



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
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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

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ASX Release – 13 September 2017

Significant nugget finds identify further bedrock targets at the Sandstone gold project, WA

- Aggregate initial tribute gold production of 148.6oz in nuggets for the months of July and August 2017, of which Middle Island's share is 22.2oz gold.
- Production includes individual nuggets up to 13oz in weight.
- Tribute activities have identified a further three potential bedrock gold targets at the Bullet Hill, Three Mile and McClaren prospects within the Sandstone gold project.
- The McClaren prospect is of particular interest, with in-situ ironstone hosting an abundance of coarse platy, free gold that appears to be of primary origin.

SANDSTONE GOLD PROJECT (WA)

Tribute Gold Production

Aspiring gold developer, Middle Island Resources Limited (**Middle Island, MDI or the Company**) is pleased to report gold production of 148.6oz from the surface rights tribute agreement over its 100%-owned Sandstone gold project, comprising restricted areas of M57/128 and M57/129. The production relates to the months of July and August 2017, being the initial two months of the tribute agreement executed as part of the Wirraminna transaction (ASX Release 6 June 2017).

Tribute gold production in July and August was 81.8oz and 66.8oz respectively, with Middle Island's aggregate share of production to date being 22.2oz gold, representing 15% of the gold detected, with the tributer carrying all costs and environmental rehabilitation responsibilities.

Tribute production included a gold nugget weighing 13oz from the Bullet Hill prospect, shown in Figure 1 below.

Figure 1
Gold nugget weighing 13oz recovered from the Bullet Hill prospect.



Middle Island's share of July and August 2017 tribute production is respectively shown in Figure 2 and Figure 3 below.

Figure 2
Middle Island's share of tribute production (12.2oz gold) for July 2017



Figure 3
Middle Island's share of tribute production (10.0oz gold) for August 2017



New Gold Exploration Targets

As anticipated, the tribute arrangement is serving to identify additional bedrock gold targets for Middle Island, with potential sources of saprolitic gold now defined at the Bullet Hill, Three Mile and new McClaren prospects.

The McClaren prospect is of particular interest, with residual, manganese-rich, lateritic ironstone hosting abundant coarse platy free gold (Figure 4) that appears to be of primary origin. Equally, very fine ‘flour’ gold, estimated to represent material averaging approximately 1oz/tonne, can be panned from a wide area in proximity to the sub-cropping ironstone horizon.

Each of these new prospects will be prioritised and assessed by exploration as funds permit.

Figure 4
Coarse, platy gold within residual ironstone from the McClaren Prospect



Middle Island Managing Director, Mr Rick Yeates:

“The primary significance of the tribute arrangement is the identification of new targets to add to the Company’s growing list within its already well-endowed gold tenure at Sandstone.

“I am extremely pleased with the constructive, collaborative and mutually beneficial working relationship that has been established under the tribute agreement.

“We look forward to reporting further tribute production and discoveries in the months ahead.”

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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"> A metal detector was used to identify gold within alluvial material and laterite. The initial surface was prospected then approximately 0.2m of material was scraped off using a D8R bulldozer; this surface was then prospected with a detector and the process repeated to a depth of approximately 1m. Total weight of nuggets and specimens recovered during the months of July and August 2017 was 148.6oz, of which MDI's share was 22.2oz. The nuggets and specimens were not assayed.
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"> No drilling was employed and therefore not applicable.
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"> Not applicable. All gold identified by metal detector was manually removed. By definition, sampling was deliberately biased.

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"> • Not applicable. Nuggets and specimens recovered are not for the purpose of Mineral Resource estimation, mining studies or metallurgical studies. • The majority of the nuggets and specimens collected from the sites were photographed. • Not applicable.
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"> • Not applicable. • Not applicable. • Not applicable. • None. • None. Sampling was deliberately biased to ensure all gold was collected. • Not applicable.
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"> • Nuggets and specimens collected have not been assayed. • Not applicable. • None.
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"> • MDI's share of monthly production is independently weighed and a receipt provided to the tributer. • Not applicable. • The tributer provides a detailed monthly report describing the areas prospected/detected, the man hours worked, a record of all gold produced and photos of relevant sites. • Specimens collected have not been assayed.

Criteria	JORC Code explanation	Commentary
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"> • Handheld GPS unit used to record the location of nugget and specimen finds. Sample locations confidential due to commercial and security sensitivity. • MGA94 Zone 50. • Not applicable.
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"> • Randomly spaced reconnaissance sampling by metal detector over the Bullet Hill, Three Mile and McClaren prospects, respectively measuring 2.03Ha, 1.78Ha and 0.17Ha in area. • Will not be applied in Mineral Resource estimation. • No compositing applied.
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"> • Nuggets and specimens were derived via metal detecting following the progressive establishment of bulldozer cuts. • Nuggets and specimens derived from the Bullet Hill prospect appear to be alluvial in origin. Nuggets and specimens derived from the Three Mile prospect appear to be of lateritic origin, but do display a degree of sharpness that suggests a very proximal source. Specimens derived from the McClaren prospect are hosted within a manganese ironstone and the nature of the specimen gold indicates it is in-situ. • Not applicable.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • The gold samples remained in the custody of the tributer, with MDI's share of production being handed over for verification at monthly meetings.
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"> • No audit or review has been undertaken, other than the independent weighing of MDI's share to ensure it is consistent with the stated monthly production.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • <i>The nuggets and specimens are derived from M57/128 and M57/129, which are 100% owned by Sandstone Operations Pty Ltd, a wholly-owned subsidiary of Middle Island Resources Limited.</i> • <i>Sandstone Operations Pty Ltd have a formal tribute agreement with Mr Kym McClaren, that encompasses the surface detecting rights (to a maximum of 2m depth) within specified areas of M57/128 and M57/129. MDI is entitled to 15% of the gold recovered under this agreement, which it is then free to sell.</i> • <i>The tributer is responsible for lodging POWs (with MDI's written approval) and all associated environmental rehabilitation liabilities.</i>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • <i>Surficial material at the Bullet Hill and Three Mile prospects have been thoroughly detected by prospectors since the 1980s. The current nugget and specimen production is derived from deeper levels, accessible by bull dozer, and peripheral to areas of previous prospecting activity.</i>
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • <i>Soil, alluvial and lateritic (both transported and residual) deposits that veneer (or comprise the indurated near-surface expression of) Archaean greenstone basement.</i> • <i>The primary benefit of the Tribute Agreement to MDI is the potential to identify additional saprolitic sources of gold that have not previously been identified or recognised.</i>

Criteria	JORC Code explanation	Commentary
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"> • The location of each site and nugget or specimen find is recorded by GPS. • The tributer provides MDI personnel a tour of each site prospected, at least once each month, to identify the location of nugget and specimen finds and present an interpretation of their geomorphological setting. • Exclusion of this information is justified on the basis that the information does not contribute in any way to the definition of Mineral Resources or Ore Reserves.
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"> • Not applicable • Not applicable. • 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"> • Generally not applicable. • The manganiferous ironstone bar hosting apparent primary gold mineralisation at the McClaren prospect averages some 4m wide and is exposed over a distance of some 20m.
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 within the release, without disclosing the location of nuggets and specimens due to commercial and security sensitivities.

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<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.
<i>Other substantive exploration data</i>	<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.
<i>Further work</i>	<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. As each nugget patch is deemed adequately tested or depleted, it is rehabilitated and activities are relocated to a new site.