



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
ACN 142 361 608

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QUARTERLY REPORT

For the period ended 31 March 2022

Middle Island Resources Ltd
ACN 142 361 608

ASX Code: MDI

Office:
Suite 1, 2 Richardson Street
WEST PERTH WA 6005

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Capital Structure :
122,418,222 ordinary shares

Board Members:
Peter Thomas
Non-Executive Chairman

Brad Marwood
Executive Director

Bruce Stewart
Non-Executive Director

Rudolf Tieleman
Company Secretary

HIGHLIGHTS

BARKLY

- A 2.65km Induced Polarisation (IP) line was completed over the Crosswinds Copper Prospect in the Barkly Super Project, Northern Territory (ASX Release – 10 January 2022).
- A further five lines of IP were committed for over 12km of new data to assess the Crosswinds Copper Prospect. Planning completed for ground gravity work over the Crosswinds Copper Prospect to be completed early in the second quarter 2022.
- The Aeromagnetic and radiometric work was delayed due to the extreme weather conditions presenting across the north of Australia during the Quarter. High quality results cannot be achieved when pools of water sit at the surface. Currently 10,000km completed of a total of 40,000km to be flown.

SANDSTONE

- The sale of the Sandstone assets for A\$12M was completed during the Quarter.
- The consideration of A\$12M was paid by way of \$6,000,000 in cash, with the balance of \$6,000,000 settled by the issue of AUN shares (at a notional issue price of \$0.20 per share).
- The cash component has been fully paid. The share component has been partly issued taking MDI's holding in AUN to 19.9%; leaving 9.0M shares yet to be issued.
- By 30 April 2022, the remaining 9.0M shares must either be issued, subject to AUN shareholder approval under Section 611(7) of the Corporations Act (allowing MDI to acquire >20% of AUN) or be paid out in cash at A\$0.20 per share (equating to \$1.8M).

CORPORATE

- An EGM was held 11 February 2022 to approve the sale of all the issued shares in Sandstone Operations Pty Ltd. The resolution was approved by 99.84% of votes cast on a poll.



Operating Activities

Corporate

Finances

Middle Island Resources Limited (**ASX: MDI, Middle Island or the Company**), held aggregated cash and liquid investments of A\$10.85M as of 31 March 2022, comprising A\$5.99M in cash and A\$4.86M in ordinary shares held in Aurumin Limited (ASX:AUN) (A\$4.68M) and Tajiri Resources Corporation (TSXV:TAJ) (A\$184,000).

ASX Additional Information

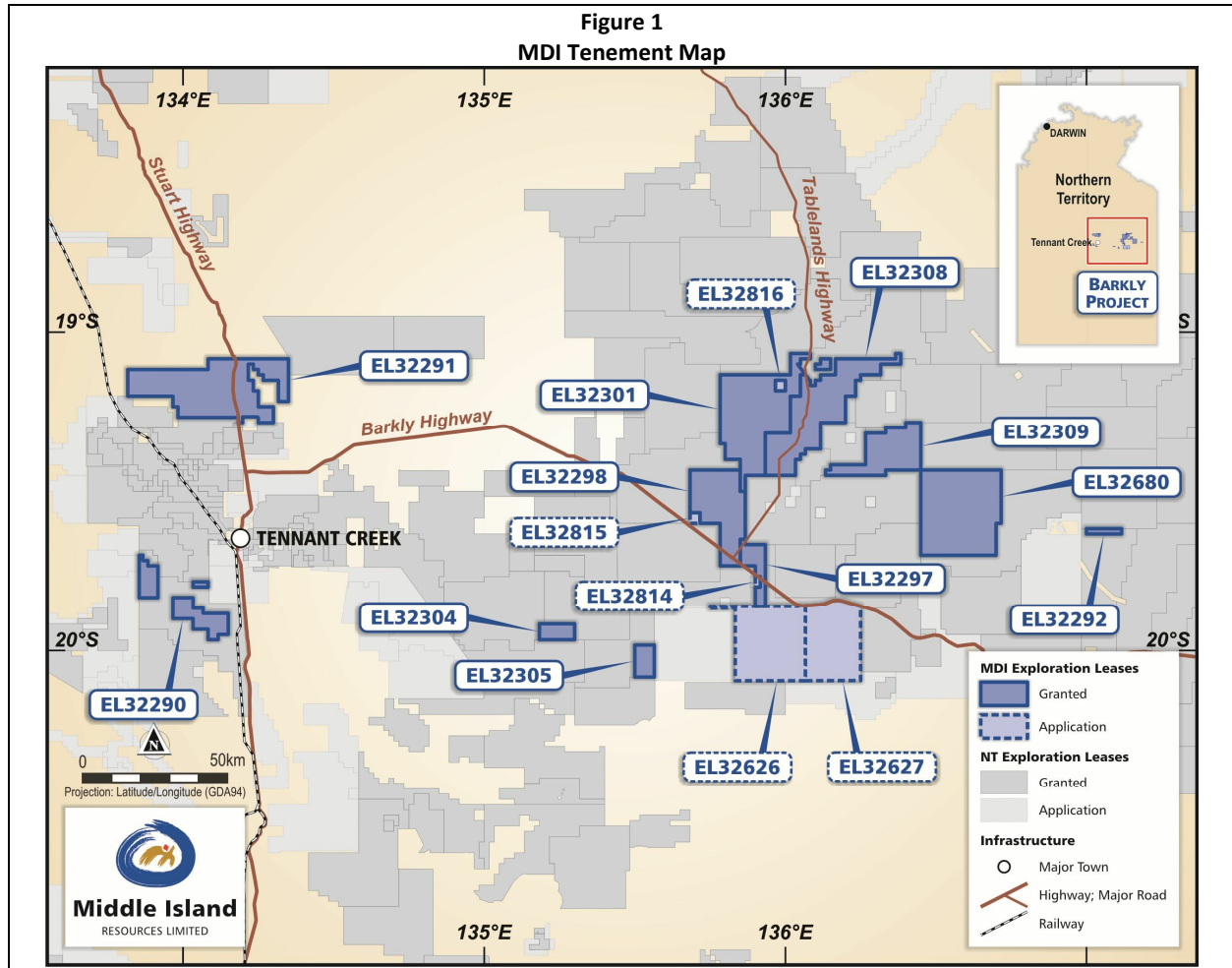
ASX Listing Rule 5.3.1: Exploration and evaluation expenditure during the March 2022 quarter was \$153,000.

ASX Listing Rule 5.3.2: No substantive mining production or development activities were undertaken during the March 2022 quarter.

ASX Listing Rule 5.3.5: During the March 2022 quarter, the Company made cash payments of \$84,000 to related parties and their associates, being the aggregate amount paid to Directors, including salary, directors' consulting fees and statutory superannuation.

Tenure

MDI continues to hold 100% in 11 granted exploration licences covering 4,343.49km² and 5 pending applications covering 1,910.10km² within the Barkly region of the Northern Territory.





Strategy

MDI's strategy is to increase the value of the Barkly copper-gold super project via exploration and assessing complimentary assets to expand MDI foundation of land holding.

Barkly Copper-Gold Super Project (100%) – Northern Territory

Natural Resources Manager

Paul Frawley was employed during the Quarter on a fulltime basis as Natural Resources Manager. In this role Paul is responsible for the management of all the exploration and associated permitting relationship building and title management. Paul comes to MDI with a wealth of experience with setting up cost effective exploration activities in remote locations including remote parts of West Africa.

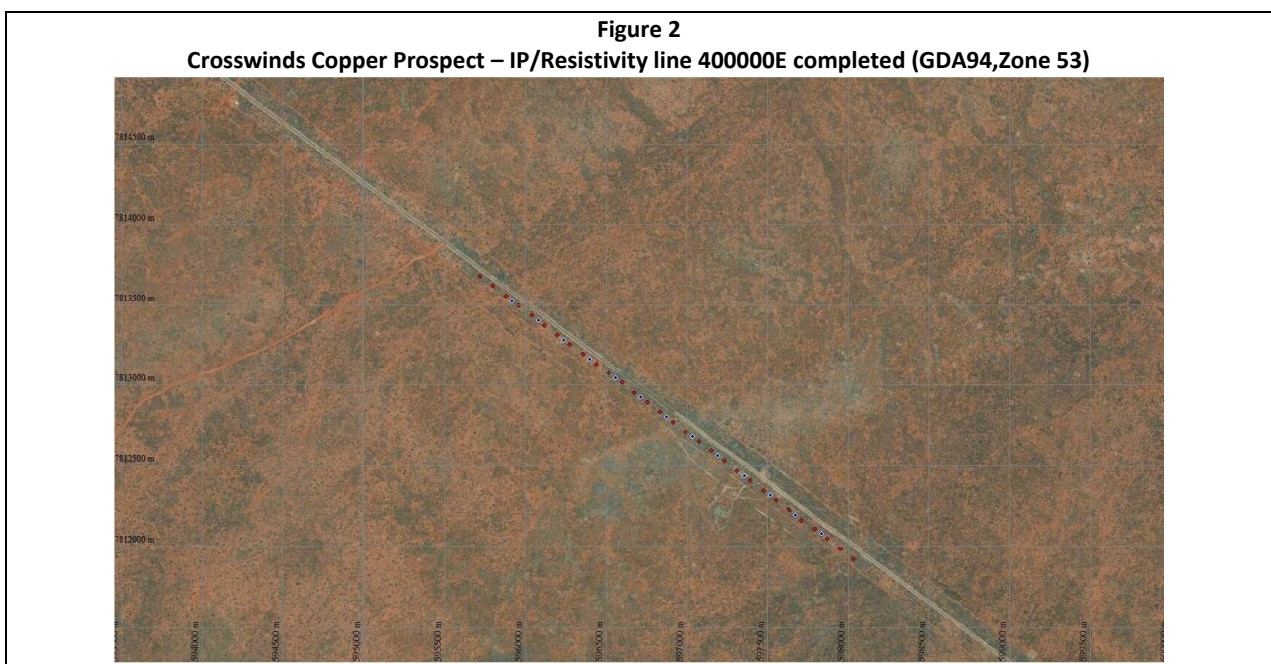
As of the end of the quarter MDI have established core storage facilities, logging and sample preparation facilities, accommodation and transport. MDI has also secured rancher agreements to access ranches and utilising the ranchers' services for water supply, road building, drill site preparation and general support in the Barkly. It is worth noting that the establishment of our operating base, services agreement transport and permitting has cost MDI less than A\$100,000. This is an outstanding performance given our near neighbours have committed >\$1m in site establishment.

Logistics and services were ready to commence drilling at the end of the quarter. The key IP and ground gravity results were not available during the quarter and are essential to optimise the location of drill holes. Given that each drill hole will cost towards \$150,000 MDI elected to wait until all key data was available before commencing drilling. Drilling will commence in the second quarter calendar 2022.

Crosswinds Copper Prospect

During the quarter the results from the completed one single 2.65km long 2D Induced Polarization (IP)/Resistivity line conducted by Planetary Geophysics Pty Ltd in December 2021 were received.

Rx Dipole Spacing was 200m apart with Tx Injection Spacing 100m apart. The location is shown in Figure 2.





A photo of the IP equipment used by Planetary Geophysics and Crosswinds Prospect terrain is shown in Figure 3 below.



Figure 4 below shows the gridded chargeability results with a significant chargeable target defined approximately 500m below surface. The Georgina basin is interpreted to be ~ 250m depth from a MinexCRC hole drilled in 2020 and around 800m from the Crosswinds Prospect.



Figure 4
Crosswinds Copper Prospect - IP Chargeability

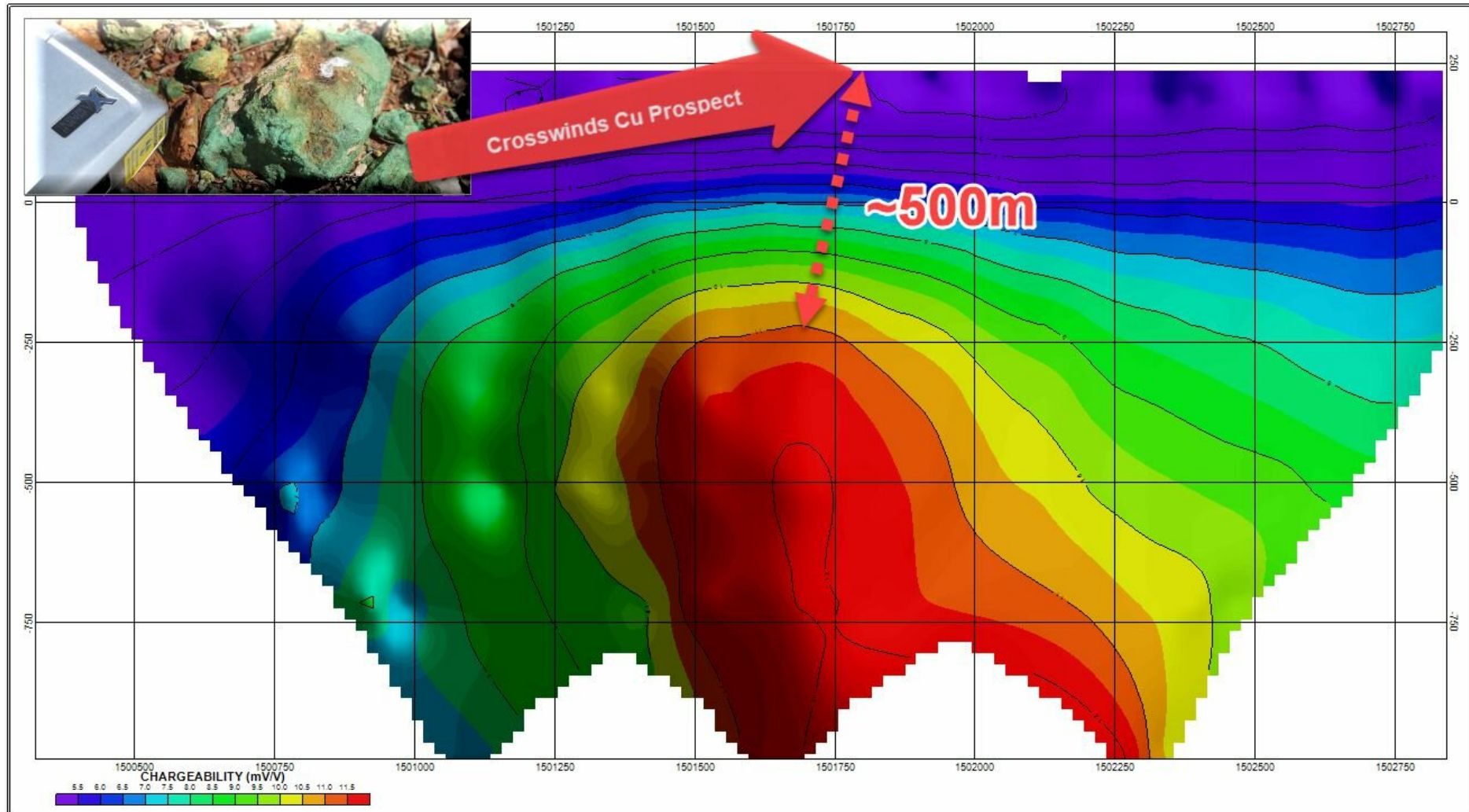
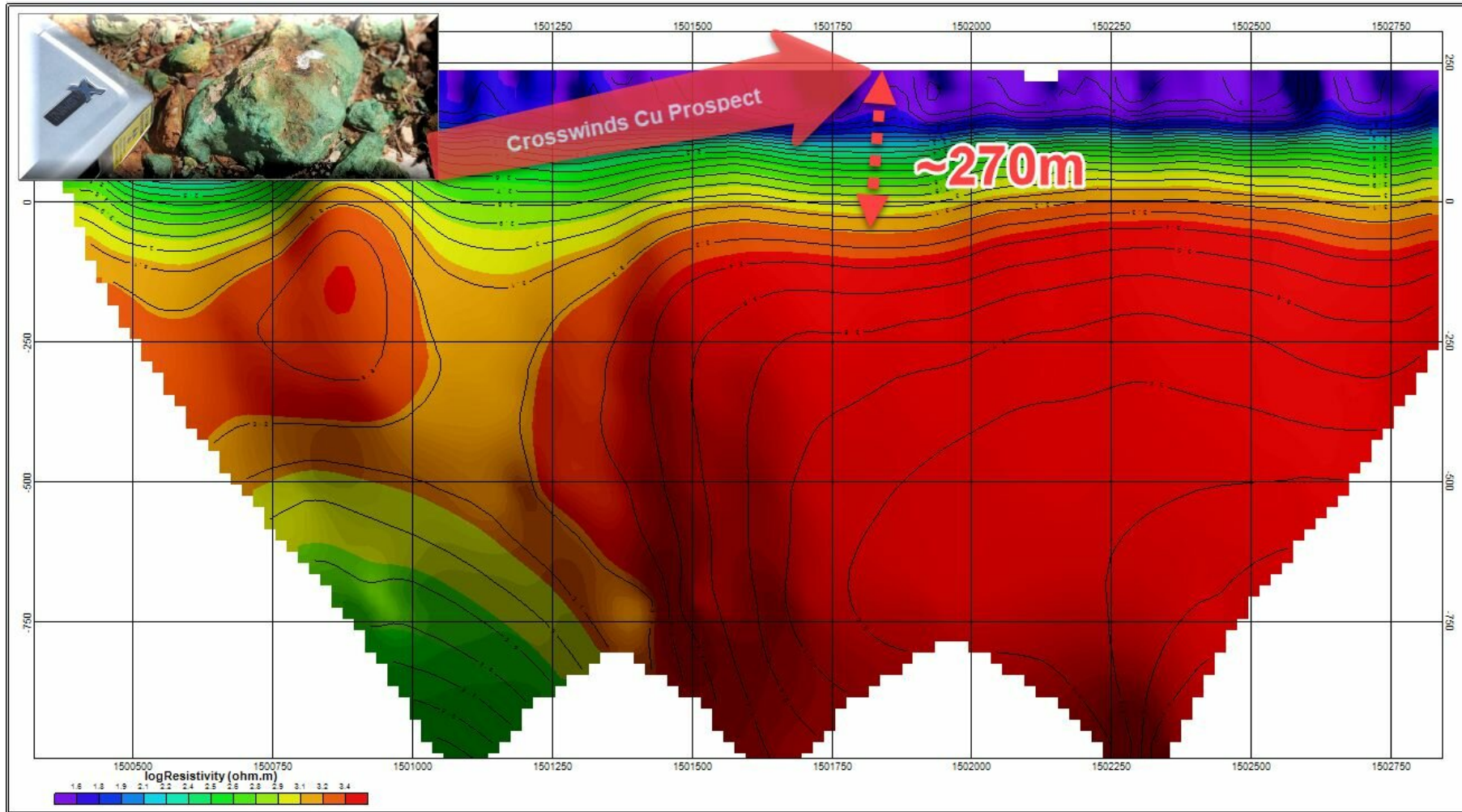




Figure 5 shows the Resistivity results with a significant resistive target defined approximately 270m below surface.

Figure 5
Crosswinds Copper Prospect - IP Resistivity





From a MinexCRC hole drilled in 2020 located ~800m from the Crosswinds Prospect, the Georgina basin cover is interpreted to be ~250m thick. The IP low Resistivity (Blue) suggests <150m of cover at Crosswinds. The thinning Georgina basin cover as you move from the MinexCRC hole to the Crosswinds Prospect is good news as the depth of dead head drilling is less than half anticipated based on the MinexCRC hole.

During the Quarter, an additional 5 extra lines of IP work was undertaken at the Crosswinds Prospect. This information will be used to enhance drilling vector selection and increase confidence in the resultant explanation of the identified anomalies and the likelihood of hitting the postulated primary source of the copper discovered at surface. The results are currently pending.

Aeromagnetic and Radiometric work

The aeromagnetic survey will provide a regional assessment of potential targets across MDI's 5,533km² holding at Barkly. A total of 39,500km will be flown (nearly twice around the globe!) of which 10,000km has already been flown. The extreme rains across north Australia have interrupted the flying of lines as water pooling at surface impacts the quality of results. The airborne geophysics commenced early in the second quarter and is planned to be completed during the second quarter. Inca and Greenvale have completed their aeromagnetic work and advised they have generated over fifty targets from this work. MDI expects aeromagnetic work will prove an extremely useful tool to identify potential targets that can be followed up with ground IP and ground magnetics to provide weight of evidence prior to drilling.

Sandstone Gold Project (100%) – Western Australia

The sale of the Sandstone assets to Aurumin Limited was completed with A\$6M of the cash component of the A\$12M consideration having been received and 21.0M of 30.0M the A\$6M of the share component having been issued during the Quarter. The remaining 9.0M shares will be issued when AUN shareholders approve MDI acquiring greater than 20% of AUN or, if shareholders don't approve the same by 30 April 2022, then \$1.8M in cash will be paid in lieu.

MDI accepted the opportunity to support the \$5.0M partially underwritten entitlement issue in AUN, and as sub-underwriter, received an allocation of 5.0M AUN shares. Therefore, subject to AUN shareholder approval, MDI will hold approximately 25.1% of AUN shares.

MDI has a current shareholding in AUN of 19.9% following the issue of the upfront portion of the Sandstone sale consideration shares as well as the shares acquired in the sub-underwriting of the AUN entitlement issue.

All shares in AUN acquired under the sale agreement will be escrowed for twelve months until 20 March 2023 - for clarity, the sub-underwrite shares are not subject to escrow.

The insurance claim for the damage to the Sandstone mill was paid during the quarter.

TRIBUTE GOLD PRODUCTION

There was no tribute gold production at the Sandstone project during the March 2022 quarter.



Planned June 2022 Quarter Activities

Activities planned at the **Barkly** project during the June 2022 quarter comprise: -

- Announce results of the ground IP works completed;
- Commit to drilling in Q2,2022;
- Complete the aerial geophysics and declare the results; and
- Identify and report on priority targets generated.

Mining Tenements

Middle Island Resources Limited advises the following information required under ASX Listing Rule 5.3.3 as of 31 March 2022.

Table 1				
Middle Island Resources' Tenements				
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 32297	Granted		100%	Northern Territory
EL 32298	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 32814	Application		Pending Grant – 100%	Northern Territory
EL 32815	Application		Pending Grant – 100%	Northern Territory
EL 32816	Application		Pending Grant – 100%	Northern Territory
EL 32626	Application		Pending Grant – 100%	Northern Territory
EL 32627	Application		Pending Grant – 100%	Northern Territory
EL 32680	Application		Pending Grant – 100%	Northern Territory

Safety, Environmental & Social

Health & Safety

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

No COVID-19 infections have been recorded amongst staff or contractors.

Environment

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

Social

MDI is committed to working the local communities in terms of procurement and employment.



RELEASE AUTHORISED BY:

Board of Middle Island Resources Limited

COMPANY CONTACTS:

Brad Marwood – Executive Director +61 (0)8 9322 1430

WEBSITE: www.middleisland.com.au

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.

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")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(153)	(1,104)
(b) development	-	-
(c) production	-	-
(d) staff costs	(115)	(635)
(e) administration and corporate costs	(178)	(462)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	18
1.8 Other (provide details if material)	(4)	8
1.9 Net cash from / (used in) operating activities	(449)	(2,174)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(34)	(36)
(d) exploration & evaluation	-	-
(e) investments	(1,000)	(1,000)
(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 (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	6,000	6,000
	(b) tenements	-	-
	(c) property, plant and equipment	-	1
	(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	4,966	4,965

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</i>	-	(42)
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	-	(42)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,480	3,248
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(449)	(2,174)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	4,966	4,965
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(42)

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	5,997	5,997

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	95	1,439
5.2	Call deposits	5,881	20
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	21	21
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,997	1,480

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	84
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)	(449)
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)	(449)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,997
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,997
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	13.36
<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

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

Date: **29 April 2022**

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

Notes

1. 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.
2. 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.

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

3. 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.
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.