



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
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Middle Island Resources Ltd
ACN 142 361 608
ASX code: MDI
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Capital Structure:

586 million ordinary shares
38,300,000 unlisted options

Cash

\$2.80m (as at 31 March 2017)

Directors & Management:

Peter Thomas

Non-Executive Chairman

Rick Yeates

Managing Director

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Non-Executive Director

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ASX Release – 8 June 2017

RC drilling results from McIntyre & Two Mile Hill prospects at Sandstone gold project, WA

- New 29-hole RC drilling results on two prospects - McIntyre and Two Mile Hill - within Sandstone gold project in WA enhance gold inventory potential.
- Results confirm broad intervals of very shallow dipping gold mineralisation at McIntyre.
- Persistence of a broad mineralised zone at McIntyre suggests more significant grades may be encountered down dip from initial lower grades.
- McIntyre to be further drilled along strike and down dip in 2H 2017.
- New Two Mile Hill results to be incorporated into an updated resource estimate for this deposit as part of ongoing pit re-optimisation.
- Better RC drilling results from both the Two Mile Hill and McIntyre prospects include:-
 - 2m at 44.7g/t Au
 - 5m at 7.59 g/t Au
 - 25m at 0.81g/t Au
 - 4m at 3.37g/t Au
- Sandstone continues to build after >400m gold mineralised intersection from diamond hole at Two Mile Hill and acquisition of adjoining >10,000oz gold resource at Wirraminna, announced this week.

SANDSTONE GOLD PROJECT (WA)

McIntyre & Two Mile Hill RC Drilling

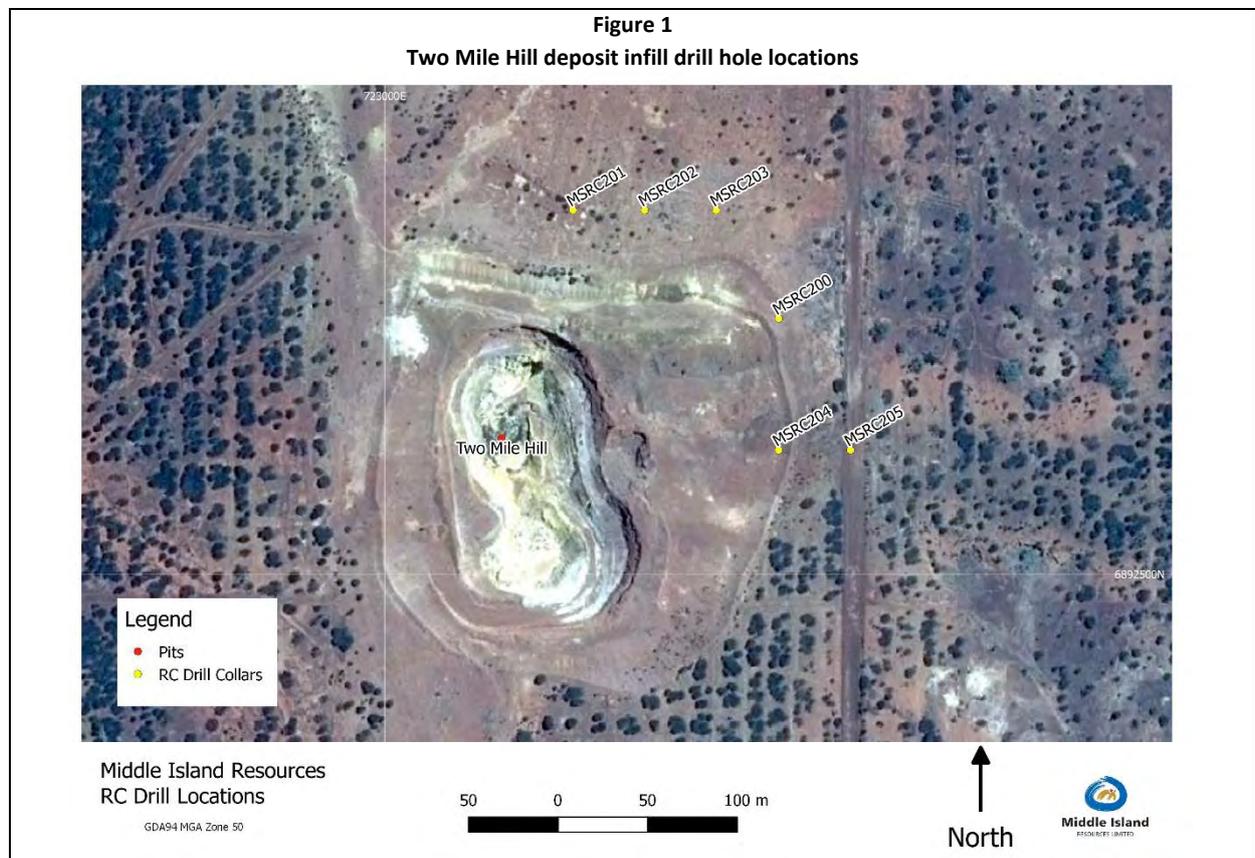
Gold developer, Middle Island Resources Limited (**Middle Island, MDI or the Company**) is pleased to announce that all gold assay results have now been returned for reverse circulation percussion (RC) drilling completed during the June quarter at the Two Mile Hill and McIntyre prospects within the Company’s Sandstone gold project in WA.

The purpose of the RC drilling programme was twofold:-

- Infill previous RC drilling in the northeast quadrant of the Two Mile Hill open pit deposit in order to clarify the mineralised continuity in an area critical to pit optimisation.
- Infill previous rotary air blast (RAB) and RC drilling at the McIntyre prospect to confirm and extend the presence of thick, shallow zones of gold mineralisation.

Two Mile Hill Infill RC Drilling

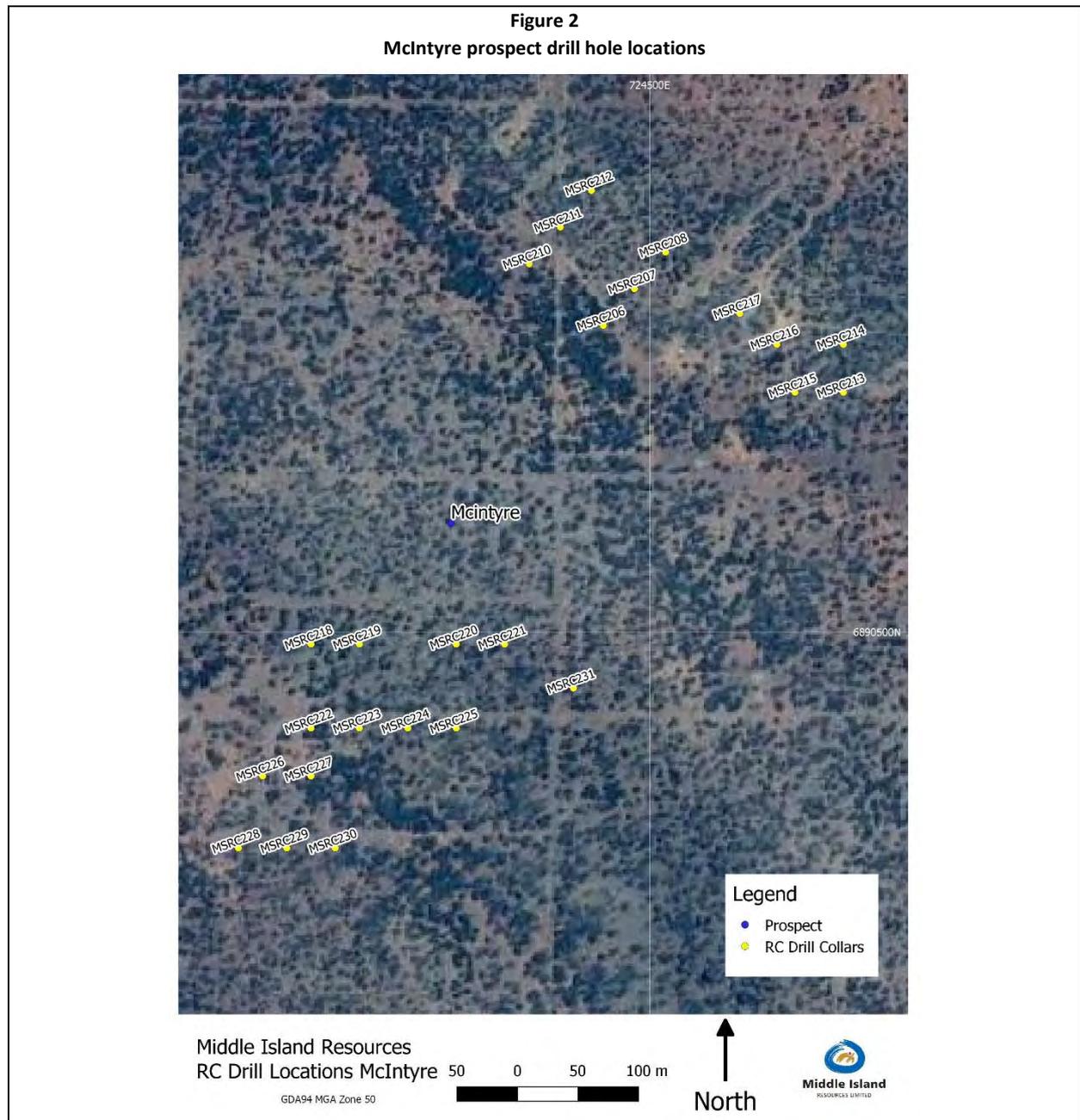
Infill RC drilling at the Two Mile Hill open pit deposit comprised 6 holes (618m). A single traverse of holes was completed across the northern end of the known open pit resource in order to refine the northern extent of the mineralised tonalite. A series of holes was also drilled on two orientations within basalts in the north-eastern quadrant of the open pit resource in order to establish the degree of mineralised zone continuity (Figure 1). This area of the Two Mile Hill resource was determined to be critical in establishing the optimum depth of the proposed open pit cut-back at this point.



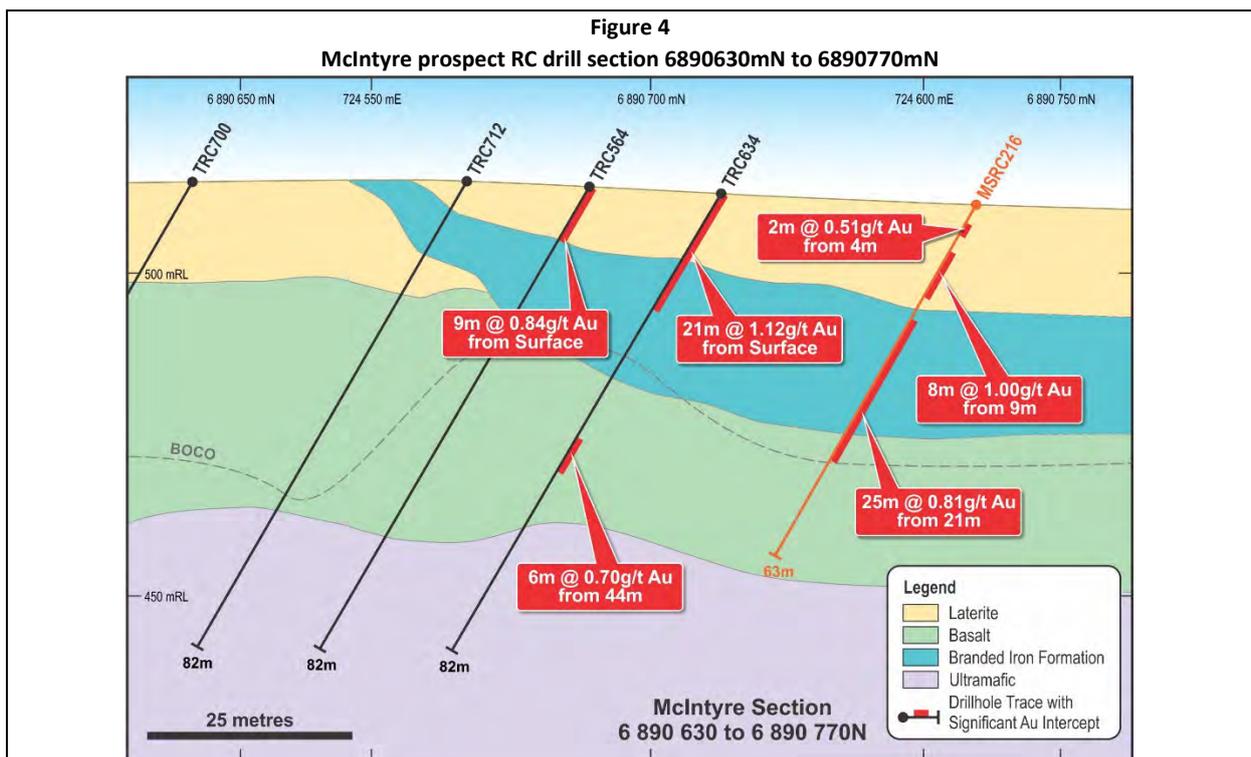
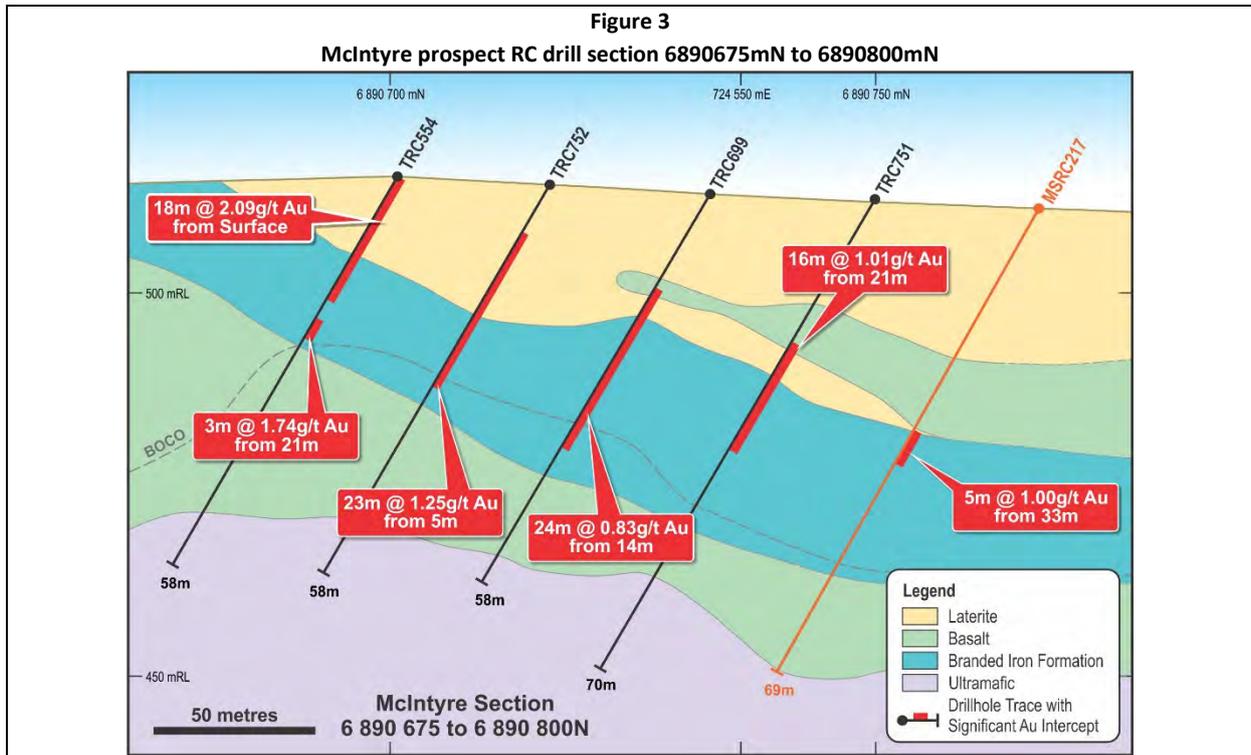
The Two Mile Hill RC drilling results, which include better intercepts of **2m at 44.7g/t** and **4m at 3.37g/t Au**, will need to be incorporated into an updated resource estimate, prior to further pit optimisation studies, to establish their economic significance.

McIntyre RC Drilling

Two elements of the substantial McIntyre prospect were drilled in this RC programme, each designed to confirm and extend broad, shallow, gold intercepts encountered in previous RAB and limited RC drilling within south-eastern extensions of the Shillington banded iron formation (BIF) that are dislocated by extensive faulting (Figure 2).



RC drilling within the northern area at McIntyre comprised 9 holes (501m). These holes were designed to confirm the continuity and extent of broad, very shallow northeast dipping, mineralised zones associated with veined and brecciated BIF at or near surface. The assay results indicate a generally low gold tenor that is suspected to relate to variable depletion within the upper (pallid) portion of the oxide profile. Better intercepts from the northern area include **25m at 0.81g/t** and **8m at 1.00g/t Au**, and representative drill sections are provided in Figure 3 and Figure 4.



RC drilling within the southern area at McIntyre comprised 14 holes (912m). The programme was designed to confirm and extend a broad zone of deeper mineralisation associated a horizontal BIF unit encountered in previous RAB drilling. Better intercepts from the southern area include **5m at 7.59g/t** and **2m at 1.92g/t Au**.

A summary of all significant RC drilling results is provided in Table 1 below.

Table 1				
Two Mile Hill & McIntyre Prospects – more significant RC drilling results				
HoleID	Depth From	Depth To	Interval	Au g/t
MSRC202	52	56	4	3.37
MSRC205	119	121	2	44.7
MSRC216	9	17	8	1.00
MSRC216	21	46	25	0.81
MSRC217	33	38	5	1.00
MSRC218	51	56	5	7.59
Minimum grade of 0.5g/t, lower cut of 0.3g/t, with no upper cut, a max of 2m of continuous dilution and a metal score (interval x grade) greater than 5.				

Further McIntyre Exploration

Based on the strike and dip continuity of what is a broad mineralised zone at McIntyre, it is planned to undertake further RC drilling in the northern area in order to establish the mineralised strike extents and follow the zone down-dip to determine if the intercept grades improve within the transition zone, below an interval of suspected surface depletion within the upper (pallid) portion of the oxide profile. Depending on funding and exploration priorities at the time, it is presently anticipated that this drilling will be undertaken within the second half of calendar 2017.

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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.

Appendix 1

The following Table and Sections are provided to ensure compliance with the JORC Code

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down-hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Sampling was undertaken by collecting 2-3kg of RC chips off the drill rig's cone splitter; the 1m samples were then composited to 4m interval samples with a 3-tier riffle splitter but intervals of geological interest were sampled at 1m intervals. RC recoveries were excellent, and samples of a consistent 2-3kg size collected. The primary RC sample was taken from the same splitter chute for the entire program. Samples were composited to 4m intervals used a 3-tier riffle splitter to return a 2-3kg composite sample. RC chips comprising 2-3kg were sent to the laboratory to be crushed (-10mm) and pulverised to 90% passing -75 microns to produce a 300g pulp, then split to a 50g charge for fire assay analysis.
Drilling techniques	<ul style="list-style-type: none"> Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.). 	<ul style="list-style-type: none"> The RC rig used a 5-inch bit to return sample every metre.
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. 	<ul style="list-style-type: none"> RC recovery data was measured for each interval and captured in a digital logging software package. The data has been reviewed and the core recovery was effectively 100% throughout. The water table was encountered at a 40 – 60m down-hole depth but Middle Island had no issues in keeping the RC samples dry. No relationship between sample recovery and grade has been established.

Criteria	JORC Code explanation	Commentary
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> RC chips were logged for lithology, weathering, structure, mineralogy, mineralisation, alteration and colour. Logging was carried out according to Middle Island Resources internal protocols at the time of drilling. Each metre of all RC drill holes was qualitatively logged from start to finish of the hole.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> Middle Island RC chips were split dry using a cone splitter on the drill rig, with samples collected and bagged in 1m intervals. The 1m RC sub-samples were then combined and split via a 3-tier riffle splitter to create a 4m composite sample, which was collected and bagged. All samples were collected and taken to the Intertek lab in Kalgoorlie, W.A for sample preparation. The resulting pulp samples were trucked to Intertek Maddington, W.A for analysis. The samples were dried and crushed to -10mm before being split and then a 300g subsample pulverized to 95% passing 75 micron. This fraction was then split again to a 50g sample charge for fire assay. The Intertek laboratories are internationally certified. Middle Island took an RC field duplicate (via a second split with the 3-tier riffle splitter) at a rate of 1:18 samples. Sample size and assay charge size are considered appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. 	<ul style="list-style-type: none"> Middle Island Resources, adopted a 50g fire assay method with an ICP-OES finish. This technique is considered suitable for gold mineralisation, particularly where associated with sulphides. No other measurement tool/instrument was used to derive assays, however a down-hole gyro was used to record deviation in RC holes. Middle Island included laboratory duplicates, field duplicates and certified standards routinely in the assay train at a 1:9 frequency, and a quartz wash was used after each sample pulverised.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. Discuss any adjustment to assay data. 	<ul style="list-style-type: none"> Sampling was undertaken by experienced geologists from Middle Island Resources who confirmed the intersections as prospective for gold mineralisation. No twinned holes or umpire assaying were used as part of this programme. Sampling data were imported and validated using a GBIS database software system by an experienced, external database consultant. Assay data were not adjusted.
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Surface collar coordinates were surveyed via GPS. Given magnetism inherent in the BIF host rock, a high quality downhole gyro was used to determine the dip and azimuth of the RC holes. MGA94 Zone 50. The topographic surface was calculated from previous mine survey pickups.
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> Results being reported are comprised of RC samples of 4m composited sample/assay intervals and 1m individual sample/assay intervals. The data spacing is adequate to provide continuity of grade for exploration drilling. Compositing of RC samples was adopted to generate 4m intervals for initial assay, with anomalous results resampled on 1m intervals.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Drilling orientations were appropriate to intersect the geology and mineralisation at an optimum angle and provide a representative sample of essentially true width in the case of RC drilling. The company does not believe that any sample bias had been introduced which could have a material effect on the results.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> All samples were held at the Middle Island exploration camp in the custody of Middle Island employees prior to collection by the laboratory's dedicated driver for transport to Kalgoorlie.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> Field data collected was logged and validated in a custom field logging tool. The database was again validated and audited by recognised external database consultants, Expedio.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The sampled RC chips were derived from Mining lease M57/128 and M57/129, which are 100% owned by Sandstone Operations Pty Ltd, a wholly-owned subsidiary of Middle Island Resources Limited. As of 5/12/2016 Sandstone Operations Pty Ltd was the sole owner of the project, including Mining Lease M57/128 & M57/129.
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> Previous exploration was undertaken and reported by Herald Resources Limited and Troy Resources NL during their respective tenure of the Sandstone gold project.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The McIntyre deposit is a BIF-hosted, meso-thermal quartz veining and pyrite replacement mineralisation within the Sandstone greenstone belt. The Two Mile Hill deposit is hosted within a late stage, near vertical intrusive tonalite stock that intrudes the local stratigraphy of mafic volcanics and BIF.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> See table and plans within the release. Data is tabulated within the release for RC holes where material intercepts were encountered.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> Data aggregation and reporting parameters are clearly stated within the text and tables comprising the release. RC drilling results are summarised using averages that are length-weighted and the method of aggregation is provided as a footnote to the table. Not applicable.
Relationship between mineralisation widths and intercept lengths	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). 	<ul style="list-style-type: none"> Holes have been drilled orthogonally to the general dip and strike of the mineralised units and structures. Therefore down-hole intercepts approximate true widths. At McIntyre the BIF host to mineralisation has a general strike and dip of 120°/-20° NE. Mineralisation at Two Mile Hill is comprises a late-stage, near vertical, intrusive tonalite stock, elongate north-south strike, and enveloped by moderately northeast dipping basalts, within both of which mineralised quartz veining has a sub-horizontal dip.
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> See figures (maps and sections) within the release.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> Not applicable
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> Reported within the release as appropriate and relevant.
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> Stated within the release as appropriate and relevant. Drill sections within the release clearly identify requirements for further drilling at McIntyre.