

ASX Release – 1 March 2017

Middle Island completes A\$1.76m Placement to progress Exploration & Development Strategy for Sandstone Gold Project in Western Australia

Placement

Middle Island Resources Ltd (**Middle Island** or the **Company**) is pleased to announce that the Company has received binding commitments from existing institutional and sophisticated shareholders for a private placement of 117,256,757 fully paid ordinary shares at A\$0.015 per share to raise \$1,758,851 (before costs) (**Placement**). The proceeds from the Placement are to be used to further advance the revised exploration and development strategy for the Company's wholly-owned Sandstone Gold Project in Western Australia, and for working capital.

Bell Potter Securities Limited acted as Lead Manager to the Placement which was made pursuant to the 15% placement capacity under ASX Listing Rule 7.1 and additional 10% placement capacity in accordance with ASX Listing Rule 7.1A.

Sandstone Gold Project 2017 Exploration & Development Strategy

The additional funding will allow Middle Island to implement the 2017 exploration and development strategy (refer ASX release 23 February 2017) with a view to recommissioning the Sandstone Gold Operation in Western Australia at the earliest opportunity. The initial priority, to identify near-term, higher grade gold resources that can be incorporated into the front end of the production schedule for the Sandstone mill, will be pursued via a multi-faceted approach in order to increase the likelihood of success as follows:-

- Testing of higher priority gold targets identified in the empirical 'weights of evidence' targeting study;
- Complete an underground mining Concept Study on the high grade, BIF-hosted deposit adjacent to the Two Mile Hill tonalite, to be completed in March 2017;
- RC drilling of greenfields targets, including Macintyre, Shillington West and Turley prospect which is scheduled to commence in March 2017;
- Diamond core drilling to assess deeper elements of the three BIF units, intruded by the Two Mile Hill tonalite, which is scheduled to commence in March 2017;
- Continue to review and negotiate on a number of adjacent properties with a view to accessing additional quantified gold resources and/or exploration targets, and;

- Reviews and discussions with the owners of stranded third-party gold deposits located within the broader Sandstone district to assess toll milling or production sharing opportunities via Middle Island’s Sandstone processing plant.

The Company remains confident that a combination of these approaches will ultimately lead to a successful outcome. Each aspect of the strategy will be regularly reassessed to ensure funding is directed appropriately.

Comment

The Directors of Middle Island are extremely grateful for the continued strong support from key shareholders, who have once again proven to be exceedingly loyal.

COMPANY CONTACTS:

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

Kate Manning – Administration Manager +61 (0)418 883 959

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.