



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
ACN 142 361 608

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QUARTERLY REPORT

For the period ended 30 June 2015

HIGHLIGHTS

Middle Island Resources Ltd
ACN 142 361 608

ASX Code: MDI

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Western Australia

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Capital Structure:

125 million shares
800,000 options

Board Members:

Peter Thomas

Chairman

Rick Yeates

Managing Director

Beau Nicholls

Non-Executive Director

Linton Kirk

Non-Executive Director

Dennis Wilkins

Company Secretary

- Cash position of A\$565,000 and no debt as at 30 June 2015.
- During the June quarter the Company received an R&D Tax Incentive refund of \$243,000.
- On 24 June 2015, the Company launched a fully underwritten rights issue to raise \$500,000, before costs.
- No exploration was undertaken during the June quarter in line with the previously detailed corporate strategy.
- The Company's focus during the period under review has been the on-going identification and review of new project opportunities.
- Formal due diligence and documentation is now well advanced on a highly prospective project acquisition.

Operating Activities

Corporate

Finance

Middle Island held cash of approximately A\$565,000 and no debt as at 30 June 2015.

During the June quarter the Company's cash balance was supplemented by an R&D Tax Incentive refund of \$243,000. The R&D refund represents a partial reimbursement of Middle Island's expenditure in relation to due diligence activities on the Samira Hill gold mine in Niger, West Africa, resulting from the development of a customised and reusable mine optimisation methodology.

Aside from expenditure related to due diligence activities and legal documentation on recent shortlisted project acquisition opportunities, your Company has continued to implement and consolidate incremental cost savings during the June quarter in order to conserve the Company's remaining cash.

Middle Island launched a capital raising at the end of the June quarter. The equity capital raising comprises a non-renounceable 1 for 1 rights issue to all existing shareholders, fully underwritten by the directors. The issue will raise \$500,000 before costs and the funds will be applied to the possible acquisition and exploration of what is an exciting, advanced, new project, in addition to working capital. It is stressed, however, that legal documentation relating to this transaction is incomplete and there is absolutely no assurance that it will be successfully completed. If the current priority transaction is not consummated as intended, then the funds will be applied to transacting and exploring an identified and short-listed, alternative project opportunity, on which technical due diligence has already been completed.

Strategy

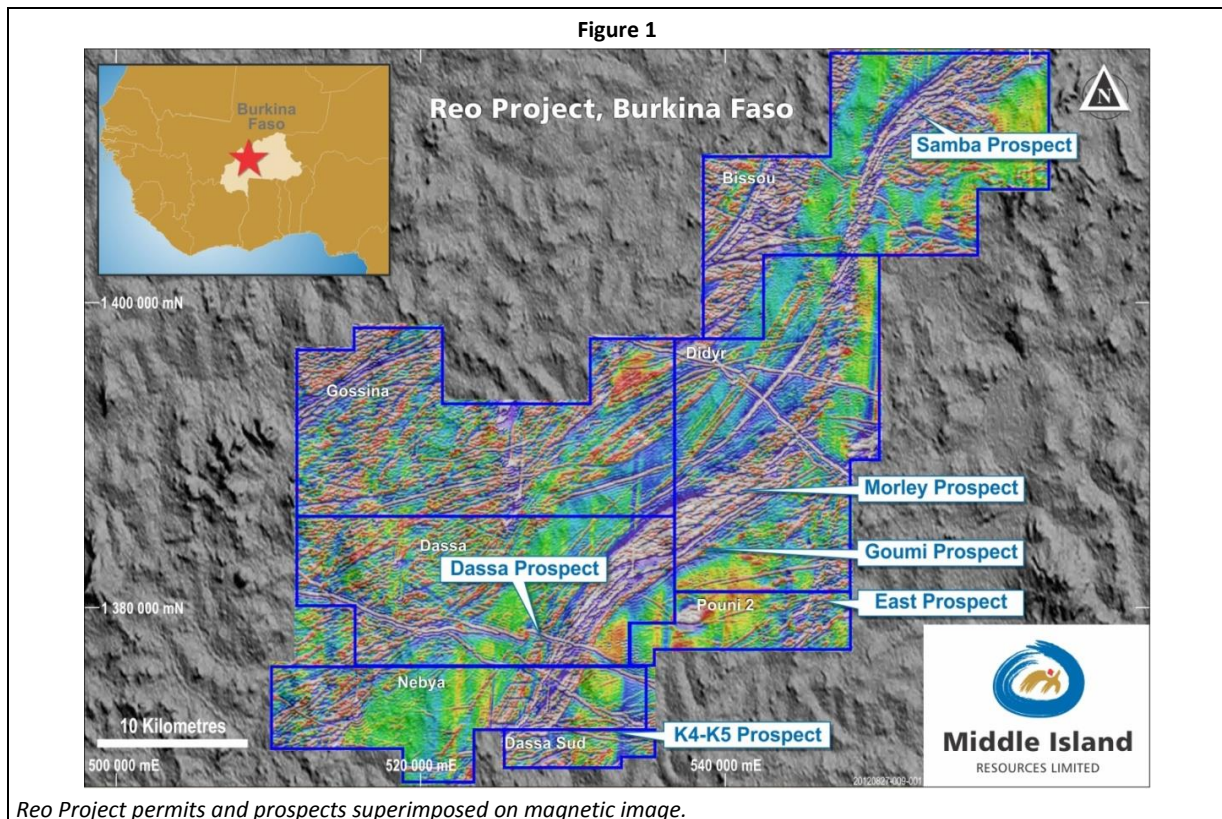
Middle Island's strategic focus remains two-fold; to identify an appropriate partner to invest in resource definition drilling and feasibility studies at the Reo gold project in Burkina Faso, and to identify a new gold or copper-gold transaction that will generate significant additional shareholder and investor interest.

Since October 2014, Middle Island has identified and investigated some 270 new project opportunities, primarily within Australia and Africa. The vast majority of these opportunities are inconsistent with the Company's strategy. However, technical due diligence reviews have been completed on three of the better, short-listed opportunities. The most advanced of these is currently the subject of full technical, legal and financial due diligence and documentation in the expectation of successfully concluding a transaction in the September quarter of 2015. Your Directors believe that, if successfully concluded as contemplated, the transaction should transform the Company's fortunes.

No meaningful farm-in offers on the Reo Project have been forthcoming. However, numerous entities are still reviewing the data, including two companies that are revisiting the opportunity.



Reo Gold Project – Burkina Faso



Exploration

No exploration was undertaken within the Company's 100%-owned Reo gold project during the June quarter, with the focus being on identifying an appropriate partner to help fund the project through to feasibility.

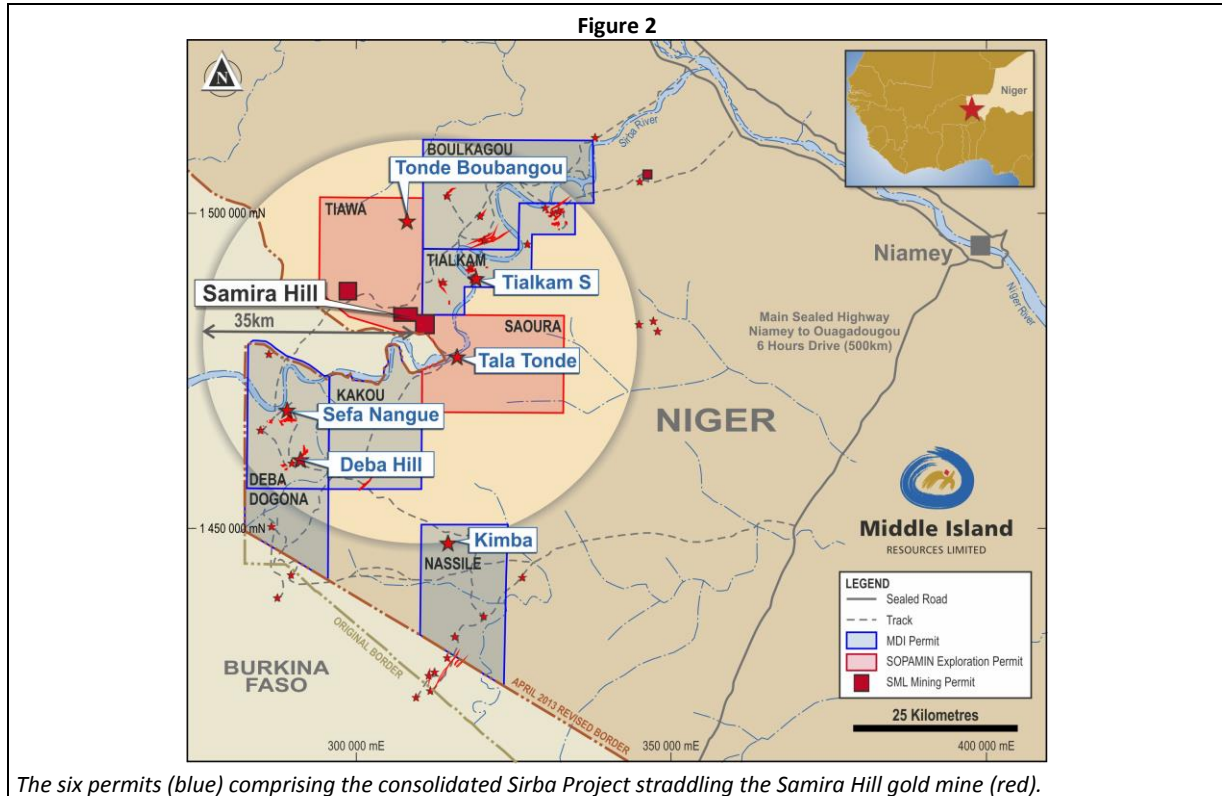
The Reo gold project remains highly prospective, with significant unfinished resource definition and exploration activities still to be completed.

Tenure

All Reo Project permits remain in good standing.



Sirba Gold Project – Niger



Exploration

No exploration was undertaken within the Sirba gold project permits during the June quarter.

Tenure

The status of the Deba and Tialkam permits remains unchanged. No advice was received during the quarter on the outcome of either the Company's request to have these permits reinstated or the permit re-applications.

Similarly, renewal applications for the Dogona and Boulkagou permits, lodged on behalf of joint venture partner Cassidy Gold Limited in August 2014, are still pending.

Although unlikely, opportunities to dispose of the Company's Niger permit interests continue to be pursued. However, given the current investment climate in Niger, the book value of these has regrettably been written back to zero.



Safety, Environmental & Social

Health, Safety & Environment

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

Social

Given that the Company's community development initiatives have been curtailed in the absence of exploration, contact with our host communities at the Reo Project is being maintained to ensure they are kept appropriately informed of Middle Island's situation.

Comments

Equity markets showed little or no overall improvement during the June quarter and conditions for junior explorers remains extremely challenging.

Having consolidated actions to minimise expenditure, the Company has continued to primarily focus on capitalising on the weak sentiment to consummate a project or corporate transaction that will positively enhance Middle Island's longer term future. In this respect, some 270 opportunities have now been reviewed, technical due diligence has been undertaken on three of these, and full technical, legal and financial reviews have been completed on the best opportunity. In the latter case, the Company is now finalising documentation with a view to successfully concluding a transaction on what the Directors consider is a project of potential global significance.

Assuming a transaction can be successfully consummated (which is by no means certain), in June the Company launched a modest, non-renounceable, rights issue, fully underwritten by the Directors. The Rights Issue will raise \$500,000 (before costs) in order to ensure initial exploration on the proposed new project is adequately funded and, if the preferred transaction is not consummated, to provide funds that will be applied to transacting and exploring an identified alternative project. The issue is structured to provide every possible opportunity for our extraordinarily loyal and patient shareholders to be well-positioned to take maximum advantage of the transaction that is presently being pursued (or any future opportunity the Company may elect to pursue). **This is the first occasion since the IPO in 2010 that Middle Island has sought financial support from shareholders. The response has been overwhelming, for which the Directors are sincerely appreciative.**

COMPANY CONTACTS:

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Competent Person's 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). 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 release of the statements based on his information in the form and context in which they appear.

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 have been 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.

Middle Island Resources Limited (**Company**) advises the following information required under ASX Listing Rule 5.3.3:

Mining Tenements

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed during the quarter	Mining tenements held at the end of the quarter	Tenements location
Pouni	-	-	100%	Burkina Faso
Dassa	-	-	100%	Burkina Faso
Didyr	-	-	100%	Burkina Faso
Dassa Sud	-	-	100%	Burkina Faso
Nebya	-	-	100%	Burkina Faso
Bissou	-	-	100%	Burkina Faso
Gossina	-	-	100%	Burkina Faso
Nassilé	-	-	100%	Niger
Kakou	-	-	100%	Niger
Tialkam	-	-	Nil (pending appeal)	Niger
Deba	-	-	Nil (pending appeal)	Niger

Farm-in or Farm-out Arrangements

Tenements	Interests in farm-in or farm-out acquired during the quarter	Interests in farm-in or farm-out disposed during the quarter	Interests in farm-in or farm-out held at the end of the quarter	Tenements location
Dogona	-	Renewal pending	Earning 90%	Niger
Boukagou	-	Renewal pending	Earning 90%	Niger

Visit www.middleisland.com.au for further information and announcements.