ANNUAL REPORT 2018

Middle Island
RESOURCES LIMITED

EXPLORING GOLDEN FRONTIERS

Contents

Corporate Directory

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

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PRINCIPAL PLACE OF BUSINESS

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SOLICITORS

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West Perth WA 6005

SHARE REGISTER

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STOCK EXCHANGE LISTING

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

Managing Director's Overview

Dear Fellow Shareholders,

Significant progress has been made at the Company's wholly-owned Sandstone gold project in Western Australia during the 2018 Financial Year. There has been a clear focus on extending (identifying tonnes) and enhancing (identifying higher grades) the production profile with a view to recommissioning our on-site 600,000tpa gold processing plant at the first logical opportunity. This process is taking longer than desired, being limited by access to available funding during what has proved a somewhat volatile period. Investor sentiment towards gold stocks has generally been more subdued over the period, necessitating a measured, staged approach to exploration to ensure the limited available funding is spent prudently.

Highlights of 2018 include the estimation of an Exploration Target of 24Mt to 34Mt at 1.1g/t to 1.4g/t Au (900,000oz to 1.5Moz gold) for Sandstone's Two Mile Hill tonalite deeps deposit, underpinned by an exceptional intercept in MSDD156 of 508.3m at 1.38g/t Au. This result serves to demonstrate the extraordinary gold endowment of the Sandstone project and confirms the Two Mile Hill tonalite intrusive as a substantial and well-mineralised body that has the potential to considerably extend the mine life.

Other highlights include significant positive progress with ore sorting trials on the Two Mile Hill deposit; a doubling of the Wirraminna open pit Mineral Resource; proof of concept work at the Davis prospect, where four cohesive gold-arsenic anomalies were defined within 1km of the processing plant at the first 'weights of evidence' target to be tested; and consolidation of tenure via the Dandaraga option agreement and Ned's acquisition.

Equally, a meaningful divestment of the Reo gold project in Burkina Faso in West Africa, allowing your Company to focus on the Sandstone project, must also be considered a highlight.

I, again, sincerely thank the very small, but effective, team that is MDI. This includes the Directors, administration, and the first class contractors and consultants who have individually and collectively made significant contributions to our progress in 2018.

I believe the outlook for gold remains stronger than ever and the settings are now in place for a significant shift in investor sentiment and positive market re-rating for gold pre-development stocks such as Middle Island. I remain very confident that the multi-faceted exploration and consolidation strategy we are successfully pursuing in WA will ultimately lead your Company to a decision to resume gold mining and processing at Sandstone.

Richard Yeates

Yours faithfully,

Rick Yeates
Managing Director

Operations Overview

CORPORATE

Finance

Gold project developer, Middle Island Resources Limited (ASX: MDI, Middle Island or the Company), had a cash balance of A$1.55 million as at 30 June 2018.

The 30 June balance includes A$186,000 in cash proceeds derived from the Sandstone mill gold clean-up residues, along with initial cash proceeds of A$244,000 received from Tajiri Resources Corp. (TSX-V:TAJ) under the Reo gold project Option Agreement. Five million TAJ ordinary shares, with a value of A$848,000 as at 30 June 2018, were also issued to MDI in FY18, bringing cash and liquid investments to A$2.38 million.

Middle Island completed a Placement on 20 December 2017 to institutional and sophisticated shareholders of 111,617,647 fully paid ordinary shares at A$0.017 (1.7c) per share to raise $1,897,500 before costs.

In July 2017, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital, whereby MDI may (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

During FY2018, Middle Island made substantial progress in advancing its multi-faceted strategy at the Company's wholly-owned Sandstone gold project in WA, being to extend and enhance the proposed gold production profile in order to recommission its on-site processing plant.

In terms of <u>extending</u> the proposed production profile, the focus has been on the Two Mile Hill tonalite deeps deposit. This now comprises a substantial Exploration Target, the economic significance of which was progressively advanced via resource definition diamond drilling, ore sorting trials and geotechnical studies during FY18.

In terms of <u>enhancing</u> the production profile, infill resource definition drilling, resource estimation and pit optimisation studies resulted in a doubling of contained gold at the Wirraminna deposit. This was supplemented by the discovery of four coincident gold-arsenic anomalies beneath transported cover at the Davis prospect, all located within 1km of the processing plant.

Further local vicinity consolidations comprising the Dandaraga option agreement and Ned's acquisition, add to the broader Sandstone exploration acreage and offer additional gold prospects proximal to the Sandstone project. Initial exploration commenced on both these properties late in the reporting year. Further potential consolidations, either at the corporate or asset level, remain under active review and negotiation.

The Company remains confident that continuing this strategic approach will ultimately lead to plant recommissioning and gold production at Sandstone.

At the Reo gold project in Burkina Faso, West Africa, the Company's objective was realised, with consummation of a satisfactory project divestment to Tajiri Resources Corp. The transaction structure provides on-going exposure to the asset for MDI shareholders, whilst also permitting the Company to focus its resources on the Sandstone gold project.

Shareholder Meetings

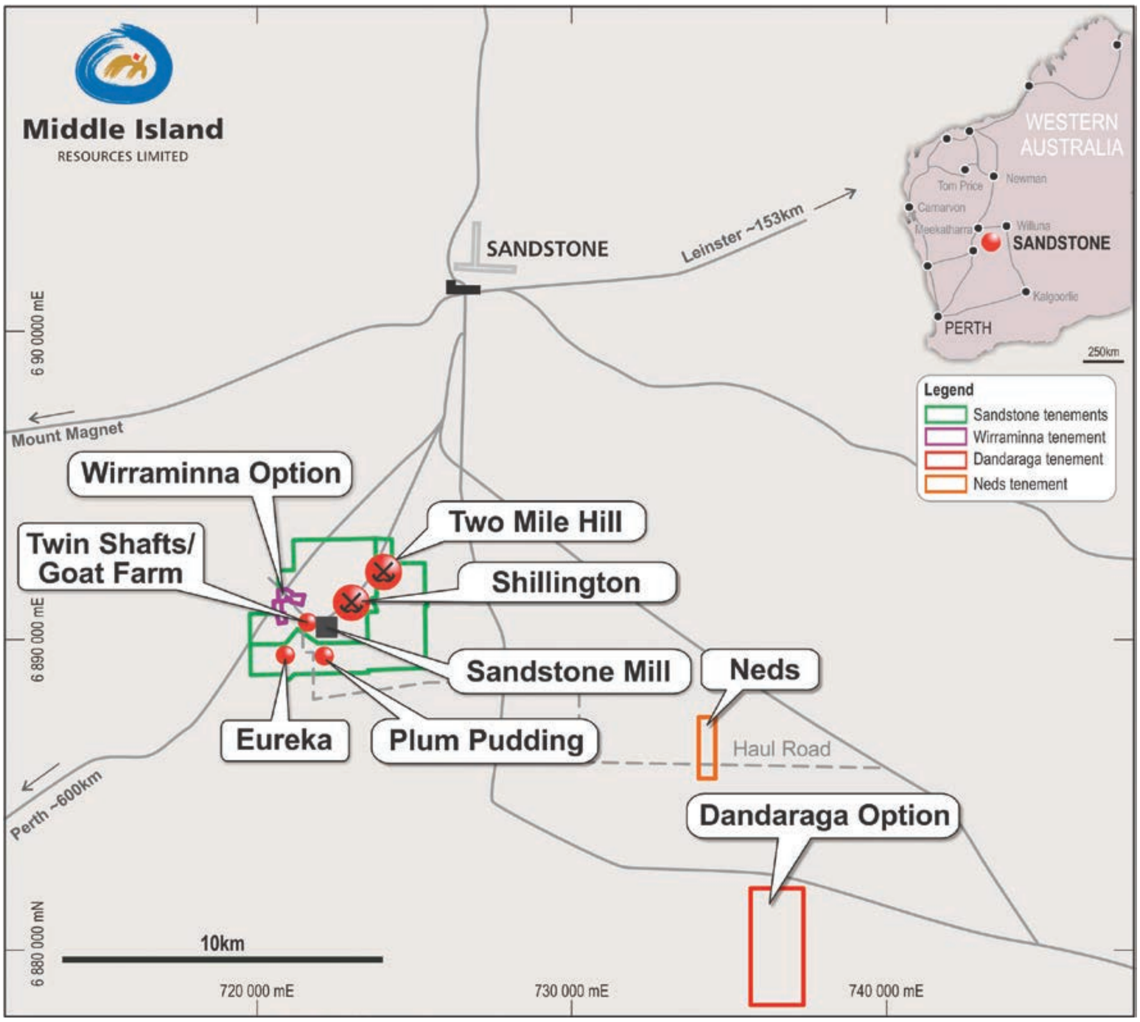
The 2017 Annual General Meeting of Middle Island was held in Perth on 22 November 2017. All resolutions were overwhelmingly supported by shareholders, with in excess of 99% affirmative votes recorded in each case.

Operations Overview

SANDSTONE GOLD PROJECT (100%) – WESTERN AUSTRALIA

The Sandstone gold project is shown in Figure 1 below.

Figure 1. **Sandstone Gold Project.**



Two Mile Hill Tonalite Deeps Deposit

The Two Mile Hill tonalite deeps deposit is located 4km north (via an existing haul road) of the Company's 600,000tpa Sandstone gold processing plant (Figure 1).

Drilling at the Two Mile Hill deeps deposit confirms the presence of a substantial and ubiquitously mineralised system measuring 250m in strike and up to 90m in width and that is mineralised to at least 713m depth and remains open beneath this level (Figure 2). Substantial recent drill intercepts, along with encouraging results derived from recent metallurgical, geotechnical, mineralogical and ore sorting testwork, enhance the potential for bulk underground mining beneath the proposed open-pit cutback at Two Mile Hill.

Figure 2. **An isometric model of the Two Mile Hill tonalite deposit (green) and adjacent BIF-hosted deposit (red), looking southeast.**

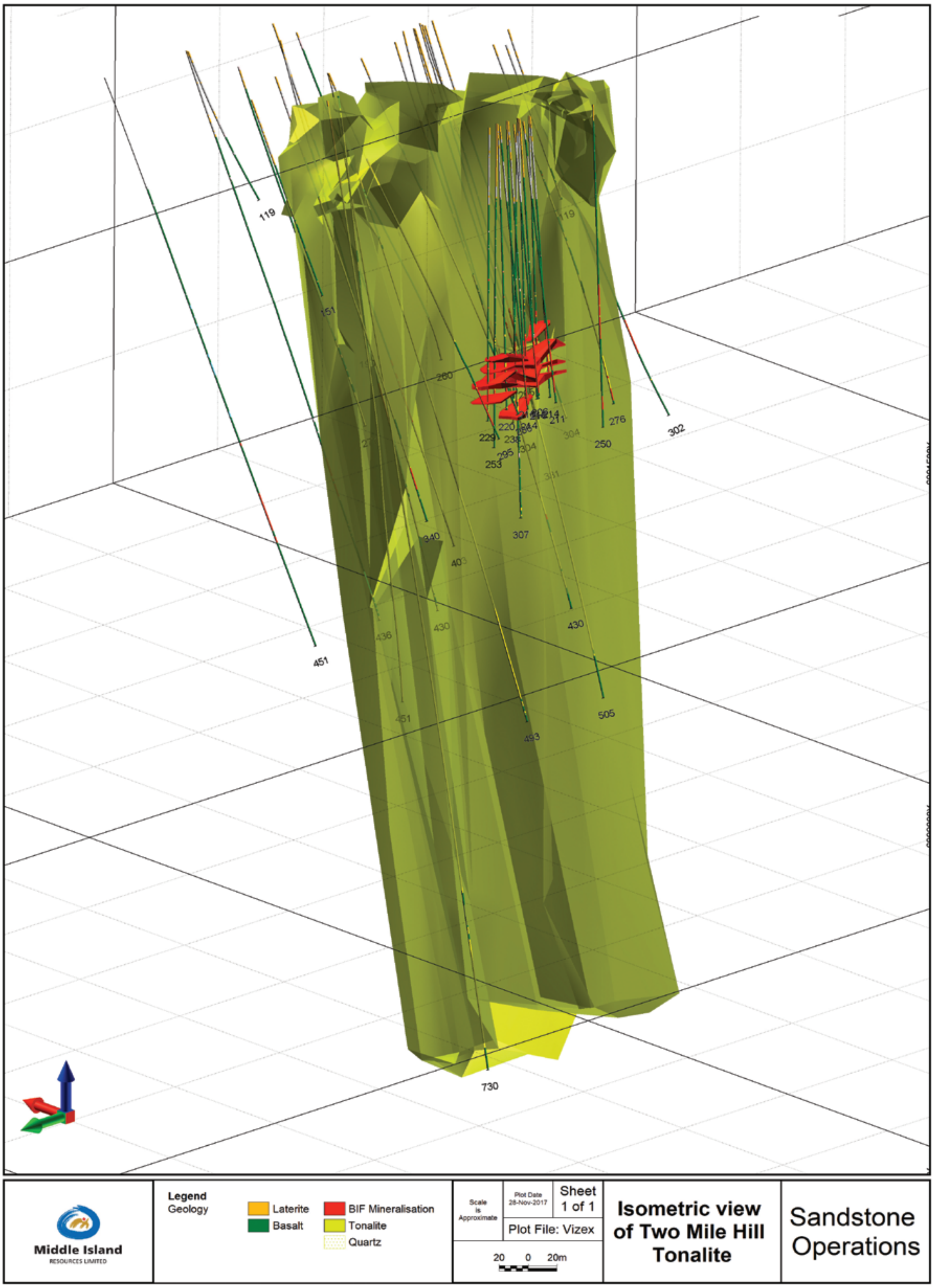
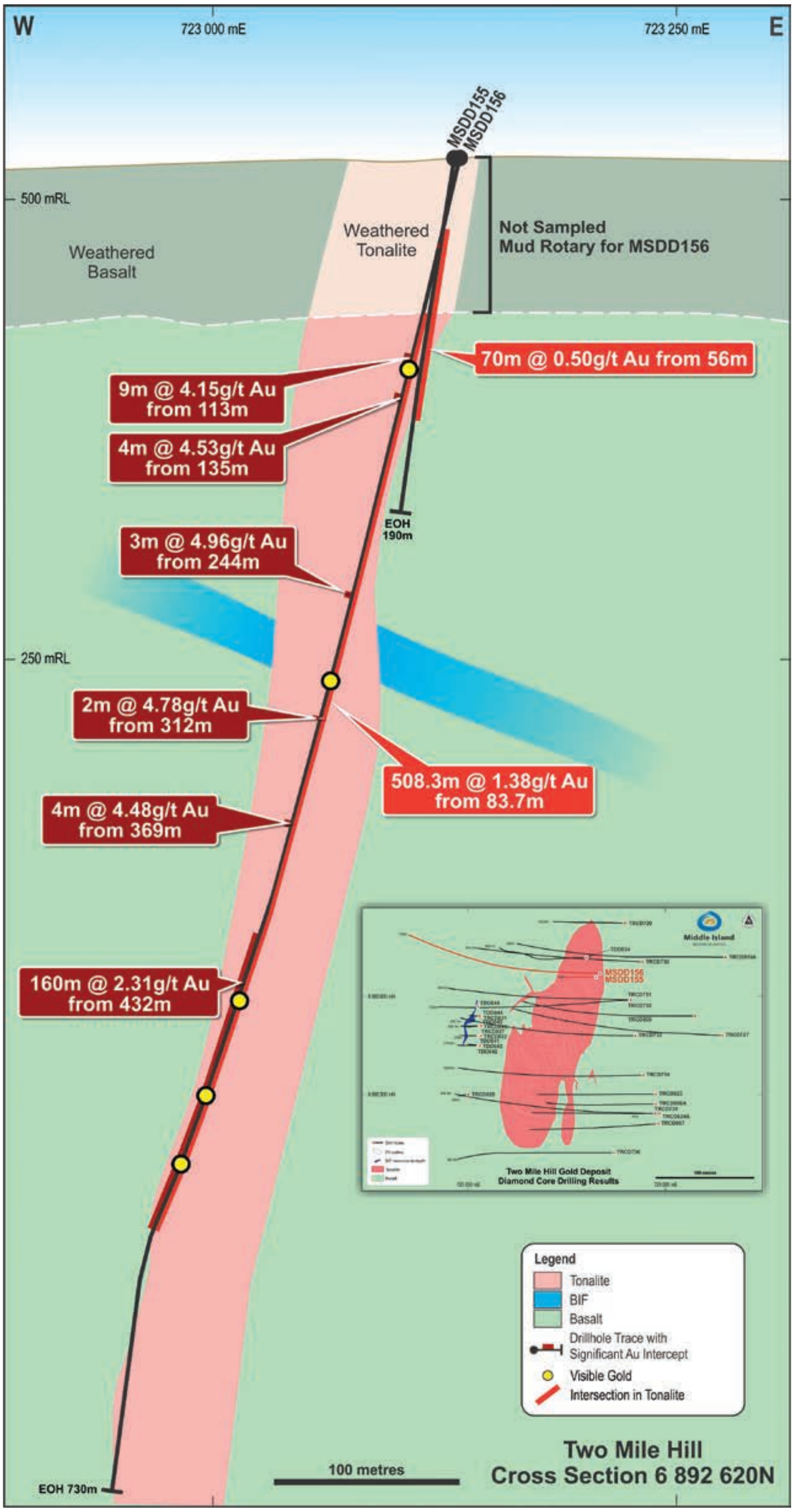


Figure 3. **Two Mile Hill diamond drill section 6,892,620N showing MSDD156.**



Operations Overview

Diamond Drilling

Following completion of a 231m diamond core extension to hole MSDD156 (to a final depth of 730m), a revised gold intercept of 508.3m at 1.38g/t Au was intersected (ASX Release – 14 November 2017). MSDD156 is mineralised from the start of coring to 592m depth, including an intercept of 160m at 2.31g/t Au (from 432m to 592m depth), as shown in Figure 3. The intercept in MSDD156 is entirely consistent with previous diamond drilling at Two Mile Hill, including intersections of 372.7m at 1.52g/t, 230.4m at 1.62g/t, 353.3m at 1.04g/t, 141.0m at 2.30g/t and 156.3m at 1.14g/t Au.

Exploration Target

An Exploration Target of 24Mt to 34Mt at 1.1g/t to 1.4g/t Au, comprising between 0.9Moz & 1.5Moz of gold, has been estimated between 140m (base of quantified open pit Mineral Resources) and 700m depth for the Two Mile Hill tonalite deeps deposit (ASX Release – 29 November 2017).

The potential quantity and grade of an Exploration Target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Exploration Target follows the incorporation of results from diamond core hole MSDD156, along with all previous diamond drilling. Within the Exploration Target, broader, sub-horizontal zones of higher grade mineralisation include approximate true width intercepts of 160m at 2.31g/t, 22m at 5.95g/t, 37m at 4.46g/t, 50m at 2.71g/t, 13m at 6.39g/t and 11m at 6.89g/t Au.

Stage 1 RC pre-collared, resource definition, diamond drilling on the Two Mile Hill tonalite deeps deposit was completed in the June quarter 2018. This program was focussed exclusively on the upper half of the deeps deposit and comprised 7 holes for 2,109.2m, including 994m of RC pre-collar drilling and 1,115.2m of NQ diamond core tails, optimising the existing drill pattern to the maximum extent possible.

In addition to quantifying the upper half of the current Exploration Target as a formal Mineral Resource, the holes were designed to optimise the number of intercepts of the upper two banded iron formation (BIF) units, proximal to the tonalite contacts, which are known to host high grade gold associated with massive to semi-massive pyrite replacement mineralisation.

The results of this program were received and reported post-financial year end.

This program will provide a higher-resolution block model which, along with additional geotechnical data and ore sorting results, will inform an updated underground mining concept study in FY19.

Ore Sorting

Initial ore sorting trials demonstrated that the Two Mile Hill tonalite deeps deposit is amenable to pre-concentration, with a high selectivity of gold mineralisation using X-ray (XRT) and Optical (Colour) sensors (Figure 4). The initial testwork indicated that sorting could deliver a 185%-257% increase in grade, with gold recoveries in excess of 93%, and up to 64% of the sorter feed material being rejected (refer ASX Release of 15 January 2018), delivering significant benefits, including reduced haulage and process operating costs, and tailings disposal and water requirements.

In order to confirm this outcome, a series of four primary (fresh) composites were selected from HQ and PQ diamond core derived from MSDD261, drilled in the March quarter 2018 (refer ASX Release of 26 March 2018). The composites comprise broad, single, continuous intervals of half core over three grade ranges (high grade - HG, medium grade - MG and low grade - LG). The HG composite, derived from half PQ and HQ core, was crushed into two fractions at -45mm/+15mm and -30mm/+10mm to assess the impact of crush size on sorting, while the MG and LG composites were derived from half HQ core and crushed at -30mm/+10mm.

The composites were provided to Steinert for initial sighter and scoping trials using its commercial-scale unit in Perth. Based on the sighter test results, a combination of XRT (to detect and separate higher density sulphides associated with gold) and Optical (to detect and isolate quartz, which hosts the vast majority of gold, on the basis of colour) sensors were confirmed to yield the optimum result.

Especially given the coarse, particulate nature of the majority of gold mineralisation, the various product fractions derived from each composite (along with the fines) were assayed via five 2kg bottle rolls (with residue assays) to determine an average calculated head grade in each case.

While the priority remains on establishing the sorting characteristics of the primary (fresh) material, a partially oxidised composite of half PQ diamond core was also been submitted for sorting at a -45/+15mm crush size, in order to assess ore sorting on material derived from the planned Two Mile Hill open pit.

A further scoping trial was undertaken at the Tomra facility in Sydney, prior to selection of the optimum processing route and unit to undertake the main ore sorting trial, with an Optical (Colour) sensor appearing to provide the optimum outcome. Based on the results from the scoping trials, Tomra was selected to undertake the bulk composite trials at the end of the June 2018 quarter. This work has been completed and all fractions returned to Perth for assay, with each product fraction being assayed via 5 x 2kg bottle rolls.

Figure 4. **Mineralised quartz (8.2kg) product (left) and waste tonalite - 50kg (right) derived from initial colour ore sorting trial.**

Petrology

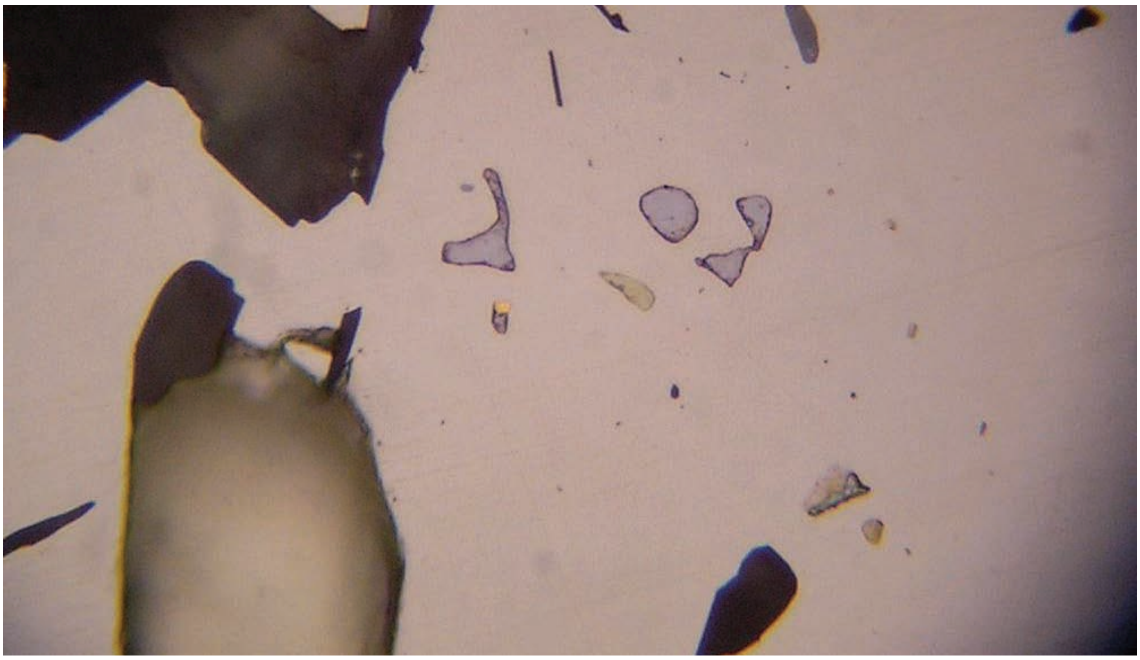
Petrography was undertaken on a suite of samples comprising all visual variants of tonalite derived from the Two Mile Hill deeps deposit to better understand the nature of gold mineralisation for planning and interpreting ore sorting campaigns.

The polished sections confirm that the vast majority of gold occurs within quartz veins in close association with galena (lead sulphide), as shown in Figure 5.

Figure 5. **Coarse gold (yellow) associated with galena (pale grey) within quartz veins (dark grey) comprises the vast majority of mineralisation within the Two Mile Hill tonalite deeps deposit.**

A very limited quantity of gold is also associated with localised pyritic variants of the tonalite, occurring as extremely fine grained (1-2 micron) particles that are partially or totally occluded within coarser euhedral pyrite (and/or galena within the pyrite) as shown in Figure 6.

Figure 6. **Limited, ultra-fine gold (bright yellow), again associated with galena (pale grey) and chalcopyrite (pale yellow), occluded within euhedral pyrite (beige) within a pyritic variant of the tonalite host at the Two Mile Hill deposit.**



Based on 50g fire assaying of the tonalite off-cuts, the gold grades are low, consistent with the 0.15g/t Au average grade of the tonalite derived from the original mineralogical testwork.

The study also identified that chloritic variants of the tonalite appear to represent a weaker phase of the same (sericite-carbonate) alteration event, rather than a separate earlier metamorphic or later retrograde event.

The other key finding is that the tonalite appears to represent the original intrusive composition, rather than an alteration product of a precursor granitoid rock.

Geotechnical Assessment

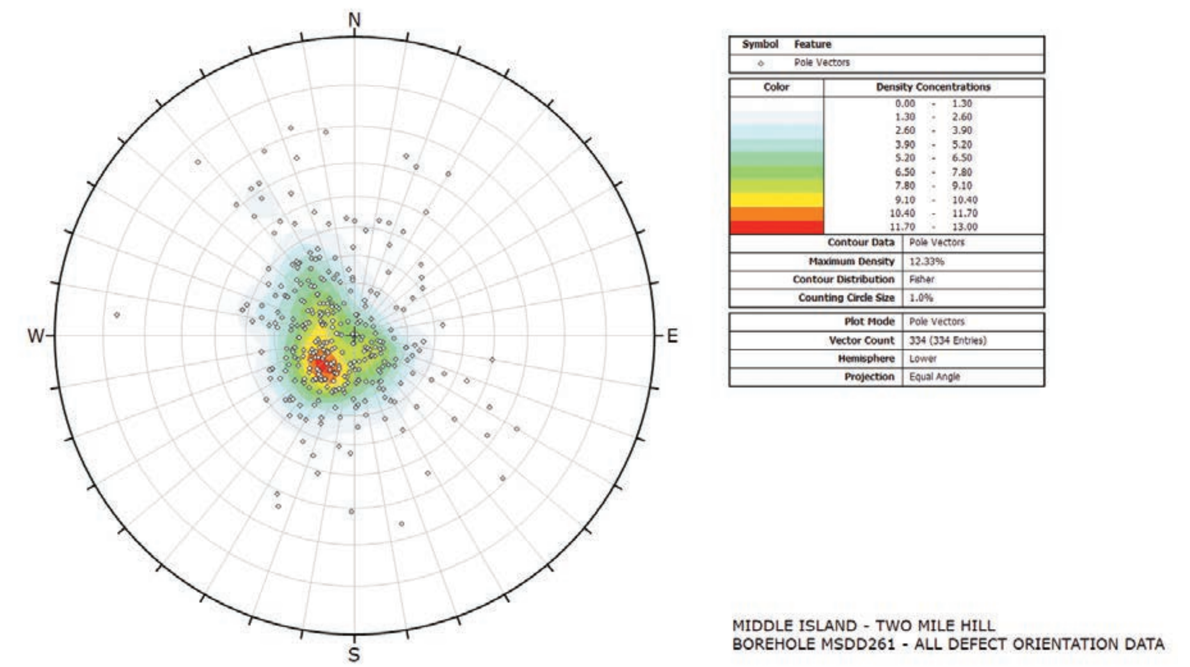
Prior to cutting the core, a preliminary geotechnical analysis of MSDD261 was undertaken by external geotechnical consultants, Peter O'Bryan & Associates (O'Bryan), in order to assess the physical properties of the primary Two Mile Hill tonalite for a range of possible underground mining methods.

Although no dedicated rock strength testing was done, the fresh tonalite is deemed to be consistently strong, and is expected to have a uniaxial compressive strength of >150MPa.

As expected, the logged defect orientations show the vast majority of quartz veins are sub-horizontal (Figure 7). Assuming reasonably dry underground conditions, the local ground stress field will be benign and mining-induced stress changes can be readily managed.

Applying designated rating values for the applicable characteristics of the Two Mile Hill tonalite indicates the preferred mining method is sub-level stoping. Cut and fill stoping and sub-level caving methods may also be viable, but are ranked geotechnically lower than sub-level stoping.

Figure 7. **Imaged stereo-net of poles to oriented defect planes in diamond hole MSDD261 at Two Mile Hill, demonstrating the overwhelmingly sub-horizontal attitude of quartz veins and fractures within the tonalite.**



Wirraminna Gold Deposit

The Wirraminna gold deposit lies only 1km west of the Company's 100%-owned, 600,000tpa Sandstone gold processing plant (Figure 1).

Resource Definition Drilling

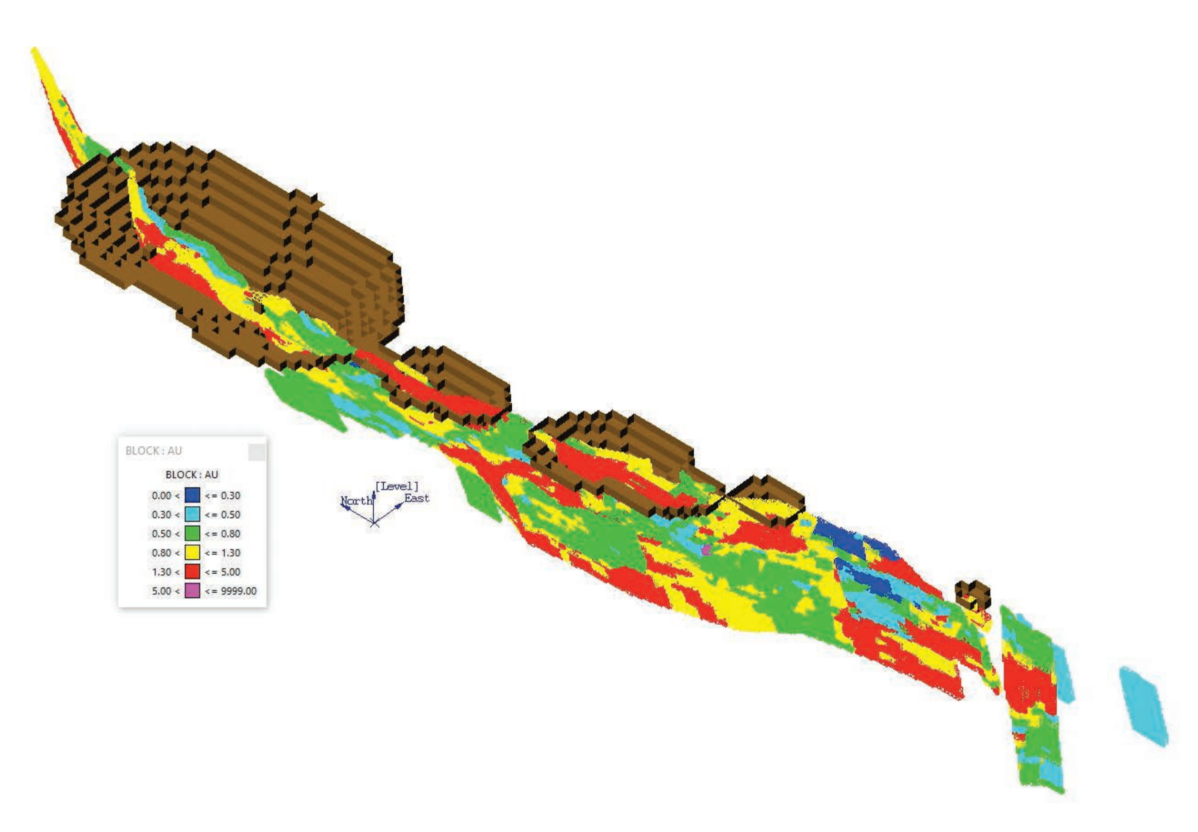
A programme of infill resource definition drilling, comprising 1,939m (24 holes) of RC and 175.9m of HQ3 diamond core tails (in four holes), was completed at the Wirraminna deposit during the December quarter (ASX Release – 2 November 2017).

Drilling at the Wirraminna deposit returned results generally consistent with historic drilling, including higher grade intercepts of 4m at 13.4g/t, 1m at 17.8g/t, 1m at 12.1g/t and 1m at 10.8g/t Au. However, diamond core tails failed to validate several reported historic broad, higher grade intercepts and this generation of drilling was therefore excluded from the updated resource estimate.

Resource Estimation

An updated estimate of the Mineral Resource for Wirraminna deposit was completed during the December quarter by independent consultant, Ashmore Advisory Pty Ltd (refer ASX Release of 8 December 2017). The updated Mineral Resource, estimated in accordance with the 2012 JORC Code guidelines, more than doubled to 550,000t at 1.3g/t Au for 23,000oz gold (at a 0.5g/t lower cut-off grade) following verification, infill and extension drilling (Figure 8). Some 55% of the new Wirraminna Mineral Resource is classified as Indicated, whilst the balance remains in the Inferred category.

Figure 8. **An isometric model of the Wirraminna deposit, looking northeast.**



The updated estimate compares with a previous Inferred Mineral Resource estimate (JORC 2004) of 106,300t at 2.07g/t Au (10,674oz). The increase in tonnage reflects a higher degree of mineralised zone continuity demonstrated by infill and extension drilling, and the application of a lower cut-off grade.

Pit Optimisation

The updated Wirraminna Mineral Resource estimate was optimised at a gold price of A$1,600/oz. The optimal pit shell (Figure 8) includes 72,000t at 1.97 g/t gold at a strip ratio of 9:1.

Considerable opportunity remains to further expand the Wirraminna deposit via follow-up RC drilling, including confirming the location of historic broader, higher grade intercepts, and otherwise infilling and extending the Mineral Resource.

Davis Prospect

Auger/Aircore Geochemical Drilling

A geochemical auger and aircore drilling programme was completed at the Davis prospect during the September quarter. Davis represents the highest priority target generated by the 'weights of evidence' (WoE) targeting study completed in 2017. The Davis target lies in the south-western portion of the Sandstone project, beneath a thick veneer of transported sheetwash. This initial programme was designed to establish the presence of anomalous gold geochemistry at the interface between the transported and residual profiles, allowing more accurate drill targeting of saprolite mineralisation.

The results of this programme (refer ASX release dated 12 September 2017) define four significant new blind gold anomalies, with peak values up to 688ppb Au (0.68g/t) and a strong coincident arsenic response. Individually the anomalies have strike lengths of ~200m. However, some may prove to be linked over strike lengths of up to 600m (Figure 9). Each of the anomalies is consistent with those defining nearby, high grade, open pit deposits that have been mined and processed. Importantly, all anomalies lie within 1km of the Company's 600,000tpa Sandstone gold processing plant, consistent with an area hosting the highest density of gold deposits within the entire Sandstone greenstone belt.

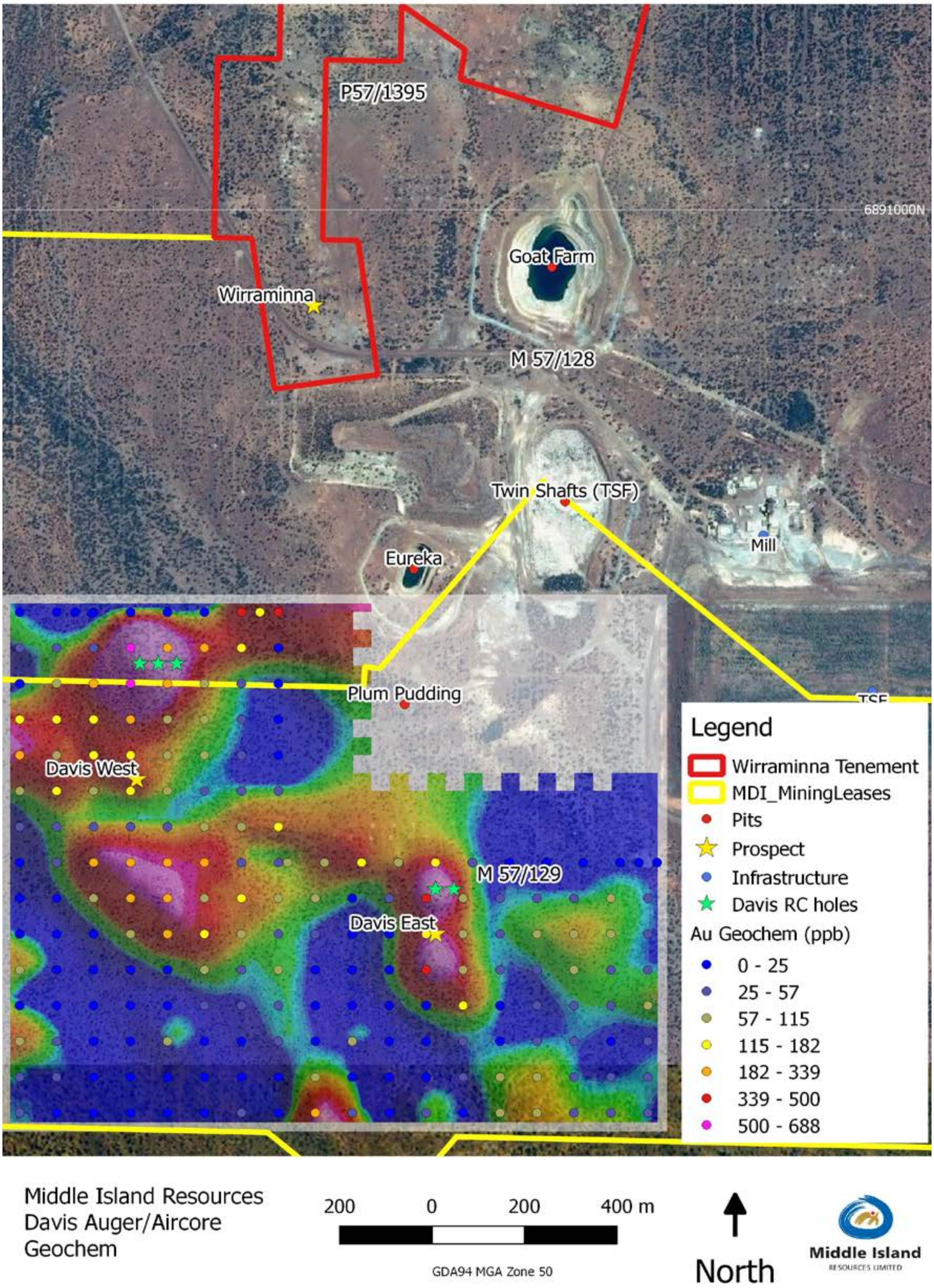
Davis is the first of the WoE targets to be tested by geochemical drilling, providing considerable confidence in the Company's technical approach to defining targets beneath transported cover and that other WoE targets may generate similar anomalies.

Reconnaissance RC Drilling

Two traverses of reconnaissance RC holes (aggregating 5 holes; 386m) were completed over two of the four Davis prospect gold anomalies to determine the nature and tenor of associated saprolitic mineralisation. Traverses comprised two, angled, overlapping, RC holes at Davis East and three similar holes across Davis West (Figure 9).

The RC holes encountered broad zones of ferruginous quartz veining within saprolitic ultramafic rocks. While similar in appearance and setting to gold mineralisation at the adjacent Wirraminna and Eureka deposits, the initial results included a best intercept of 1m at 1.88g/t Au from 23m depth in MSRC259 at Davis West.

Figure 9. **Davis prospect imaged aircore gold values showing reconnaissance RC holes, proximal deposits and infrastructure.**




Dandaraga Property

Option Agreement

Via its 100%-owned subsidiary, Sandstone Operations Pty Ltd (SOPL), Middle Island executed an option deed to acquire a 100% interest in the Dandaraga gold project (E57/1028) upon payment of $200,000 at any time prior to 8 September 2020 (refer ASX release of 11 September 2017).

Dandaraga is situated 16km southeast of Middle Island's Sandstone gold project and processing plant, and 4km south of the haul road from the Lord Henry and Lord Nelson deposits (Figure 1).

Geological Mapping and Chip Sampling

A campaign of detailed geological mapping, chip sampling and soil sampling was completed at Dandaraga during the June quarter 2018.

Geological mapping defined a succession of predominantly east-dipping gabbros, dolerites, basalts, ultramafics and BIFs that have been folded into a series of steeply north-northeast plunging synclines and anticlines. The eastern margin of the succession has been variably assimilated by gneissic rocks of the Diemals Dome. The metamorphic grade is predominantly greenschist facies, increasing to amphibolite facies proximal to the Diemals Dome contact. In addition to the known mineralisation and historic workings, several areas of potential economic interest were identified.

The results of limited chip sampling were pending at financial year end.

Soil Sampling

Soil sampling was completed late in the June quarter on a 160m x 40m pattern. The top of the more calcareous, 'B' horizon was targeted for sampling, with samples screened at -80# (180 microns) to generate ~200g of material at each site.

The results of soil sampling were pending at financial year end.

Ned's Property

Acquisition

During the December quarter 2017, Middle Island acquired a 100% interest in the Ned's gold exploration property for $500 in cash. The Ned's gold property (P57/1384) covers an area of 34ha and lies ~10km east-southeast of the Company's existing Sandstone gold project (Figure 1). The Ned's property straddles the former haul road linking the Lord Henry and Lord Nelson deposits with Middle Island's 600,000tpa Sandstone gold processing plant.

The Ned's property is interpreted to comprise a north-south trending succession of predominantly ultramafic rocks situated in the south-central portion of the Sandstone greenstone belt. Gold mineralisation is evidenced by nugget patches, spatially related to historic gold workings developed on quartz veins within ultramafic rocks.

The Ned's property lies between the Indomitable and Vanguard gold trends that represent the current focus of exploration by Alto Metals Limited on adjacent tenements.

The outright acquisition of Ned's, on extremely favourable terms, adds further exploration acreage to Middle Island's well-endowed Sandstone gold tenure. Ned's represented the Company's third such consolidation in calendar 2017, having previously secured options over the Wirraminna and Dandaraga properties.

Soil Sampling

Soil sampling was completed at Ned's late in the June quarter on a 160m x 40m pattern. The top of the more calcareous, 'B' horizon was targeted for sampling, with samples screened at -80# (180 microns) to generate ~200g of material at each site.

The results of soil sampling were pending at financial year end.

Tribute Gold Production

As at 30 June 2018, aggregate tribute gold production amounted to 282oz, of which Middle Island's share is 41.2oz. The largest nugget identified since commencement of tribute production is a 13oz piece recovered from the Bullet Hill prospect (Figure 10).

Figure 10. **Gold nugget weighing 13oz recovered from the Bullet Hill prospect.**

The larger nuggets from Middle Island's share of production are being progressively sold to a registered gold buyer and trader at a premium to the spot gold price, while the remainder will be batch smelted, refined and sold at the Perth Mint at the prevailing spot price.

While covering monthly corporate administration costs, income from the tribute production is otherwise immaterial. The major benefit is that the tribute arrangement is serving to identify additional bedrock gold targets for Middle Island, with potential sources of saprolitic gold now defined at the Bullet Hill, Three Mile, and the new McClaren and Cowan prospects.

The Cowan prospect is of particular recent interest, with the discovery of sharp, platy nugget gold apparently derived from a 1-2m wide, north-northwest trending quartz vein exposed over an ~100m strike length, disappearing beneath cover at each end. This new target was the subject of maiden reconnaissance RC drilling early in FY19.

The remainder of these new prospects will be prioritised and assessed by exploration as funds permit.

Sandstone Mill Clean-up

Some 6.5t of mineralised residues derived from the Sandstone processing plant were despatched for gold recovery in the September 2017 quarter. The cash proceeds derived from processing these residues, representing A$186,000, are reflected in the FY18 financials. This is a pleasing result, consistent with the upper end of the anticipated range, the proceeds of which have been applied to on-going exploration and administration.


Operations Overview

Sandstone Resource Statement

Mineral Resources applicable to the Sandstone gold project as at 30 June 2018 are provided in Table 1 below.

Deposit	COG (g/t Au)	Tonnes	Grade (g/t Au)	Contained Gold (oz.)	JORC Classification	JORC Code
Two Mile Hill – Open Pit	0.7	1,012,000	1.36	44,000	Indicated	2012
Two Mile Hill – Open Pit	0.7	114,000	1.10	4,000	Inferred	2012
Two Mile Hill – Tonalite (below 380m RL)	0.5	8,944,000	1.35	391,000	Inferred	2004
Two Mile Hill – BIF (below 380m RL)	2.0	59,100	9.90	18,800	Indicated	2004
Shillington – Open Pit	0.7	1,015,000	1.33	43,000	Indicated	2012
Shillington – Open Pit	0.7	272,000	1.17	10,000	Inferred	2012
Plum Pudding – Open Pit	1.0	50,000	1.60	2,572	Inferred	2004
Wirraminna – Open Pit	0.5	307,000	1.50	14,600	Indicated	2012
Wirraminna – Open Pit	0.5	243,000	1.10	8,400	Inferred	2012
Total Indicated		**2,393,100**	**1.56**	**120,400**	**Indicated**	
Total Inferred		**9,673,000**	**1.34**	**416,000**	**Inferred**	
Total Resource		**12,673,000**	**1.38**	**537,000**	**Indicated & Inferred**	
Exploration Target*		**24-34Mt**	**1.1-1.4**	**0.9-1.5Moz**	**Exploration Target**	**2012**

*Includes 2004 Two Mile Hill Inferred Mineral Resource – Tonalite (below 380m RL)

The Mineral Resource update reflects the upgrade of the Wirraminna deposit from 2004 to 2012 JORC Code compliance, addition of the Two Mile Hill tonalite deeps Exploration Target and an adjustment of the 2004 Inferred Resource relating to the Two Mile Hill tonalite deposit (below 380mRL) to exclude 2012 Indicated and Inferred Mineral Resources above 380mRL.

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 variously prepared by Mr Brett Gossage of EGRM Consulting Pty Ltd and Mr Shaun Searle of Ashmore Advisory Pty Ltd on behalf of Middle Island Resources Limited.

The Competent Persons are Members of the Australasian Institute of Mining and Metallurgy (AusIMM) and qualify as Competent Persons as defined in the JORC Code.

REO GOLD PROJECT (SALE PROCESS COMMENCED) – BURKINA FASO

Option to Purchase Agreement

Middle Island executed a Heads of Agreement (HOA) to divest its 100% interest in the Reo gold project to Tajiri Resources Corp. (TSX-V: TAJ, Tajiri) via an Option to Purchase Agreement (refer ASX Release of 13 February 2018).

During the June quarter 2018, Tajiri formally notified Middle Island that it had completed due diligence to its satisfaction and wished to commence the Option (refer ASX Release of 16 May 2018). Tajiri also requested a Letter of Variation, requiring the issue of all 5 million Tajiri shares to Middle Island on commencement of the 18-month option period, rather than splitting the issue of shares equally between commencement and exercise of the Option. As at 30 June 2018, Middle Island has received payment of US$35,000 (A$44,000) as an exclusivity fee, followed by a further US$150,000 (A$200,000) on commencement of the Option, along with the issue of 5 million Tajiri shares valued at A$863,000, at the time of issue, representing aggregate proceeds to date of A$1,107,000.

Should Tajiri choose to exercise the Option within an 18-month period, it is required to pay Middle Island a further US$150,000, with Middle Island retaining a 2% NSR production royalty that Tajiri may elect to acquire for US$5 million. If the Option is not exercised by Tajiri, Middle Island will retain all consideration paid to Middle Island and it will continue to own its 100% interest in the Reo Project.

Tajiri has reimbursed all costs incurred by Middle Island since Option commencement, during which period a further two permit extensions have been received from the Burkina Faso Mines Ministry. Middle Island is working closely with Tajiri to facilitate the remaining permit extensions and transfers.

SAFETY, ENVIRONMENTAL & SOCIAL

Health, Safety & Environment

No injuries, safety or environmental incidents were recorded at the Company's projects and premises during the financial year. A WA Department of Mines, Industry Regulation and Safety environmental and safety audit of the Sandstone gold project during the June quarter, resulted in several Notices being issued. The Company has either rectified or is in the process of rectifying all Notices and more generally updating its environmental and safety procedures and protocols.

Rehabilitation of disturbed areas at the Sandstone gold project, primarily drill sites, is being progressively undertaken in accordance with POW and environmental audit requirements. Safety signage, crest bunds and restricted access areas associated with shafts, open pits and the processing plant have been upgraded, and are being regularly monitored and maintained.

Social

The Company continues to engage with the Shire of Sandstone, pastoralists and the local Sandstone community. This process includes the procurement of labour, materials and services locally, wherever practically possible and, most recently, sponsorship of both the annual Sandstone Open Golf Tournament and Art Exhibition.

Middle Island has taken steps to inform communities within its Reo Project of the transaction with Tajiri Resources Corp. and will do everything possible to ensure a smooth transition.

Operations Overview

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 (MAusIMM). 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 Mineral Resources comprising 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 styles of mineralisation, the type of deposits 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.

Information in this release, which relates to Mineral Resources comprising the Wirraminna deposit is based on the work of independent consultant, Mr Shaun Searle MAusIMM. Mr Searle 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 Searle 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 2018.

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. Within the last three years Mr Yeates has been a former director of ASX listed company Atherton Resources Limited (resigned 9 November 2015, company delisted from ASX on 30 December 2015).

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 Shaw River Manganese Limited.

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	48,964,138	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 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.

FINANCIAL REVIEW

During the year the Company raised $1,897,500, before costs, from the issue of 111,617,647 fully paid ordinary shares. Revenue from tribute production and gold sales of $215,573 (2017: Nil) was received, and other income was generated from the sale of mining interests, sale of property, plant and equipment and rental of accommodation of $597,603 (2017: Nil). The Group also received a grant of $121,629 (2017: Nil) from the Exploration Incentive Scheme.

During the year, total exploration expenditure incurred by the Group amounted to $1,637,496 (2017: $2,496,500). 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 nil (2017: $227,760) were impaired during the year. Other expenditure incurred, net of administration related revenue, amounted to $837,112 (2017: $1,531,795). This resulted in an operating loss after income tax for the year ended 30 June 2018 of $1,539,803 (2017: $4,256,055).

At 30 June 2018, cash assets available totalled $1,552,529.

Operating Results for the Year

Summarised operating results are as follows:

	2018	
	Revenues	Loss
	$	$
Revenue and losses for the year from ordinary activities before income tax expense	945,832	(1,539,803)

Shareholder Returns

	2018	2017
Basic loss per share (cents)	(0.2)	(0.8)

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 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 2018 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 2018.

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

The Company received 100% of "yes" votes on its remuneration report for the 2017 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						
2018	**36,530**	**-**	**3,470**	**-**	**-**	**40,000**
2017	36,530	-	3,470	-	243,000	283,000
Richard Yeates						
2018	**180,000**	**-**	**17,100**	**-**	**-**	**197,100**
2017	180,000	-	17,100	-	243,000	440,100
Beau Nicholls						
2018	**30,000**	**-**	**-**	**-**	**-**	**30,000**
2017	30,000	-	-	-	243,000	273,000
Linton Kirk (resigned 11 July 2016)						
2017	-	-	-	-	-	-
Dennis Wilkins [2]						
2018	**-**	**-**	**-**	**-**	**-**	**-**
2017	-	-	-	-	-	-
Total key management personnel compensation						
2018	**246,530**	**-**	**20,570**	**-**	**-**	**267,100**
2017	246,530	-	20,570	-	729,000	996,100

[1] Share-based payments represents share options granted during the 2017 financial 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 $69,382 (2017: $83,286) was paid to DWCorporate Pty Ltd, a business of which Mr Wilkins is principal. DWCorporate Pty Ltd provided company secretarial, corporate advisory and accounting 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.

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, corporate advisory and accounting 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.

There were no options granted to key management personnel during the current reporting period. 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	-
Dennis Wilkins	-	-	-	-	-	-	-

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	13,190,000	-	-	13,190,000
Richard Yeates	48,964,138	-	-	48,964,138
Beau Nicholls	14,050,000	-	-	14,050,000
Dennis Wilkins	1,166,667	-	-	1,166,667

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 2018 there was $1,155 (2017: nil) owing to DWCorporate Pty Ltd.

Mr Nicholls is a director and 35% shareholder of PowerXplor Ltd, which owns Sahara Mining Services SARL. During the current year the Group sold motor vehicles to Sahara Mining Services SARL for gross proceeds of US$23,300 (2017: N/A). 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 2017 financial year; with Middle Island Resources Limited recharging $3,013 to Sahara Mining Services SARL during the year ended 30 June 2017. The amounts paid by Sahara Mining Services SARL to Middle Island Resources Limited were on arms' length commercial terms.

Quenda Investments Pty Ltd ("Quenda"), a company of which Mr Yeates is a director and shareholder, leant securities held in Middle Island Resources Limited to the provider of a controlled placement facility during the current reporting period for which Quenda was paid a stock borrow fee of $4,500 for the year ended 30 June 2018 (2017: N/A). The amounts paid were on arms' length commercial terms. At 30 June 2018 there was $500 (2017: nil) owing to Quenda Investments Pty Ltd.

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	6	7	2	2	1	1
Richard Yeates	7	7	*	*	1	1
Beau Nicholls	7	7	1	2	1	1
Dennis Wilkins (alternate for Beau Nicholls)	7	7	2	2	*	*

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	10.0	30,000,000
Total number of options outstanding at the date of this report			30,000,000

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 $16,650.

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:

	2018 $	2017 $
Taxation compliance services	4,200	6,000

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 26.

Signed in accordance with a resolution of the directors.

Richard Yeates

Richard Yeates
Managing Director
Perth, 27 September 2018

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 2018, 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
27 September 2018

Corporate Governance Statement

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 2018 Corporate Governance Statement is current as at 27 September 2018 and reflects the corporate governance practices in place throughout the 2018 financial year. The 2018 Corporate Governance Statement was approved by the Board on 27 September 2018. 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.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018	Notes	Consolidated	Consolidated
		2018	2017
		$	$
REVENUE			
Sale of commodities	4(a)	215,573	-
Other income	4(b)	730,259	14,664
EXPENDITURE			
Exploration expenses		(1,637,496)	(2,496,500)
Administration expenses		(481,259)	(466,955)
Salaries and employee benefits expense		(363,013)	(337,343)
Depreciation expense		(3,867)	(13,161)
Share-based payments expense	25	-	(729,000)
Impairment of capitalised tenement acquisition costs	11	-	(227,760)
LOSS BEFORE INCOME TAX		(1,539,803)	(4,256,055)
INCOME TAX BENEFIT / (EXPENSE)	6	-	-
LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(1,539,803)	(4,256,055)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		31,036	(13,931)
Other comprehensive income for the period, net of tax		31,036	(13,931)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF MIDDLE ISLAND RESOURCES LIMITED		(1,508,767)	(4,269,986)
Basic and diluted loss per share for loss attributable to the ordinary equity holders of the Company (cents per share)	24	(0.2)	(0.8)

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

Consolidated Statement of Financial Position

AS AT 30 JUNE 2018	Notes	Consolidated	Consolidated
		2018	2017
		$	$
CURRENT ASSETS			
Cash and cash equivalents	7	1,552,529	1,841,875
Trade and other receivables	8	42,837	10,198
Financial assets	9	847,522	-
Non-current asset held for sale		202,317	-
TOTAL CURRENT ASSETS		2,645,205	1,852,073
NON-CURRENT ASSETS			
Plant and equipment	10	2,049,348	2,044,092
Tenement acquisition costs	11	1,327,754	2,057,754
TOTAL NON-CURRENT ASSETS		3,377,102	4,101,846
TOTAL ASSETS		6,022,307	5,953,919
CURRENT LIABILITIES			
Trade and other payables	12	400,286	606,781
TOTAL CURRENT LIABILITIES		400,286	606,781
NON-CURRENT LIABILITIES			
Provisions	13	1,203,417	1,203,417
TOTAL NON-CURRENT LIABILITIES		1,203,417	1,203,417
TOTAL LIABILITIES		1,603,703	1,810,198
NET ASSETS		4,418,604	4,143,721
EQUITY			
Contributed equity	14	34,954,474	33,170,824
Reserves	15	1,148,988	1,124,382
Accumulated losses		(31,684,858)	(30,151,485)
TOTAL EQUITY		4,418,604	4,143,721

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

Consolidated Statement of Changes in Equity

FOR YEAR ENDED 30 JUNE 2018	Notes	Contributed Equity	Share-based Payments Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
		$	$	$	$	$
BALANCE AT 1 JULY 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 FOR THE PERIOD		-	-	(13,931)	(4,256,055)	(4,269,986)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	14	1,858,851	-	-	-	1,858,851
Share issue transaction costs	14	(87,943)	-	-	-	(87,943)
Options issued/vesting to employees	25	-	729,000	-	-	729,000
BALANCE AT 30 JUNE 2017		33,170,824	735,430	388,952	(30,151,485)	4,143,721
Loss for the year		-	-	-	**(1,539,803)**	**(1,539,803)**
OTHER COMPREHENSIVE INCOME						
Exchange differences on translation of foreign operations		-	-	**31,036**	-	**31,036**
TOTAL COMPREHENSIVE INCOME		-	-	**31,036**	**(1,539,803)**	**(1,508,767)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS						
Shares issued during the year	14	**1,897,500**	-	-	-	**1,897,500**
Share issue transaction costs	14	**(113,850)**	-	-	-	**(113,850)**
Employee options expired/cancelled during the year	25	-	**(6,430)**	-	**6,430**	-
BALANCE AT 30 JUNE 2018		**34,954,474**	**729,000**	**419,988**	**(31,684,858)**	**4,418,604**

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 2018	Notes	Consolidated	Consolidated
		2018	2017
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		223,113	-
Exploration Incentive Scheme grant received		121,629	-
Payments to suppliers and employees		(827,674)	(1,018,001)
Expenditure on mining interests		(1,368,429)	(2,474,775)
Interest received		8,104	14,692
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	22(a)	(1,843,257)	(3,478,084)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for mining properties		-	(124,475)
Proceeds on sale of mining properties		248,481	-
Payments for property, plant and equipment		(509,120)	(1,294,981)
Proceeds on sale of property, plant and equipment		30,544	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(230,095)	(1,419,456)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issues of ordinary shares		1,897,500	3,218,071
Payments for share issue transaction costs		(113,850)	(87,943)
NET CASH INFLOW FROM FINANCING ACTIVITIES		1,783,650	3,130,128
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		(289,702)	(1,767,412)
Cash and cash equivalents at the beginning of the financial year		1,841,875	3,612,918
Effects of exchange rate changes on cash and cash equivalents		356	(3,631)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	7	1,552,529	1,841,875

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 27 September 2018. 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.

(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 2017.

(iv) Historical cost convention

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

(v) Going concern

For the year ended 30 June 2018 the Group incurred a net loss of $1,539,803 (2017: $4,256,055), incurred net cash outflows from operating activities of $1,843,257 (2017: $3,478,084) and had net working capital of $2,244,919 (2017: $1,245,292) at reporting date.

The ability of the entity to continue as a going concern is dependent on securing additional funding through capital raisings and/or sale of interests in projects to continue to fund its operational and development activities.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Management believe there are sufficient funds to meet the entity's working capital requirements as at the date of this report. The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business as the Directors are confident that they will be able to raise additional equity as and when required.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(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 2018 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. A list of controlled entities is disclosed in note 21 to the financial statements.

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

Sale of commodities

Revenue from gold concentrate sales is brought to account when the significant risks and rewards of ownership have transferred to the buyer and selling prices are known or can be reasonably estimated.

Interest

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

Other income

All other income is recognised when the right to receive other income is established.

All revenue is stated net of the amount of goods and services tax.

(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. No deferred tax is recognised for the carried forward losses as the Group considers there will be no taxable profit available to offset such brought forward tax losses in the future.

(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 19(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 non-financial assets

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 its investments in the following categories: financial assets at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

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 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.

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.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within revenue from continuing operations or administration expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in profit or loss as part of revenue from continuing operations when the Group's right to receive payments is established.

Details on how the fair value of financial investments is determined are disclosed in note 2.

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 is 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) Non-current asset held for sale

Non-current assets classified as held for sale are generally measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale. Classification as "held for sale" occurs when: management has committed to a plan; sale is expected to occur within one year from the date of classification; and active marketing has commenced. Such assets are classified as current assets.

Any impairment losses are recognised for any initial or subsequent write down of an asset classified as held for sale to fair value less cost to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(n) 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.

(o) 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.

(p) 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 25.

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.

(q) Provision for rehabilitation

The Company records the estimated cost to rehabilitate operating locations in the period in which the obligation arises on an undiscounted basis. 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.

(r) 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.

(s) 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.

(t) 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.

(u) Government grants

Exploration incentives ("Grant") are recognised at fair value where there is reasonable assurance that the grant will be received, and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight line basis.

(v) Comparative figures

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

(w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2018 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 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. AASB 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. Based on the Group's current operations and financial assets and liabilities currently held, the Group does not anticipate any material 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 2018).

AASB 15 will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer and establishes a five-step model to account for revenue arising from contracts with customers. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group plans to adopt the new standard on the required effective date using the full retrospective method. There will be no material impact on the Group's financial position or performance from the adoption of this new standard.

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

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The Group plans to adopt the new standard on the required effective date. The Group continues to assess the potential impact of AASB 16 on its consolidated financial statements.

(x) 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), 1(j) and 1(l).

Provision for rehabilitation

The Group assesses its mine rehabilitation provision half-yearly in accordance with accounting policy note 1(q). 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, Industry Regulation and Safety.

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) Price risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value through profit or loss. Given the current level of operations, the Group's financial statements for the year ended 30 June 2018 are not exposed to commodity price risk.

To minimise the risk, the Group's investments are of high quality and are publicly traded on reputable international stock exchanges. The investments are managed on a day to day basis so as to pick up any significant adjustments to market prices.

Sensitivity analysis

At 30 June 2018, if the value of the equity instruments had increased by 15% with all other variables held constant, post-tax loss for the Group would have been $127,128 lower, with no changes to other equity balances, as a result of gains on equity securities classified as financial assets at fair value through profit or loss (2017: nil).

At 30 June 2018, if the value of the equity instruments had decreased by 15% with all other variables held constant, post-tax loss for the Group would have been $127,128 higher, with no changes to other equity balances, as a result of losses on equity securities classified as financial assets at fair value through profit or loss (2017: nil).

(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 $1,552,529 (2017: $1,841,875) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.51% (2017: 0.64%).

Sensitivity analysis

At 30 June 2018, 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 $7,969 lower (2017: $11,449 lower) as a result of lower or higher interest income from cash and cash equivalents.

At 30 June 2018, 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 $7,969 higher (2017: $11,449 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 of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The equity investments held by the Group are classified at fair value through profit or loss. The market value of all equity investments represents the fair value based on quoted prices on active markets (TSX) as at the reporting date without any deduction for transaction costs. These investments are classified as level 1 financial instruments.

The carrying amounts and estimated fair values of financial assets and financial liabilities are as follows:

	Consolidated	Consolidated
	2018	2017
	$	$
Financial Assets		
Cash and cash equivalents	1,552,529	1,841,875
Trade and other receivables	42,837	10,198
Financial assets	847,522	-
Total Financial Assets	2,442,888	1,852,073
Financial Liabilities		
Trade and other payables	400,286	606,781
Total Financial Liabilities	400,286	606,781

The methods and assumptions used to estimate the fair value of financial instruments are outlined below:

Cash

The carrying amount is fair value due to the liquid nature of these assets.

Receivables/Payables

Due to the short-term nature of these financial rights and obligations, their carrying amounts are estimated to represent their fair values.

Fair value measurements of financial assets

The carrying values of financial assets and liabilities of the Group approximate their fair values. Fair values of financial assets and liabilities have been determined for measurement and / or disclosure purposes.

Fair value hierarchy

The Group classifies assets and liabilities carried at fair value using a fair value hierarchy that reflects the significance of the inputs used in determining that value. The following table analyses financial instruments carried at fair value by the valuation method. The different levels in the hierarchy have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	$	$	$	$
30 June 2018				
Financial assets	847,522	-	-	847,522
Total as at 30 June 2018	847,522	-	-	847,522

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 2018 $	Consolidated 2017 $
Segment revenue – Australia	215,573	-
Segment revenue – West Africa	-	-
Segment revenue – Total	215,573	-
Reconciliation of segment revenue to total revenue before tax:		
- Interest revenue	8,104	14,664
TOTAL REVENUE	223,677	14,664
Segment result – Australia	(1,363,497)	(2,309,205)
Segment result – West Africa	(58,426)	(415,055)
Segment result – Total	(1,421,923)	(2,724,260)
Reconciliation of segment result to net loss before tax:		
- Other income	722,155	-
- Other corporate and administration	(840,035)	(1,531,795)
NET LOSS BEFORE TAX	(1,539,803)	(4,256,055)
Segment operating assets – Australia	3,366,853	3,366,853
Segment operating assets – West Africa	202,317	730,092
Segment operating assets – Total	3,569,170	4,096,945
Reconciliation of segment operating assets to total assets:		
- Other corporate and administration assets	2,453,137	1,856,974
TOTAL ASSETS	6,022,307	5,953,919
Segment operating liabilities – Australia	1,501,669	1,725,769
Segment operating liabilities – West Africa	78	73
Segment operating liabilities – Total	1,501,747	1,725,842
Reconciliation of segment operating liabilities to total liabilities:		
- Other corporate and administration liabilities	101,956	84,356
TOTAL LIABILITIES	1,603,703	1,810,198

4. REVENUE AND OTHER INCOME

	Consolidated 2018 $	Consolidated 2017 $
(a) Revenue from continuing operations		
Sale of commodities		
- Tribute production	29,250	-
- Gold sales	186,323	-
	215,573	-
(b) Other income		
Interest revenue	8,104	14,664
Net gain on sales of mining interests	551,489	-
Exploration Incentive Scheme grant	121,629	-
Net gain on disposal of property, plant and equipment	30,544	-
Accommodation rental	15,570	-
Net foreign exchange gains	2,923	-
	730,259	14,664

5. EXPENSES

Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	30,567	32,474
Minimum lease payments relating to operating leases	40,420	56,779

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	(1,539,803)	(4,256,055)
Prima facie tax benefit at the Australian tax rate of 30%	(461,941)	(1,276,816)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Foreign (gains [sale of mining interests])/losses [impairment]	(163,534)	68,328
Foreign losses – West Africa excluded	8,393	-
Share-based payments	-	218,700
	(617,082)	(989,788)
Movements in unrecognised temporary differences	(27,674)	(418,641)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	644,756	1,408,429
Income tax expense	-	-

	Consolidated 2018 $	Consolidated 2017 $
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
Capital raising costs	70,994	62,866
Other temporary differences	9,057	(696)
Carry forward foreign losses	7,876,791	7,868,398
Carry forward tax losses	3,694,620	3,058,239
Deferred Tax Liabilities (at 30%)		
Tenement acquisition costs	(398,326)	(398,326)
Net deferred tax assets	11,253,136	10,590,481

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	1,511,769	1,801,115
Short-term deposits	40,760	40,760
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	1,552,529	1,841,875

Cash and cash equivalents at 30 June 2018 comprises A$1,431,138 (2017: A$1,840,053), 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.

The Group has provided a bank guarantee of $20,760 for a property lease.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade Debtors	20,369	6,453
Other	22,468	3,745
	42,837	10,198

9. CURRENT ASSETS - FINANCIAL ASSETS

Canadian listed equity securities	847,522	-

Changes in fair values of financial assets are included in 'other income' or 'administrative expenses' in the statement of profit or loss and other comprehensive income. Refer to note 2 for details of the fair value measurement.

10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT

	Freehold Land	Plant and Equipment	Total
	$	$	$
At 1 July 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
Year ended 30 June 2018			
Opening net book amount	126,929	1,917,163	2,044,092
Exchange differences	-	3	3
Additions	-	9,120	9,120
Depreciation charge	-	(3,867)	(3,867)
Closing net book amount	126,929	1,922,419	2,049,348
At 30 June 2018			
Cost	126,929	2,244,405	2,371,334
Accumulated depreciation	-	(321,986)	(321,986)
Net book amount	126,929	1,922,419	2,049,348

11. NON CURRENT ASSETS - TENEMENT ACQUISITION COSTS

	Consolidated 2018 $	Consolidated 2017 $
Tenement acquisition costs carried forward in respect of mining areas of interest		
Opening net book amount	**2,057,754**	967,528
Exchange variances	**30,403**	(9,768)
Tenement acquisition costs	**-**	1,327,754
Disposals	**(558,086)**	-
Reclassification to non-current asset held for sale	**(202,317)**	-
Impairment of capitalised tenement acquisition costs	**-**	(227,760)
Closing net book amount	**1,327,754**	2,057,754

12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

Trade payables	**59,506**	33,895
Other payables and accruals	**340,780**	72,886
Deferred payment on Sandstone Project Acquisition	**-**	500,000
	400,286	606,781

13. NON-CURRENT LIABILITIES - PROVISIONS

Rehabilitation		
Carrying amount at start of year	**1,203,417**	-
Increase in provision	**-**	1,203,417
Carrying amount at end of year	**1,203,417**	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, Industry Regulation and Safety.

14. ISSUED CAPITAL

(a) Share capital

		2018		2017	
	Notes	Number of Shares	$	Number of Shares	$
Ordinary shares fully paid	14(b), 14(d)	697,901,437	34,954,474	586,283,790	33,170,824
Total issued capital		697,901,437	34,954,474	586,283,790	33,170,824

(b) Movements in ordinary share capital

Beginning of the financial year	586,283,790	33,170,824	459,318,295	31,399,916
Issued for cash at 1.5 cents per share	-	-	117,256,757	1,758,851
Issued for cash at 1.7 cents per share	111,617,647	1,897,500	-	-
Issued as consideration for services	-	-	9,708,738	100,000
Share issue transaction costs	-	(113,850)	-	(87,943)
End of the financial year	697,901,437	34,954,474	586,283,790	33,170,824

(c) Movements in options on issue

	Number of Options	
	2018	2017
Beginning of the financial year	38,300,000	800,000
(Cancelled)/issued, exercisable at 7 cents, on or before 18 November 2018	(7,500,000)	7,500,000
Issued, exercisable at 10 cents, on or before 18 November 2018	-	30,000,000
Expired on 7 July 2017, exercisable at 10 cents	(600,000)	-
Expired on 7 July 2017, exercisable at 15 cents	(100,000)	-
Expired on 7 July 2017, exercisable at 20 cents	(100,000)	-
End of the financial year	30,000,000	38,300,000

(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 2018 and 30 June 2017 are as follows:

	Consolidated	Consolidated
	2018	2017
	$	$
Cash and cash equivalents	1,552,529	1,841,875
Trade and other receivable	42,837	10,198
Financial assets	847,522	-
Trade and other payables	(400,286)	(606,781)
Working capital position	2,042,602	1,245,292

15. RESERVES AND ACCUMULATED LOSSES

(a) Reserves		
Foreign currency translation reserve	419,988	388,952
Share-based payments reserve (see note 25)	729,000	735,430
	1,148,988	1,124,382

(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.

(ii) Share-based payments reserve

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

16. DIVIDENDS

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

17. 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 2018 $	Consolidated 2017 $
(a) Audit services		
Greenwich & Co – audit and review of financial reports	29,000	60,020
Total remuneration for audit services	29,000	60,020
(b) Non-audit services		
Greenwich & Co – taxation compliance services	4,200	6,000
Total remuneration for other services	4,200	6,000

18. CONTINGENCIES

The purchase price for the Sandstone Gold Project included a deferred payment of $500,000 payable within 28 days of the receipt of proceeds from the first sale of gold produced from the Sandstone Assets. This payment 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.

19. 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
	2018	2017
	$	$
within one year	314,241	306,161
later than one year but not later than five years	788,800	1,006,722
later than five years	1,675,100	1,872,300
	2,778,141	3,185,183
(b) Lease commitments: Group as lessee		
Operating leases (non-cancellable):		
Minimum lease payments		
within one year	29,644	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	29,644

The property lease is a non-cancellable lease with a one-year term, with rent payable monthly in advance. 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.

20. 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 21.

(c) Key management personnel compensation

Short-term benefits	246,530	246,530
Post-employment benefits	20,570	20,570
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	729,000
	267,100	996,100

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 24.

(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 2018 there was $1,155 (2017: nil) owing to DWCorporate Pty Ltd.

Mr Nicholls is a director and 35% shareholder of PowerXplor Ltd, which owns Sahara Mining Services SARL. During the current year the Group sold motor vehicles to Sahara Mining Services SARL for gross proceeds of US$23,300 (2017: N/A). 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 2017 financial year; with Middle Island Resources Limited recharging $3,013 to Sahara Mining Services SARL during the year ended 30 June 2017. The amounts paid by Sahara Mining Services SARL to Middle Island Resources Limited were on arms' length commercial terms.

Quenda Investments Pty Ltd ("Quenda"), a company of which Mr Yeates is a director and shareholder, leant securities held in Middle Island Resources Limited to the provider of a controlled placement facility during the current reporting period for which Quenda was paid a stock borrow fee of $4,500 for the year ended 30 June 2018 (2017: N/A). The amounts paid were on arms' length commercial terms. At 30 June 2018 there was $500 (2017: nil) owing to Quenda Investments Pty Ltd.

(e) Loans to related parties

Middle Island Resources Limited has provided unsecured, interest free loans to each of its wholly owned subsidiaries totalling $20,575,570 at 30 June 2018 (2017: $20,040,062). 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.

21. 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]	
			2018	2017
			%	%
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.

22. 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.

23. STATEMENT OF CASH FLOWS

	Consolidated 2018 $	Consolidated 2017 $
(a) Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	(1,539,803)	(4,256,055)
Non-cash items		
Depreciation of non-current assets	3,867	13,161
Share-based payments	-	729,000
Share issued as consideration for corporate advisory fee	-	100,000
Impairment of capitalised tenement acquisition costs	-	227,760
Net gain on disposal of property, plant and equipment	(30,544)	-
Net gain on sales of mining properties	(551,489)	-
Net exchange differences	(1,892)	-
Change in operating assets and liabilities		
(Increase) in trade and other receivables	(32,639)	(5,385)
Decrease in financial assets at fair value through profit or loss	15,738	-
(Decrease)/increase in trade and other payables	293,505	(286,565)
Net cash outflow from operating activities	(1,843,257)	(3,478,084)

(b) Non-cash investing and financing activities

As part consideration on the sale of mining properties during the 2018 financial year the Group received equity securities in the purchaser valued at $863,260 which have been classified as financial assets at fair value through profit or loss.

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

24. 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	(1,539,803)	(4,256,055)

	Number of shares 2018	Number of shares 2017
(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	644,997,730	505,678,351

(c) Information on the classification of options

As the Group has made a loss for the year ended 30 June 2018, 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.

25. SHARE-BASED PAYMENTS

(a) Options issued to employees and contractors

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 price of the options granted and on issue as at 30 June 2018 is 10 cents per option, with an expiry date of 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
	2018	2018	2017	2017
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the financial year	38,300,000	9.5	800,000	11.9
Granted	-	-	37,500,000	9.4
Forfeited/cancelled	(7,500,000)	7.0	-	-
Exercised	-	-	-	-
Expired/lapsed	(800,000)	11.9	-	-
Outstanding at year-end	30,000,000	10.0	38,300,000	9.5
Exercisable at year-end	30,000,000	10.0	30,800,000	10.0

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 0.4 years (2017: 1.4 years), and the exercise price was 10 cents per option.

Fair value of options granted

There were no options granted during the 2018 financial year. The weighted average "fair value" (not market value) of the options granted during the 2017 financial year was 1.9 cents. 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.

	2018	2017
	$	$
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
	2018	2017
	$	$
Options granted to/vesting with employees (including directors) and contractors as part of share-based payments	-	729,000

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Middle Island Resources Limited, at 30 June 2018. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	2018	2017
	$	$
Current assets	2,268,749	1,832,297
Non-current assets	2,200,043	3,988,600
Total assets	4,468,792	5,820,897
Current liabilities	105,830	84,356
Total liabilities	105,830	84,356
Contributed equity	34,954,474	33,170,824
Share-based payments reserve	729,000	735,430
Accumulated losses	(31,320,512)	(28,169,713)
Total equity	4,362,962	5,736,541
Loss for the year	(3,157,229)	(1,690,845)
Total comprehensive loss for the year	(3,157,229)	(1,690,845)

In the directors' opinion:

1. the financial statements and notes set out on pages 28 to 56 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 2018 and of its performance for the financial year ended on that date;

2. there are reasonable grounds to believe that the Group 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, 27 September 2018

Greenwich & Co

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Independent Auditors' 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 2018, 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 2018 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 Capitalised Exploration Expenditure ($1,637,496) and accounting policy Notes 1(l).

Key Audit Matter	How our audit addressed the matter
Middle Island Resources Limited and its controlled entities have a significant amount of capitalised exploration expenditure. As the carrying value of exploration expenditure represents a significant asset of the Group, 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 Group 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 Group's areas of interest were planned. • We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest. • We enquired with management to ensure that the Group 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.

Disposal of Exploration Asset

Refer to Note 4(b), Net gain on sale of mining interest ($551,489) and accounting policy Notes 1(e).

Key Audit Matter	How our audit addressed the matter
During the year, Middle Island Resources Limited completed a partial disposal of its Burkina Faso based Reo Gold Project, with the remaining balance designated as an Asset Held for Sale. As the consideration received and the value disposed both represented significant transactions for the Group, we deemed it necessary to assess the calculation of the disposal, and accounting treatment applied.	Our audit work included, but was not restricted to, the following: • We obtained the contracts governing this arrangement and evaluated compliance with the terms and conditions, alongside the consideration received and receivable by the Group in respect of the asset. • We recalculated the value of the consideration received, specifically for the publicly listed shares received in part payment. • We tested the calculation completed by management of the partial disposal from Tenement Acquisition Costs (non-current assets), and agreed the remaining value to the remaining consideration to be received as part of the transaction.

Property, plant and equipment
Refer to Note 10, Plant and equipment ($2,049,348) 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: • We obtained an understanding and challenged managements assumptions and analysis of their assessment as to whether impairment indicators exist in relation to the property, plant and equipment. • We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the Group had not decided to discontinue activities in any of its areas of interest. • We enquired with management to ensure that the Group 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 2018 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 3 to 7 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Middle Island Resources Limited, for the year ended 30 June 2018, 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
27 September 2018

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 13 September 2018. .

(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	39	7,280
1,001	-	5,000	33	101,887
5,001	-	10,000	46	371,383
10,001	-	100,000	288	12,112,745
100,001		and above	221	685,308,142
			627	697,308,1424
The number of shareholders holding less than a marketable parcel of shares are:			**269**	**3,769,091**

(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	Harmanis Holdings Pty Ltd <Harman Fam A/C>	70,251,102	10.07
2	Jetosea Pty Ltd	46,520,000	6.67
3	Twynam Agricultural Group Pty Ltd	46,501,451	6.66
4	BPM Capital Ltd	34,600,000	4.96
5	Lomacott Pty Ltd <Keogh S/F A/C>	33,000,000	4.73
6	Acuity Capital Investment Management Pty Ltd <Acuity Cap Holdings A/C>	29,000,000	4.16
7	SFN Holdings Pty Ltd	20,500,000	2.94
8	Starshine MLP Pty Ltd <My Little Pony A/C>	20,000,000	2.87
9	Brispot Nominees Pty Ltd <House Head Nom A/C>	18,098,820	2.59
10	BT Portfolio Services Ltd <Warrell Holdings S/F>	17,004,989	2.44
11	J P Morgan Nominees Aust Ltd	16,929,778	2.43
12	CS Fourth Nominees Pty Ltd <HSBC Cust Nom Au>	16,608,000	2.38
13	Tazga Two Pty Ltd <Tazga Two A/C>	16,000,000	2.29
14	Darley Pty Ltd <DJW Inv A/C>	15,000,000	2.15
15	Gandria Capital Pty Ltd <Tedblahnki Fam A/C>	15,000,000	2.15
16	Amazon Consultoria Em Mineracao E Servicos	13,600,000	1.95
17	CS Third Nominees Pty Ltd <HSBC Cust Nom Au>	12,921,000	1.85
18	EMS Arcadia Pty Ltd <CB Films S/F No2 A/C>	12,722,223	1.82
19	Northern Griffen Pty Ltd	12,390,000	1.78
20	UBS Nominees Pty Ltd	11,155,486	1.60
		477,802,849	68.49

(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	
Harmanis Holdings Pty Ltd <Harman Family A/C>	65,111,958
Mr Richard Yeates	46,666,692
Twynam Agricultural Group Pty Ltd	45,130,000
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%
Australia	P57/1384	100%
Australia	P57/1395	Option to acquire
Australia	E57/1028	Option to acquire

(f) Unquoted Securities

			Holders of 20% or more of the class	
Class	Number of Securities	Number of Holders	Holder Name	Number of Securities
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

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