



**Middle Island**  
RESOURCES LIMITED

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**Middle Island Resources Ltd**  
ACN 142 361 608  
**ASX code: MDI**  
[www.middleisland.com.au](http://www.middleisland.com.au)

**Capital Structure:**  
586 million ordinary shares  
38,300,000 unlisted options

**Cash**  
\$2.80m (as at 21 March 2017)

**Directors & Management:**  
**Peter Thomas**  
Non-Executive Chairman  
**Rick Yeates**  
Managing Director  
**Beau Nicholls**  
Non-Executive Director  
**Dennis Wilkins**  
Company Secretary

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## ASX Release – 30 March 2017

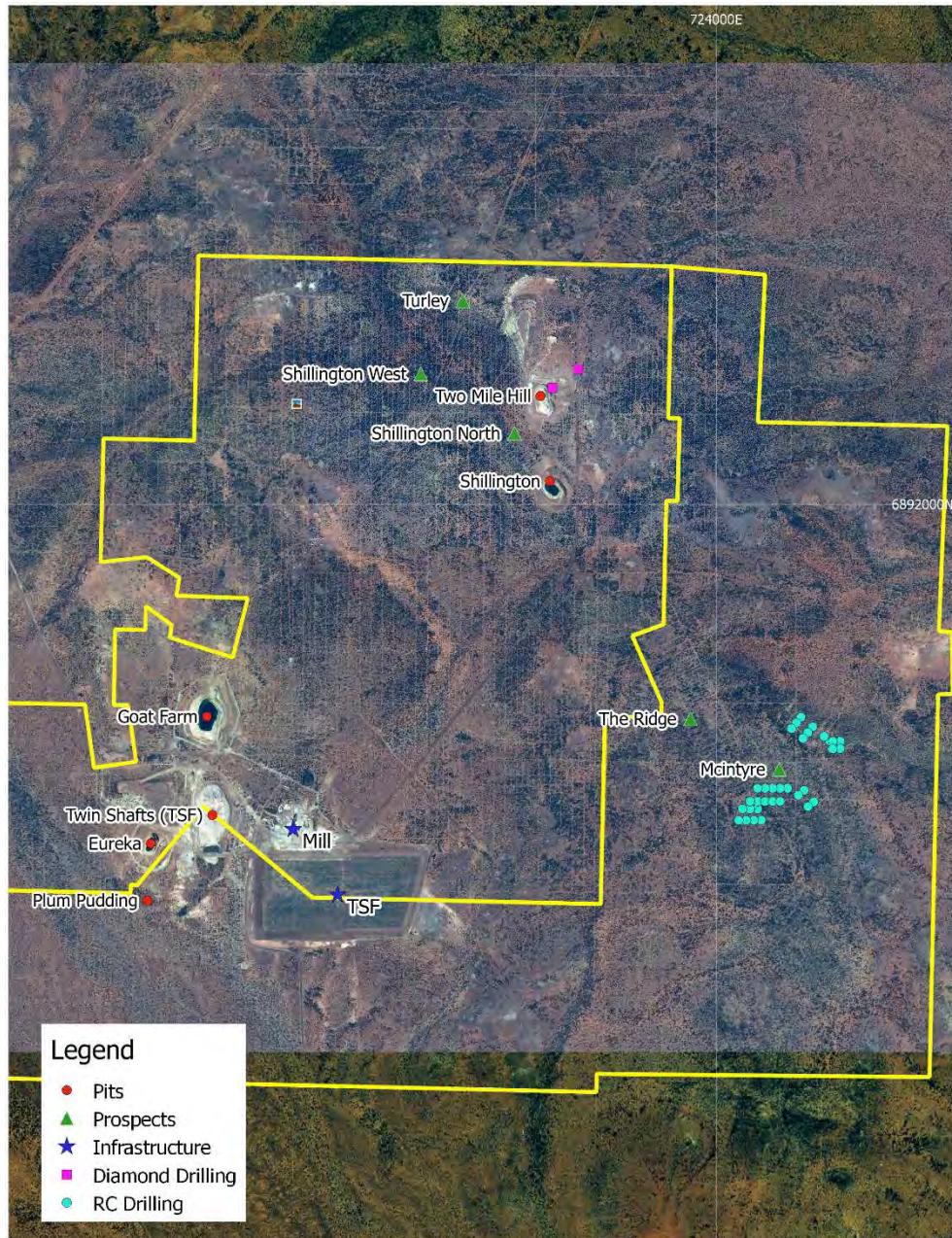
### Drilling and geophysical surveys commence at Sandstone Gold Project (WA)

- Sandstone gold project activity intensifies this week across three exploration fronts.
- Reverse Circulation (RC) drilling commenced this week at Sandstone's Macintyre prospect with a view to confirming and extending shallow oxide gold mineralisation identified in previous RAB drilling.
- Diamond drilling also commenced this week at the project's Two Mile Hill deposit to test deeper tonalite-hosted and BIF-hosted gold targets.
- An infill gravity survey is also underway to refine the extent of known and interpreted intrusives in the north-western half of the project area.
- The above activities are entirely consistent with Middle Island's objective of extending and enhancing the planned production profile at the Sandstone project with a view to re-commissioning the gold operation at the earliest opportunity.
- Other current activities include re-estimation of resources associated with deeper portions of the Two Mile Hill tonalite deposit and the adjacent high-grade BIF-hosted mineralisation, prior to underground mining concept studies.

**SANDSTONE GOLD PROJECT (WA)**

RC and diamond drilling programmes (see Figure 1 below), along with an infill gravity survey, all commenced at Middle Island’s Sandstone gold project this week.

**Figure 1**  
Sandstone gold project showing key infrastructure, deposits, prospects and planned RC and diamond drill collars



Middle Island Resources  
Sandstone Gold Project  
Drill Locations

500 0 500 1000 meters



GDA94 MGA Zone 50



**RC Drilling – Macintyre Prospect**

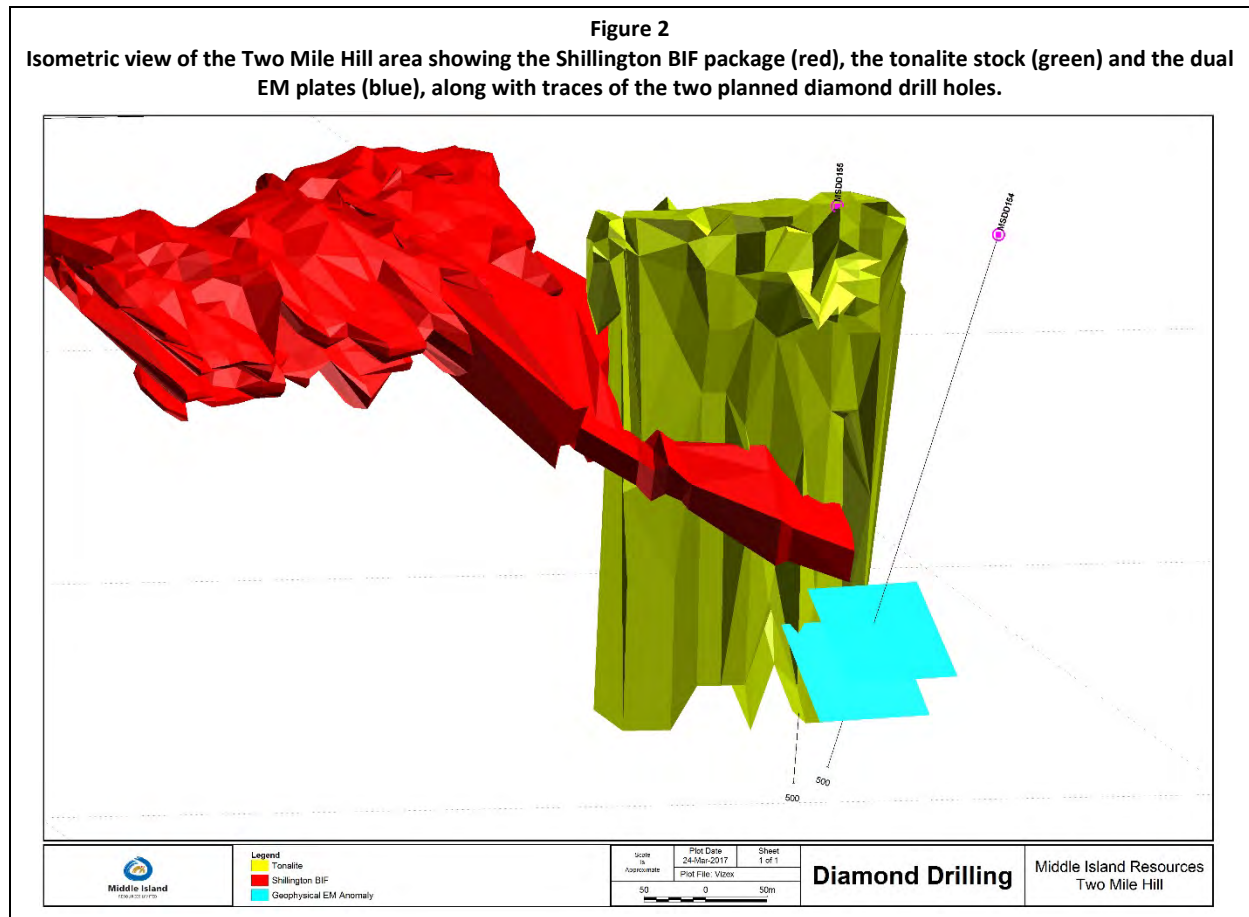
Reverse circulation percussion (RC) drilling commenced at the Macintyre Prospect this week. The programme will comprise approximately 33 holes (2,160m) in two adjacent areas where previous RAB drilling has identified shallow, sub-horizontal to shallow northeast dipping, gold mineralisation hosted within structurally disrupted, south-eastern extensions of the Shillington BIF sequence.

The RC drilling programme is designed to identify and quantify additional shallow gold mineralisation that may contribute towards the early re-commissioning of the Sandstone gold processing operation.

Weather permitting, the programme should be completed by mid-April and assay results are anticipated to become available later in the June quarter.

**Diamond Drilling – Two Mile Hill Prospect**

Diamond drilling also commenced at the Two Mile Hill Prospect this week. The programme comprises two deep holes of ~500m each (see Figure 2 below) designed to achieve two key objectives.



The first hole (Prop 239) is designed to test the depth extent of sheeted vein/stockwork gold mineralisation within the northern extremity of the Two Mile Hill tonalite, below the realms of any open pit cutback, with a view to confirming the persistence of gold mineralisation at considerably greater depth than previous drilling and assess the target's potential as a possible sub-level caving (underground mining) opportunity.

The second hole (Prop 235) is targeted on dual electromagnetic (EM) plates that are interpreted to represent lenses of massive pyrite replacement associated with gold mineralisation within the deeper elements of the Shillington BIF package, adjacent to (and intruded by) the north-eastern contact of the Two Mile Hill tonalite. This style of mineralisation is consistent with broad intervals of high grade gold along the western margin of the tonalite.

**The diamond drilling represents the initial phase of the Company's successful Exploration Incentive Scheme application, under which 50% of the direct drilling costs (to a maximum of \$150,000) are to be reimbursed by the State Government.**

The diamond drilling programme is anticipated to be completed in mid-April and assay results should become available later in the June quarter.

#### **Infill Gravity Survey**

A ground gravity survey, designed to infill the existing 400m x 200m survey on a 100m x 50m pattern, also commenced this week at the Sandstone gold project. The infill survey is a key recommendation of the recently completed targeting study, in order to refine the resolution of known and interpreted syntectonic, felsic intrusive bodies that have been identified as a key element controlling to location of gold mineralisation within the project. The survey will initially be undertaken over the north-western half of the project, with two specific areas flagged as a priority within the broader survey area.

#### **Two Mile Hill Deeps Resource Update & Mining Concept Study**

Updated resource estimates, consistent with the 2012 JORC Code guidelines, are in progress on deeper portions of the Two Mile Hill tonalite-hosted mineralisation (below 140m depth), along with the high grade BIF-hosted deposit situated along the western contact of the tonalite.

The updated resource estimates are due to be completed shortly, which will feed into an underground concept study to look at selective mining (notionally via a decline from the proposed Two Mile Hill open pit cutback) of the high grade, BIF-hosted mineralisation in the first instance and, in the second instance, a high level review of the potential for underground mining (via sub-level caving) of the prolific tonalite-hosted gold mineralisation beneath the planned open pit cutback.

#### **Comment**

Middle Island is now embarking on an exciting, multi-faceted exploration campaign within the Sandstone project footprint. All elements of the campaign are entirely consistent with the primary objective of building a robust production schedule prior to recommissioning the Sandstone gold processing plant. The results are eagerly anticipated and Management looks forward to keeping shareholders regularly updated on progress.

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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 and to the activities undertaken to qualify as Competent Persons 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 it appears.