



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
ACN 142 361 608

Suite 1, 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

Middle Island Resources Ltd
ACN 142 361 608
ASX code: MDI
www.middleisland.com.au

Capital Structure:

586 million ordinary shares
38,300,000 unlisted options

Cash

\$1.84m (as at 30 June 2017)

Directors & Management:

Peter Thomas

Non-Executive Chairman

Rick Yeates

Managing Director

Beau Nicholls

Non-Executive Director

Dennis Wilkins

Company Secretary

Contact:

Rick Yeates

Mob: +61(0)401 694 313

rick@middleisland.com.au

ASX Release – 28 August 2017

Three key drilling campaigns commenced at Sandstone gold project, WA

- Three significant drilling programmes today commenced at Middle Island's Sandstone gold project in WA.
- Diamond drill hole MSDD156, which generated a recent intercept of **415.2m at 1.34g/t Au** within the project's Two Mile Hill tonalite is being extended to a target depth of at least 850m, utilising the balance of the WA Government's Round 14 EIS grant.
- That hole ended in mineralisation at 498.9m depth with an intercept of **66.9m at 3.27g/t Au**, with the current extension designed to determine if the increasing gold tenor persists with depth.
- Reverse circulation (RC) pre-collared diamond drilling will also assess up-dip extensions of high grade, BIF-hosted gold mineralisation, which includes a best intercept of **22m at 23.8g/t Au (true width)**, adjacent to the Two Mile Hill tonalite.
- Maiden verification, infill and extension RC pre-collared diamond drilling is similarly being undertaken to assess the recently optioned Wirraminna gold deposit, which includes better intercepts of **11m at 23.8g/t & 16m at 14.6g/t Au**.
- All three new drilling programs – results available by October - are anticipated to generate significant additional gold inventory to underpin MDI's pending decision to recommission the Company's 600,000tpa gold processing operation at Sandstone.

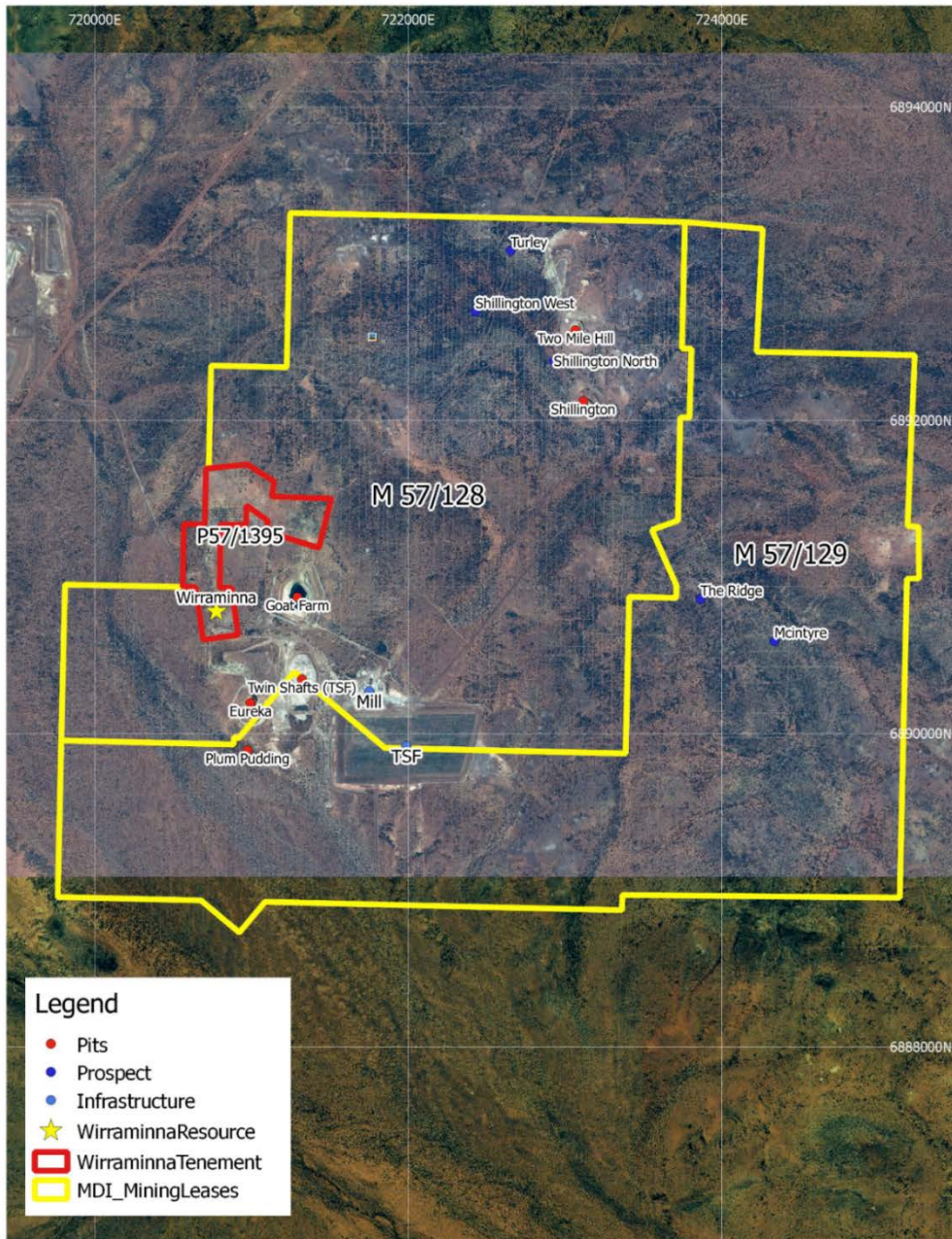


SANDSTONE GOLD PROJECT (WA)

Aspiring gold developer, Middle Island Resources Limited (**Middle Island, MDI or the Company**) is pleased to announce that it has today commenced three significant drilling programmes at the Two Mile Hill and Wirraminna deposits within and immediately adjacent to its 100%-owned Sandstone gold project in WA (Figure 1).

It is anticipated that results from all three drilling programmes will become available in October.

Figure 1
Sandstone gold project showing the location of the Two Mile Hill and Wirraminna deposits



Middle Island Resources
Wirraminna Prospect

500 0 500 1000 m



GDA94 MGA Zone 50

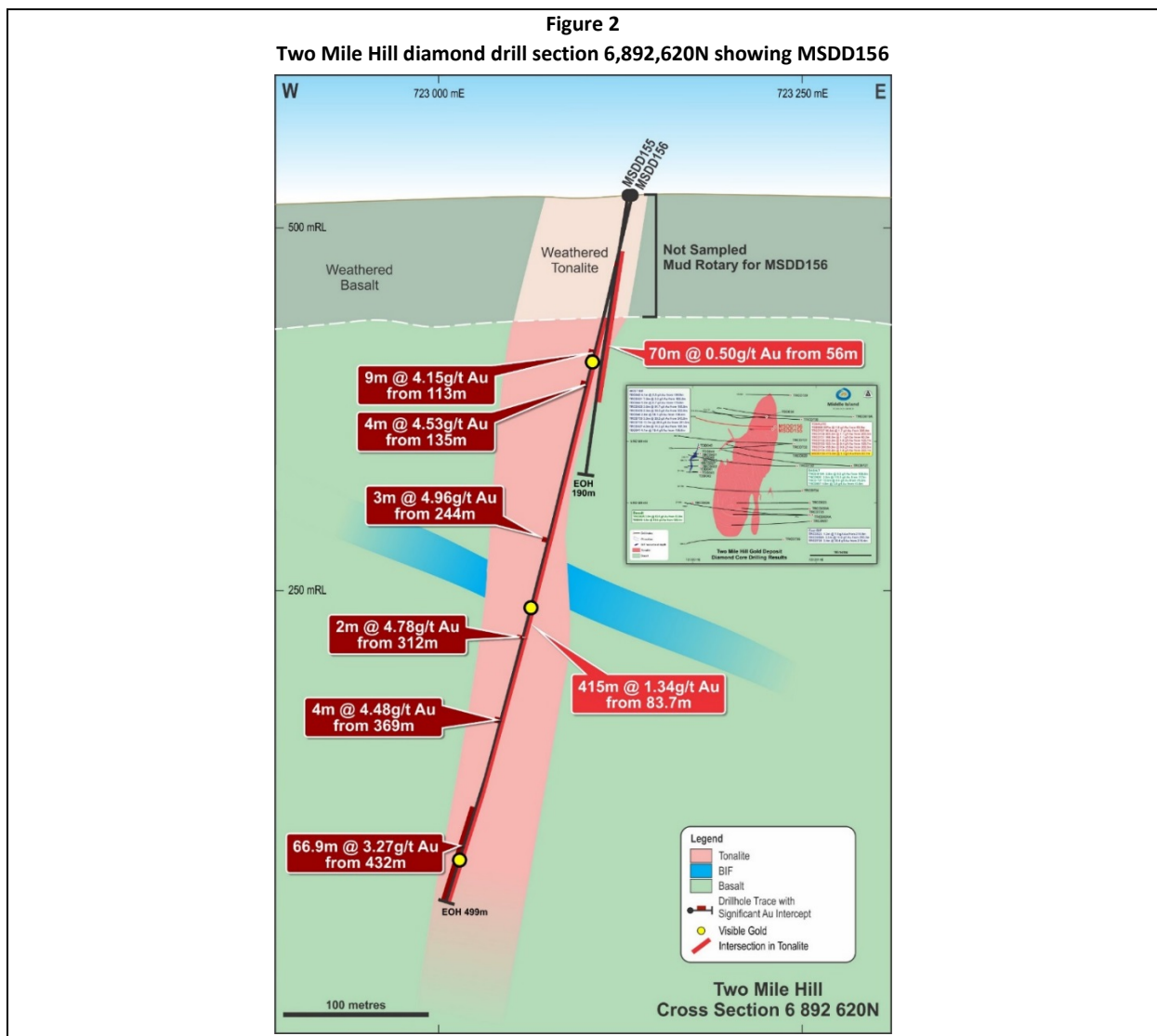


Two Mile Hill Tonalite Deeps Diamond Drilling

The Company has commenced the final 500m of diamond coring, under the WA Government’s Round 14 EIS grant, on the Two Mile Hill tonalite deeps target. The remaining allocation (or the budget equivalent thereof) will be employed to extend hole MSDD156 to a target depth of at least 850m, and potentially as much as 1,000m depth.

The existing cored portion of hole MSDD156 was mineralised from start to finish, intersecting **415.2m at 1.34g/t Au** and ending in strong mineralisation comprising **66.9m at 3.27g/t Au** to the end of the hole at 498.9m depth (ASX Release 7 June 2017), as shown in Figure 2 below.

The planned extension of MSDD156 is designed to determine if the increasing gold tenor persists with depth, particularly as the projected position of the Shillington Thrust is approached.



As drilling at a depth of >500m will result in a higher cost per metre and may require some navi-drilling and/or wedging, the ultimate depth of MSDD156 will be somewhat determined by the remaining budget allocated to the EIS grant.



The preliminary mineralogical and metallurgical testwork programme on the Two Mile Hill Deeps target is now well advanced, with results anticipated in September.

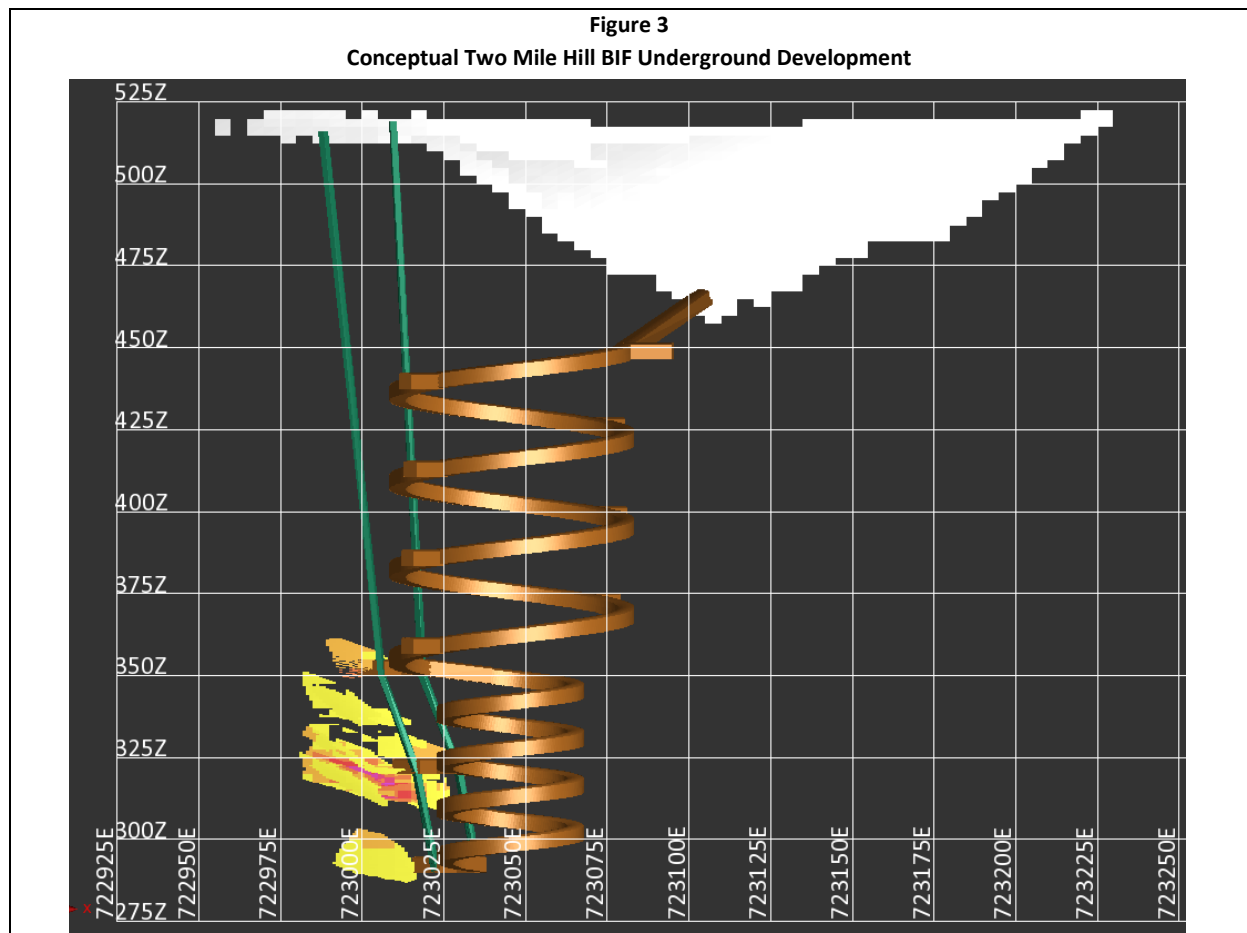
Two Mile Hill BIF Pre-collared Diamond Drilling

Tier 1 of a proposed two-tier RC pre-collared diamond drilling programme has commenced at Two Mile Hill to test the up-dip extensions of high grade gold intercepts associated with pyrite replacement mineralisation within the upper unit of the Shillington banded iron formation (BIF), where intruded by the Two Mile Hill tonalite.

Previous drilling has returned strongly mineralised, true width intercepts of **8.5m at 49g/t, 13.7m at 26g/t, 4.5m at 25g/t, 3.4m at 30g/t & 3.5m at 20g/t Au**, while recent resampling intervals have returned **22m at 23.8g/t, 8m at 56g/t & 5m at 26.5g/t Au**. All intercepts remain open and untested in the up-dip direction.

The three initial Tier 1 holes will be RC pre-collared within basalt to a depth of ~150m, with the upper BIF unit being traversed with diamond core tails to a final depth of ~250m. As the stronger gold mineralised zones are generally evident as massive to semi-massive pyrite replacement of magnetite horizons within the BIF, a visual assessment will be made of the Tier 1 holes to determine whether some or all of the planned Tier 2 holes are also drilled as part of the same programme.

Any extensions to the existing Two Mile Hill BIF deposit will significantly enhance the economics of a proposed underground development via a decline from the planned Two Mile Hill open pit cut-back (Figure 3).





Wirraminna RC and Pre-collared Diamond Drilling

Maiden RC and RC pre-collared diamond drilling is also commencing at the recently optioned Wirraminna project (ASX Release - 6 June 2017), which lies immediately adjacent to the Company's Sandstone project and within 1km of the Company's 100%-owned, 600ktpa gold processing plant.

The Wirraminna Project includes an Inferred Resource (JORC 2004) of **106,300t at 2.07g/t Au (10,674oz gold)**, including better intercepts of **11m at 23.8g/t, 16m at 14.6g/t & 19m at 4.85g/t Au**. Mineralisation is associated with a steeply northeast dipping and northwest trending, high grade quartz lode that remains open at depth and to a lesser extent along strike. The RC and diamond drilling programme is variously designed to verify, infill and extend the existing Wirraminna gold deposit prior to upgrading the resource estimate to JORC 2012 compliance and completing pit optimisation studies.

The Wirraminna deposit has the potential to enhance the proposed Sandstone gold production schedule. While it may not provide the whole answer, it is **anticipated to represent at least one option to grow the mineable gold inventory ahead of a recommissioning decision on the Sandstone processing plant.**

Middle Island Managing Director, Mr Rick Yeates:

"Following a very busy and productive June quarter, these three key drilling programmes are, again, completely aligned with the Company's objective of extending and enhancing the proposed Sandstone production schedule and recommissioning the Sandstone gold operation at the earliest feasible opportunity.

"Given the nature of these programmes, it is reasonable to anticipate some exciting results will be forthcoming early in the December quarter of 2017, and I look forward to keeping shareholders abreast of progress."

COMPANY CONTACTS:

Rick Yeates – Managing Director +61 (0)401 694 313

MEDIA CONTACT:

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

WEBSITE: www.middleisland.com.au

Forward Looking Statements

Statements contained in this release, particularly those regarding possible or assumed future performance, costs, dividends, production levels or rates, prices, resources, reserves or potential growth of Middle Island, industry growth or other trend projections are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

Competent Persons' Statement

Information in this report relates to exploration results that are based on information compiled by Mr Rick Yeates (a 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 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.