

**ASX ANNOUNCEMENT – 2 December 2016**

**STATUS OF UPDATED RESOURCE ESTIMATES AND DRILLING RESULTS FOR THE SANDSTONE GOLD PROJECT**

**Updated Resource Estimates**

Following completion of infill resource definition drilling at the Shillington, Shillington North and Two Mile Hill open pit deposits, Middle Island commissioned an independent resource consultant to update resource estimates consistent with the 2012 JORC Code guidelines.

During the modelling process, apparent inconsistencies between the various generations of logging that comprise the dataset emerged, requiring additional validation, thus delaying the forecast date for delivery of the updated estimate. In particular, verification of historic drill chips in order to reconcile perceived differences in the weathering profile adversely impacted the independent consultant's schedule.

It is anticipated that the updated resource estimates will be released by Friday 16 December 2016.

**Sterilisation RC & Exploration Diamond Drilling**

Capacity constraints at the independent assay laboratory undertaking the analytical work for the recently completed programmes of reverse circulation percussion (RC) sterilisation drilling and exploratory diamond drilling have frustrated the Company's ability to report results.

The Company is advised that final results will not be provided before Friday 9 December.

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