



**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:**  
469 million ordinary shares  
38,300,000 unlisted options

**Cash**  
\$1.36m (as at 31 December 2016)

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

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## ASX Release – 23 February 2017

### Sandstone Gold Project (WA) - Strategy Progress

- The primary strategy remains the recommissioning of the Sandstone Gold Project at the earliest possible opportunity. This is being progressed via a multi-faceted approach.
- New targeting study generates multiple priority exploration targets, with two stand-out targets identified to the southwest of the processing plant and southeast of the Shillington deposit.
- POWs approved for RC drilling programmes at the Macintyre, Shillington West and Turley gold prospects.
- POW application lodged for deep diamond drilling programme to further assess high grade BIF-hosted mineralisation adjacent to the Two Mile Hill tonalite.
- Planned RC and diamond drilling programmes scheduled to commence in March.
- Resource update in progress on the deeper Two Mile Hill mineralisation and adjacent high grade, BIF-hosted deposit, prior to commencing an underground mining concept study.
- The Company continues to review and negotiate on number of proximal permits with a view to accessing additional quantified resources and/or exploration targets.
- Reviews and discussions are progressing with owners of stranded, third-party deposits within the wider Sandstone district with a view to negotiating toll milling or production sharing arrangements.
- Resampling of the composite result of 4m at 17.6g/t Au from sterilisation RC drilling at Two Mile Hill returned **1m at 161g/t Au.**

## **SANDSTONE GOLD PROJECT (WA)**

### **Exploration/Development Strategy**

The primary objective of Middle Island's current strategy to achieve maiden gold production is to recommission the Sandstone gold operation at the earliest opportunity. The initial priority is to identify near-term, higher grade resources that can be incorporated into the front end of the production schedule.

This strategy is being progressed via a multi-faceted approach in order to increase the likelihood of success, variously via the following:-

- A Targeting Study;
- An underground mining Concept Study;
- Diamond core drilling of brownfields targets;
- RC drilling of greenfields targets;
- Assessment of adjacent permits which host additional quantified resources and exploration targets, and;
- Reviews of third-party gold deposits within the broader Sandstone district.

While it is acknowledged that not all aspects of the strategy can be expected to prove successful, the Company remains confident that a combination of these approaches will ultimately lead to a successful outcome. Each aspect of the strategy is being regularly reassessed to ensure funding is directed appropriately.

Substantial progress has been made on each of these strategic elements as summarised below:-

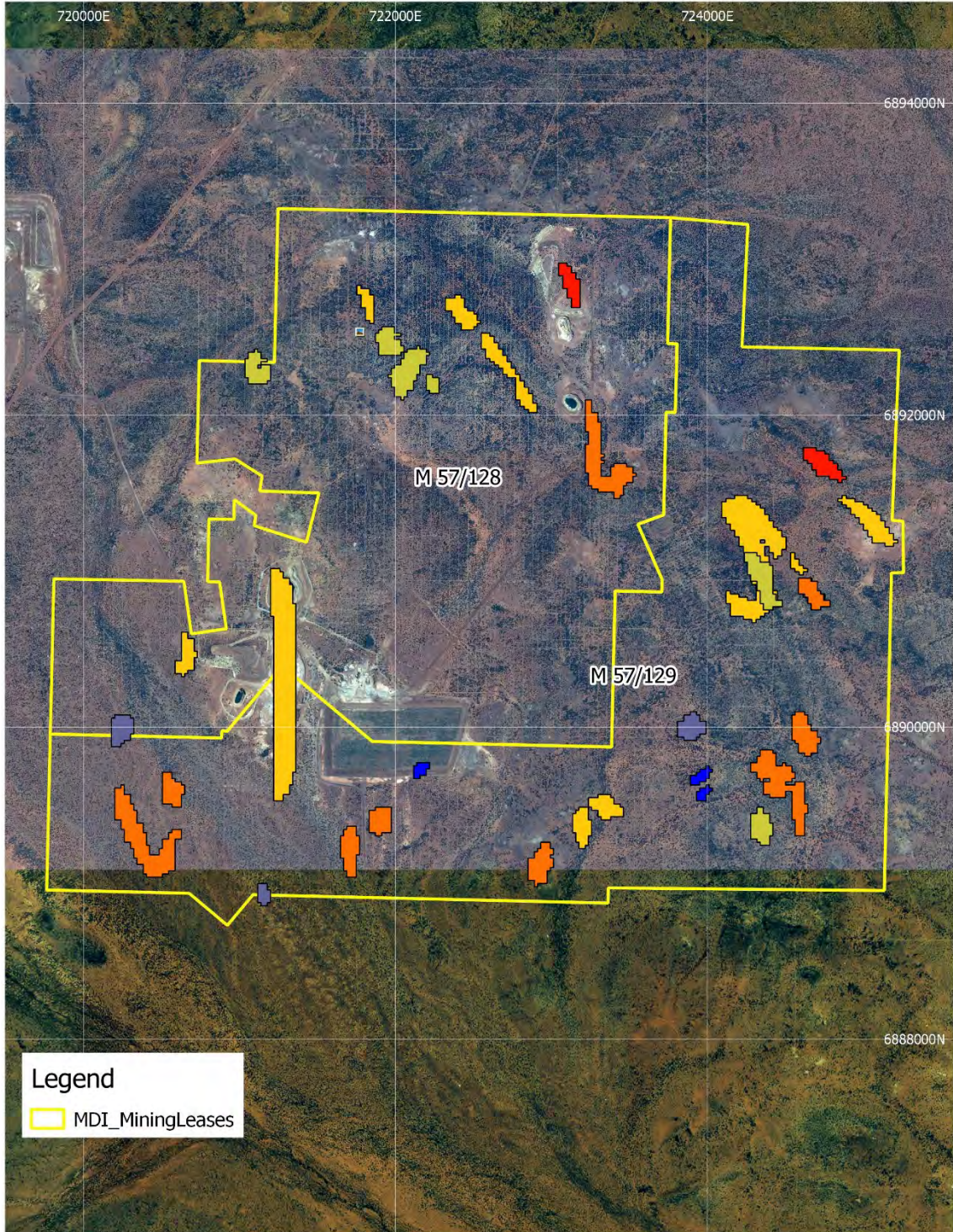
1. **Targeting Study** – The empirical 'weights of evidence' targeting study has been completed by Dr Brett Davis from Orefind Pty Ltd.

The **study has identified multiple new targets** within the Sandstone Project, with two larger, higher-weighted targets (see Figure 1). The first and highest priority target lies to the south of the Twin Shafts, Eureka and Plum Pudding deposits in the southwest corner of the project, beneath a veneer of alluvial sheet-wash. The second key target, also of significant extent, lies to the southeast of the Shillington deposit.

The above targets, along with numerous smaller or lower priority opportunities are being reviewed against the exploration database to determine the extent and veracity of existing exploration results (if any), and the optimum approach to on-going exploration. Once this process has been completed, all opportunities will be assessed to ensure exploration priorities are recalibrated where required.

**Figure 1**

Initial weights-of-evidence heat mapping, with higher priority targets exhibiting hotter colours. Other than known deposits, note the larger, new, priority targets located in the southwest corner of the project area and southeast of the Shillington deposit respectively.



**Legend**  
 MDI\_MiningLeases

Middle Island Resources  
Sandstone Operation  
WOE Targeting Study

GDA94 MGA Zone 50

500 0 500 1000 m



↑  
North

2. **Underground Mining Concept Study** – Resources associated with deeper portions (below 140m vertical depth) of the Two Mile Hill tonalite, along with the adjacent BIF-hosted mineralisation are being re-estimated (JORC 2012) prior to commencing a concept study on the feasibility of underground mining of the high grade, BIF-hosted deposit adjacent to the Two Mile Hill tonalite. It is anticipated that this work will be completed in March 2017.
3. **Brownfields Targets** – A POW application has been lodged for a diamond drilling programme to assess deeper elements of the three BIF units that are intruded by the Two Mile Hill tonalite. The first of these holes is designed to intersect a compelling down-hole electromagnetic (DHEM) conductor located at the north-eastern extremity of the Two Mile Hill tonalite, while the remaining drillhole locations are being refined on the basis of a geophysical review. This target is consistent with that which successfully attracted EIS co-funding of \$150,000. Diamond drilling is planned to commence in March.
4. **Greenfields Targets** – POWs covering planned RC drilling programmes at the Macintyre, Shillington West and Turley prospects have been approved. RC drilling will ensure adequate penetration of the BIF-hosted targets in each case.  
  
It is presently anticipated that RC drilling will commence in March, subject to contractor availability.
5. **Adjacent Permits** – The Company continues to review and negotiate on a number of adjacent properties with a view to accessing additional quantified resources and/or exploration targets.
6. **Third-Party Deposits** – Reviews and discussions are progressing with the owners of stranded, third-party gold deposits located in the wider Sandstone district to assess toll milling or production sharing opportunities via Middle Island’s Sandstone processing plant.

#### **Sterilisation RC Resampling**

Resampling of the composite interval of **4m at 17.6g/t Au (duplicate of 4m at 21.6g/t Au)**, generated during sterilisation RC drilling of the planned Two Mile Hill waste dump extension returned an intercept of **1m at 161g/t Au** from a down-hole depth of 48m.

Mineralisation is associated with a folded chert horizon within basalts to the northwest of the Two Mile Hill deposit at the Turley Prospect that will be the subject of planned infill RC drilling to commence shortly. Although unexpected, the result is indicative of the prolific nature of high grade gold mineralisation encountered throughout the Sandstone Project.

#### **Comment**

We look forward to keeping shareholders regularly updated on progress through what will be a busy and exciting phase.

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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 and a Fellow 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.