ANNUAL REPORT 2017

Middle Island
RESOURCES LIMITED

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Dear Fellow Shareholders,

It is little more than 12 months since your Company acquired the Sandstone gold project in WA, embarking immediately on an intensive exploration and feasibility programmes, driven by the fundamentals of delivering an economic, but sustainable, gold mining and processing business at Sandstone. The inputs included significant exploration and resource definition drill programs, an assessment of data from previous owners of the project, and significant technical and other work as part of the pre-feasibility study (PFS) into re-commissioning the Sandstone mill. It therefore gives me pleasure to present our 2017 Annual Report that captures elements of what has been a key year towards your Company successfully transitioning from project owner to eventual profitable, long-term gold producer.

While the PFS outcome proved positive on an operating basis, when the required capital was brought to account, the project did not provide a return on then known mill feed inventory, and historic assumptions and modelling by previous owners. This outcome precipitated the prudent decision to defer the recommissioning, curtailing all non-essential feasibility work, and focusing immediately on increasing the quantity and quality of future mill feed.

One highlight was the tonalite drill intercept of 415.2m at 1.34g/t Au in hole MSDD156 at Two Mile Hill that serves to demonstrate the endowment of the Sandstone project. The hole was mineralised from the commencement of coring at 83.7m depth to the end of the hole at 498.9m, finishing with an intercept of 66.9m at 3.27g/t Au. MSDD156 confirmed the Two Mile Hill tonalite intrusive as a substantial and well-mineralised body, the style of which is akin to that at Gold Road/Gold Fields Gruyere deposit. A multitude of other highlights from an exceedingly busy and productive year are included in the following Operations report.

I sincerely thank the very small, but effective, team that is MDI. This includes the Directors, administration, and the first class contractors and consultants who individually and collectively made significant contributions to our progress in 2017.

I believe the outlook for gold is stronger than ever and the settings and sentiment are now in place for a significant positive market correction for pure play gold stocks such as MDI. The multi-tiered drilling campaign on which we have embarked at Sandstone should provide several catalysts to bring your Company to a decision to resume gold mining and processing at your flagship WA gold project.

Yours faithfully,

Rick Yeates
Managing Director

CORPORATE

Finance

Middle Island Resources Limited (ASX:MDI, Middle Island or the Company) had a cash balance of A$1.84 million as at 30 June 2017, following the September 2016 quarter payment of $1.25 million to complete the Sandstone transaction and a further $135,000 in Stamp Duty on that transaction.

Middle Island completed a Placement on 1 March 2017 to existing institutional and sophisticated shareholders of 117,256,757 fully paid ordinary shares at A$0.015 per share to raise $1,758,851 before costs.

During July 2017, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital under which MDI might (if, when and at a price or prices in one or more tranches) at its sole discretion raise up to $2 million prior to 31 December 2019. There is no requirement for MDI to utilise the CPA which it may terminate at any time, without cost or penalty. The CPA does not contractually restrict MDI's ability to otherwise raise capital. Each time MDI elects to utilise the CPA, it will (in its sole discretion) set a floor price. The final issue price will be the greater of the floor price and a discount of 10% to the Volume Weighted Average Price on market sale price realised by Acuity over a period nominated by MDI.

Strategy

The Sandstone gold project acquisition successfully completed on 8 July 2016, with the satisfaction of all conditions to that transaction.

Middle Island's over-arching strategy remains to extend and enhance the proposed gold production profile for the Sandstone project in order to recommission its processing plant at the earliest opportunity. The initial priority is to identify higher grade gold resources that can be incorporated into the front end of the mill production schedule.

Since the deferral of the recommissioning in December 2016, this strategy has been actively progressed via a multi-faceted campaign. The Company remains confident that continuing this approach will ultimately lead to successful recommissioning and profitable gold production.

At the Reo gold project in Burkina Faso, West Africa, the focus has been on securing permit renewals and extensions (the first two of which were forthcoming during the year), following which the Company will continue to evaluate appropriate divestment opportunities or recommence exploration in its own right.

Shareholder Meetings

The Annual General Meeting of Middle Island was held in Perth on 24 November 2016. All resolutions were overwhelmingly supported by shareholders, with in excess of 99% affirmative votes recorded in each case.

PRE-FEASIBILITY PROGRAM & STUDY

Infill Resource Definition Drilling

A programme of infill and extension resource definition Reverse Circulation (RC) drilling was completed in August 2016 at Sandstone's Shillington, Shillington North and Two Mile open pit gold deposits.

The drilling was designed to upgrade open pit resources not already in the Indicated category, and to provide the necessary information to re-estimate and report the resources in accordance with 2012 JORC Code guidelines. The programme comprised a total of 147 holes (4,253m), 48 deeper angled infill holes at the Shillington and Shillington North deposits, five deeper holes at Two Mile Hill and 94 shallow vertical holes at Two Mile Hill designed to quantify peripheral laterite mineralisation.

The results were generally (and predictably) consistent with the existing RC drilling at the deposits, confirming the veracity of the earlier work. Better intercepts included:-

MSRC052: 5m at 14.2g/t Au (from 36m)

5m at 8.21g/t Au (from 64m)

MSRC050: 10m at 4.12g/t Au (from 78m)

MSRC007: 16m at 2.26g/t Au (from 61m)

MSRC053: 7m at 4.51g/t Au (from 101m)

The location of infill drilling is shown in Figure 2 and a full list of more significant intercepts is included in the ASX release dated 11 October 2016.

SANDSTONE GOLD PROJECT (100%) – WESTERN AUSTRALIA

Figure 1. **Sandstone gold project (yellow) showing the adjacent Wirraminna project (red) and key deposits, prospects and infrastructure.**

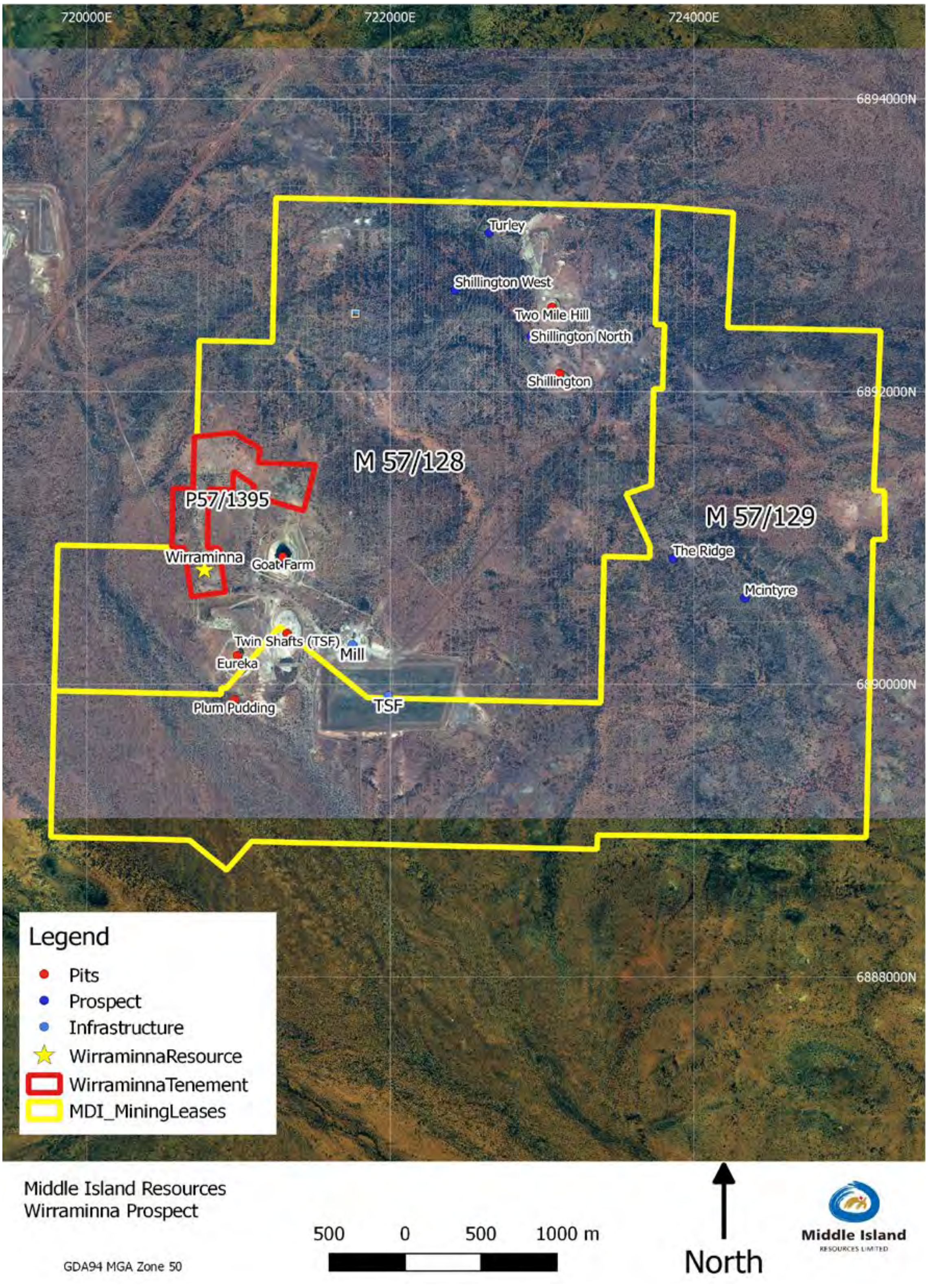
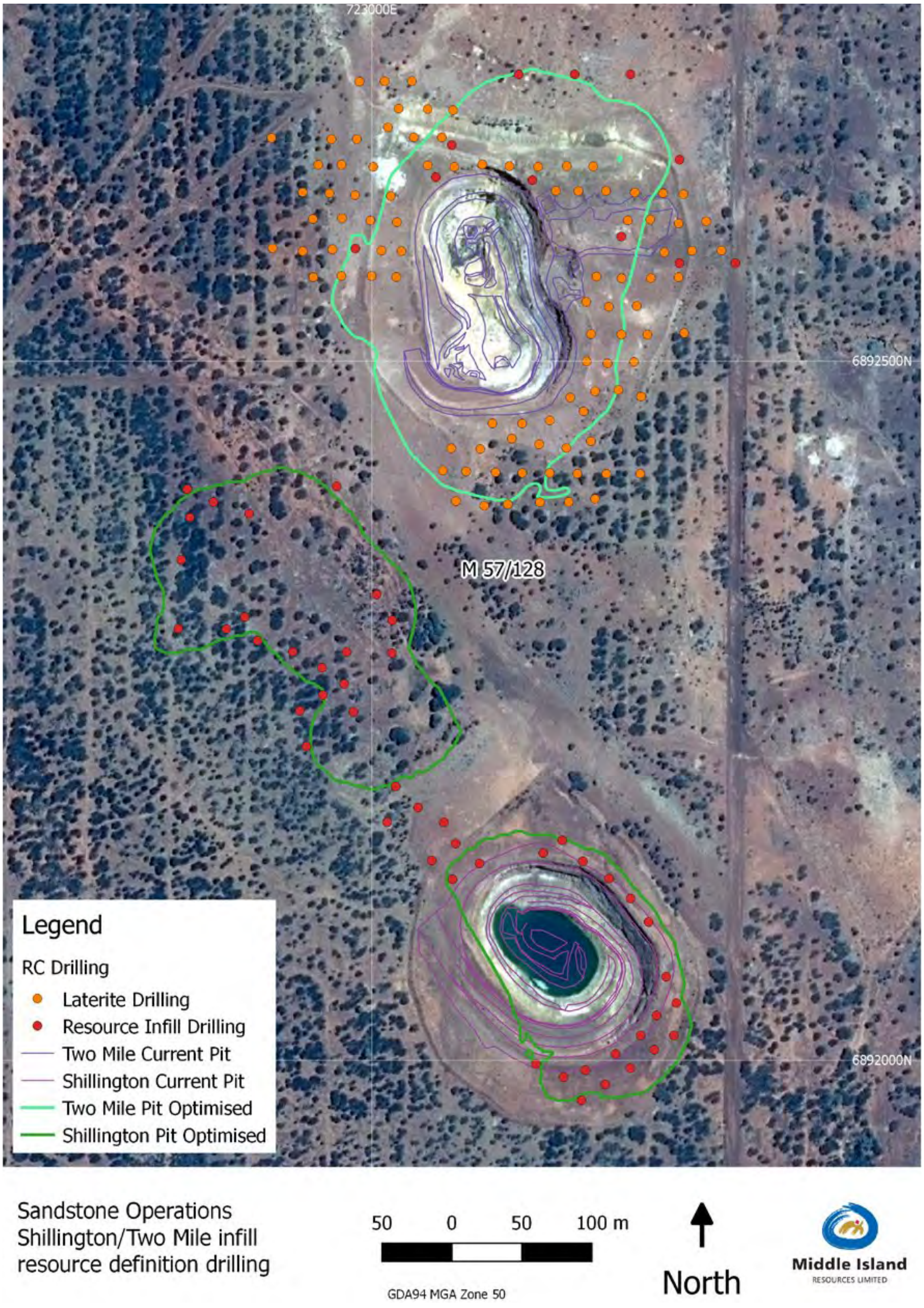


Figure 2. **Infill and extension RC drilling completed at the Two Mile Hill, Shillington and Shillington North deposits.**



Resource Estimation

Updated Mineral Resource estimates, consistent with the 2012 JORC Code guidelines, were completed by external consultants for the Shillington, Shillington North and Two Mile Hill open pit deposits (refer ASX release 14 December 2016) and Table 1.

At a cut-off grade of 0.7g/t gold, the aggregate Mineral Resource comprises some 2.4Mt at 1.31g/t Au for ~100,000oz, with some 86% of the total resource now classified in the higher confidence Indicated category.

Table 1. **Aggregate Mineral Resource Estimate (2012 JORC Code) Grade-Tonnage Report – Multiple Indicator Kriging with a Change Support Selective Mining Unit (5mE by 10mN by 2.5mRL).**

Cut-off	Indicated			Inferred			Total		
grade (g/t Au)	Tonnes (kt)	Au (g/t)	koz Au	Tonnes (kt)	Au (g/t)	koz Au	Tonnes (kt)	Au (g/t)	koz Au
0.50	3,292	1.05	112	699	0.90	20	3,992	1.03	132
0.60	2,560	1.20	99	532	1.01	17	3,092	1.17	116
0.70	**2,028**	**1.34**	**88**	**387**	**1.15**	**14**	**2,414**	**1.31**	**102**
0.80	1,631	1.48	78	293	1.28	12	1,924	1.45	90
0.90	1,327	1.63	69	223	1.42	10	1,550	1.60	80
1.00	1,126	1.76	64	185	1.51	9	1,311	1.72	73

Sterilisation RC Drilling

An RC sterilisation drilling programme for the proposed Shillington/Two Mile Hill waste dump extension was completed during the December quarter (ASX release 15 December 2016).

Most areas were sterilised, with the notable exception being a single composite of **4m at 17.6g/t Au** (field duplicate **4m at 21.6g/t Au**), located northwest of the Two Mile Hill deposit. Resampling of the composite interval returned an intercept of **1m at 161g/t Au** from a down-hole depth of 48m.

This discovery, named the Turley prospect, is associated with a folded chert horizon within basalts to the northwest of the Two Mile Hill deposit that will be assessed by infill RC drilling in 2018. Although unexpected, the result is indicative of the prolific, high grade gold mineralisation encountered throughout the Sandstone project.

Pre-feasibility Study

Following infill resource definition drilling of the Shillington, Shillington North and Two Mile Hill deposits, the updated resource estimates provided the base case for the PFS. Other work completed as part of the PFS included:-

- Pit optimisation of the new Mineral Resources.
- Metallurgical testwork on both Shillington BIF and Two Mile Hill tonalite mineralisation. This included comminution characteristics of the deposits for crushing and grinding, gravity recoverable components, leach extraction and leach kinetics at varying grind sizes and reagent consumptions.
- Contract crushing quotations.
- Contract mining quotations.
- A detailed assessment and cost estimate for the process plant refurbishment. This was completed by GR Engineering Services and included detailed structural, mechanical and electrical assessment of the plant and provision of refurbishment cost estimates.
- Evaluation and preliminary design for an enlarged tailings storage facility (TSF) by Coffey. This was based on an above-ground embankment around the existing licensed Twin Shafts in-pit TSF.
- An evaluation of all existing supporting infrastructure, including the site offices, workshops, warehouse and laboratory, and the existing 100 person camp in the town of Sandstone.
- A new quote from the owner of the on-site power station to provide power and current quotes from diesel fuel suppliers.

- A review of the existing approved Mining Proposal and other regulatory requirements from other WA State Government departments, with no material issues identified.
- An updated assessment of operating personnel requirements, anticipated rosters and associated costs.
- Estimation of capital and operating costs to at least a PFS level of detail and confidence.
- Compilation of a detailed project and corporate cash flow model and sensitivity analysis.
- Comprehensive reporting of all work completed.

Based on the PFS findings (refer ASX release 16 December 2016), the mineral inventory within currently economic pit-shells was deemed insufficient to justify the immediate re-commissioning of the Company's Sandstone processing plant. The focus of activity was therefore redirected to extending and enhancing the project's mine life and production profile via exploration and acquisition. All non-essential PFS work was suspended as a consequence.

EXPLORATION

Two Mile Hill BIF Underground Target

Of exploration significance at Sandstone is the thick, high grade, Two Mile Hill BIF target. This target represents the down dip continuation of the Shillington BIF, in which the Shillington and Shillington North open pit deposits are hosted.

Mineralisation associated with the Two Mile Hill BIF deposit is hosted within the Shillington BIF at a depth of ~200m where intruded by the mineralised Two Mile Hill tonalite. The target is currently defined over a 50m plunge length along the western margin of the tonalite.

Re-logging of mineralised drill core intercepts indicates that gold mineralisation is associated with massive to semi-massive sulphide (pyrite) replacement of magnetite horizons within the BIF.

The existing diamond drilling relative to the Two Mile Hill tonalite and adjacent BIF deposit is shown in Figure 3, while a drill section through the BIF target is provided as Figure 4.

Figure 3.

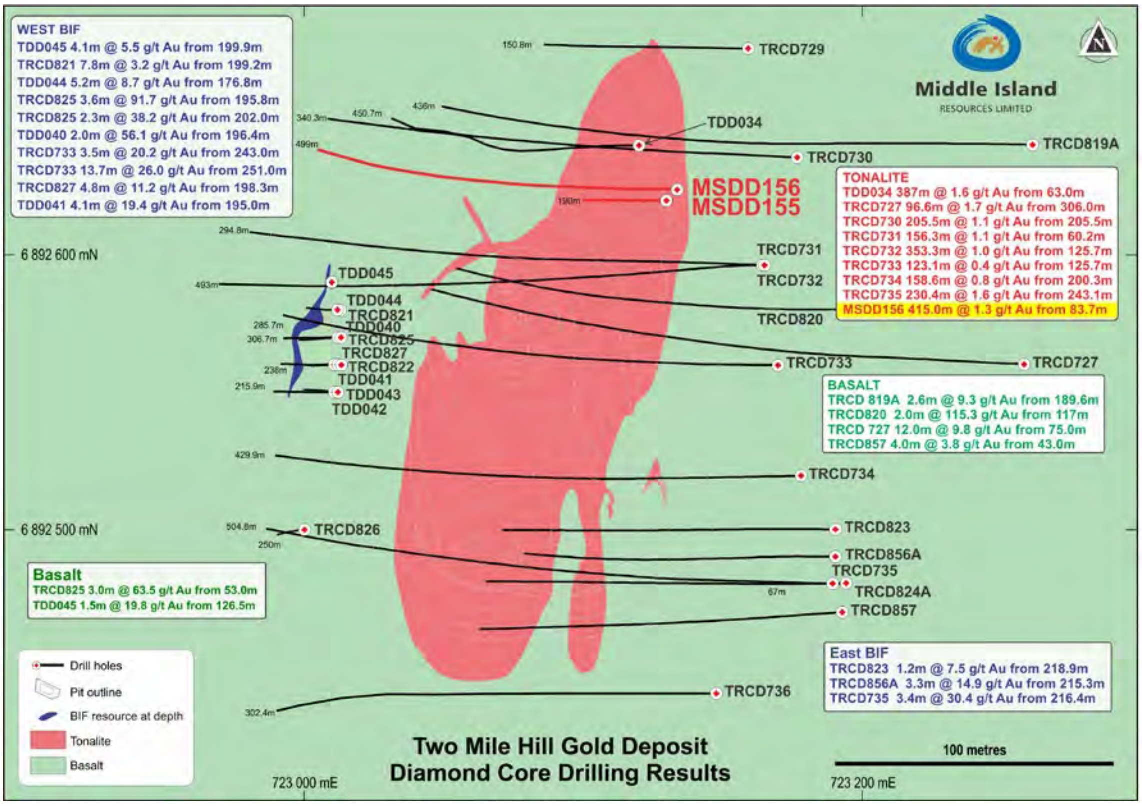
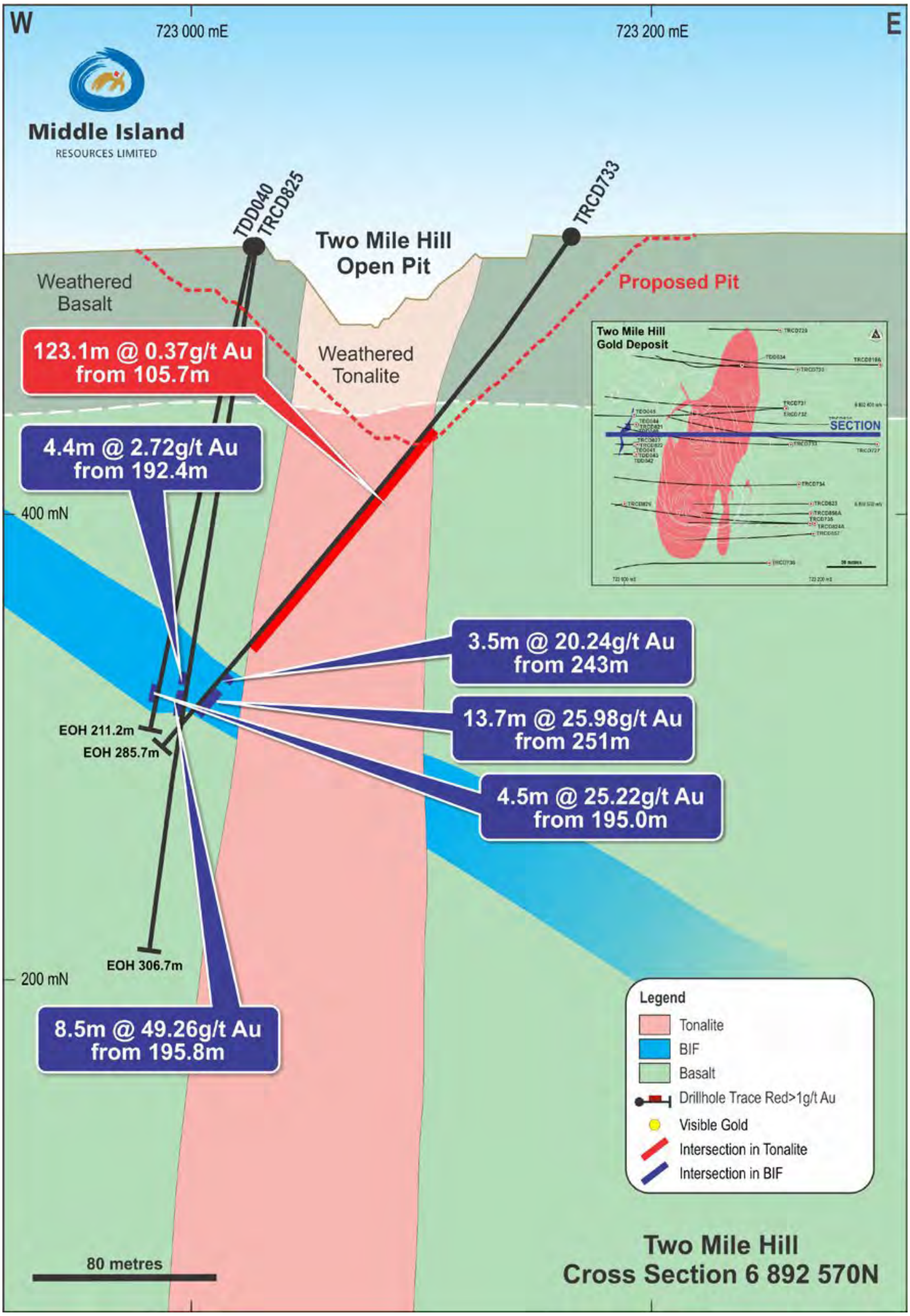


Figure 4.


W
723 000 mE
723 200 mE
E
Middle Island
RESOURCES LIMITED
TDD040
TRCD825
TRCD733
Two Mile Hill
Open Pit
Weathered
Basalt
Proposed Pit
Weathered
Tonalite
123.1m @ 0.37g/t Au
from 105.7m
4.4m @ 2.72g/t Au
from 192.4m
400 mN
Two Mile Hill
Gold Deposit
SECTION
3.5m @ 20.24g/t Au
from 243m
13.7m @ 25.98g/t Au
from 251m
EOH 211.2m
EOH 285.7m
4.5m @ 25.22g/t Au
from 195.0m
EOH 306.7m
200 mN
8.5m @ 49.26g/t Au
from 195.8m
Legend
Tonalite
BIF
Basalt
Drillhole Trace Red>1g/t Au
Visible Gold
Intersection in Tonalite
Intersection in BIF
80 metres
Two Mile Hill
Cross Section 6 892 570N

In order to verify previous diamond core results from the Two Mile Hill BIF target, a selection of the remaining half-core intercepts were cut, and resulting quarter-core intervals sampled and submitted for 50gm fire assay.

Given the high grade nature of mineralisation, the individual assays and composited intersections demonstrated remarkable consistency with those originally assayed by Troy Resources, providing considerable confidence in the veracity of the earlier results.

The full list of comparative intersections is provided in ASX release dated 14 July 2016.

As a follow up to the review work, Phase I geophysical surveys were completed during September 2016, comprising additional down-hole electromagnetics (DHEM), trial surface fixed-loop EM (FLEM) and induced polarisation (IP) surveys. The aim of this work was to select the most effective method to refine the position and extent of high grade mineralisation prior to diamond drilling.

Modelling and evaluation of the down-hole magnetic susceptibility and EM data shows three BIF units (rather than the one identified previously), effectively trebling the aggregate potential plunge length (to ~1,500m) of targets prospective for this style of high grade gold mineralisation around the contact of the Two Mile Hill tonalite.

The Phase II geophysical survey was completed early in October, 2016. This work comprised a detailed FLEM survey over the whole Two Mile Hill deposit and immediate surrounds in order to further refine targets for diamond core drilling. The programme identified strong, dual, conductive EM plates at a depth consistent with the upper and middle BIF units at a depth of ~400m adjacent to the north-eastern tonalite contact.

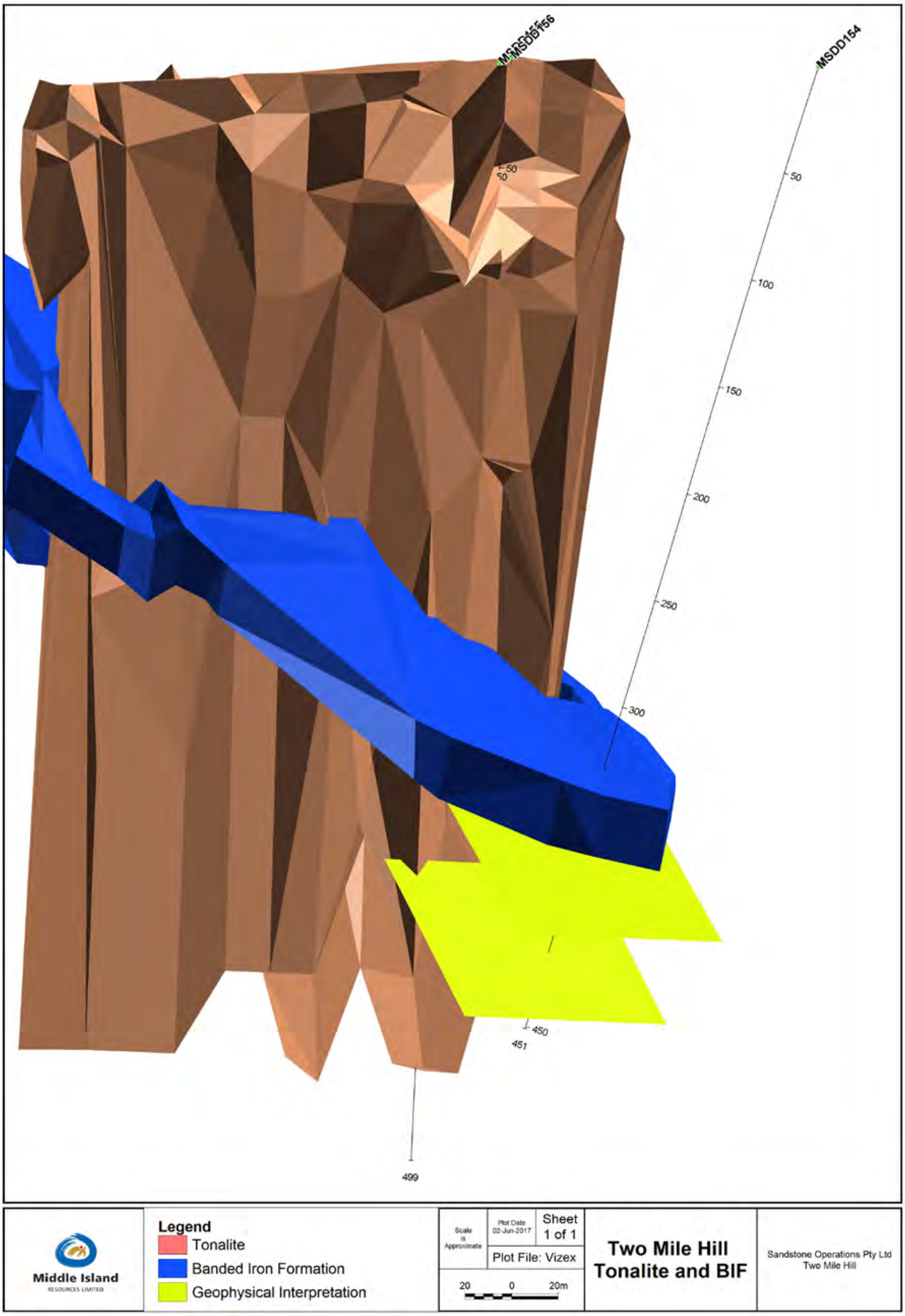
Diamond drilling designed to extend the plunge length of the Two Mile Hill BIF deposit was completed in the December quarter (refer ASX release 15 December 2016). The programme, comprising five holes for 1,211m, extended mineralisation associated with the upper BIF to a limited extent, confirmed the presence of gold mineralisation within the recently discovered middle BIF, and significantly advanced understanding of the 3D architecture of the Shillington/Two Mile Hill area more generally.

The deposit remains open in the up-dip direction and this is being assessed by pre-collared diamond drilling in the current quarter.

With assistance from a co-funding grant under the WA Government's Exploration Incentive Scheme (EIS), a single diamond hole, MSDD154, was collared northeast of the Two Mile Hill tonalite and angled back towards the north-eastern contact in order to assess dual electromagnetic (conductive) plates modelled from the fixed-loop electro-magnetic (FLEM) geophysical survey, as shown in Figure 5.

Some 40m of the Shillington BIF (interpreted to reflect the coalesced upper and middle units) was encountered in MSDD154 from a down-hole depth of 329m, as anticipated. The upper FLEM plate position lies within the BIF (again as anticipated). However, no significant sulphide development was intersected. The lower FLEM plate was found to lie within basalt below the BIF and, likewise, no significant sulphide development was present. While MSDD154 intersected the dual plates close to their modelled centroids, and valuable geological information was gleaned from the hole, nothing to explain either FLEM plate was identified.

Figure 5.


MSDD156
MSDD154
50
100
150
200
250
300
450
451
499
Legend
Tonalite
Banded Iron Formation
Geophysical Interpretation
Middle Island
RESOURCES LIMITED
Scale is Approximate
Plot Date 02-Jun-2017
Sheet 1 of 1
Plot File: Vizex
20 0 20m
Two Mile Hill
Tonalite and BIF
Sandstone Operations Pty Ltd
Two Mile Hill

Two Mile Hill Tonalite Underground Target

A 500m diamond drill hole was also completed during the June 2017 quarter to test the depth extents of the Two Mile Hill tonalite target, also co-funded via a Round 14 EIS grant.

Details of this programme can be found in the Company's ASX release dated 7 June 2017.

MSDD156 generated an intercept of **415.2m at 1.34g/t Au** from the commencement of coring at 83.7m depth to the end of the hole at 498.9m. This broader intercept includes several intervals of higher grade, the most significant being **66.9m at 3.27g/t Au** from 432m to end of hole at 498.9m, finishing in strongly mineralised material.

The remaining diamond drilling to be completed under the Round 14 EIS co-funding comprises an extension of MSDD156 to at least 850m, and possibly as much as 1,000m depth, depending on the remaining budget.

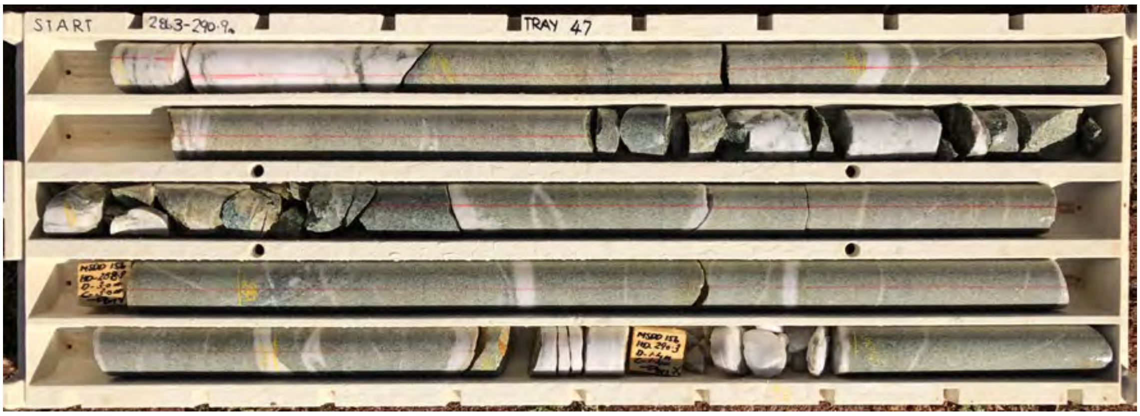
Logging and assaying demonstrate remarkably consistent vein densities, alteration intensity and gold grades within the tonalite, as shown in Figure 6 below.

Although not a focus of logging, visible gold was noted to be associated with quartz veins in multiple instances.

A drill section incorporating MSDD156 is included as Figure 7.

Diamond drilling completed to date at Two Mile Hill clearly demonstrates that the mineralised tonalite plug is open at depth below 500m, at possibly improving grades, providing considerable immediate exploration upside.

Figure 6. **Typical diamond drill core from the Two Mile Hill tonalite.**



Two Mile Hill Deeps Resource Update & Mining Concept Study

Updated resource estimates, consistent with the 2012 JORC Code guidelines, commenced on the high grade BIF-hosted deposit situated along the western contact of the Two Mile Hill tonalite. However, given that further pre-collared diamond drilling on the up-dip extents of this target are in progress, resource estimation has been deferred to accommodate the new results.

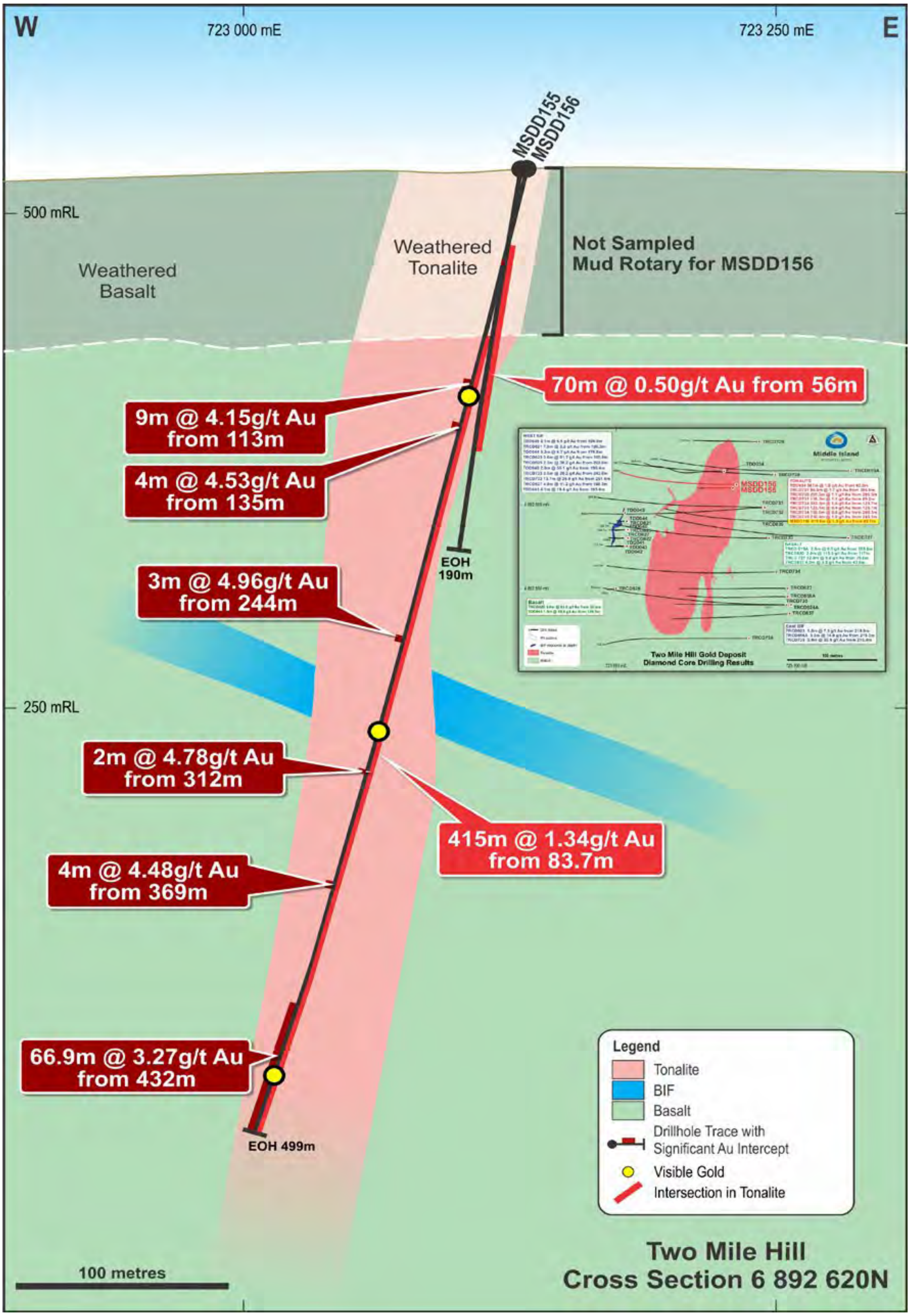
The updated resource estimates will feed into an underground concept study to look at selective mining (notionally via a decline from the proposed Two Mile Hill open pit cutback) of the high grade, BIF-hosted mineralisation in the first instance and, in the second instance, the potential for underground mining (via sub-level caving) of the prolific tonalite-hosted gold mineralisation beneath the planned open pit cutback.

RC Drilling – McIntyre Prospect

RC drilling within two areas of the McIntyre prospect was completed during the June 2017 quarter. The programme was designed to infill previous rotary air blast (RAB) and limited RC drilling in order to confirm and extend the presence of thick, shallow zones of gold mineralisation within south-eastern extensions of the Shillington banded iron formation (BIF) that are dislocated by extensive faulting.

Details of the McIntyre RC drilling programme can be found in the Company's ASX release dated 8 June 2017.

Figure 7. **Two Mile Hill diamond drill section 6,892,620N.**



RC drilling within the northern area at McIntyre comprised 9 holes (501m), designed to confirm the continuity and extent of broad, very shallow northeast dipping mineralised zones associated with veined and brecciated BIF at or near surface. The assay results indicate a generally low gold tenor that is suspected to relate to variable depletion within the upper (pallid) portion of the oxide profile.

RC drilling within the southern area at McIntyre comprised 14 holes (912m), designed to confirm and extend a broad zone of deeper mineralisation associated with a horizontal BIF unit encountered in previous RAB drilling.

Based on the strike and dip continuity of what is a broad mineralised zone at McIntyre, it is planned to undertake further RC drilling in the northern area in order to establish the mineralised strike extents and to determine if the intercept grades improve within the transition zone, below an interval of suspected surface depletion. Depending on priorities and funding, it is planned to undertake this work in calendar 2018.

Wirraminna Option Deed & Tribute Agreement

Via its 100%-owned subsidiary, Sandstone Operations Pty Ltd (SOPL), Middle Island executed an option deed to acquire a 100% interest in the Wirraminna gold project (P57/1395) upon payment of $300,000 at any time within the next four years.

Details of the Wirraminna transaction, its significance and the planned exploration programme can be found in the Company's ASX release dated 6 June 2017. Subsequent to this announcement, all conditions precedent have been satisfied and the transaction has successfully completed.

The Wirraminna gold project covers an area of 40.64ha and is contiguous with the western boundary of the Company's existing Sandstone gold project, as shown in Figure 1. Importantly, the Wirraminna project lies only 1km west of the Company's 600,000tpa Sandstone gold processing plant.

The Wirraminna project hosts an Inferred Resource (JORC 2004) of **106,300t at 2.07g/t Au (10,674oz)**. Mineralisation is associated with a steeply dipping, northwest-trending, high grade, ferruginous quartz lode (Wirraminna line) that remains open at depth and, to a lesser extent, along strike to the northwest and southeast.

The Company intends to upgrade the resource to a standard consistent with the 2012 JORC Code guidelines during FY18, via verification, infill and extension RC and diamond core drilling, which is presently in progress.

Better previous reverse circulation percussion drill intercepts include **11m at 23.8g/t, 16m at 14.6g/t** and **19m at 4.85g/t Au**.

The Wirraminna project also hosts two identified, but as yet unquantified, mineralised laterite occurrences at surface, associated with the intersection of three distinct mineralised trends (Wirraminna, Goat Farm & Twin Shafts lines). Little meaningful exploration has been undertaken beneath or between these laterite occurrences, particularly along the Goat Farm line.

The Wirraminna transaction is all the more significant given the findings of Middle Island's recently completed targeting study on its adjacent Sandstone project, which identified Wirraminna to incorporate the western margin of a substantially larger, intrusive-related target at depth, inferred from gravity data.

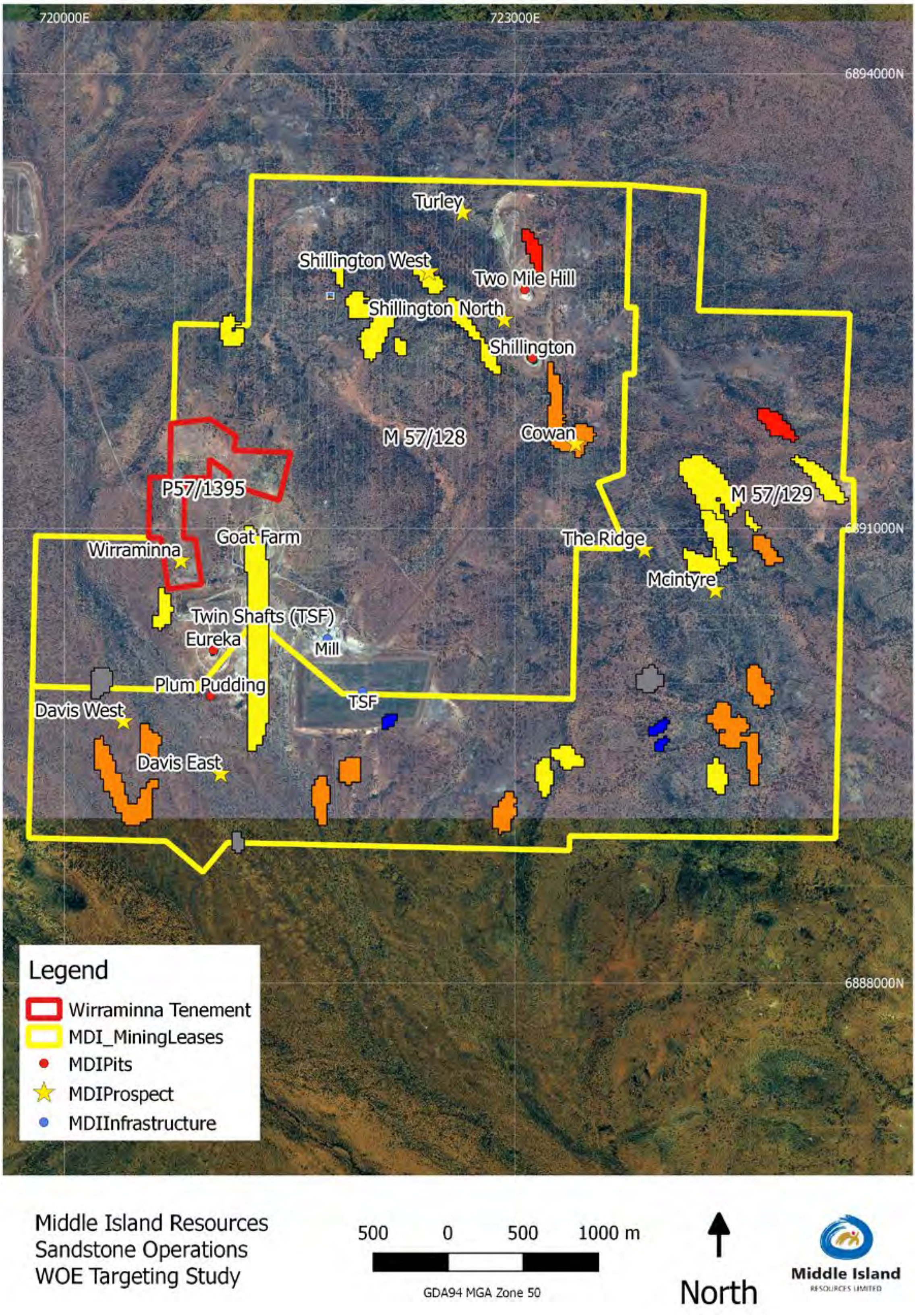
The Wirraminna option was granted in consideration of Middle Island also entering a surface detecting rights agreement (Tribute Agreement) over agreed areas within Middle Island's existing two Sandstone tenements. Under the Tribute Agreement, MDI will receive 15% of the gross proceeds of any surface gold detected and recovered from those agreed areas within M57/128 & M57/129.

Targeting Study

A weights of evidence targeting study completed during the March 2017 quarter has identified multiple new targets within the Sandstone project, including two larger, higher-weighted targets (see Figure 8). The first and highest priority target (Davis) lies to the south of the Twin Shafts, Eureka and Plum Pudding deposits in the southwest corner of the project, beneath a veneer of alluvial sheetwash. The second key target (Cowan), also of significant extent, lies to the southeast of the Shillington deposit.

A geochemical auger and aircore drilling programme commenced at the highest priority target, named the Davis prospect, late in the June 2017 quarter. The Davis target lies in the extreme south-western portion of the Sandstone project, beneath a thick veneer of transported sheetwash. This initial programme is designed to establish the presence of anomalous gold geochemistry at the interface between the transported and residual profiles, allowing more accurate targeting of subsequent bedrock drilling. This programme has now been completed and the results released on 12 September 2017.

Figure 8. **Weights-of-evidence heat mapping, with higher priority targets exhibiting hotter colours.**



Infill Ground Gravity Survey

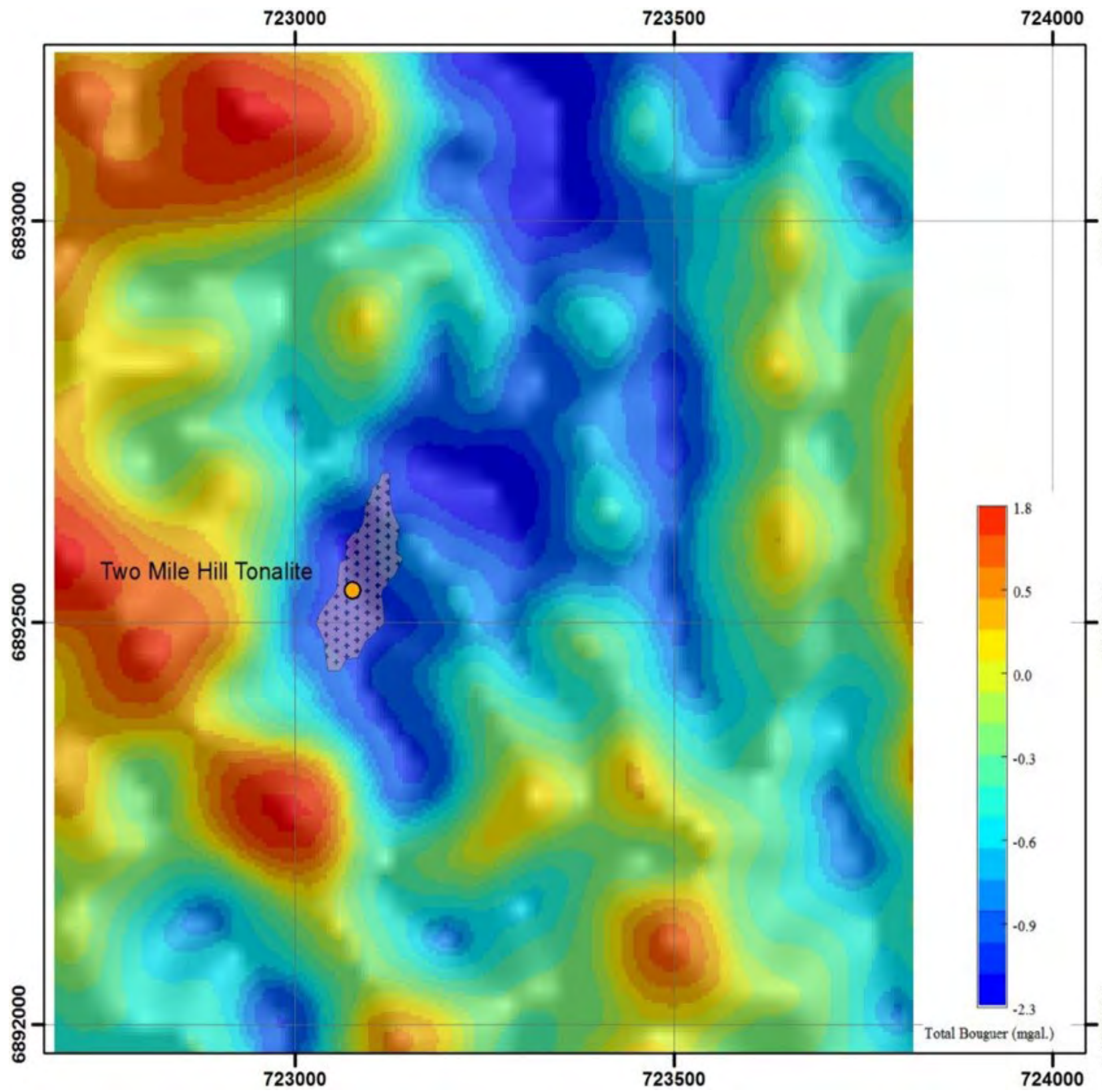
Data processing and interpretation of the infill ground gravity survey completed in the March 2017 quarter has been finalised. The infill survey was a key recommendation of the targeting study, in order to refine the resolution of known and interpreted syntectonic, felsic intrusive bodies that have been identified as a key element controlling the location of (and in several instances, the host to) gold mineralisation within the project.

The tonalite is a lower density intrusive body intruding a succession of basalts, also incorporating a thick, shallowly dipping and very high density BIF package. As such, the gravity contrast will be substantial, with Two Mile Hill and any other like intrusive bodies presenting as gravity lows.

The detailed gravity image for the Two Mile Hill vicinity is provided in Figure 9. This clearly identifies the Two Mile Hill tonalite associated with a gravity low, and indicates the presence of several bodies to the north and east of Two Mile Hill with a similar gravity expression. While there is little geology exposed due to extensive iron induration and transported cover at surface, the data suggests that several proximal analogues may exist.

3D inversion modelling of the processed results will be finalised in the September 2017 quarter.

Figure 9. **Ground gravity image showing the Two Mile Hill tonalite and several possible proximal analogues (darker blue).**



REO GOLD PROJECT (100%) – BURKINA FASO

Exploration

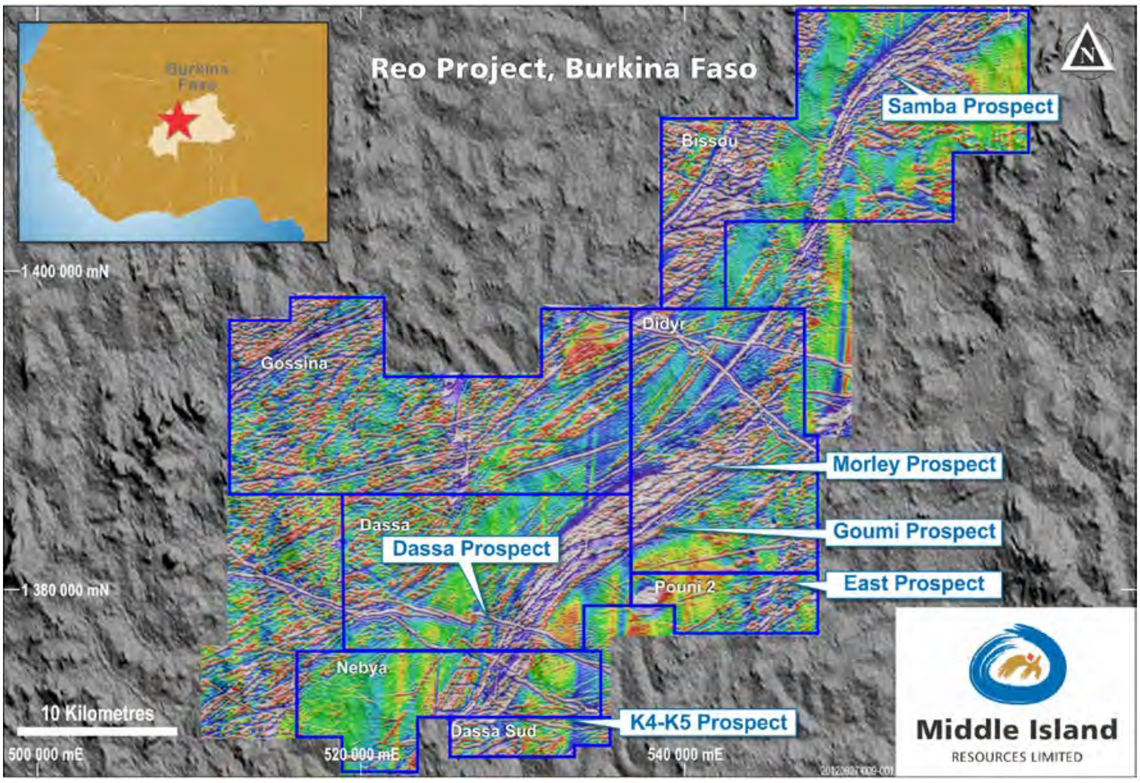
No exploration was undertaken at the Company's 100%-owned Reo gold project (Figure 10) in Burkina Faso during the year, pending the outcome of permit extension applications.

Subject to the remaining tenure being confirmed, the continuing focus will be on identifying an appropriate partner to help fund the project through to feasibility. To this end, two entities completed or commenced data reviews and site visits during the June 2017 quarter.

Tenure

Following ratification of the new Mining Act in Burkina Faso in February 2017, the first two permit extension applications for the Reo project (Didyr and Bissou) were granted during the June quarter. Of these, the Company elected to accept the higher priority, Didyr permit. It is anticipated that remaining extension applications will be granted during 2017/18 and progress on these continues to be closely monitored.

Figure 10. **Reo Project permits and prospects superimposed on magnetic image.**



SAFETY & ENVIRONMENTAL PERFORMANCE

Health, Safety & Environment

No injuries, safety or environmental incidents were recorded at the Company's projects and premises during the year.

Drill sites throughout the Sandstone project have been progressively rehabilitated in accordance with POW requirements. Safety signage and restricted access areas associated with the open pits and the processing plant have also recently been re-established.

Social

The Company continues to engage with the Shire of Sandstone, providing updates for Council meetings and presentations as required. The Company also seeks to sponsor or facilitate any local community events. This included sponsorship over the Easter long weekend of a community cricket match between Sandstone township and Black Hill Station in support of the Royal Flying Doctor Service (RFDS) and St John's Ambulance.

Contact with our host communities at the Reo project in Burkina Faso is being maintained to ensure they are informed of Middle Island's status and this arrangement is actively reciprocated by the Mayor and people of Dassa Commune.

MINERAL RESOURCE STATEMENT – SANDSTONE GOLD PROJECT

Mineral Resources applicable to the Sandstone gold project as at 30 June 2017 are as follows:

Deposit	Tonnes	Grade (g/t Au)	Contained Gold (oz.)	JORC Classification	JORC Code
Two Mile Hill – Open Pit – M57/128	1,012,000	1.36	44,000	Indicated	2012
Two Mile Hill – Open Pit – M57/128	114,000	1.10	4,000	Inferred	2012
*Two Mile Hill – Tonalite - M57/128	10,541,000	1.33	452,094	Inferred	2004
Two Mile Hill – BIF Deeps - M57/128	59,100	9.90	18,811	Indicated	2004
Shillington – Open Pit - M57/128	1,015,000	1.33	43,000	Indicated	2012
Shillington – Open Pit – M57/128	272,000	1.17	10,000	Inferred	2012
Plum Pudding – Open Pit - M57/129	50,000	1.60	2,572	Inferred	2004
Wirraminna – Open Pit	106,000	2.07	10,674	Inferred	2004
Total Indicated	**2,086,100**	**1.59**	**105,811**	**Indicated**	
Total Inferred	**11,083,000**	**1.33**	**479,340**	**Inferred**	
Total Resource	**13,169,100**	**1.37**	**585,151**		

*Includes updated Mineral Resources comprising the Two Mile Hill open pit deposit.

Mineral Resources applicable to the Sandstone gold project as at 30 June 2016 were as follows:

Deposit	Tonnes	Grade (g/t Au)	Contained Gold (oz.)	JORC Classification	JORC Code
Two Mile Hill – Tonalite - M57/128	10,541,000	1.33	452,094	Inferred	2004
Two Mile Hill – BIF - M57/128	59,100	9.90	18,811	Indicated	2004
Shillington - M57/128	130,000	1.50	6,269	Inferred	2004
Plum Pudding - M57/129	50,000	1.60	2,572	Inferred	2004
Total	**59,100**	**9.90**	**18,811**	**Indicated**	
	10,721,000	**1.34**	**460,935**	**Inferred**	
Total Resource	**10,780,100**	**1.38**	**479,746**		

During the course of FY2017, Middle Island has been undertaking verification, infill and extension drilling programmes with a view to progressively upgrading the Mineral Resource classifications and bringing the estimates into compliance with the 2012 Edition of the JORC Code. This work will continue into FY2018.

GOVERNANCE AND INTERNAL CONTROLS

Middle Island Resources Limited has a firm policy to only utilise the services of external independent consultants to estimate Mineral Resources. The Company also has established practices and procedures to monitor the quality of data applied in Mineral Resource estimation, and to commission and oversee the work undertaken by external independent consultants.

In all cases Mineral Resources are estimated and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mineral Resources reported in accordance with the 2004 Edition of the JORC Code were prepared by Snowden Mining Industry Consultants on behalf of Troy Resources NL, and are reported in the Troy Resources NL 2011 Annual Report. Mineral Resources reported in accordance with the 2012 Edition were prepared by Brett Gossage of EGRM Consulting Pty Ltd on behalf of Middle Island Resources Limited.

The Competent Person is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and qualifies as a Competent Person as defined in the JORC Code.

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 be 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.

Competent Persons' Statements

Information in this report relates to exploration results, geological interpretation and data quality, that are based on information compiled by Mr Rick Yeates (Member of the Australasian Institute of Mining and Metallurgy). Mr Yeates is a fulltime employee of Middle Island and has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Yeates consents to the inclusion in the annual report of the statements based on his information in the form and context in which they appear.

Information in this release, which relates to the resource estimation of the Two Mile Hill and Shillington deposits is based on the work of independent consultant, Mr Brett Gossage, MAusIMM. Mr Gossage has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activities being reported upon to qualify as a Competent Person, as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Gossage consents to the inclusion in this report of the statements based on the information in the form and context in which they appear.

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) which consists of Middle Island Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2017.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Peter Thomas, (Non-Executive Chairman)

Mr Thomas was a practising solicitor from 1980 until June 2012 specialising in the provision of corporate and commercial advice to explorers and miners. Since the mid-1980s, he has served on the boards of various listed companies. He was the founding chairman of Sandfire Resources NL. He is also non-executive director of ASX-listed Image Resources NL and Emu NL.

Richard Yeates, (Managing Director)

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

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

Mr Yeates is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM), and is a Graduate Member of the Australian Institute of Company Directors (AICD). He currently serves as a non-executive director of ASX 200 nickel producer Western Areas Limited.

Beau Nicholls, (Non-Executive Director)

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

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

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd, a private corporate advisory firm servicing the natural resources industry.

Since 1994, he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations variously in Australia, PNG, Scandinavia and Africa. From 1995 to 2001, he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also an advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001, Mr Wilkins has been running DWCorporate Pty Ltd, where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector.

Mr Wilkins is currently a director of Key Petroleum Limited. Within the last 3 years, Mr Wilkins has also been but no longer is a director of Duketon Mining Limited, A1 Consolidated Gold Limited and Shaw River Manganese Limited.

Linton Kirk was a Non-Executive Director from the beginning of the financial year until his resignation on 11 July 2016.

COMPANY SECRETARY

Dennis Wilkins

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

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

	Ordinary Shares	Options over Ordinary Shares
Peter Thomas	13,190,000	10,000,000
Richard Yeates	48,964,162	10,000,000
Beau Nicholls	14,050,000	10,000,000
Dennis Wilkins	1,166,667	-

PRINCIPAL ACTIVITIES

During the year the Group carried out exploration on its tenements, completed the acquisition of the Sandstone gold project in WA, and applied for or acquired additional tenements with the primary objective of identifying deposits of gold to support the recommissioning of the Company's 100% owned processing plant at Sandstone. Whilst not the objective of the Group to explore for or seek to acquire mineral deposits other than of gold, the Group reserves the right to follow up leads (thrown up by its gold exploration/investigative activities) for other commodities and globally where the Board considers that doing so may add value.

DIVIDENDS

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

OPERATING AND FINANCIAL REVIEW

Finance Review

During the year, total exploration expenditure incurred by the Group amounted to $2,496,500 (2016: $128,232). In line with the Group's accounting policies, all exploration expenditure, other than acquisition costs, were written off as they were incurred. Tenement acquisition costs of $227,760 (2016: $1,943,340) were impaired during the year. Other expenditure incurred, net of revenue, amounted to $1,531,795 (2016: $1,098,980). This resulted in an operating loss after income tax for the year ended 30 June 2017 of $4,256,055 (2016: $3,170,552).

At 30 June 2017, cash assets available totalled $1,841,875.

Operating Results for the Year

Summarised operating results are as follows:

	2017	
	Revenues	Results
	$	$
Revenues and losses for the year from ordinary activities before income tax expense	14,664	(4,256,055)

Shareholder Returns

	2017	2016
Basic loss per share (cents)	(0.8)	(1.3)

Risk Management

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

The Group believes that it is crucial for all board members to be a part of this process, and as such, the board has not established a separate risk management committee. Where appropriate the board enlists the support of other suitably qualified professionals to join board committees.

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

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.
- A risk matrix designed to identify and quantify the various risk factors and implement mitigating strategies accordingly.
- Regular review of management's activities and the Company's circumstances.
- Continuing review of capital and resources market sentiment.
- Continuing review of economic trends and circumstances.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group's primary focus for the coming financial year is to extend and enhance the proposed gold production profile for the Sandstone Project in order to recommission its processing plant at the earliest opportunity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

REMUNERATION REPORT

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

Principles used to determine the nature and amount of remuneration

Remuneration Policy

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

The remuneration policy, setting the terms and conditions for the executive directors and other senior executives (if any), was developed by the board and evolves as circumstances require. All executives receive a base salary (based on factors such as experience), superannuation and, possibly, a package of equity incentives in the Company. The board reviews each executive package as and when it considers it appropriate to do so in accordance with its remuneration policy and by reference to the Group's performance, the executive's performance and comparable information from industry sectors and other listed companies in similar circumstances

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

The executive directors and executives receive the superannuation guarantee contribution required by the government of Australia, which was 9.5% for the 2017 financial year but are not entitled to receive any other retirement benefits.

All remuneration paid to directors and executives is "valued" at the cost to the Group and expensed. Options are ascribed a "fair value" in accordance with Australian Accounting Standards using a methodology such as Black-Scholes. The board does not accept that the "fair value" represents market or realisable value. Rather, the board use a commonly accepted methodology purely for the purposes of complying with the Australian Accounting Standards.

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

Performance based remuneration

The Group policy allows the use of performance based remuneration, to attract and motivate employees, in the form of options. Where utilised, options may be issued but not vest until certain hurdles have been met where the hurdles are directed at advancing the Company towards its objectives potentially within prescribed periods.

Company performance, shareholder wealth and key management personnel remuneration

No direct relationship exists between key management personnel remuneration and Group performance (including shareholder wealth).

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2017.

Voting and comments made at the Company's 2016 Annual General Meeting

The Company received 99.9% of "yes" votes on its remuneration report for the 2016 financial year.

Details of remuneration

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

Key management personnel of the Group

	Short-Term		Post Employment		Share-based Payments[1]	Total
	Salary & Fees	Non-Monetary	Superannuation	Retirement Benefits		
	$	$	$	$	$	$
Directors						
Peter Thomas						
2017	36,530	-	3,470	-	243,000	283,000
2016	36,530	-	3,470	-	-	40,000
Richard Yeates						
2017	180,000	-	17,100	-	243,000	440,100
2016	180,000	-	17,100	-	-	197,100
Beau Nicholls						
2017	30,000	-	-	-	243,000	273,000
2016	30,000	-	-	-	-	30,000
Linton Kirk (resigned 11 July 2016)						
2017	-	-	-	-	-	-
2016	27,397	-	2,603	-	-	30,000
Dennis Wilkins [2]						
2017	-	-	-	-	-	-
2016	-	-	-	-	-	-
Total key management personnel compensation						
2017	246,530	-	20,570	-	729,000	996,100
2016	273,927	-	23,173	-	-	297,100

(1) Share-based payments represents share options granted during the year. These options were valued in accordance with Australian Accounting Standards which specifies that an option-pricing model be applied to employees' or directors' stock options to estimate their fair value (the expression "fair value" – and derivatives thereof – wherever used in this report bears the meaning ascribed to that expression by the Australian Accounting Standards Board. "Fair value" commonly does not reflect realisable value and the Board does not represent or accept that stated fair values reflect market values. This observation is over-riding and shall prevail over any inconsistent possible interpretation) as at their grant date.

(2) Mr Wilkins is not remunerated for his role as alternate director, however, a total of $83,286 (2016: $111,846) was paid to DW Corporate Pty Ltd, a business of which Mr Wilkins is principal. DWCorporate Pty Ltd provided company secretarial and corporate advisory services to the Group during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis.

Service agreements

Peter Thomas, Non-Executive Chairman:

- Term of agreement – Commenced on 2 March 2010, no notice period for termination is required and no monies are payable consequent on termination

Richard Yeates, Managing Director:

- Term of agreement – commenced 2 March 2010 and continues until terminated.
- Annual salary was initially $300,000 excluding superannuation; reduced to $200,000 from 1 February 2014, and further reduced to $180,000 on 1 July 2014.
- The agreement may be terminated by the Company giving 12 months' written notice or by Mr Yeates giving 3 month's written notice (shorter notice periods apply in the event breach of contract by either party). No benefits are payable on termination other than entitlements accrued to the date of termination.

Beau Nicholls, Non-Executive Director:

- Term of agreement – Mr Nicholls was an executive director but became a non-executive director on 1 February 2014 from which date he was remunerated at the rate of $38,100 per annum until 1 July 2014 when his remuneration was reduced to $30,000 per annum.
- The agreement requires no notice period for termination, and no monies are payable consequent on termination.

Linton Kirk, Non-Executive Director:

- Term of agreement – Commenced on 1 September 2011 and ended on 11 July 2017 when he resigned. No termination notice was required and no monies were payable consequent on termination.

Dennis Wilkins, Alternate Director and Company Secretary:

- Term of agreement – Commencing 17 March 2010 until terminated in writing by either party, no notice period of termination is required and no monies are payable consequent on termination.
- Mr Wilkins' firm, DWCorporate Pty Ltd, is engaged to provide company secretarial and corporate advisory services. Fees are charged on an hourly basis, and all amounts are disclosed in the remuneration table above.

Share-based compensation

Options may be issued to key management personnel as part of their remuneration. The Group has a formal policy in relation to the key management personnel limiting their exposure to risk in relation to the securities which actively discourages key management personnel from granting mortgages over securities held in the Group.

The following options were granted to key management personnel during the year:

	Grant Date	Granted Number	Vested Number	Date Vesting and Exercisable	Expiry Date	Exercise Price (cents)	Value Per Option at Grant Date (cents)[1]	Exercised Number	% of Remun-eration
DIRECTORS OF MIDDLE ISLAND RESOURCES LIMITED									
Peter Thomas	14/12/2016	10,000,000	10,000,000	14/12/2016	18/11/2018	10.0	2.4	Nil	85.9
Richard Yeates	14/12/2016	10,000,000	10,000,000	14/12/2016	18/11/2018	10.0	2.4	Nil	55.2
Beau Nicholls	14/12/2016	10,000,000	10,000,000	14/12/2016	18/11/2018	10.0	2.4	Nil	89.0

(1) The value of the options was calculated in accordance with Australian Accounting Standards by using the Black-Scholes European Option Pricing Model. The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is necessarily representative of the market value of the share options issued.

The above options granted to the Directors are not dependant on the satisfaction of performance conditions. The options serve to provide compensation for significant previous reductions in the Directors' fees, as well as prior pro bono contributions, and form part of the Directors' incentive for continuing and future efforts.

There were no ordinary shares in the Company provided as a result of the exercise of remuneration options during the year.

Equity instruments held by key management personnel

Direct and indirect interests in options over ordinary shares

	Balance at start of the year	Granted as compensation	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
DIRECTORS OF MIDDLE ISLAND RESOURCES LIMITED							
Peter Thomas	-	10,000,000	-	-	10,000,000	10,000,000	-
Richard Yeates	-	10,000,000	-	-	10,000,000	10,000,000	-
Beau Nicholls	-	10,000,000	-	-	10,000,000	10,000,000	-
Linton Kirk	-	-	-	-	-[(1)]	-	-
Dennis Wilkins	-	-	-	-	-	-	-

[(1)] Balance held at date of resignation, 11 July 2016.

Direct and indirect interests in ordinary shares

	Balance at start of the period	Received during the period on the exercise of options	Other changes during the period	Balance at end of the period
DIRECTORS OF MIDDLE ISLAND RESOURCES LIMITED				
Ordinary shares				
Peter Thomas	11,600,000	-	1,590,000	13,190,000
Richard Yeates	46,666,692	-	2,297,470	48,964,162
Beau Nicholls	13,600,000	-	450,000	14,050,000
Linton Kirk	2,496,245	-	-	[(1)]2,496,245
Dennis Wilkins	1,166,667	-	-	1,166,667

[(1)] Balance held at date of resignation, 11 July 2016.

Loans to key management personnel

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

Other transactions with key management personnel

DWCorporate Pty Ltd, a business of which Mr Wilkins is principal, provided company secretarial and corporate advisory services to the Middle Island Group during the year. The amounts paid were on arms' length commercial terms and are disclosed in the remuneration report in conjunction with Mr Wilkins' compensation. At 30 June 2017 there was nil (2016: nil) owing to DWCorporate Pty Ltd.

Mr Nicholls is a director and 35% shareholder of PowerXplor Ltd, which owns Sahara Mining Services SARL. As part of a cost sharing arrangement between Sahara Mining Services SARL and Middle Island Resources Limited, the two companies shared administration and exploration costs during the year; with Middle Island Resources Limited recharging $3,013 to Sahara Mining Services SARL during the year ended 30 June 2017 (2016: $40,112). The amounts paid by Sahara Mining Services SARL to Middle Island Resources Limited were on arms' length commercial terms.

Mr Yeates was a director and shareholder of Atherton Resources Ltd (previously Mungana Goldmines Ltd). As part of a cost sharing arrangement between Atherton Resources Ltd and Middle Island Resources Limited, the two companies have previously shared office space in West Perth resulting in Middle Island recharging $14,923 to Atherton Resources Ltd during the year ended 30 June 2016. The amounts paid by Atherton Resources Ltd to Middle Island Resources Limited were on arms' length commercial terms.

Kirk Mining Consultants Pty Ltd, a business of which Mr Kirk is principal, invoiced $24,860 of consulting services to the Middle Island Group during the year ended 30 June 2016. No amounts were invoiced during the period ended 11 July 2017, after which time Mr Kirk was no longer a member of key management personnel. The amounts paid were on arms' length commercial terms.

End of audited section

DIRECTORS' MEETINGS

During the year, the Company held seven meetings of directors. The attendance of directors at meetings of the board and committees were:

	Directors Meetings		Committee Meetings Audit		Committee Meetings Remuneration	
	A	B	A	B	A	B
Peter Thomas	7	7	1	1	-	-
Richard Yeates	7	7	*	*	-	-
Beau Nicholls	7	7	-	1	-	-
Linton Kirk (resigned 11 July 2016)	-	-	-	-	-	-
Dennis Wilkins (alternate for Beau Nicholls)	7	7	1	1	-	-

Notes: A – Number of meetings attended. B – Number of meetings held during the time the director held office during the period. * – Not a member of the relevant committee.

SHARES UNDER OPTION

Unissued ordinary shares of Middle Island Resources Limited under option at the date of this report are as follows:

Date Options Issued	Expiry Date	Exercise Price (cents)	Number of Options
14 December 2016	18 November 2018	7.0	7,500,000
14 December 2016	18 November 2018	10.0	30,000,000
Total number of options outstanding at the date of this report			37,500,000

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

INSURANCE OF DIRECTORS AND OFFICERS

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

The total amount of insurance contract premiums paid is $14,243.

NON-AUDIT SERVICES

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

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

Greenwich & Co received or are due to receive the following amounts for the provision of non audit services:

	2017 $	2016 $
Taxation compliance services	6,000	1,000

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 29.

Signed in accordance with a resolution of the directors.

Richard Yeates
Managing Director
Perth, 29 September 2017

Greenwich & Co

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Auditor's Independence Declaration

As auditor for the audit of Middle Island Resources Limited for the year ended 30 June 2017, 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 audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

Perth
29 September 2017

Middle Island Resources Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance. Middle Island Resources Limited has reviewed its corporate governance practices against the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The 2017 Corporate Governance Statement is current as at 29 September 2017 and reflects the corporate governance practices in place throughout the 2017 financial year. The 2017 Corporate Governance Statement was approved by the Board on 29 September 2017. A description of the Group's current corporate governance practices is set out in the Group's Corporate Governance Statement which can be viewed at www.middleisland.com.au.

FOR THE YEAR ENDED 30 JUNE 2017	Notes	Consolidated	Consolidated
		2017	2016
		$	$
REVENUE	4	14,664	50,846
EXPENDITURE			
Exploration expenses		(2,496,500)	(128,232)
Administration expenses		(466,955)	(648,287)
Salaries and employee benefits expense		(337,343)	(367,025)
Depreciation expense		(13,161)	(8,674)
Share-based payments expense	24	(729,000)	(180)
Impairment of capitalised tenement acquisition costs	10	(227,760)	(1,943,340)
Impairment of receivables		-	(125,660)
LOSS BEFORE INCOME TAX		(4,256,055)	(3,170,552)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(4,256,055)	(3,170,552)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(13,931)	91,882
Other comprehensive income for the period, net of tax		(13,931)	91,882
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(4,269,986)	(3,078,670)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	23	(0.8)	(1.3)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements

AS AT 30 JUNE 2017	Notes	Consolidated 2017 $	Consolidated 2016 $
CURRENT ASSETS			
Cash and cash equivalents	7	1,841,875	3,612,918
Trade and other receivables	8	10,198	1,714,033
TOTAL CURRENT ASSETS		1,852,073	5,326,951
NON-CURRENT ASSETS			
Plant and equipment	9	2,044,092	12,666
Tenement acquisition costs	10	2,057,754	967,528
TOTAL NON-CURRENT ASSETS		4,101,846	980,194
TOTAL ASSETS		5,953,919	6,307,145
CURRENT LIABILITIES			
Trade and other payables	11	606,781	393,346
TOTAL CURRENT LIABILITIES		606,781	393,346
NON-CURRENT LIABILITIES			
Provisions	12	1,203,417	-
TOTAL NON-CURRENT LIABILITIES		1,203,417	-
TOTAL LIABILITIES		1,810,198	393,346
NET ASSETS		4,143,721	5,913,799
EQUITY			
Contributed equity	13	33,170,824	31,399,916
Reserves	14	1,124,382	409,313
Accumulated losses		(30,151,485)	(25,895,430)
TOTAL EQUITY		4,143,721	5,913,799

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

FOR YEAR ENDED 30 JUNE 2017	Notes	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
		$	$	$	$	$
BALANCE AT 1 JULY 2015		25,733,440	6,250	311,001	(22,724,878)	3,325,813
Loss for the year		-	-	-	(3,170,552)	(3,170,552)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	91,882	-	91,882
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		-	-	91,882	(3,170,552)	(3,078,670)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	13	5,957,649	-	-	-	5,957,649
Share issue transaction costs	13	(291,173)	-	-	-	(291,173)
Options issued/vesting to employees	24	-	180	-	-	180
BALANCE AT 30 JUNE 2016		31,399,916	6,430	402,883	(25,895,430)	5,913,799
Loss for the year		-	-	-	(4,256,055)	(4,256,055)
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	(13,931)	-	(13,931)
TOTAL COMPREHENSIVE INCOME		-	-	(13,931)	(4,256,055)	(4,269,986)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	13	1,858,851	-	-	-	1,858,851
Share issue transaction costs	13	(87,943)	-	-	-	(87,943)
Options issued/vesting to employees	24	-	729,000	-	-	729,000
BALANCE AT 30 JUNE 2017		33,170,824	735,430	388,952	(30,151,485)	4,143,721

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2017	Notes	Consolidated	Consolidated
		2017	2016
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,018,001)	(1,018,517)
Expenditure on mining interests		(2,474,775)	(101,948)
Interest received		14,692	7,361
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22(a)	(3,478,084)	(1,113,104)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mining properties		(124,475)	(250,000)
Payments for property, plant and equipment		(1,294,981)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(1,419,456)	(250,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		3,218,071	4,639,690
Payments for share issue transaction costs		(87,943)	(232,000)
NET CASH INFLOW FROM FINANCING ACTIVITIES		3,130,128	4,407,690
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,767,412)	3,044,586
Cash and cash equivalents at the beginning of the financial year		3,612,918	564,733
Effects of exchange rate changes on cash and cash equivalents		(3,631)	3,599
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	1,841,875	3,612,918

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for the consolidated entity consisting of Middle Island Resources Limited and its subsidiaries. The financial statements are presented in Australian currency. Middle Island Resources Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 29 September 2017. The directors have the power to amend and reissue the financial statements

(a) Basis of preparation

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

(i) Compliance with IFRS

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

(ii) New and amended standards adopted by the Group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial year.

The Group has also adopted a new accounting policy for a new type of event and transaction that occurred during the year, being provision for rehabilitation, refer to note 1(p).

(iii) Early adoption of standards

The Group did not elect to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2016.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Middle Island Resources Limited ("Company" or "parent entity") as at 30 June 2017 and the results of all subsidiaries for the year then ended. Middle Island Resources Limited and its subsidiaries together are referred to in these financial statements as the Group or the consolidated entity.

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

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

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

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

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

(ii) Changes in ownership interests

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

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

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

(c) Segment reporting

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

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

(d) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

(iii) Group companies

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

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

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

(e) Revenue recognition

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

(f) Income tax

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

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

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

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

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

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

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

(g) Leases

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

(h) Impairment of assets

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

(i) Cash and cash equivalents

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

(j) Investments and other financial assets

Classification

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

Loans and receivables

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

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

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

Recognition and derecognition

Regular way purchases and sales of financial assets (being a purchase or sale of a financial asset under a contract the terms of which require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned) are recognised on trade-date– the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at "fair value" (as used in this report, "fair value" bears the meaning ascribed by the AASB which can produce a result that does not reflect market or realisable value) plus transaction costs for all financial assets not carried at "fair value" through profit or loss. Financial assets carried at "fair value" through profit or loss are initially recognised at "fair value" and transaction costs are expensed to the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

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

Impairment

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

(k) Plant and equipment

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(h)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(l) Exploration and evaluation costs

It is the Group's policy to capitalise the cost of acquiring rights to explore areas of interest. All other exploration expenditure is expensed to the statement of profit or loss and other comprehensive income.

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

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

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

Impairment

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

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(m) Trade and other payables

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

(n) Employee benefits

Wages and salaries and annual leave

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

(o) Share-based payments

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

The cost of these equity-settled transactions in the case of employees is measured by reference to the "fair value" (not market value) at the date at which they are granted. The "fair value" is determined in accordance with Australian Accounting Standards by an internal valuation using a Black-Scholes (or other industry accepted) option pricing model for options and by reference to market price for ordinary shares. The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model (or any other model) is necessarily representative of the market value of the share options issued, however, in the absence of a reliable measure of the goods or services received, AASB 2 Share Based Payments prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments.

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

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

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

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

(p) Provision for rehabilitation

The Company records the present value of the estimated cost to rehabilitate operating locations in the period in which the obligation arises. The nature of rehabilitation activities includes the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically, the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the value of the estimated cost of eventual rehabilitation is capitalised by increasing the carrying amount of the related mining assets. Additional disturbances or changes in rehabilitation costs will be recognised as additions or changes to the corresponding asset and rehabilitation liability when incurred.

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed as incurred.

(q) Issued capital

Ordinary shares are classified as equity.

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

(r) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(s) Goods and Services Tax (GST)

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

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

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

(t) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below. New standards and interpretations not mentioned are considered unlikely to impact on the financial reporting of the Group.

AASB 9 *Financial Instruments* (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 (December 2014) is a new Principal standard which replaces AASB 139. This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments.

The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a timelier basis.

Amendments to AASB 9 (December 2009 & 2010 editions) (AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.

AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The main changes are described below.

(a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
- The remaining change is presented in profit or loss

AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E.

AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in December 2014.

AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on or after 1 January 2015.

Based on the financial assets and liabilities currently held, the Group does not anticipate any impact on the financial statements upon adoption of this standard. The Group does not presently engage in hedge accounting.

AASB 15 *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2017).

In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations (IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue-Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

a) Step 1: Identify the contract(s) with a customer

b) Step 2: Identify the performance obligations in the contract

c) Step 3: Determine the transaction price

d) Step 4: Allocate the transaction price to the performance obligations in the contract

e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number of Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.

There will be no impact on the Group's financial position or performance.

AASB 16 *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019).

The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonable certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- IFRS 16 contains disclosure requirements for lessees.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted, provided the new revenue standard, AASB 15 Revenue from *Contracts with Customers*, has been applied, or is applied at the same date as AASB 16.

The effect of this amendment on the Group's financial statements has yet to be determined.

(v) Critical accounting judgements, estimates and assumptions

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

Exploration and evaluation costs

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

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

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

Taxation

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

Share-based payments

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

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

Impairments

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using the directors' best estimate of the asset's fair value, which can incorporate various key assumptions.

Any amounts in excess of the fair value are impaired, in line with accounting policy disclosures in notes 1(h) and 1(l).

Provision for rehabilitation

The Group assesses its mine rehabilitation provision half-yearly in accordance with accounting policy note 1(p). Significant judgement is required in determining the provision primarily relating to the estimation of costs in the Mine Closure Plan that is lodged with the Department of Mines and Petroleum.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is carried out by the full Board of Directors as the Group believes that it is crucial for all board members to be involved in this process.

(a) Market risk

(i) Foreign exchange risk

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

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

The functional currency of the Group's West African based subsidiary company is the West African CFA franc. Given the current scale of the operations in West Africa, the foreign exchange exposure is not considered to be material to the Group.

(ii) Commodity price risk

Given the current level of operations, the Group's financial statements for the year ended 30 June 2017 are not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group $1,841,875 (2016: $3,612,918) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.64% (2016: 1.22%).

Sensitivity analysis

At 30 June 2017, if interest rates had changed by - 50 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $11,449 lower (2016: $5,418 lower) as a result of lower or higher interest income from cash and cash equivalents.

At 30 June 2017, if interest rates had changed by + 50 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been $11,449 higher (2016: $5,418 higher) as a result of lower or higher interest income from cash and cash equivalents.

(b) Credit risk

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

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

(c) Liquidity risk

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

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

(d) Fair value estimation

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

3. SEGMENT INFORMATION

For management purposes, the Group has identified two reportable segments, being exploration activities undertaken in Australia and West Africa. These segments include activities associated with the determination and assessment of the existence of commercial economic reserves from the Group's mineral assets in these geographic locations.

Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

	Consolidated	Consolidated
	2017	2016
	$	$
Segment revenue – Australia	-	-
Segment revenue – West Africa	-	-
Segment revenue – Total	-	-
Reconciliation of segment revenue to total revenue before tax:		
Interest revenue	14,664	6,602
Other revenue	-	44,244
TOTAL REVENUE	14,664	50,846
Segment result – Australia	(2,309,205)	-
Segment result – West Africa	(415,055)	(2,035,820)
Segment result – Total	(2,724,260)	(2,035,820)
Reconciliation of segment result to net loss before tax:		
Other corporate and administration	(1,531,795)	(1,134,732)
NET LOSS BEFORE TAX	(4,256,055)	(3,170,552)
Segment operating assets – Australia	3,366,853	-
Segment operating assets – West Africa	730,092	1,114,306
Segment operating assets – Total	4,096,945	1,114,306
Reconciliation of segment operating assets to total assets:		
Other corporate and administration assets	1,856,974	5,192,839
TOTAL ASSETS	5,953,919	6,307,145
Segment operating liabilities – Australia	1,725,769	-
Segment operating liabilities – West Africa	73	73
Segment operating liabilities – Total	1,725,842	73
Reconciliation of segment operating liabilities to total liabilities:		
Other corporate and administration liabilities	84,356	393,273
TOTAL LIABILITIES	1,810,198	393,346

4. REVENUE

	Consolidated 2017 $	Consolidated 2016 $
FROM CONTINUING OPERATIONS		
Other revenue		
Interest revenue	14,664	6,602
Gain on deconsolidation of subsidiary [1]	-	22,071
Other revenue	-	22,173
	14,664	50,846

[1] The Group realised a gain on deconsolidation of Niger SARL, being the recognition of the associated foreign currency translation reserve balance, upon formal completion of the deregistration process for this former subsidiary entity.

5. EXPENSES

LOSS BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
Defined contribution superannuation expense	32,474	32,781
Minimum lease payments relating to operating leases	56,779	47,131

6. INCOME TAX

(A) INCOME TAX EXPENSE		
Current tax	-	-
Deferred tax	-	-
(B) NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE		
Loss from continuing operations before income tax expense	(4,256,055)	(3,170,552)
Prima facie tax benefit at the Australian tax rate of 30%	(1,276,816)	(951,166)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign loss (West Africa impairment – excluded)	68,328	583,002
Share-based payments	218,700	54
Sundry items	-	(7,209)
Other items	-	37,569
	(989,788)	(337,750)
Movements in unrecognised temporary differences	(418,641)	5,426
Tax effect of current period tax losses for which no deferred tax asset has been recognised	1,408,429	343,176
Income tax expense	-	-

	Consolidated	Consolidated
	2017	2016
	$	$
(C) UNRECOGNISED TEMPORARY DIFFERENCES		
Deferred Tax Assets (at 30%)		
Capital raising costs	62,866	55,680
Other temporary differences	(696)	129
Carry forward foreign losses	7,868,398	7,808,668
Carry forward tax losses	3,058,239	1,709,540
Deferred Tax Liabilities (at 30%)		
Tenement acquisition costs	(398,326)	-
Net deferred tax assets	10,590,481	9,574,017

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	1,801,115	3,592,918
Short-term deposits	40,760	20,000
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	1,841,875	3,612,918

Cash and cash equivalents at 30 June 2017 comprises A$1,840,053 (2016: A$3,605,810), with the balance held in US dollars and West African CFA francs.

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

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

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade Debtors	6,453	52,813
Bad Debt Provision	-	(48,504)
Prepaid tenement acquisition costs	-	250,000
Funds held on trust [1]	-	1,388,762
Other	3,745	70,962
	10,198	1,714,033

[1] Represents funds held on trust by the Company's share registry in relation to the Entitlement's Issue for which shares were issued on 30 June 2016.

9. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Freehold Land	Consolidated	Consolidated
		2017	2016
AT 1 JULY 2015	$	$	$
Cost	-	457,395	457,395
Accumulated depreciation	-	(436,626)	(436,626)
Net book amount	-	20,769	20,769
YEAR ENDED 30 JUNE 2016			
Opening net book amount	-	20,769	20,769
Exchange differences	-	571	571
Depreciation charge	-	(8,674)	(8,674)
Closing net book amount	-	12,666	12,666
At 30 June 2016			
Cost	-	467,399	467,399
Accumulated depreciation	-	(454,733)	(454,733)
Net book amount	-	12,666	12,666
Year ended 30 June 2017			
Opening net book amount	-	12,666	12,666
Exchange differences	-	(394)	(394)
Additions	126,929	1,918,052	2,044,981
Depreciation charge	-	(13,161)	(13,161)
Closing net book amount	126,929	1,917,163	2,044,092
At 30 June 2017			
Cost	126,929	2,384,245	2,511,174
Accumulated depreciation	-	(467,082)	(467,082)
Net book amount	126,929	1,917,163	2,044,092

10. NON CURRENT ASSETS - TENEMENT ACQUISITION COSTS

	Consolidated	Consolidated
	2017	2016
	$	$
Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening net book amount	967,528	2,801,086
Exchange variances	(9,768)	109,782
Tenement acquisition costs	1,327,754	-
Impairment of capitalised tenement acquisition costs	(227,760)	(1,943,340)
Closing net book amount	2,057,754	967,528

11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated 2017 $	Consolidated 2016 $
Trade payables	33,895	65,295
Other payables and accruals	72,886	328,051
Deferred payment on Sandstone Project Acquisition	500,000	-
	606,781	393,346

12. NON-CURRENT LIABILITIES - PROVISIONS

Rehabilitation		
Carrying amount at start of year	-	-
Increase in provision	1,203,417	-
Carrying amount at end of year	1,203,417	-

The Group records the present value of the estimated cost to rehabilitate operating locations in the period in which the obligation arises. The nature of rehabilitation activities includes the dismantling and removing of structures, rehabilitating mines, dismantling operating facilities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas. The provision includes rehabilitation costs associated with the Sandstone Gold Project based on the latest estimated future costs contained in the Mine Closure Plan lodged with the Government of Western Australia Department of Mines and Petroleum.

13. ISSUED CAPITAL

(A) SHARE CAPITAL

		2017		2016	
	Notes	Number of Shares	$	Number of Shares	$
Ordinary shares fully paid	13(b), 13(d)	586,283,790	33,170,824	459,318,295	31,399,916
Total issued capital		586,283,790	33,170,824	459,318,295	31,399,916

(B) MOVEMENTS IN ORDINARY SHARE CAPITAL

Beginning of the financial year	459,318,295	31,399,916	124,987,349	25,733,440
Issued for cash at 0.4 cents per share	-	-	125,856,904	503,428
Issued for cash at 1.0 cent per share	-	-	40,000,000	400,000
Issued for cash at 1.5 cent per share	117,256,757	1,758,851	-	-
Issued for cash at 3.0 cents per share	-	-	168,474,042	5,054,221
Issued as consideration for services	9,708,738	100,000	-	-
Share issue transaction costs	-	(87,943)	-	(291,173)
End of the financial year	586,283,790	33,170,824	459,318,295	31,399,916

(C) MOVEMENTS IN OPTIONS ON ISSUE

	Number of Options	
	2017	2016
Beginning of the financial year	800,000	800,000
Issued, exercisable at 7 cents, on or before 18 November 2018	7,500,000	-
Issued, exercisable at 10 cents, on or before 18 November 2018	30,000,000	-
End of the financial year	38,300,000	800,000

(D) ORDINARY SHARES

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

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

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

(E) CAPITAL RISK MANAGEMENT

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

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2017 and 30 June 2016 are as follows:

	Consolidated	Consolidated
	2017	2016
	$	$
Cash and cash equivalents	1,841,875	3,612,918
Trade and other receivable	10,198	1,714,033
Trade and other payables	(606,781)	(393,346)
Working capital position	1,245,292	4,933,605

14. RESERVES AND ACCUMULATED LOSSES

(A) RESERVES		
Foreign currency translation reserve	388,952	402,883
Share-based payments reserve (see note 24)	735,430	6,430
	1,124,382	409,313

(B) NATURE AND PURPOSE OF RESERVES

(i) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 1(d) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(ii) Share-based payments reserve

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

15. DIVIDENDS

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

16. REMUNERATION OF AUDITORS

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

	Consolidated	Consolidated
	2017	2016
	$	$
(A) AUDIT SERVICES		
Greenwich & Co – audit and review of financial reports	60,020	19,000
Total remuneration for audit services	60,020	19,000
(B) NON-AUDIT SERVICES		
Greenwich & Co – taxation compliance services	6,000	1,000
Total remuneration for other services	6,000	1,000

17. CONTINGENCIES

The purchase price for the Sandstone Gold Project included two deferred payments both in the amount of $500,000 with one being payable within 18 months of completion and the other 28 days of the receipt of proceeds from the first sale of gold produced from the Sandstone Assets. The payment of the second amount is contingent on the production and sale of gold from the Sandstone Assets.

The Sandstone tenements were acquired subject to legacy royalties, including a royalty equal to 2% of the net smelter return on all minerals produced from M57/128 and M57/129 and a royalty of A$1 per tonne of ore mined and treated from M57/129.

There may be a further legacy royalty payable in relation to the tenements acquired by the Company. Pursuant to an Agreement (Deed of Sale – Sandstone) dated 27 September 2004 (Sale Deed) a royalty may be payable in relation to a portion of any gold produced from the Sandstone tenements. Royalties payable under the Sale Deed are to be calculated using a complex formula driven by the specific tenements from which gold is produced, the "deemed entitlement to gold" of persons having a 33.3% participating interest in "the Sandstone Joint Venture", and a royalty rate of $12.50 per ounce of gold. Eighty six tenements are covered by the Sale Deed, only two of which were acquired by the Company. The Company's understanding is that the Sandstone Joint Venture no longer exists. The royalty only commences when 50,000 ounces of gold have been produced across the eighty six tenements and it ceases when $4 million has been paid in total across the eighty six tenements under the Sale Deed. Accordingly, depending on how much gold has been produced from the other eighty four tenements and the status of the Sandstone Joint Venture, it is possible that a $12.50 royalty per ounce of gold produced is payable on 1/3 of the gold produced from certain portions of the tenements acquired by the Company. The Company will inform the market if and as soon as the status of that potential further royalty has been resolved.

18. COMMITMENTS

(A) EXPLORATION COMMITMENTS

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

	Consolidated	Consolidated
	2017	2016
	$	$
within one year	306,161	60,000
later than one year but not later than five years	1,006,722	40,000
later than five years	1,872,300	-
	3,185,183	100,000

(B) LEASE COMMITMENTS: GROUP AS LESSEE		
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	29,644	-
later than one year but not later than five years	-	-
Aggregate lease expenditure contracted for at reporting date but not recognised as liabilities	29,644	-

The property lease is a non-cancellable lease with a one-year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the one-year term for an additional one-year term. The lease does not contain any provisional rent increase clauses. The lease allows for subletting of all lease areas subject to the approval of the lessor, who cannot unreasonably withhold such approval..

19. RELATED PARTY TRANSACTIONS

(A) PARENT ENTITY

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

(B) SUBSIDIARIES

Interests in subsidiaries are set out in note 20.

(C) KEY MANAGEMENT PERSONNEL COMPENSATION

Short-term benefits	246,530	273,927
Post-employment benefits	20,570	23,173
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	729,000	-
	996,100	297,100

Detailed remuneration disclosures are provided in the remuneration report on pages 22 to 26.

(D) TRANSACTIONS AND BALANCES WITH OTHER RELATED PARTIES

DWCorporate Pty Ltd, a business of which Mr Wilkins is principal, provided company secretarial corporate advisory services to the Middle Island Group during the year. The amounts paid were on arms' length commercial terms and are disclosed in the remuneration report in conjunction with Mr Wilkins' compensation. At 30 June 2017 there was nil (2016: nil) owing to DWCorporate Pty Ltd.

Mr Nicholls is a director and 35% shareholder of PowerXplor Ltd, which owns Sahara Mining Services SARL. As part of a cost sharing arrangement between Sahara Mining Services SARL and Middle Island Resources Limited, the two companies shared administration and exploration costs during the year; with Middle Island Resources Limited recharging $3,013 to Sahara Mining Services SARL during the year ended 30 June 2017 (2016: $40,112). The amounts paid by Sahara Mining Services SARL to Middle Island Resources Limited were on arms' length commercial terms.

Mr Yeates is a director and shareholder of Atherton Resources Ltd (previously Mungana Goldmines Ltd). As part of a cost sharing arrangement between Atherton Resources Ltd and Middle Island Resources Limited, the two companies have previously shared office space in West Perth resulting in Middle Island Resources Limited recharging $14,923 to Atherton Resources Ltd during the year ended 30 June 2016. The amounts paid by Atherton Resources Ltd to Middle Island Resources Limited were on arms' length commercial terms.

Kirk Mining Consultants Pty Ltd, a business of which Mr Kirk is principal, invoiced $24,860 of consulting services to the Middle Island Group during the year ended 30 June 2016. No amounts were invoiced during the period ended 11 July 2017, after which time Mr Kirk was no longer a member of key management personnel. The amounts paid were on arms' length commercial terms.

(E) LOANS TO RELATED PARTIES

Middle Island Resources Limited has provided unsecured, interest free loans to each of its wholly owned subsidiaries totalling $20,040,062 at 30 June 2017 (2016: $15,870,975). An impairment assessment is undertaken each financial year by examining the financial position of the subsidiary and the market in which the subsidiary operates to determine whether there is objective evidence that the subsidiary is impaired. When such objective evidence exists, the Company recognises an allowance for the impairment loss.

20. SUBSIDIARIES

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

Name	Country of Incorporation	Class of Shares	Equity Holding[1]	
			2017	2016
			%	%
Middle Island Resources Limited – Burkina Faso SARL	Burkina Faso	Ordinary	100	100
Middle Island Resources Limited – Sandstone Operations Pty Ltd	Australia	Ordinary	100	100

[1] The proportion of ownership interest is equal to the proportion of voting power held.

21. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

22. STATEMENT OF CASH FLOWS

	Consolidated	Consolidated
	2017	2016
	$	$
(A) RECONCILIATION OF NET LOSS AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
Net loss for the year	(4,256,055)	(3,170,552)
NON-CASH ITEMS		
Depreciation of non current assets	13,161	8,674
Share-based payments	729,000	180
Share issued as consideration for corporate advisory fee	100,000	-
Impairment of capitalised tenement acquisition costs	227,760	1,943,340
Impairment of receivables	-	125,660
Net gain on deconsolidation of subsidiary	-	(22,071)
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase) in trade and other receivables	(5,385)	(663,714)
(Decrease)/increase in trade and other payables	(286,565)	165,379
Net cash outflow from operating activities	(3,478,084)	(1,613,104)

(B) NON-CASH INVESTING AND FINANCING ACTIVITIES

On 11 July 2017, the Company issued 9,708,738 fully paid ordinary shares as consideration for a corporate advisory fee to the extent of $100,000.

23. LOSS PER SHARE

(A) RECONCILIATION OF EARNINGS USED IN CALCULATING LOSS PER SHARE		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(4,256,055)	(3,170,552)

	Number of shares	Number of shares
	2017	2016
(B) WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	505,678,351	246,500,535

(C) INFORMATION ON THE CLASSIFICATION OF OPTIONS

As the Group has made a loss for the year ended 30 June 2017, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share.

24. SHARE-BASED PAYMENTS

(A) OPTIONS ISSUED TO EMPLOYEES

The Group may provide benefits to employees (including directors) and contractors of the Group in the form of share-based payment transactions, whereby options to acquire ordinary shares are issued as an incentive to improve employee and shareholder goal congruence. The exercise prices of the options granted and on issue as at 30 June 2017 range from 7 cents to 20 cents per option, with expiry dates ranging from 7 August 2017 to 18 November 2018.

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

Set out below are summaries of the options granted (as 30 June in the stated years):

	Consolidated	Consolidated	Consolidated	Consolidated
	2017	2017	2016	2016
	Number of Options	Weighted Average Exercise Price cents	Number of Options	Weighted Average Exercise Price cents
Outstanding at the beginning of the financial year	800,000	11.9	800,000	11.9
Granted	37,500,000	9.4	-	-
Forfeited/cancelled	-	-	-	-
Exercised	-	-	-	-
Expired/lapsed	-	-	-	-
Outstanding at year-end	38,300,000	9.5	800,000	11.9
Exercisable at year-end	30,800,000	10.0	800,000	11.9

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 1.4 years (2016: 0.7 years), and the exercise prices range from 7 to 20 cents.

Fair value of options granted

The weighted average “fair value” (not market value) of the options granted during the year was 1.9 cents (2016: N/A). The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs. The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model is necessarily representative of the market value of the share options issued.

	2017	2016
	$	$
Weighted average exercise price (cents)	9.4	-
Weighted average life of the options (years)	1.9	-
Weighted average underlying share price (cents)	6.0	-
Expected share price volatility	100.0%	-
Risk free interest rate	1.5%	-

Historical volatility has been used as the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future.

(B) EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

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

	Consolidated	Consolidated
	2017	2016
	$	$
Options granted to/vesting with employees (including directors) as part of share-based payments	729,000	180

25. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Middle Island Resources Limited, at 30 June 2017. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2017	2016
	$	$
Current assets	1,832,297	5,320,379
Non-current assets	3,988,600	372
TOTAL ASSETS	5,820,897	5,320,751
Current liabilities	84,356	393,273
TOTAL LIABILITIES	84,356	393,273
Contributed equity	33,170,824	31,399,916
Share-based payments reserve	735,430	6,430
Accumulated losses	(28,169,713)	(26,478,868)
TOTAL EQUITY	5,736,541	4,927,478
Loss for the year	(1,690,845)	(1,231,154)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(1,690,845)	(1,231,154)

In the directors' opinion:

1. the financial statements and notes set out on pages 31 to 57 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 consolidated entity's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;

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

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

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

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

Richard Yeates

Managing Director
Perth, 29 September 2017

Greenwich & Co

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Independent Audit Report

To the members of Middle Island Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Middle Island Resources Limited and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 report.

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

Emphasis of Matter – Inherent uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1, which outlines that the going concern basis is dependent upon on the ability of Middle Island Resources Limited to secure additional funding through either the issue of further shares / or options.

As a result, there is material uncertainty related to events or conditions that may cast significant doubt on Middle Island Resources Limited ability to continue as a going concern, and therefore whether it will realise its asset and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Emphasis of matter – Inherent uncertainty regarding continuation as a going concern section we have determined the matter described below to be a key audit matter to be communicated in our report.

Capitalised Exploration Expenditure
Refer to Note 10, Capitalised Exploration Expenditure ($2,057,754) and accounting policy Notes 1(i).

Key Audit Matter	How our audit addressed the matter
Middle Island Resources Limited has a significant amount of capitalised exploration expenditure. As the carrying value of exploration expenditure represents a significant asset of the company, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed its recoverable amount.	Our audit work included, but was not restricted to, the following: • We obtained evidence that the company has valid rights to explore in the areas represented by the capitalised exploration by obtaining independent searches of a sample of the group's tenement holdings. • We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the company's areas of interest were planned. • We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest. • We enquired with management to ensure that the company had not decided to proceed with development of a specific area of interest, yet the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or sale.

Property, plant and equipment
Refer to Note 9, Plant and equipment ($2,044,092) and accounting policy Notes 1(k).

Key Audit Matter	How our audit addressed the matter
Property, plant and equipment represents a significant balance recorded in the consolidated statement of financial position. The evaluation of the recoverable amount of these assets requires significant judgement in determining whether indicators of impairment exist.	Our audit work included, but was not restricted to, the following: • Understanding and challenging managements assumptions and analysis of their assessment as to whether impairment indicators exist in relation to the plant and equipment. • We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest. • We enquired with management to ensure that the company had not decided to proceed with development of a specific area of interest, yet the carrying amount of the plant and equipment was unlikely to be recovered in full from successful development or sale.

Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Group's annual report for the year ended 30 June 2017 but does not include the financial report and our auditor's report thereon.

The other information obtained at the date of this auditor's report is included in the annual report, (but does not include the financial report and our auditor's report thereon).

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used in the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, used on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 22 to 26 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Middle Island Resources Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Nicholas Hollens

Nicholas Hollens
Managing Director

Perth
29 September 2017

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 21 September 2016.

(a) Distribution of equity securities

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

			Ordinary Shares	
			Number of Holders	Number of Shares
1	-	1,000	36	6,817
1,001	-	5,000	34	104,221
5,001	-	10,000	50	406,382
10,001	-	100,000	292	11,650,371
100,001		and above	253	574,115,999
			665	586,283,790
The number of shareholders holding less than a marketable parcel of shares are:			**235**	**2,583,595**

(b) Twenty largest shareholders

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

		Listed Ordinary shares	
		Number of Shares	Percentage of Ordinary Shares
1	Quenda Investments Pty Ltd	37,333,334	6.37
2	Twynam Agricultural Group Pty Ltd	33,300,000	5.68
3	Jetosea Pty Ltd	32,688,818	5.58
4	Lomacott Pty Ltd	31,000,000	5.29
5	BPM Capital Ltd	28,324,296	4.83
6	Darley Pty Limited	19,500,000	3.33
7	BT Portfolio Services Limited	19,000,000	3.24
8	JP Morgan Nominess Australia	17,279,198	2.95
9	Mr Craig Manners	16,900,000	2.88
10	Laguna Bay Capital Pty Ltd	15,000,000	2.56
11	Amazon Consultoria Em Mineracao E Servicos	13,600,000	2.32
12	EMS Arcadia Pty Ltd	12,722,223	2.17
13	Northern Griffin Pty Ltd	12,390,000	2.11
14	Defender Equities Pty Ltd	12,054,306	2.06
15	Gandria Capital Pty Ltd	10,650,000	1.82
16	Mr Ross Francis Stanley	10,000,000	1.71
17	Diamantina Resources Pty Ltd	9,333,334	1.59
18	Goldrich Holdings Pty Ltd	8,000,000	1.36
19	Coast Equity Pty Ltd	7,000,000	1.19
20	Darley Pty Ltd	7,000,000	1.19
		353,075,509	**60.23**

(c) Substantial shareholders

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

	Number of Shares Disclosed in the Substantial Holding Notice
Mr Richard Yeates	46,666,692
Twynam Agricultural Group Pty Ltd	33,999,941
Jetosea Pty Ltd	31,168,322
Lomacott Pty Ltd <The Keogh Super Fund A/C>	14,460,346
Amazon Consultoria Em Mineracao E Servicos	12,600,000

(d) Voting rights

All ordinary shares carry one vote per share without restriction.

(e) Schedule of interests in mining tenements

Location	Tenement	Percentage Held / Earning
Burkina Faso	Pouni II	Pending extension
Burkina Faso	Dassa	Pending extension
Burkina Faso	Didyr	100%
Burkina Faso	Dassa Sud	100%
Burkina Faso	Nebya	100%
Burkina Faso	Gossina	Pending extension
Australia	M57/128	100%
Australia	M57/129	100%

(f) Unquoted Securities

			Holders of 20% or more of the class	
Class	**Number of Securities**	**Number of Holders**	**Holder Name**	**Number of Securities**
Unlisted 7 cents Options, expiry 18 November 2018	7,500,000	1	L & C M Kirk <Kirk Super Fund A/C>	7,500,000
Unlisted 10 cents Options, expiry 18 November 2018	30,000,000	4	Quenda Investments Pty Ltd <Quenda Super Fund A/C>	8,000,000
			Northern Griffen Pty Ltd	10,000,000
			MMH Capital Limited	10,000,000

CORPORATE INFORMATION

DIRECTORS

Peter Thomas	(Non-Executive Chairman)
Richard Yeates	(Managing Director)
Beau Nicholls	(Non-Executive Director)
Dennis Wilkins	(Alternate for Beau Nicholls)

COMPANY SECRETARY

Dennis Wilkins

REGISTERED OFFICE

Suite 2, 11 Ventnor Avenue, West Perth WA 6005

PRINCIPAL PLACE OF BUSINESS

Suite 1, 2 Richardson Street, West Perth WA 6005

POSTAL ADDRESS

PO Box 1017, West Perth WA 6872

SOLICITORS

Williams and Hughes

28 Richardson Street, West Perth WA 6005

SHARE REGISTER

Security Transfer Registrars Pty Ltd

770 Canning Highway, Applecross WA 6153

AUDITORS

Greenwich & Co

Level 2, 35 Outram Street, West Perth WA 6005

EMAIL

info@middleisland.com.au

INTERNET ADDRESS

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STOCK EXCHANGE LISTING

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

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