



**Middle Island**  
RESOURCES LIMITED



Middle Island Resources Limited  
ACN 142 361 608  
Unit 2, 2 Richardson Street  
West Perth WA 6005  
PO Box 1017  
West Perth WA 6872  
Tel +61 (08) 9322 1430  
Fax +61 (08) 9322 1474  
info@middleisland.com.au  
www.middleisland.com.au

## QUARTERLY REPORT FOR THE PERIOD ENDED 30 JUNE 2011

### HIGHLIGHTS

- The reinterpreted architecture of the Morley-Goumi structural envelope within the 100%-owned Reo gold project (**Burkina Faso**) represents a **significant potential resource target that is being confirmed via auger and RAB drilling** prior to planned pattern reverse circulation (RC) and diamond drilling.
- Initial **RC drilling of the K5 portion of the Reo Project's K4/K5 Prospect has identified significant saprolite mineralisation** associated with sheeted to massive quartz-carbonate veining within intensely altered meta-sediments lapping onto the shallowly plunging southern extremity of the Didyr Granite, representing a second major resource target within the Reo Project.
- **18,000m of a planned 40,000m geochemical auger drilling campaign has been completed** at the Reo Project, including all Priority 1 and some Priority 2 areas.
- **2,900m of a planned 5,000m RAB programme has been completed** to date at the Reo Project, again over a month into the monsoon season, **ensuring an extended flow of results through the wet season.**
- **RAB drilling at the K5 Prospect to date has identified widespread quartz-carbonate veining and associated sericite alteration.**
- MDI has **secured the rights (variously 100% and 75% interest) to a significant 3,000km<sup>2</sup> land package in Liberia** in what the Company considers to represent **the most technically prospective gold terrain in West Africa.**
- **7km long gold anomaly defined via geochemical auger drilling at the Nassilé Project in Niger**, representing a significant RAB drilling target for next field season.
- **Dogona and Boulkagou permits** (collectively the Dogona Project in Niger) **formally granted** in June.

**Middle Island Resources Ltd**

ACN 142 361 608

**ASX Code: MDI**

**Office:**

Suite 2, 2 Richardson Street  
WEST PERTH WA 6005  
Western Australia

**Postal Address:**

PO Box 1017  
West Perth WA 6872  
Western Australia

T: +61 8 9322 1430

F: +61 8 9322 1474

E: info@middleisland.com.au

[www.middleisland.com.au](http://www.middleisland.com.au)

**Capital Structure:**

99.9 million shares

16.5 million options

**Board Members:**

**Peter Thomas**

Chairman

**Rick Yeates**

Managing Director

**Beau Nicholls**

Technical Director

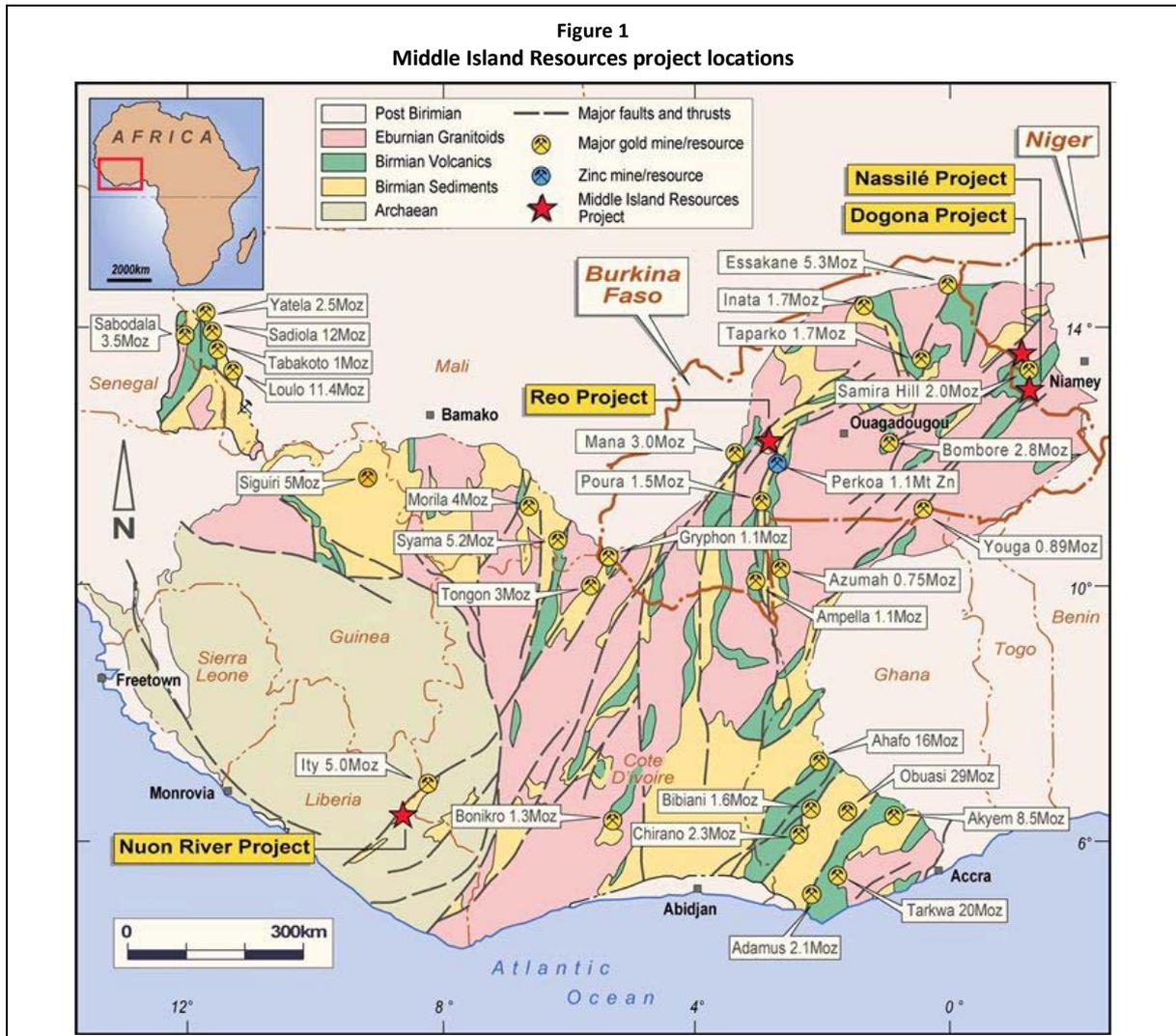
**Dennis Wilkins**

Company Secretary



## Overview

During the June Quarter 2011, Middle Island Resources (the Company) continued to pursue an aggressive, yet systematic and prudent, exploration and corporate development strategy that has yielded significant progress on the Reo and Nassilé gold projects in Burkina Faso and Niger respectively, as well securing a major, highly prospective land package comprising the Nuon River gold project in eastern Liberia, as shown in Figure 1 below.



Exploration at the 100% owned Reo Project in Burkina Faso has clearly defined two significant targets at the Morley and K4/K5 Prospects, either or both of which constitute significant resource opportunities that have the potential to satisfy the Company's primary objective, **'to identify a minimum resource base of 1.1Moz on at least one project within the first two years from listing'**. A RAB drilling programme to establish the merits of these two targets is now well underway. In addition, the Company has embarked on (and completed 45% of) a major auger drilling campaign at the Reo Project to identify other targets of equivalent merit within this extensive and highly prospective land package.

Similarly, at the Nassilé Project in Niger, extensive geochemical auger drilling completed during the June Quarter has identified a 7km long north-eastern extension to the Songonduari Prospect, from which the majority of previous significant drill intersections are derived. This anomaly constitutes a further extremely valid target for initial RAB drilling that may well also meet the Company's stated objectives.

Of further significance during the Quarter, Middle Island realised its strategy to acquire a major landholding in eastern Liberia, in what is considered by the Company one of the most prospective and under-explored gold terrains in West Africa.



Commenting, Middle Island Managing Director, Mr Rick Yeates said “I am extremely pleased with the significant progress we continue to make in what is a little over six months since listing the Company, and **the Board and Management of Middle Island is confident that we are well on track to achieve our stated primary objective by December 2012.**”

“A significant bonus in progress has come in the form of continuing our programmes at the Reo Project (specifically RAB and geochemical auger drilling), both originally planned for next field season, for at least an additional month into the monsoon season. Not only does this advance our progress by several months, but it will also **ensure a steady flow of results through what would otherwise be a hiatus in activity.** This outcome is a great credit to our exploration team”, Mr Yeates said.

### Exploration Activities

The following exploration activities were commenced or completed over the Company’s projects during the reporting period:-

#### **Reo Project (Burkina Faso)**

##### Trenching (Morley Prospect)

The trenching programme at the Morley Prospect was finalised early in the June Quarter, with 12 trenches for 549m ultimately completed. All channel sample assay results from the trenching programme have now been received.

Along with initial RC drilling, the primary objective of the trenching programme was to trace the surface expression of mineralisation associated with a single east-west trending mineralised zone (northern zone) at the Morley Prospect in order to confirm the mineralised zone geometry and optimum drilling orientation, such that the findings could be extrapolated to other interpreted east-west trending zones within the Morley-Goumi structural envelope. The more significant final trench intercepts are provided in Table 1 below, while a plan of the trenching programme is shown in Figure 2.

Table 1 Significant trench intercepts at the Morley Prospect								
Trench ID	Easting	Northing	Azimuth	Dip	From (m)	To (m)	Interval (m)	Grams/Tonne
MRTR0001 #	540240	1338873	317	0	7	18	11	7.97†
				including	7	9	2	1.93*
				and	11	15	4	20.17*
MRTR0002#	540220	1388169	47	0	3	9	6	3.88†
				including	4	7	3	6.09*
				and	8	9	1	3.54*
					11	16	5	0.93‡
				including	15	16	1	2.31*
MRTR0003#	540369	1388215	320	0	21	30	9	2.19†
				including	27	29	2	4.62‡
MRTR0004#	540258	1388152	320	0	9	11	2	3.22†
				including	10	11	1	5.90‡
					14	18	4	4.25†
				including	14	17	3	5.23‡
MRTR0005#	540289	1388262	320	0	7	19	12	3.17†
				including	9	18	9	4.02*
MRTR0006	540293	1388161	360	0	58	60	2	3.61
MRTR0009	540421	1388178	360	0	25	27	2	1.63

# Previously Reported

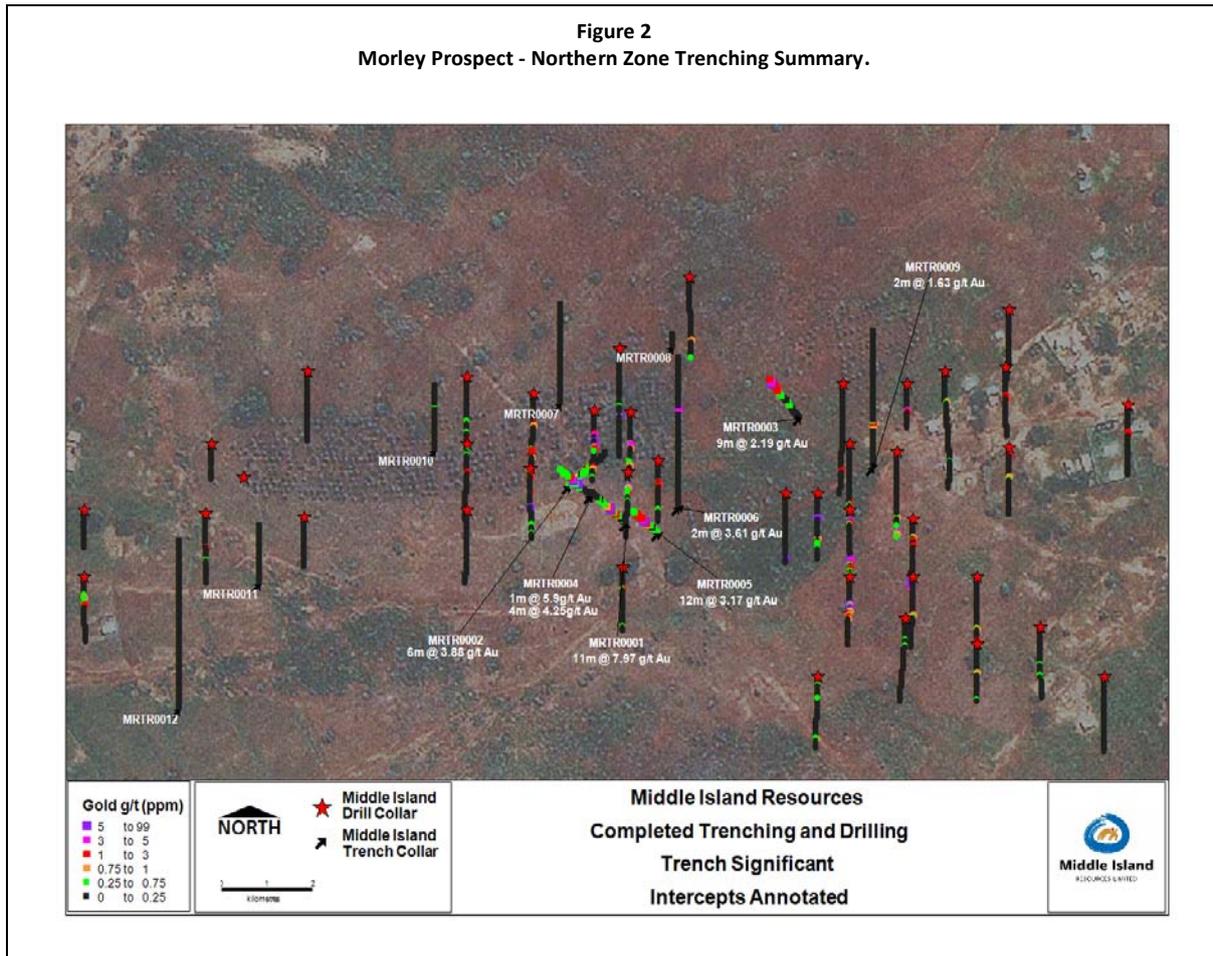
† Calculated at a 0.5g/t cut including a maximum of 2m of internal waste

\* Calculated at a 1g/t Cut off with no internal waste

‡ Calculated at a 2g/t Cut off with no internal waste



**Figure 2**  
**Morley Prospect - Northern Zone Trenching Summary.**



### RC Drilling (Morley Prospect)

The initial RC drilling program (60 holes for 5,060m) at the Morley Prospect on the Reo Project, which commenced on 7 February 2011, has now been completed and all assay results finally received. The distribution of results to date confirms the interpreted mineralised zone geometry and validates the new drilling orientation (-60° to 180° grid). The width and tenor of intercepts is consistent with that encountered at surface in historic and recent trenching as well as remodelled drilling completed by Newmont. The results received for Morley are consistent with stacked, moderately north-dipping veins and lodes, and the current drill orientation is providing near true widths of mineralisation. However, further rotary air blast (RAB) drilling is required to confirm the architecture and potential of the entire Morley system. A list of more significant RC drill intersections returned to date is included in Table 2 below, while a plan of the drilling is provided in Figure 3.



Table 2 Significant RC drilling results – Morley Prospect									
Hole	Prospect	East	North	RL	Total Depth	From	To	Width	Au (ppm)
MRRC0001	Morley	540261	1388183	299	84	17	19	2	18.0
					including	17	18	1	32.5†
						24	28	4	1.57
MRRC0002	Morley	540240	1388220	301	86	29	32	3	1.81
					including	31	32	1	3.54*
						36	37	1	21.9
						43	48	5	1.39
					Including	44	45	1	3.35*
						69	71	2	2.11
MRRC0003	Morley	540263	1388219	299	72	39	45	6	2.37
					including	40	41	1	4.66*
					and	44	45	1	3.26*
MRRC0004	Morley	540430	1388195	313	102	96	97	1	3.74
MRRC0005	Morley	540440	1388155	299	84	33	34	1	2.05
						74	84	10	9.63
					including	74	75	1	43.0†
					and	82	83	1	13.5†
MRRC0006	Morley	540400	1388200	305	106	72	73	1	1.10
						90	96	6	2.47
					including	93	94	1	8.78*
MRRC0008	Morley	540200	1388185	300	84	4	5	1	1.87
						10	11	1	1.43
						29	30	2	1.36
						46	47	1	7.41
MRRC0009	Morley	540202	1388230	298	114	37	38	1	1.27
						70	72	2	1.97
MRRC0010	Morley	540396	1388236	307	126	101	102	1	2.49
MRRC0013	Morley	540575	1388223	300	84	33	36	3	1.71
MRRC0014	Morley	540500	1388198	300	84	10	11	1	1.06
MRRC0015	Morley	540498	1388246	298	84	35	39	4	1.05
MRRC0016	Morley	540400	1388160	303	88	60	66	6	4.16
					Including	60	61	1	10.1†
						72	73	1	1.18
MRRC0020	Morley	539996	1388158	294	84	40	41	1	1.50
MRRC0022	Morley	539920	1388120	283	78	32	36	4	1.27
MRRC0027	M -Satelite 3	539155	1387125	293	90	32	33	1	3.01
MRRC0028	M -Satelite 4	539200	1387100	295	84	22	24	2	1.72
MRRC0033	Morley	540160	1388200	294	90	34	36	2	3.08
MRRC0034	Morley	540160	1388240	296	78	76	77	1	1.00
MRRC0036	Morley	540256	1388257	304	132	76	80	4	3.61
MRRC0038	Morley	540258	1388126	295	78	26	27	1	1.20
MRRC0040	Morley	540400	1388120	306	82	33	34	1	75.5
						37	38	1	7.13
						45	50	5	2.15
MRRC0041	Morley	540440	1388120	308	90	47	48	1	1.02
MRRC0043	Morley	540436	1388236	314	54	33	35	2	2.51
MRRC0062	Morley	540360	1388170	302	84	77	78	1	5.44
MRRC0063	Morley	540480	1388080	302	70	34	35	1	1.11
MRRC0067	Morley	540380	1388170	300	80	29	30	1	5.32
MRRC0068	Morley	540280	1388190	300	74	27	28	1	1.06
						31	32	1	1.16

**Notes**

All holes drilled to grid 180 degrees and inclined at -60 degrees

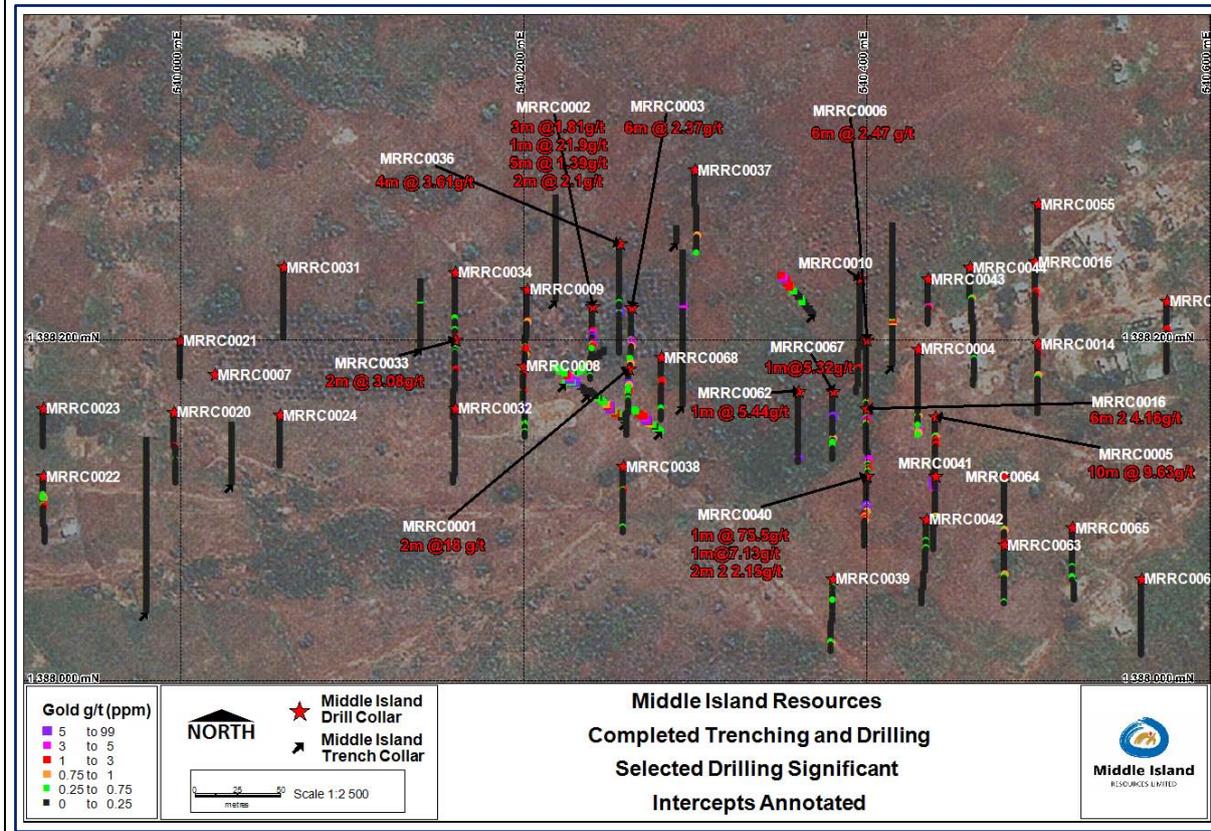
Initial significant intercepts calculated at a 1g/t cutoff value including 2 metres of internal waste

\* Denotes calculated using 3g/t cutoff and no internal waste

† Denotes calculated at a 10g/t cutoff and no internal waste



**Figure 3**  
**Morley Prospect - Northern Zone RC drilling summary**



RC Drilling (Dassa Prospect)

Five reconnaissance RC holes (408m) were completed at the Dassa Prospect. The results (Table 3 below) returned several narrow and relatively low grade intercepts, consistent with those returned from previous Newmont drilling, and the prospect remains a lower priority target that may represent a limited supplementary resource at best.

Hole	Prospect	East	North	RL	Total Depth	From	To	Width	Au (ppm)
MRRC0050	Dassa	529440	1376960	279	72	4	5	1	1.83
						12	14	2	2.48
						19	20	1	2.76
MRRC0051	Dassa	529420	1376960	284	76	41	42	1	1.00
						60	61	1	1.96
						63	65	2	1.32
MRRC0052	Dassa	529420	1377000	285	80	28	29	1	1.03
MRRC0053	Dassa	529470	1377182	283	78	55	56	1	1.11
MRRC0054	Dassa	529580	1377360	284	102	11	12	1	3.86
						79	82	3	2.56

**Notes**

All holes drilled to grid 180 degrees and inclined at -60 degrees

Initial significant intercepts calculated at a 1g/t cutoff value including 2 metres of internal waste

\* Denotes calculated using 3g/t cutoff and no internal waste

† Denotes calculated at a 10g/t cutoff and no internal waste



RC Drilling (K5 Prospect)

Three reconnaissance RC holes (246m) were completed at the K5 Prospect. The results (Table 4 below) returned a best intercept of **13m at 2.23g/t Au in hole MRRC047, which ended in mineralisation**. This intercept is located some 30m from a previous Newmont aircore intercept of **18m at 2.51g/t Au in NAC027, which also ended in mineralisation**. Examination of the drill chips from both holes indicates mineralisation comprises sheeted to massive quartz-carbonate veining associated with intense sericite alteration in a metasedimentary host rock, which is interpreted to thinly veneer the shallow south plunging extremity of the Didyr batholith.

Based on the reasonable assumption that the MDI and Newmont intercepts represent the same mineralised zone, modelling indicates an east-west trend on what looks to be a broad zone that likely represents the source of substantial lateritic gold mineralisation that was until recently the focus of extensive artisanal mining activity at K5.

MDI hole MRRC046 also encountered a **1m interval at 6.04g/t Au from surface**, again reflecting the focus of the recently closed artisanal laterite mining activity at K5.

Table 4 Significant RC drilling results – K5 Prospect										
Hole	Prospect	East	North	RL	Total Depth	From	To	Width	Au (ppm)	
MRRC0046	K5	532633	1371357	280	90	0	1	1	6.04	
MRRC0047	K5	532635	1371323	284	72	53	54	1	1.18	
						59	72	13	2.23	
						Including	63	67	4	3.44*
MRRC0049	K5	532685	1371365	278	84	12	14	2	2.24	
						24	25	1	1.13	

**Notes**

All holes drilled to grid 180 degrees and inclined at -60 degrees

Initial significant intercepts calculated at a 1g/t cutoff value including 2 metres of internal waste

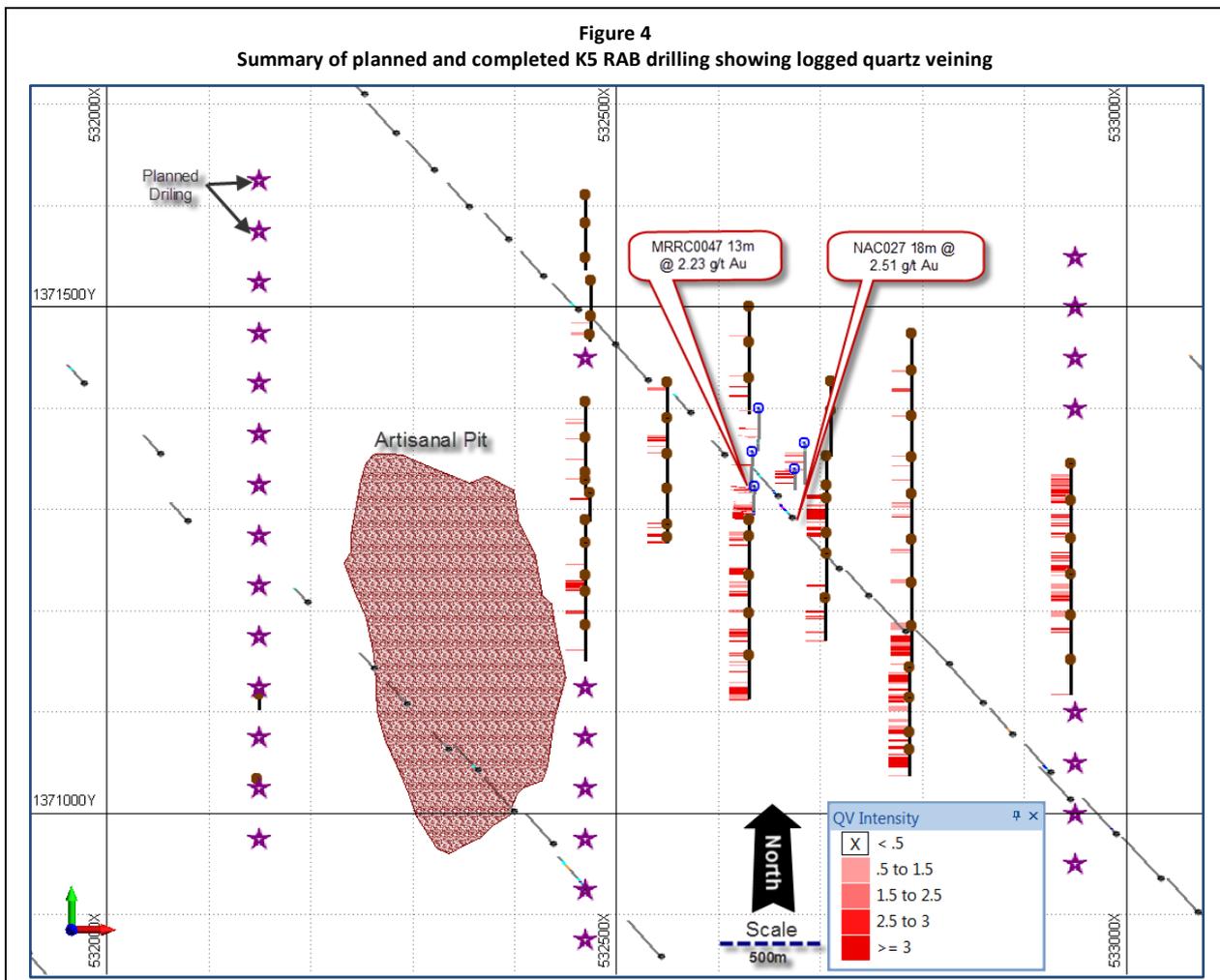
\* Denotes calculated using 3g/t cutoff and no internal waste

† Denotes calculated at a 10g/t cutoff and no internal waste

RAB Drilling (K5 & Morley Prospects)

Although originally scheduled to commence in October following the monsoon season, a 5,000m RAB drilling programme was commenced on the Reo Project in June, with the objective of advancing drilling as much as possible prior to the onset of the rains, at a time when drill rigs are more readily available.

The first objective of this programme is to confirm the geometry, extent and tenor of the initial mineralised zone identified at the K5 Prospect in anticipation of follow-up RC drilling next field season. To date, some 2,900m (58 holes) have been completed at the K5 target on 80m to 160m spaced north-south traverses. Although no assay results have been received, broad intervals of logged quartz veining and alteration provide considerable early encouragement. It is anticipated that the K5 work will be completed before the rig is demobilised due to increasing monsoonal activity. The largely completed RAB programme at K5 is illustrated in Figure 4 below.



The second objective of the RAB programme is to test the modified interpretation of the mineralised architecture comprising the Morley-Goumi system, which is based on the concept that the broad, high grade, shorter (200-300m) strike length, east-west trending mineralised dilation zones within the structural envelope are stacked tens of metres apart along the northeast trending axis of deformation (granite contact), rather than comprising a series of longer (800m-1,000m), more isolated zones extending across the full width of the envelope that are separated by hundreds of metres. While it is unlikely this element of the RAB programme will be completed this field season, the rig has been contracted to complete the programme when the rains finish in October.

Should the results of either or both the K5 and Morley elements of the RAB programme prove successful, it is planned to commence pattern RC and diamond drilling of these targets in November/December 2011.

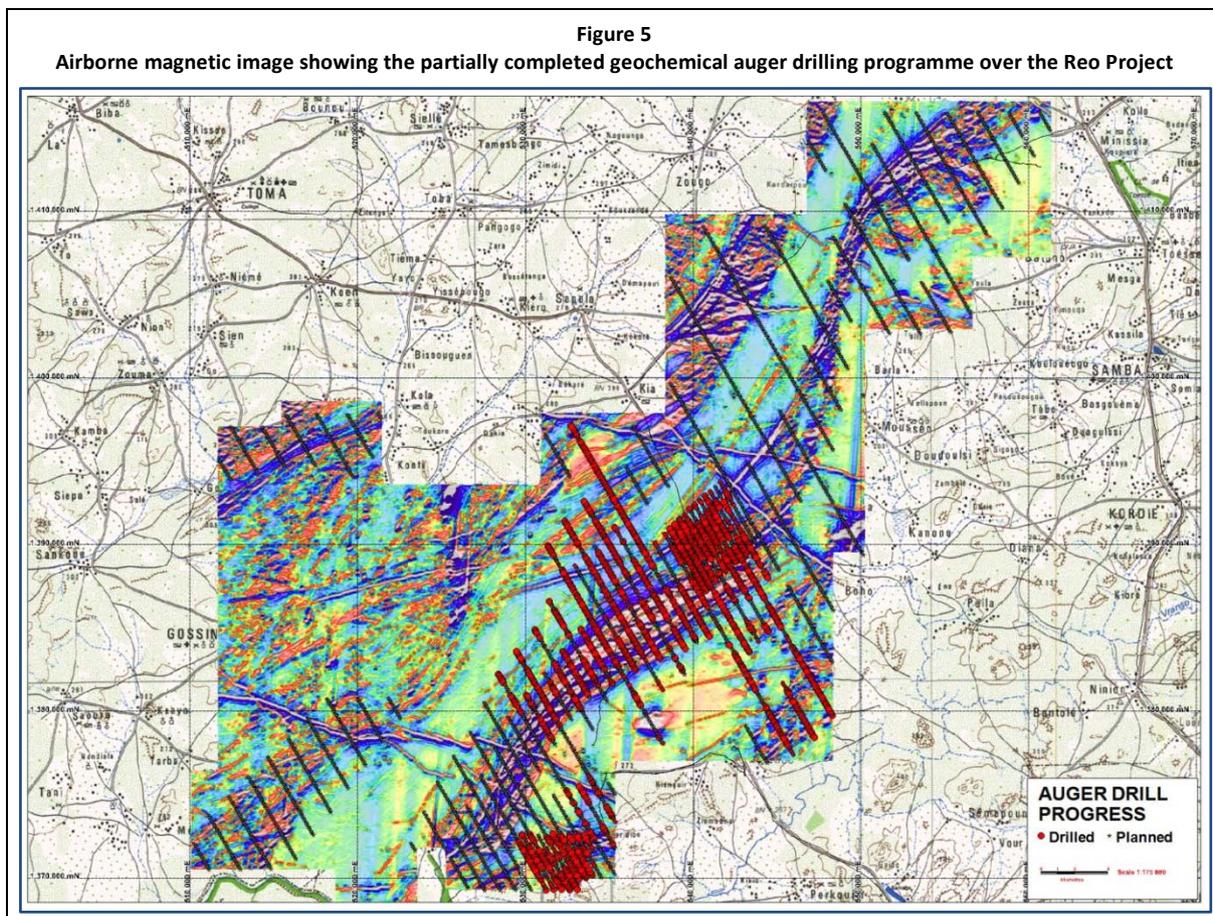
#### Geochemical Auger Drilling

A 40,000m geochemical auger drilling programme, designed on the basis of the high resolution airborne magnetic survey and subsequent structural and targeting studies, commenced using four rigs at the Reo Project in May 2011. This programme (Figure 5 below) is designed to identify and prioritise new targets, additional to those inherited from Newmont, before prematurely over-committing resources to any particular prospect at the project. Although planned to be undertaken next field season, the programme was commenced in May 2011 in the hope of completing a portion of the work before the monsoon season curtailed activities.



Some 2,259 holes (18,299m) were completed before the rigs were demobilised in mid July, at which time the rains and farming activity became impediments to progress. All Priority 1 work, comprising the Morley-Goumi-Dassa-K4/5 corridor, and some Priority 2 work, was completed before the rigs were demobilised. The Priority 2 will primarily focus on the north-eastern portion of the Reo Project area where the major Yako shear undergoes a significant deflection around the western margin of an interpreted intrusive stock. Although this intrusive is not exposed at surface, interestingly a ground gravity survey completed by Newmont exhibits a strong positive gravity anomaly over the stock, suggesting it is most likely of mafic or ultramafic affinity.

The remainder of the geochemical auger drilling programme will be completed at the cessation of the monsoon season in October 2011. However a steady stream of results from the first half of the programme should become available in the intervening period.



### Tenure

The Company is pleased to report that formal transfers of the Didyr, Dassa Sud and Pouni II permits from Newmont to Middle Island Resources were effected during the June Quarter.

Middle Island also wishes to advise that the third of five option payments, comprising US\$30,000, on the Nebya permit was made to West African Mining SARL (WAM) during the June Quarter.

MDI also wishes to advise that the Company applied for a further two exploration permits to the immediate south of the Reo Project during the June Quarter in order to consolidate the possible extent of the K4/K5 mineralisation. The new applications, Tiogo and Nebya Sud, cover an aggregate area of 40km<sup>2</sup>, representing the remaining vacant ground lying between the existing Reo Project and the extensive Tiogo Forest Reserve to the south. These applications are entirely consistent with the Company's strategy to consolidate existing project areas.



### Nassilé Project (Niger)

#### Airborne Geophysical Survey

An alternative contractor has been secured to undertake the high resolution airborne magnetic and radiometric survey at the Nassilé Project, following the withdrawal of the original contractor due to its perceived security concerns. Revised aviation permit applications to cover the new contractor and to incorporate the recently granted Dogona and Boulkagou permits have been lodged, but had not been issued by the close of the June Quarter.

#### Geochemical Auger Drilling

An initial auger geochemical drilling programme, which commenced at the Nassilé Project in Niger in December 2010, was completed during the June Quarter, with 15,203m (2,911 holes) of primary and infill drilling undertaken. Only 250 assays remained outstanding at the end of the June Quarter, but analysis of the received results has defined a 7km long, high tenor (up to 2.06g/t Au) north-eastern extension to the Songonduari Prospect, a series of north trending splay structures at the northern end of the Songonduari trend in the Bamperi South area, a 1.2km northwest extension to the Forbemi Prospect and two isolated high tenor anomalies associated with quartz blows in the north-eastern portion of the project area. The results of geochemical auger drilling received to date are shown in Figure 6 and 7 below.

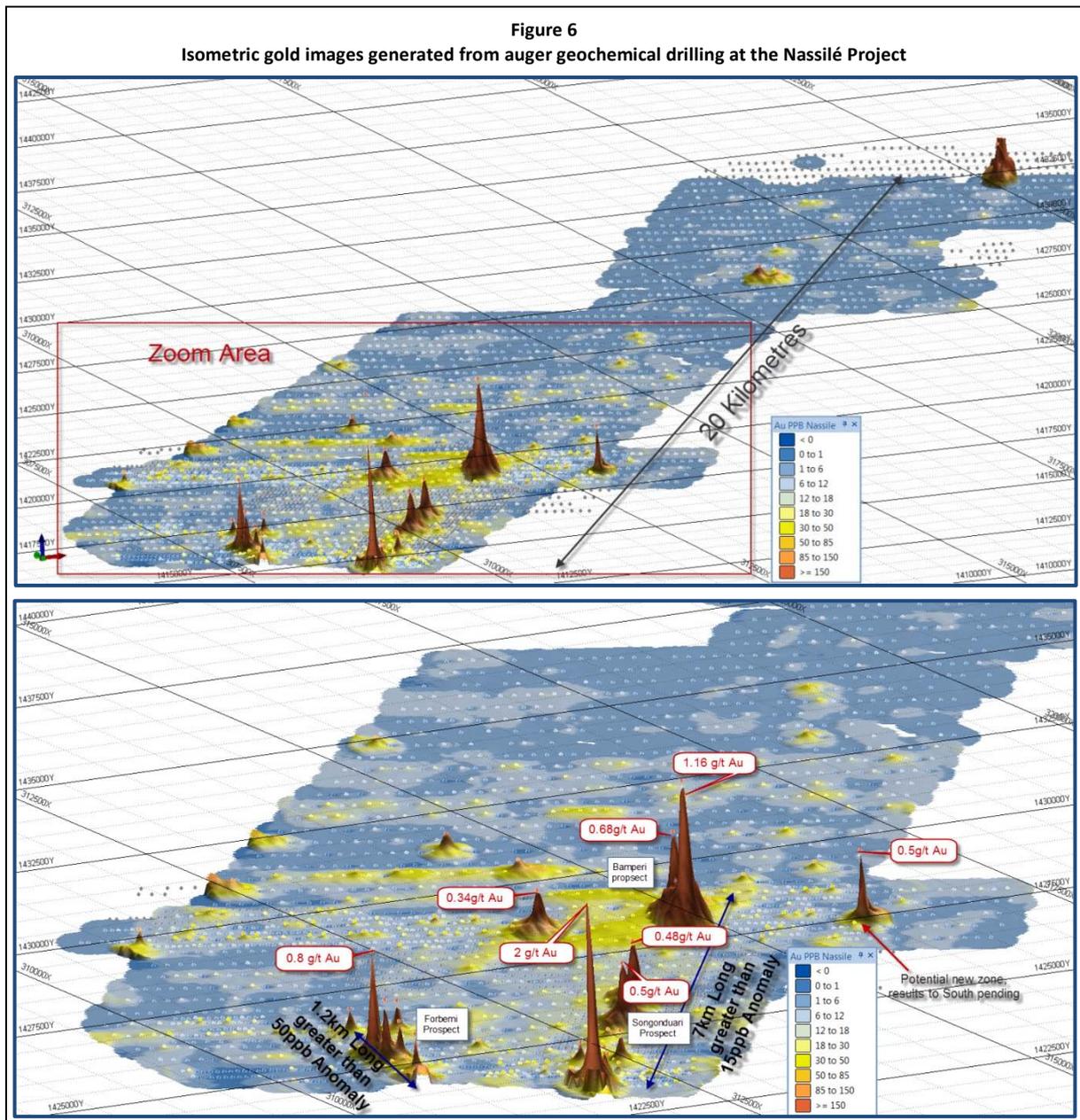
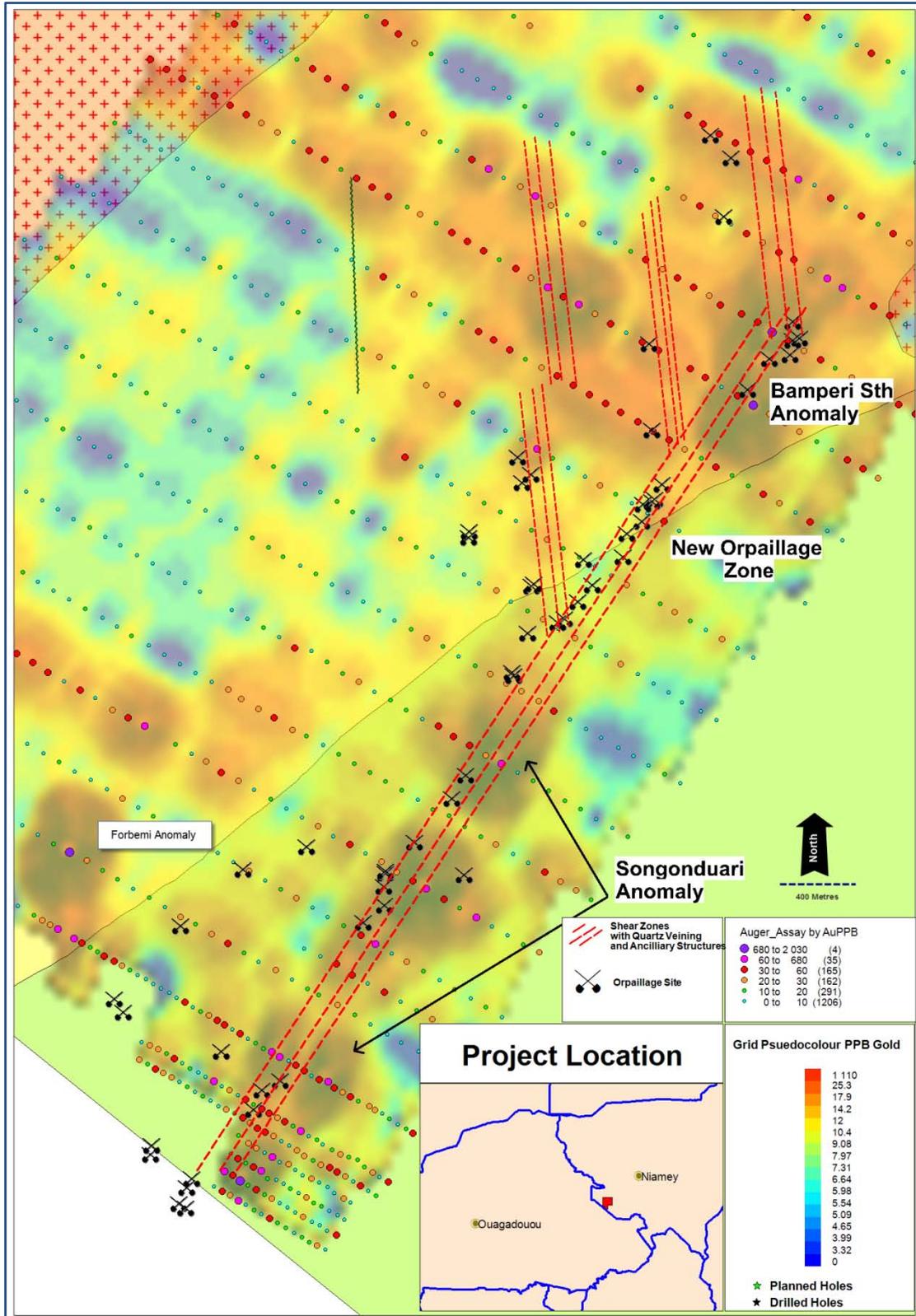




Figure 7  
Plan view gold image generated from auger geochemical drilling at the Nassilé Project



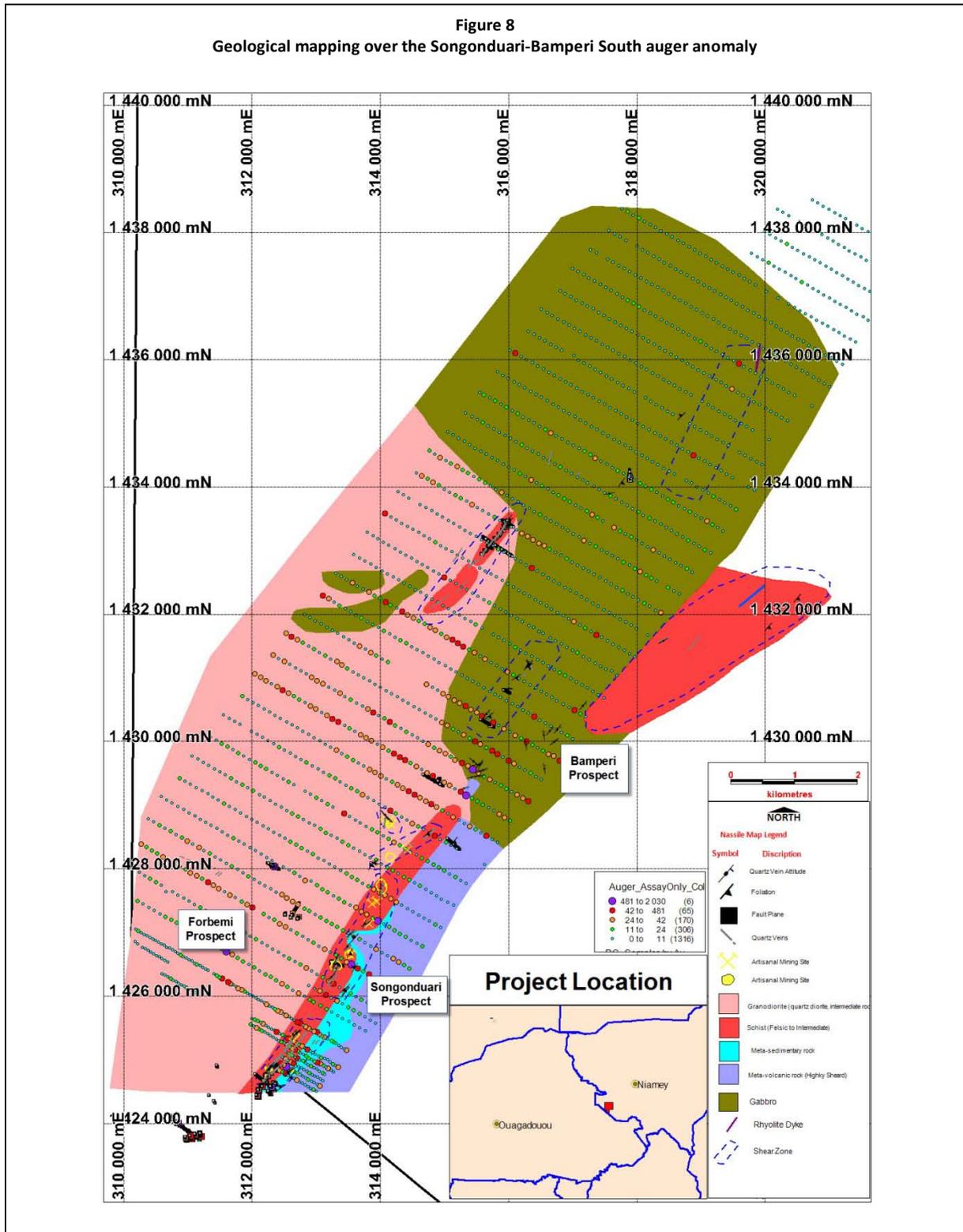
Geological Mapping

Detailed geological mapping of the Songonduari-Bamperi South auger geochemical anomaly (Figure 8 below) has determined that the axis of this anomaly coincides with a sheared contact between metasediments and metavolcanics. This structure is intruded in the north (Bamperi South area) by a gabbro, within which a series of north trending splay structures are also developed.



The defined anomalies represent excellent, high priority targets for follow-up RAB drilling. This RAB programme, which was originally scheduled to commence in June/July, has been deferred until late October 2011, immediately following the monsoon season, in order to avoid the rig being trapped at the project for the duration of the wet season by inundation of the access road.

Following completion of the auger drilling campaign, and subsequent mapping and surveying, the Nassilé exploration camp was closed in mid-June for the duration of the Monsoon season.





### ***Dogona Project (Niger)***

#### Tenure

The Dogona and Boulkagou permit applications, collectively comprising the Dogona Project, were formally granted and issued to MDI's joint venture partner, Cassidy Gold Corp, on 13 July 2011. MDI now has the right to earn an initial 90% interest in the permits via staged exploration expenditure of US\$1 million over a 2 year term from grant.

#### Airborne Geophysical Survey

Now that the Dogona and Boulkagou permits have been granted, it is planned to include them within the high resolution airborne magnetic and radiometric survey planned for the Nassilé Project, and aviation permits have been amended to reflect their addition to the survey. The airborne magnetic survey will enable target corridors to be identified, and the numerous major untested artisanal mining centres to be placed in structural context and prioritised for initial geochemical auger drilling next field season.

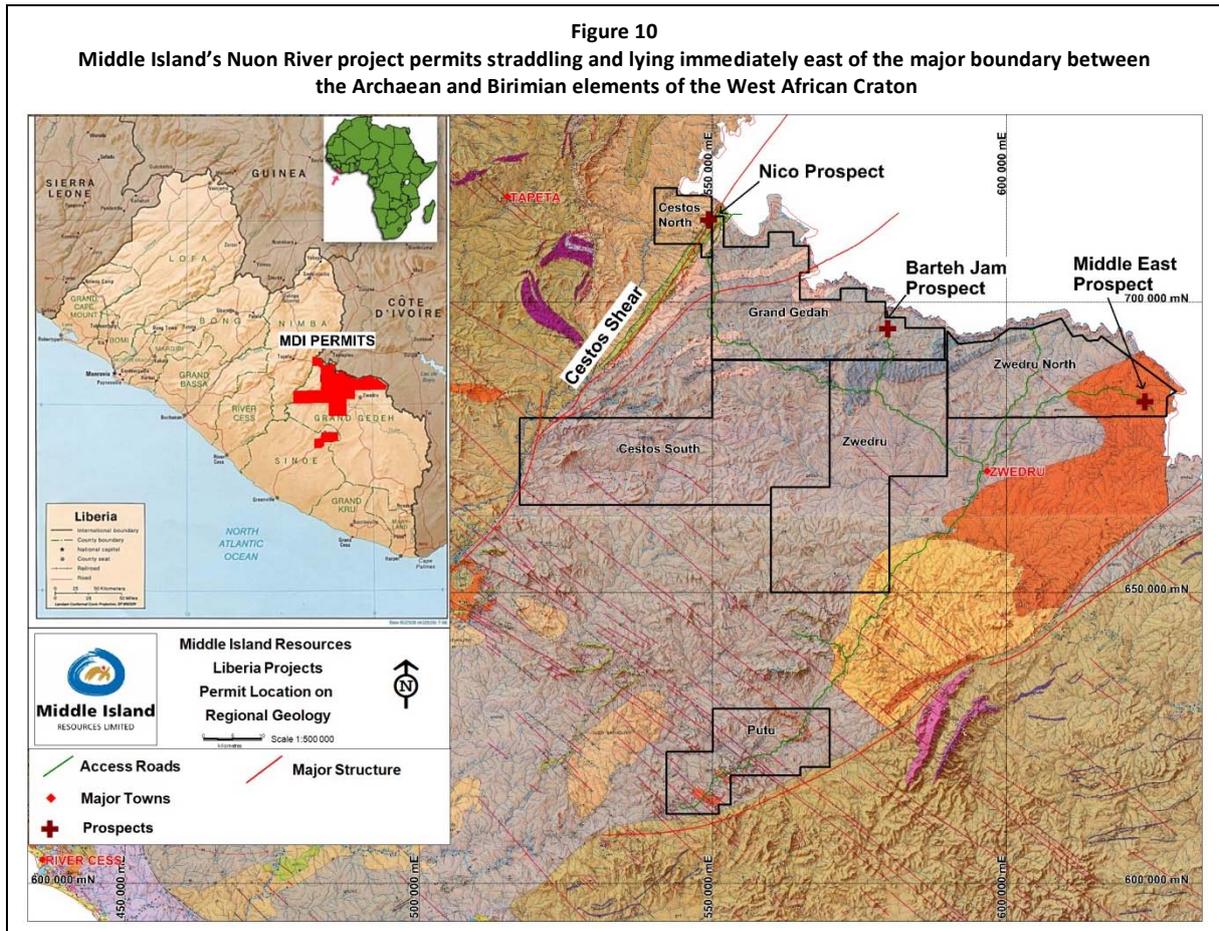
### ***Nuon River Project (Liberia)***

#### Tenure

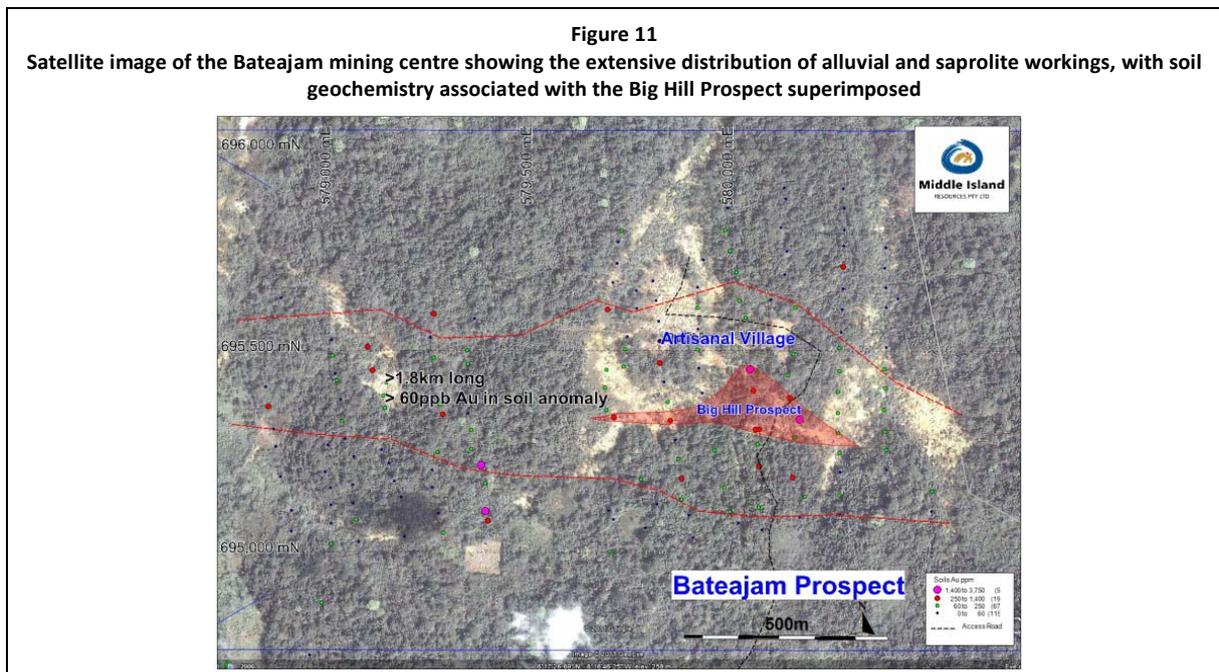
In a major strategic development during the June Quarter, Middle Island has secured rights to a significant, highly prospective, semi-contiguous land package referred to as the Nuon River Project in Liberia, West Africa, covering some 3,005km<sup>2</sup>. **This represents the Company's first West African expansion beyond its initial assets in Burkina Faso and Niger.**

The Nuon River Project lies in one of the most technically prospective gold terrains in West Africa, being located at the boundary between the Archaean (Man Shield) and Proterozoic (Birimian) components of the West African Craton, immediately along strike from the 5Moz Ity gold deposit in adjacent Côte d'Ivoire. The Nuon River Project straddles and lies immediately east of the Cestos Shear, which represents the interpreted major east-dipping, listric, crustal suture separating the Archaean and Birimian terrains. While major first order structures such as the Cestos Shear need not necessarily be mineralised in their own right, the second and third order structures which propagate off them frequently control and/or host major gold deposits in such terrains worldwide. Although both the Archaean and Proterozoic domains either side of the Cestos Shear host gold deposits, Middle Island has deliberately focused on the Birimian elements to the east, lying on the interpreted hangingwall side of the listric faults, in a more favourable lithological setting, with lower metamorphic grades, and which have a substantially higher density of mapped gold occurrences.

The Nuon River assets comprise a 100% interest in five adjacent permits granted to Middle Island Resources in its own right (Figure 10). An error by the Liberian Department of Mines in omitting to excise two small pre-existing permits has resulted in a minor adjustment to the granted area announced previously. The total area is now marginally larger, and the northern and southern portions of the original Cestos Shear permit, which is effectively split into two by one of the excisions, have been granted as two separate permits, termed Cestos North and Cestos South respectively. These modifications in no way impinge on the integrity or potential of the originally granted permit areas. Middle Island also has the right to earn up to a 75% initial interest in the 657km<sup>2</sup> Grand Gedeh permit for an initial US\$100,000 cash payment, followed by staged exploration expenditure of up to US\$5 million over a 5 year term or completion of a feasibility study, whichever is the earlier.



The Grand Gedeh permit includes a long history of significant artisanal alluvial and saprolite gold mining activity, particularly at the Batejam and Nico mining centres. Previous exploration has also identified numerous significant stream sediment anomalies throughout the Grand Gedeh permit. The Big Hill Prospect within the Batejam mining centre (Figure 11 and 12) is defined by a broad, 2km long, open ended, high tenor soil anomaly pock-marked by abundant active and historic artisanal shafts. Gold mineralisation appears to be associated with sheeted or stockwork quartz veining hosted within altered volcanic. The prospect is readily accessible via established roads.





**Figure 12**

**Big Hill Prospect within the Grand Gedeh Permit, showing abundant artisanal shafts developed to ~40m depth in the foreground and alluvial workings evident through the trees in the background**



The remaining 100% owned permits incorporate numerous mapped (USGS) and identified gold occurrences located across the Archaean/Birimian transition zone, however no modern exploration has ever been undertaken.

The Nuon River Project represents the realisation of a key objective of Middle Island, to secure a major land package in one of the most prospective emerging gold frontiers of West Africa.

### **Safety, Social & Environmental**

#### ***Safety***

Middle Island notes with sadness the untimely passing of two of its new Burkina Faso employees in a non-work related incident. The employees, a chef and field technician at the Reo Project, died in a traffic accident within the broader project area on 14 June 2011. While the incident occurred outside work hours, and did not involve any company vehicles or work duties, it nevertheless remains a sad event so early in the building of our Middle Island team in Burkina Faso. Local Company managers attended the funerals, passed condolences to the families, and provided some financial assistance. We continue to share and reinforce with all of our colleagues at Reo, and elsewhere in West Africa, the need for constant safety awareness.

A single medically treated injury (MTI), involving a hand injury on an auger rig, was also reported in the June Quarter. The incident occurred when a contractor was removing a pin during a rod change. The injury was treated at the local clinic, and the contractor returned to work the same day on light duties and was drilling again the following day.

No other lost time injuries (LTI's) or medically treated injuries (MTI's) were reported from any of the Company's projects during the June Quarter, as MDI continues to reinforce its culture in terms of safety.



**Social**

Following another collapse of artisanal workings resulting in several fatalities at the Nebya (K5) site on the Reo Project, the Burkina Faso Mines Minister immediately closed the operation and posted police to ensure the illegal miners do not return. While MDI is absolved of any responsibility for safety, environmental or social issues arising from the artisanal activities at Nebya, the Company continues to work closely with the Dassa and Nebya village authorities, communities and police to ensure the site remains permanently closed.

Consistent with the Company's policy of contributing 5% of its project exploration expenditure towards social development initiatives in the communities in which we operate, appropriate 2011/12 projects have commenced for both the Reo Project in Burkina Faso and the Nassilé Project in Niger.

At the Reo Project, the Company is partnering with French NGO, Eau Vive, and the Pouni Community Council to provide a solar powered, reticulated water supply to more than 1,000 residents of the relatively dispersed village of Pouni (Figure 13 below) in the eastern portion of the project area. Middle Island is pleased to report that the project is progressing well, with three water distribution points having been identified and constructed in consultation with the local community. Bore pump tests yielded 4.5 cubic metres per hour, with stress pumping tests indicating no significant stress on the reservoir.

**Figure 13**  
**Existing water well servicing disparate areas of Pouni village**



At the Nassilé Project in Niger, Middle Island is progressing plans to construct a primary school in Koutougou village, adjacent to the Company's camp. At present there are two teachers and 40 pupils who have no classrooms, but are required instead to conduct lessons in the open or in low makeshift thatch shelters the walls of which are regularly blown away or consumed by livestock (Figure 14 below). The Company has again engaged the services of Eau Vive to design, implement and manage the project in consultation with the Niger Government and the Koutougou community.



# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

**Middle Island Resources Limited**

ABN

70 142 361 608

Quarter ended ("current quarter")

30 June 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(646)	(2,222)
(b) development	-	-
(c) production	-	-
(d) administration	(231)	(727)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	93	205
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(16)
<b>Net Operating Cash Flows</b>	<b>(784)</b>	<b>(2,760)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	(236)	(236)
(b) equity investments	-	-
(c) other fixed assets	(27)	(496)
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(263)</b>	<b>(732)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,047)</b>	<b>(3,492)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,047)	(3,492)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	12,500
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material) Share issue transaction costs	-	(663)
	<b>Net financing cash flows</b>	-	11,837
	<b>Net increase (decrease) in cash held</b>	(1,047)	8,345
1.20	Cash at beginning of quarter/year to date	11,193	1,801
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	10,146	10,146

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	141
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

**Non-cash financing and investing activities**

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	-
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>1,250</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	853	874
5.2 Deposits at call	9,293	10,319
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>10,146</b>	<b>11,193</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	<u>Liberia:</u>			
	Zwedru Nth	Registered Holder	Nil	100%
	Zwedru	Registered Holder	Nil	100%
	CestosSth	Registered Holder	Nil	100%
	Putu	Registered Holder	Nil	100%
	Grand Gedeh	Option to purchase	Nil	Earning up to 75%
	<u>Burkina Faso:</u>			
Tiogo	Registered Applicant	Nil	100%	
NebyaSud	Registered Applicant	Nil	100%	

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

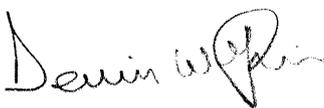
*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference</b> <b>+securities</b> ( <i>description</i> )				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	99,987,349	64,240,008		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> ( <i>description</i> )				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> ( <i>description and conversion factor</i> )	250,000 15,000,000 250,000 450,000 250,000	- - - - -	<i>Exercise price</i> 25 cents 25 cents 37.5 cents 37.5 cents 50 cents	<i>Expiry date</i> 31 December 2014 30 June 2015 31 December 2014 1 November 2013 31 December 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> ( <i>totals only</i> )				
7.12 <b>Unsecured notes</b> ( <i>totals only</i> )				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~not~~\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:  Date: • July 2011  
(Company secretary)

Print name: **Dennis Wilkins**

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==

---

+ See chapter 19 for defined terms.