

31 January 2024

ASX: MDI

Quarterly Activities Report Ended 31 December 2023

HIGHLIGHTS:

BARKLY COPPER-GOLD PROJECT, NORTHERN TERRITORY

- Prospect scale sampling and geophysics was completed to refine drilling plans;
- Detailed infill gravity surveys completed across 8 priority gravity targets; and
- Total tenement holdings is 6,918 sq km (granted and in application).

CORPORATE

- Renounceable Rights Issue seeking to raise \$1.05 million completed heavily oversubscribed;
- Total amount raised was \$1,154,937 (before costs) positioning the Company for its next drill program in the NT; and
- MDI maintains ~11.3% 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\$3.48M as of 31 December 2023, comprising:

- Cash reserves - A\$2.43M
- Shares held in Aurumin Limited (ASX:AUN) – A\$1.05M

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

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 decision was taken to raise a minimum of \$1,054,937 via a pro-rata RRI with the view that all shareholders have the opportunity to participate rather than be diluted without choice by a placement of shares. The RRI was on the basis of one (1) fully paid ordinary share offered for every two (2) fully paid ordinary shares, with \$0.015 to pay for each share, with subscribers entitled to be issued with one (1) free attaching Option for every one (1) fully paid ordinary shares issued under the offer, exercisable at \$0.015 each, with a term of eighteen (18) months from their date of issue.

Existing shareholders applied for approximately 86% of the 1:2 rights issue amount. Investors wishing to take up the shortfall was in excess of 20 times of the amount that was available to place to these investors. To accommodate some of the excess demand, the Company strategically agreed to accept an additional \$100,000 over the fully subscribed 1:2 pro-rata entitlement offer. The Company issued a total of 76,995,798 new fully

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paid ordinary shares (**New Shares**) and 76,995,798 new options (**New Options**) exercisable at \$0.015 on or before 24.5.2025.

A further 1,154,937 New Options were issued to Mahe Capital Pty Ltd which acted as Lead Manager to the issue.

The new securities were issued on Friday, 24 November 2023.

The Company's directors and management took up their entitlements, demonstrating their strong commitment to, and confidence in, the Company's projects and its' future.

Following the passing of resolutions at the Company's Annual General Meeting, 6,000,000 options were issued to directors and a total of 8,300,000 options were issued to key management personnel.

Following those issues, the Company has the following securities on issue:

- 217,654,023 quoted fully paid ordinary shares;
- 78,150,738 unquoted options to acquire fully paid ordinary shares, exercisable at \$0.015 each on or before 5.6.2025;
- 9,300,000 unquoted options to acquire fully paid ordinary shares, exercisable at \$0.0225 each on or before 31.5.2025;
- 5,000,000 unquoted options to acquire fully paid ordinary shares, exercisable at \$0.075 on or before 30.11.2026;

During the December quarter and after completion of the RRI, the opportunity arose for the Company to acquire an additional 5,495,488 new shares in Aurumin Limited (ASX:AUN) for an outlay of \$137,387.20. These were acquired as part of a placement undertaken by Aurumin of 50,000,000 fully paid ordinary shares at an issue price of A\$0.025 per share to raise up to A\$1,250,000 with one (1) free attaching option for each one (1) share issued, with an exercise price of \$0.06 and an expiry date of 22 December 2026. By accepting the offer of new shares, MDI retains a 11.3% interest in AUN and participated in the process facilitating Aurumin liberating itself from the convertible note under which it has been labouring since acquiring the Sandstone project.

ASX Additional Information

ASX Listing Rule 5.3.1: Exploration and evaluation expenditure during the December quarter was \$493k.

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

ASX Listing Rule 5.3.5: During the December quarter, the Company made cash payments of \$56k 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 13 granted exploration licences and 3 pending applications covering 6,918km² within the Barkly region of the Northern Territory (Figure 1).

Strategy

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

Project Acquisitions

No new projects were acquired. Several new project opportunities outside the Barkly region were assessed. None were thought to match the existing Greenfields potential to deliver 'world class' discoveries similar to MDI's established Barkly Project. Assessment of, and discussions around, assets in the Barkly region that complement our current portfolio is ongoing.

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

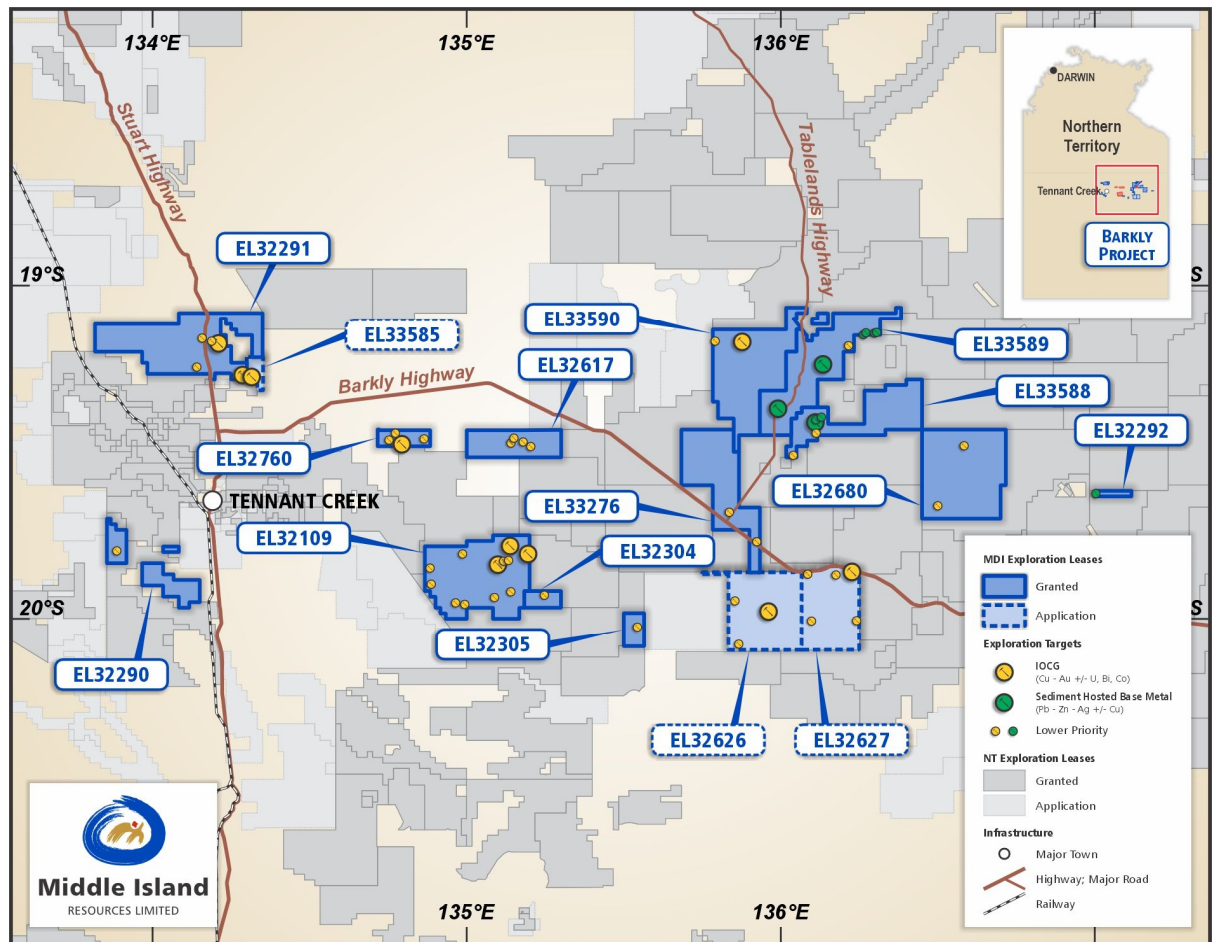


Figure 1 Barkly Project and exploration targets.

Exploration Overview

- The Barkly tenements extend from outcropping areas near Tennant Creek and the interpreted eastward extensions of prospective Proterozoic stratigraphy that includes the East Tennant Ridge and Burnette Downs Rift corridor beneath shallow to moderate depth Georgina Basin cover in the Northern Territory. The project's Exploration Licences (13 granted & 3 applications) cover a total of approximately 6,918km².
- 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 mineralisation including "world-class" sediment hosted Cu-Zn-Pb-Ag deposits like those found in the Mt Inlier to the east.

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- 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.
- IOCG 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 aerial 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 exists at Barkly. Significant examples of 'blind' IOCG deposits discovered beneath substantial sedimentary cover include BHP's Olympic Dam and Oak Dam deposits in South Australia, which are respectively overlain by approximately 400m and 900m of post-mineralisation cover.
- The corridor is also considered to be prospective for other styles of mineralization including large sediment hosted Cu-Zn-Pb-Ag deposits like those found in the Mt Isa Inlier to the east and southern McArthur Basin to the north. Deposit examples include Cannington, Mount Isa, Hilton, George Fisher, Lady Loretta, Century, Walford Creek and McArthur (HYC). The East Tennant Ridge is fault bound and marks the southern margin to the Burnette Downs rift corridor. Palaeoproterozoic sedimentary strata within the rift grabens and onlapping onto the basement highs include rocks interpreted to be extensions of the super basins that host many of the listed deposits.
- 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 of the newly acquired SER data 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. It is postulated that the drilling did not test the geophysical anomaly.

Geophysics & Targeting

The Company's technical team, aided by data processing and modelling conducted by SGS consultants, has identified a total of 55 exploration targets within the Barkly tenements for ongoing assessment (Figure 1). Of a considerable number of high priority targets, [2] have been identified for immediate follow-up.

This initial targeting exercise considered prospectivity for IOCG and Sediment Hosted Cu-Zn-Pb-Ag deposits, based on deposit conceptual model parameters. Rankings consider the character, amplitude, and size of the target signatures in addition to simplicity to explore, including, significantly, depth to target.

New opportunities outside the Company's current holdings in the Barkly - Tennant Creek region have been and are being identified in the targeting process. New application EL33585 (yet to be granted) was applied for to secure a new target (Zermatt). The Company's exploration holdings (granted and applications) now cover some 6,918 sq. kms.

Crosswinds Prospect

Further work was conducted during the quarter on the Crosswinds prospect including expanded soil sampling surveys to better constrain the identified surface copper occurrence.

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 (2,016 stations) by Atlas Geophysics. The geophysics mapped features that may indicate the presence of sulphide mineralization (notably a strong chargeability anomaly at depth) as the primary source of the mineralisation found at surface. 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 not intersected in the drilling and further work is required.

Eiger and Zermatt Prospects

Of the priority targets, 1 was identified in EL32291 and another in new application EL32585 in areas of outcrop and shallow cover. Of note are new shallow targets, Eiger and Zermatt, identified where extensive areas of anomalous silver - up to 3m at 52.3g/t silver and 1m at 87.2g/t silver – are recorded in top of bedrock samples from historical vacuum drilling; a pathfinder for gold as many of the high-grade copper-gold deposits in the Tennant Creek region contain significant silver (Refer to MDI ASX release dated 23 September 2023).

As part of field programmes completed in the reporting period soil sampling was undertaken to validate the historical results.

Field Activities

Field activities, delayed due to bushfires and periods of extreme to catastrophic fire risk conditions throughout the Tennant Creek - Barkly region, 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 Daishat 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.

Planned March 2024 Quarter Activities

The Barkly Project exploration and targeting programmes is ongoing and has advanced to prospect scale work on the assembled portfolio of priority targets (Figure 1). Field work and geophysics modelling is being conducted toward drill plans on a spread of prioritised drill targets for testing in early 2024.

Work that commenced and was completed in the March quarter includes:

- Processing and 3d inversion modelling of newly acquired detailed ground gravity surveys across a selection of target on EL32291, EL33588, EL32109 and EL33588;
- 2024 field programme planning, including drilling targeted for the end of the current wet season; and,
- Review of recent near neighbour exploration successes to add to the regional context knowledge base.

SAFETY, ENVIRONMENTAL AND SOCIAL

Health & Safety

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

Environment

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

MINING TENEMENTS

Middle Island Resources Limited advises the following information required under ASX Listing 5.3.3 as of 31 December 2023.

Tenements	Status	% Held	Tenement location
EL32109 Acquired from SER	Granted	100%	Northern Territory
EL32290	Granted	100%	Northern Territory
EL32291	Granted	100%	Northern Territory
EL32292	Granted	100%	Northern Territory
EL32304	Granted	100%	Northern Territory
EL 32305	Granted	100%	Northern Territory
EL32617 Acquired from SER	Granted	100%	Northern Territory
EL32626	Application	100%	Northern Territory
EL32627	Application	100%	Northern Territory
EL32680	Granted	100%	Northern Territory
EL32760 Acquired from SER	Granted	100%	Northern Territory
EL33276	Granted	100%	Northern Territory
EL33585	Application	100%	Northern Territory
EL33588 Acquired from SER and amalgamated	Granted	100%	Northern Territory
EL33589 Acquired from SER and amalgamated	Granted	100%	Northern Territory
EL33590	Granted	100%	Northern Territory

RELEASE AUTHORISED BY ROLAND BARTSCH (CEO):

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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.

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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 December 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(493)	(649)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(155)	(318)
	(e) administration and corporate costs	(133)	(217)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	21
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)	-	-
1.9	Net cash from / (used in) operating activities	(764)	(1,163)

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	(137)	(137)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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	(137)	(137)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,155	1,155
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	(84)	(84)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
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	1,071	1,071

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,260	2,659
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(764)	(1,163)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(137)	(137)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,071	1,071

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,430	2,430

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	124	120
5.2	Call deposits at interest	5	299
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Term Deposits at interest	2,301	1,841
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,430	2,260

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	56
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)	(764)
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)	(764)
8.4	Cash and cash equivalents at quarter end (item 4.6)	2,430
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	2,430
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	3.18
	<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 January 2024**

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.

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