



Middle Island
RESOURCES LIMITED



Middle Island Resources Limited
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QUARTERLY REPORT FOR THE PERIOD ENDED 31 MARCH 2011

ACTIVITIES

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:

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Western Australia

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E: info@middleisland.com.au

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

- Processing and interpretation of high resolution airborne magnetic and radiometric data generated over the Reo Project in Burkina Faso during the December Quarter 2010 has been completed, with a major shear zone identified extending for 50km through the project tenements. **The results of the airborne survey significantly enhance the overall prospectivity and value of the Reo Project.**
- An 800m trenching program, which commenced in December 2010 on the Morley Prospect at the Reo Project, is still in progress, with 11 trenches (500m) having been completed at the end of the March Quarter 2011. Better previously reported gold results returned from the trenching programme to date include **11m at 7.97g/t (including 4m at 20.2g/t), 6m at 3.88g/t, 9m at 2.19g/t and 12m at 3.17g/t Au.**
- The initial RC drilling program at the Reo Project in Burkina Faso, which commenced on 7 February 2011, was completed in March 2011. A total of 68 holes for 5,714m were drilled. All samples have been submitted for analysis, and results had been received for the first 43 holes at the end of the March Quarter 2011. Better previously reported gold results returned from the RC drilling programme to date include **2m at 18.0g/t, 1m at 21.9g/t, 6m at 2.37g/t, 10m at 9.63g/t (including 1m at 43.0g/t), 6m at 2.47g/t, 6m at 4.16g/t, 4m at 3.61g/t and 1m at 75.5g/t Au.**
- An initial 20,000m auger geochemical drilling programme, which commenced at the Nassilé Project in Niger in December 2010, is still in progress, with some 15,203m (2,911 holes) completed by the end of the March Quarter 2011. **Results of the Phase I work to date identify a 3km extension of the Songonduari Prospect, an extension or repetition of the Forbemi Prospect and a new high tenor, 2.5km diameter anomaly referred to as Bamperi South.**



Overview

During the March Quarter 2011, Middle Island Resources (the Company) has been progressing exploration programs on its granted Reo and Nassilé gold projects in Burkina Faso and Niger respectively. The primary initial focus has been on the northern portion of the Morley Prospect at the Reo Project, largely by virtue of the extremely encouraging trenching and drilling results previously generated by Newmont.

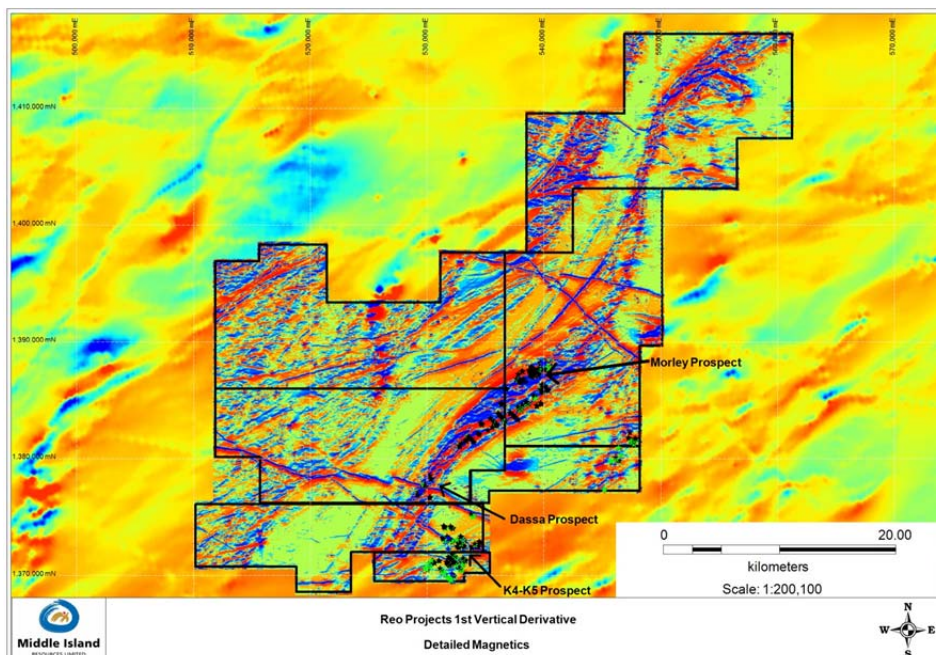
“I am extremely pleased with the significant progress we have made in what is less than four months since listing Middle Island. Not only have we completed a great deal of exploration work, which has generated extremely encouraging exploration results, we have also established our corporate headquarters in Perth, operational headquarters in Ouagadougou and satellite office in Niamey, established functional exploration camps at both the Reo and Nassilé projects, and built the foundations of a highly professional exploration and administrative team that has done a magnificent job in efficiently coordinating these activities”, Managing Director Rick Yeates said.

Exploration Activities

The following exploration activities were undertaken over the Company’s projects during the reporting period;

Reo Project (Burkina Faso)

- A structural interpretation and targeting study were completed over the Reo Project following receipt of processed airborne magnetic and radiometric data. These studies, which were undertaken by independent structural consultant Dr Brett Davis, identified a major shear zone extending for a strike length of 50km through the Reo Project tenements, explaining the location of the previously identified Morley, Goumi and Dassa gold prospects, and providing a primary focus for future regional exploration as shown in the image below. In addition to the known gold prospects, which were identified without the benefit of previous geochemical data, the study identified a further three priority targets for future assessment. The principal new target is located in the northern portion of the project area, where the major shear zone is deflected around the margins of a small intrusive stock, the setting being very similar to that hosting the Morley Prospect adjacent to the Didyr batholith to the south. The results of the airborne survey significantly enhance the overall prospectivity and value of the Reo Project.



Airborne magnetic image of the Reo Project showing the major shear zone identified that extends 50km through the project tenements. This structure explains the location of the Morley, Goumi and Dassa prospects and will provide a major focus for regional auger geochemical drilling commencing in April 2011.



- Remodelling of the previous Newmont trenching and drilling results, indicated that the Morley Prospect appears to comprise a series of broadly east-west trending, mineralised dilation zones that dip moderately north and are stacked within a northwest trending zone along the axis of the primary shear around the margins of the Didyr granitoid. In order to confirm the validity of this interpretation an 800m trenching programme and an initial 5,000m RC drilling programme were collectively designed to confirm the three-dimensional geometry of the mineralised zones and to test the strike and depth extensions around significant previous gold intercepts at the Morley Prospect.
- The 800m trenching programme at the Morley Prospect was commenced in December 2010 to trace the surface expression of mineralisation associated with the northern zone over an approximate 800m east-west strike length. Of the planned 14 trenches, 11 had been completed by the end of the March Quarter 2011. Manual excavation of trenches through the laterite cover has proved too difficult and slow, and as such an excavator has been engaged to complete the programme during April. A tabulation of more significant trench intercepts returned to date, along with a plan of the trenching programme, are provided below.

Table of significant trench intercepts - Morley Prospect

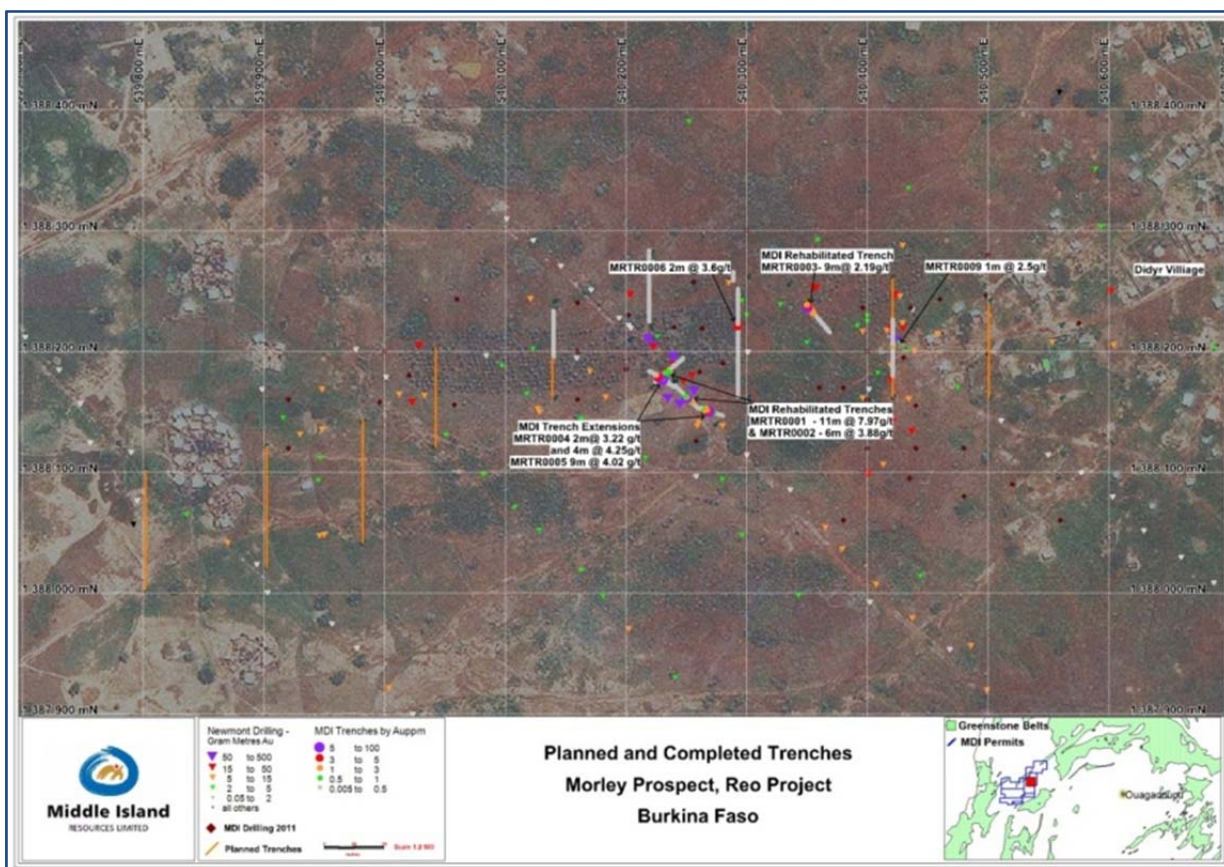
Trench ID	Easting	Northing	Azimuth	Dip	From (m)	To (m)	Interval (m)	Grams/Tonne
MRTR0001 #	540240	1338873	317	0	7	18	11	7.97†
				including	7	9	2	1.93*
				and	11	15	4	20.17*
MRTR0002#	540220	1388169	47	0	3	9	6	3.88†
				including	4	7	3	6.09*
				and	8	9	1	3.54*
					11	16	5	0.93†
				including	15	16	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



Trench Plan - Morley Prospect, with planned trenches shown in orange and completed trenches shown in grey.

- The initial RC drilling program at the Morley Prospect on the Reo Project commenced on 7 February 2011 and has now been completed. A total of 68 holes for 5,714m were drilled. All samples have been submitted for analysis, and results have been received for the first 43 holes. 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 remodeled drilling completed by Newmont. The results received for Morley are consistent with stacked shallow north-dipping veins and lodes, and the current drill orientation is providing near true widths of mineralisation. However, further results are required to be able to confirm the architecture and potential of the entire Morley system. A full synthesis will be provided when the Company releases results for the remainder of the program during the June Quarter 2011. A list of more significant RC drill intersections returned to date, along with a plan of the drilling, are provided below.

Table of significant RC drilling results – Morley Prospect

Hole	East	North	RL	Total Depth	From	To	Width	Au (ppm)
MRR0001	540261	1388183	299	84	17	19	2	18.00
				including	17	18	1	32.5†
					24	28	4	1.57
MRR0002	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
MRR0003	540263	1388219	299	72	39	45	6	2.37
				including	40	41	1	4.66*
				and	44	45	1	3.26*
MRR0004	540430	1388195	313	102	96	97	1	3.74
MRR0005	540440	1388155	299	84	33	34	1	2.05
					74	84	10	9.63
				including	74	75	1	43.0†



Hole	East	North	RL	Total Depth	From	To	Width	Au (ppm)	
					and	82	83	1	13.5†
MRRRC0006	540400	1388200	305	106	72	73	1	1.10	
					90	96	6	2.47	
				including	93	94	1	8.78*	
MRRRC0008	540200	1388185	300	84	4	5	1	1.87	
					10	11	1	1.43	
					29	30	2	1.36	
					46	47	1	7.41	
MRRRC0009	540202	1388230	298	114	37	38	1	1.27	
					70	72	2	1.97	
MRRRC0010	540396	1388236	307	126	101	102	1	2.49	
MRRRC0013	540575	1388223	300	84	33	36	3	1.71	
MRRRC0014	540500	1388198	300	84	10	11	1	1.06	
MRRRC0015	540498	1388246	298	84	35	39	4	1.05	
MRRRC0016	540400	1388160	303	88	60	66	6	4.16	
				including	60	61	1	10.1†	
					72	73	1	1.18	
MRRRC0020	539996	1388158	294	84	40	41	1	1.50	
MRRRC0022	539920	1388120	283	78	32	36	4	1.27	
MRRRC0027	539155	1387125	293	90	32	33	1	3.01	
MRRRC0028	539200	1387100	295	84	22	24	2	1.72	
MRRRC0033	540160	1388200	294	90	34	36	2	3.08	
MRRRC0034	540160	1388240	296	78	76	77	1	1.00	
MRRRC0036	540256	1388257	304	132	76	80	4	3.61	
MRRRC0038	540258	1388126	295	78	26	27	1	1.20	
MRRRC0040	540400	1388120	306	82	33	34	1	75.5	
					37	38	1	7.13	
					45	50	5	2.15	
MRRRC0041	540440	1388120	308	90	47	48	1	1.02	
MRRRC0043	540436	1388236	314	54	33	35	2	2.51	

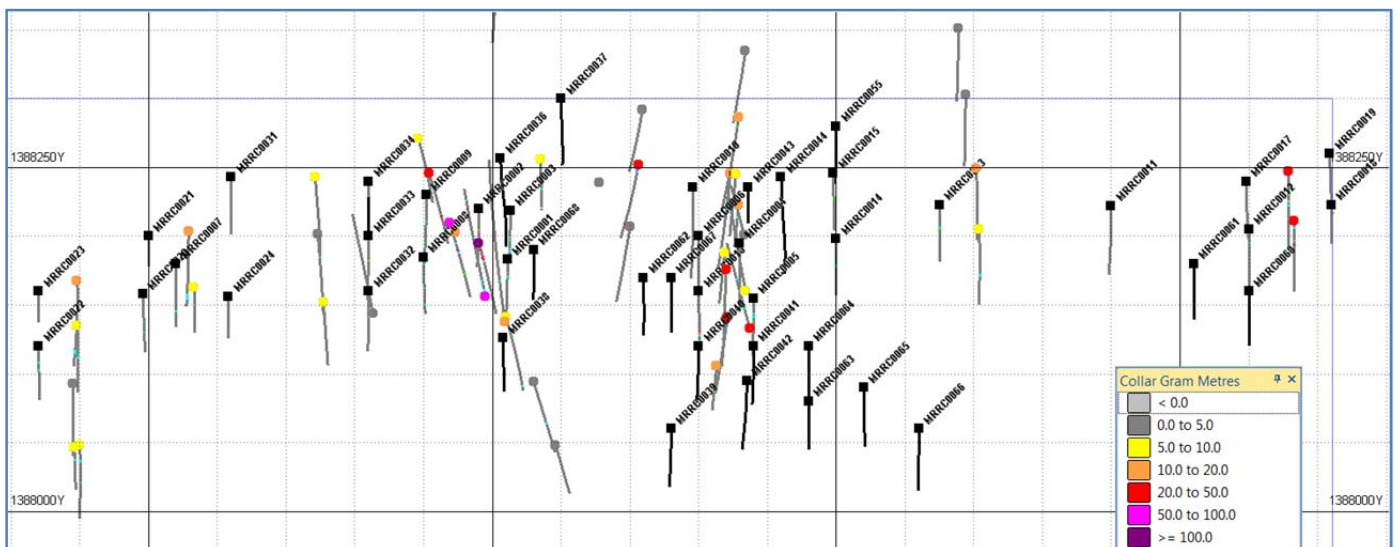
Notes:

All holes drilled at -60 degrees to grid south.

Significant Intercepts calculated at a 1g/t Au cutoff value including 2m of internal waste.

*Denotes intercepts calculated using a 3g/t Au cutoff and no internal waste.

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



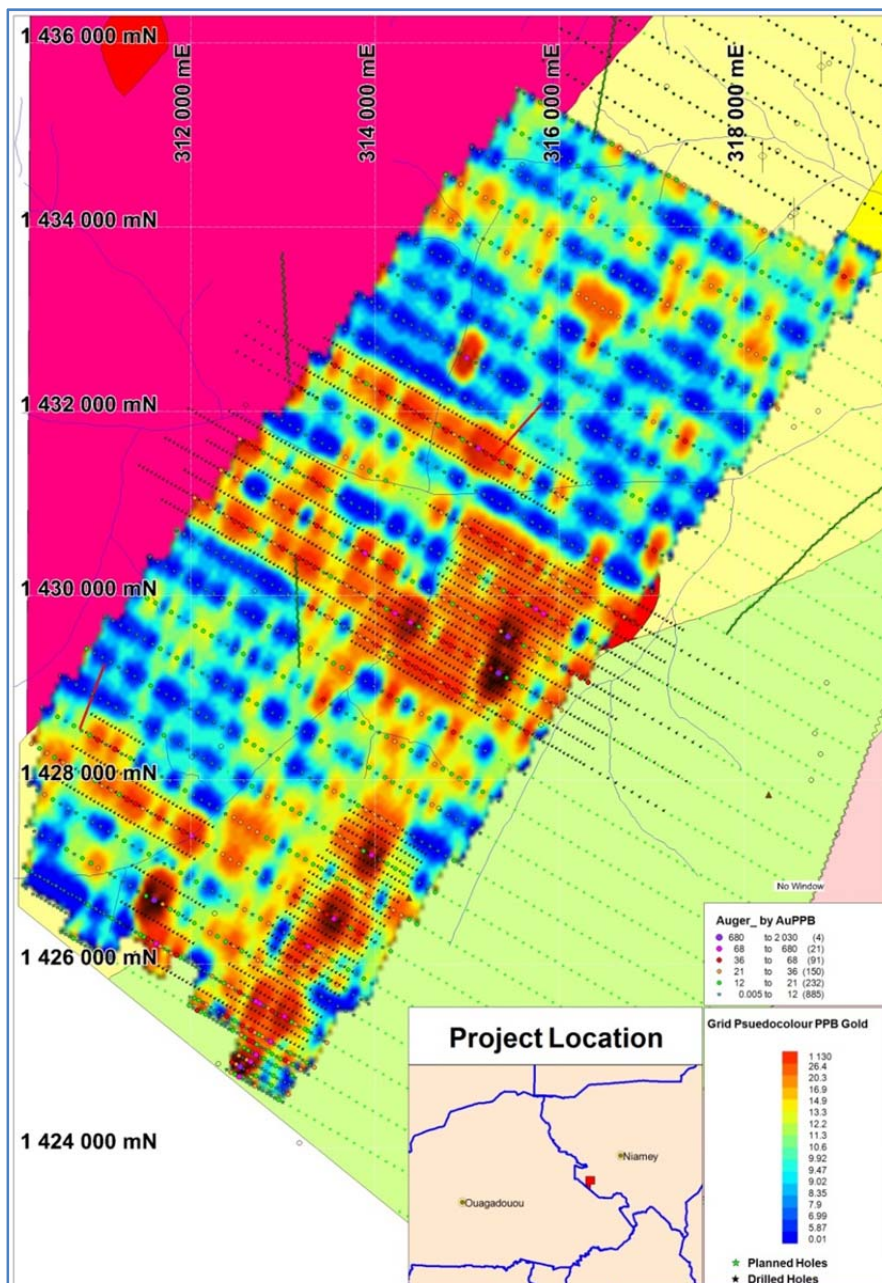
Morley Prospect - Northern Zone RC Drilling (MDI holes as black collars and drill traces; Newmont hole collars colour-coded by grams x metres).

- Activities on the Reo Project in the June Quarter 2011 and prior to the onset of the monsoon season are planned to include completion and reporting of the trenching programme at Morley, full reporting of the RC drilling programme at Morley once final assay results have been received, and commencement of an initial 20,000m geochemical auger drilling programme in April, with a focus on systematic assessment of priority targets along the recently identified major shear zone which extends for 50km through the project tenements.



Nassilé Project (Niger)

- A high resolution airborne magnetic and radiometric survey planned for the March Quarter over the Nassilé Project in Niger has been delayed pending the outcome of a security review by the survey contractor. An alternative contractor has been secured to undertake this work in April 2011 if required.
- An initial 20,000m auger geochemical drilling programme, which commenced at the Nassilé Project in Niger in December 2010, is still in progress, with some 15,203m (2,911 holes) completed by the end of the March Quarter 2011. To date the two auger rigs have completed the entire Phase 1 program (400m x 100m) and the first 212 holes of the Phase 2 infill work (200m x 50m). Results of the Phase I work to date have identified a ~3km long northern extension of the Songonduari Prospect, a northwest extension or repetition of the Forbemi Prospect and a new high tenor, 2.5km diameter anomaly referred to as Bamperi South. Infill auger drilling to refine these anomalies has now commenced on a 200m x 50m pattern. This work, along with the planned airborne magnetic survey will contribute to defining and prioritising targets for subsequent RAB, aircore and RC drilling at Nassilé in the June Quarter. The results of geochemical auger drilling received to date are shown in the figure below.



Imaged gold geochemistry returned from auger drilling at the Nassilé Project to end March 2011, also showing planned infill drilling.



- Activities on the Nassilé Project in the June Quarter 2011 and prior to the onset of the monsoon season are planned to include completion and reporting of the initial and infill geochemical auger drilling programmes, completion and processing of the high resolution airborne geophysical survey, and initial RAB or RC drill assessment of priority targets generated by auger drilling.

Dogona Project (Niger)

- The Dogona and Boulkagou permit applications, collectively comprising the Dogona Project, were granted by the Acting Minister for Mines in March 2011, however the permits will not be formally issued until after the new Minister takes up his/her post in mid-April 2011, when the transition arrangements following the Presidential elections held in January come to an end.
- Once the permits are issued, the Company immediately intends to fly a high resolution airborne magnetic and radiometric survey over the entire project area with a view to prioritising target corridors for initial geochemical auger drilling next field season in Q4 2011.
- In January 2011, a new gold rush was reported 2km north of Dogona village as shown in the photo below. An estimated 7,000 artisanal miners descending on the prospect within a 21 day period from discovery, with some workings already at a depth of 12m, accessing quartz veins in weathered gabbro.



Some of the 7,000 artisanal miners working on a new gold prospect discovered in January 2011 on the Dogona Permit.

Safety, Social & Environmental

Safety

Middle Island is pleased to report that there were no lost time injuries (LTI's) or medically treated injuries (MTI's) reported from any of the Company's activities during the March Quarter, as the company continues to build its culture in terms of health and safety.

However, one Incident was reported involving the RC drill rig contracted from West African Drilling Services (WADS) to the Reo Project, which caught fire during nightshift on 21 February 2011. The fire was extinguished in minutes without major damage or injury. A full incident report (IR) has been received from the contractor.



Social

Although absolved of any safety, social or environmental liabilities associated with artisanal mining activity on the K5 Prospect at the Reo Project by virtue of a letter agreement between the Burkina Faso Government and Newmont Ventures Limited, Middle Island continues to monitor the potential impact this activity is having on the local inhabitants and environment via dialogue with the Mayors of Dassa and Nebya villages, and the Préfet of Dassa Prefecture. At this stage there are no plans to close the area to illegal mining activity (shown below), at least until the onset of the monsoon in June/July 2011, when the majority of miners will return to their home villages for the farming season in any case.



Some 10,000 illegal miners were present on the K5 Prospect at the Reo Project in February 2011.

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

At the Reo Project, the Company has elected to partner with French NGO, Eau Vive, and the Pouni Community Council to provide a reticulated water supply to over 1,000 residents of the relatively dispersed village of Pouni in the eastern portion of the project area. It is anticipated that the Company will authorise commencement of this project once final specifications and supplier quotations are received from Eau Vive.

At the Nassilé Project, Middle Island has identified the urgent need for a primary school to be constructed in Koutougou village, adjacent to the Company's camp. At present there are two teachers and 40 pupils that 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 as shown in the photo below. The Company is initiating discussions with the Niger Government to seek approval for the project and to ensure the construction of classrooms is consistent with national standards.



The Headmaster of Koutougou Primary School next to one of two temporary classrooms currently accommodating some 40 students. Middle Island intends to construct two new classrooms as part of its social development initiative at Nassilé for 2011/12.

Environmental

Middle Island is also pleased to advise that there were no environmental incidents reported from the Company's activities during the March Quarter 2011.

All drill collars, for both RC and auger drilling programmes, are being plugged and capped on completion, and the trenches will be backfilled and rehabilitated with the excavator on completion of the trenching programme in April.

Corporate

Since the end of the March Quarter 2011 a series of isolated security incidents have been reported in Burkina Faso. These incidents are understood to have occurred in response to a dispute between the Government and military over pay and living conditions. No deaths and only two injuries have been reported, and while a night time curfew has been put in place in Ouagadougou, the situation has not disrupted Middle Island's exploration activities in any way. Naturally the Company is continuing to monitor developments closely.

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MEDIA CONTACT:

Kevin Skinner Field Public Relations +61 (0)8 8234 9555 / +61 (0)414 822 631

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Competent Persons Statement

Information in this report relates to exploration results or mineral resources that are based on information compiled by Mr Rick Yeates (Member of the Australasian Institute of Mining and Metallurgy) and Mr Beau Nicholls (Member of Australian Institute of Geoscientists). Mr Yeates and Mr Nicholls are both fulltime employees of Middle Island and have sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activities undertaken to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Yeates and Mr Nicholls consent to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Please note with regard to exploration targets, the potential quantity and grade is conceptual in nature, that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Middle Island Resources Limited

ABN

70 142 361 608

Quarter ended ("current quarter")

31 March 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,087)	(1,576)
(b) development	-	-
(c) production	-	-
(d) administration	(171)	(496)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	56	112
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(4)	(16)
Net Operating Cash Flows	(1,206)	(1,976)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(302)	(469)
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)	-	-
Net investing cash flows	(302)	(469)
1.13 Total operating and investing cash flows (carried forward)	(1,508)	(2,445)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,508)	(2,445)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(175)	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	(292)	(663)
	Net financing cash flows	(467)	11,837
	Net increase (decrease) in cash held	(1,975)	9,392
1.20	Cash at beginning of quarter/year to date	13,168	1,801
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	11,193	11,193

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	133
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	3,000
4.2	Development	-
4.3	Production	-
4.4	Administration	250
Total		3,250

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	874	997
5.2 Deposits at call	10,319	12,171
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	11,193	13,168

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	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

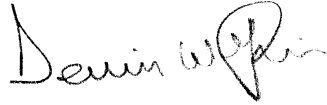
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	99,987,349	57,220,008		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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	50,000	-	37.5 cents	1 November 2013
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <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 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: **19 April 2011**

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

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