East Tennant region002E

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5: CURRENT LIABILITIES

	31 Dec 2023 \$	30 Jun 2023 \$
Trade payables	87,044	41,531
Other payables and accruals	22,235	50,983
Total	109,279	92,514

NOTE 6: EQUITY

Issues of ordinary shares during the period

	Half-year Ended:			
	31 Dec 2023		31 Dec 2022	
	Shares	\$	Shares	\$
Opening balance	122,418,222	48,611,091	122,418,222	48,611,091
Issue of fully paid ordinary shares for acquisition of tenements	18,240,000	638,400	-	-
Issue of shares pursuant to a Renounceable Rights Issue	76,995,798	1,154,937	-	-
Share issue costs	-	(98,220)	-	-
Closing balance	217,654,020	50,306,208	122,418,222	48,611,091

Movements of options during the period

	Number of Options	
	31 Dec 2023	31 Dec 2022
Opening Balance	-	-
Issue of options pursuant to Renounceable Rights Issue – exercisable at \$0.015 each, expiring 24.5.2025	76,995,798	-
Issue of options to Lead Manager – exercisable at \$0.015 each, expiring 24.5.2025	1,154,937	-
Issue of options to CEO pursuant to employment agreement – exercisable at \$0.075 each, expiring 30.11.2026	5,000,000	-
Issue of options to Directors as approved at AGM – exercisable at \$0.0225 each, expiring 31.5.2025	6,000,000	-
Issue of options to Key Management Personnel as approved at AGM – exercisable at \$0.0225 each, expiring 31.5.2025	3,300,000	-
Closing Balance	92,450,735	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6: EQUITY (Continued)

Share Based Payments Option Reserve

Opening Balance	-	-
Issue of options to Lead Manager	5,890	-
Issue of options to CEO pursuant to employment agreement	10,153	-
Issue of options to Directors as approved at AGM	17,400	-
Issue of options to Key Management Personnel as approved at AGM	9,570	-
Closing Balance	43,013	-

NOTE 7: SHARE BASED PAYMENTS

Share-based payment transactions in the form of options issued to the lead manager of the Renounceable Rights Issue, the Company's directors, its CEO and company secretary, were valued using the Black-Scholes methodology, a risk-free return of 4.35%, and a volatility factor ranging from 80.93% to 82.49%.

NOTE 8: CONTINGENCIES

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

NOTE 9: TENEMENT EXPENDITURE and OTHER COMMITMENTS

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

The Company, through its wholly owned subsidiary, entered into a commercial lease agreement to rent premises in Tennant Creek. The initial term of the lease was for twelve months. As at 31 December 2023, the remaining rental commitments amounted to \$9,776. The Company is entitled to renew the lease for a further two terms of two years each.

NOTE 10: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2023 which has significantly affected, or may significantly affect, the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.



DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) giving a true and fair view of the company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Middle Island Resources Limited will be able to pay its debts as and when they become due and payable.

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

Signature of Peter S Thomas affixed to original document and held on file

Peter S Thomas

Chairman

Perth, 15 March 2024



INDEPENDENT AUDITOR'S REVIEW REPORT

ELDERTON

AUDIT PTY LTD

To the members of Middle Island Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Middle Island Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated condensed statement of financial position as at 31 December 2023, the consolidated condensed statement of financial performance, consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) giving a true and fair view of the Middle Island Resources Limited 's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Responsibility of the Directors for the Financial Report

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

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Middle Island Resources Limited
ACN 142 361 608

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023, and of its financial performance for the half-year ended on that date, and complying with Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

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

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

Elderton Audit Pty Ltd

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

Sajjad Cheema

Director
15 March 2024

Perth