



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:

290 million ordinary shares
800,000 unlisted options

Cash

\$0.36m (as at 31 March 2016)

Directors & Management:

Peter Thomas

Non-Executive Chairman

Rick Yeates

Managing Director

Beau Nicholls

Non-Executive Director

Linton Kirk

Non-Executive Director

Dennis Wilkins

Company Secretary

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ASX Release – 16 June 2016

WA Gold Project Acquisition Update

- Middle Island Resources Limited (Middle Island or the Company) intends to complete, on or about 8 July 2016, the acquisition of a 100% interest in the Sandstone gold project in Western Australia, subject to shareholder approval at a General Meeting to be held on Friday 24 June 2016.
- Satisfaction of the Conditions Precedent to completing the acquisition are well in hand.
- A programme of infill reverse circulation (RC) resource definition drilling, comprising ~4,200m, has been designed to upgrade existing gold resources into the Indicated category prior to completing a pre-feasibility study (PFS).
- A programme of work (POW) covering the proposed drilling programme has been prepared for lodgement with the WA's Department of Mines & Petroleum (DMP).
- Challenge Drilling has been contracted to undertake the RC drilling programme which, pending approval from DMP, is planned to commence in mid-July, immediately following formal completion of the acquisition.
- Detailed review of the existing drilling database for the Shillington-Two Mile Hill area has identified multiple brownfields targets and isolated high grade drill intercepts for systematic assessment, providing considerable early optimism that additional resources will be identified within this area.
- A Placement to raise \$3.6M before costs, conditional on shareholder approval, was launched and closed oversubscribed on 17 May 2016.
- A 1:6 non-renounceable Rights Issue to raise an additional \$1.45M was also launched on 17 May 2016. The response to date has been very positive and shareholders are reminded that the closing date for receipt of applications is Friday 24 June 2016.
- A General Meeting of the Company will also be held on Friday 24 June 2016. Those shareholders who are unable to attend in person are reminded that proxy forms must be received no later than 22 June 2016.

Corporate

Middle Island Resources Limited (Middle Island or the Company) intends to complete the acquisition of a 100% interest in the Sandstone gold project in Western Australia on or about 8 July 2016, subject to shareholder approval at a General Meeting to be held on 24 June 2016.

Satisfaction of the various conditions precedent to completion of the transaction are well in hand. Indicative Ministerial Approval for the transaction has been provided by DMP, with formal approval to be sought on transfer of the Mining Leases post-completion. The deed assigning the Troy royalty has been agreed by all parties and circulated for execution. The deed assigning the Troy royalty has been agreed by all parties and circulated for execution. The Form 5 expenditure report in respect of M57/129 has been lodged and accepted by the DMP, confirming valid title. Copies of the instruments of title for the freehold blocks on which the camps are located within Sandstone township have been provided to Middle Island, and the vendor has confirmed the originals will be delivered at completion. Shareholder approval for the transaction will be sought at the General Meeting on 24 June 2016 and the final condition, that there is no impediment to completion occurring, can only be confirmed when the completion date is agreed.

A placement to raise \$3.6M before costs, conditional on shareholder approval, was launched and completed on 17 May 2016. The Company was overwhelmed by the response to the placement, with the issue closing well over-subscribed. The Directors thoroughly appreciate the continued support of existing shareholders and value the addition of several new shareholders via the Placement, which further strengthens the quality of the Middle Island register.

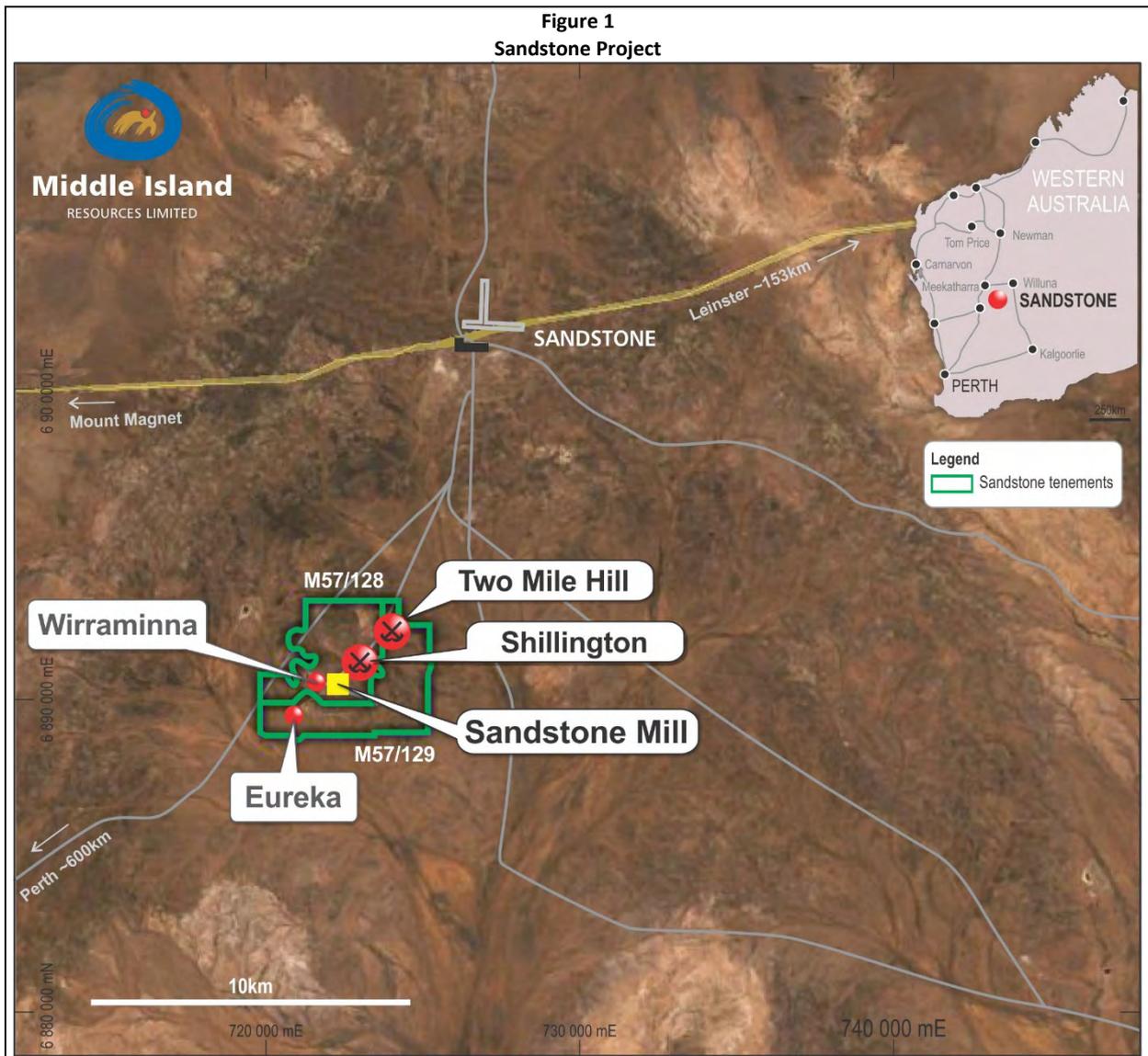
A 1:6 non-renounceable Rights Issue to raise up to \$1.45M before costs was also launched on 17 May 2016. The response to date has been very positive and shareholders are reminded that the closing date for receipt of applications is 22 June 2016.

The Conditional Placement and Rights Issue are targeting an aggregate of \$5.05M before costs. At Board discretion, these funds will be variously applied to completing the acquisition, undertaking infill resource definition drilling, completing the PFS, pre-paying a deferred payment under the Asset Sale Agreement (ASA) at a significant discount, and exploration work at Sandstone to refine and test the priority brownfields target.

A General Meeting of the Company will be held on 24 June 2016 in Perth. Those shareholders who are unable to attend in person are reminded that proxy forms must be received no later than 22 June 2016. The Board of Middle Island looks forward to welcoming shareholders to the meeting, where a presentation on the Sandstone Project will be provided and shareholders will have the opportunity to ask questions.

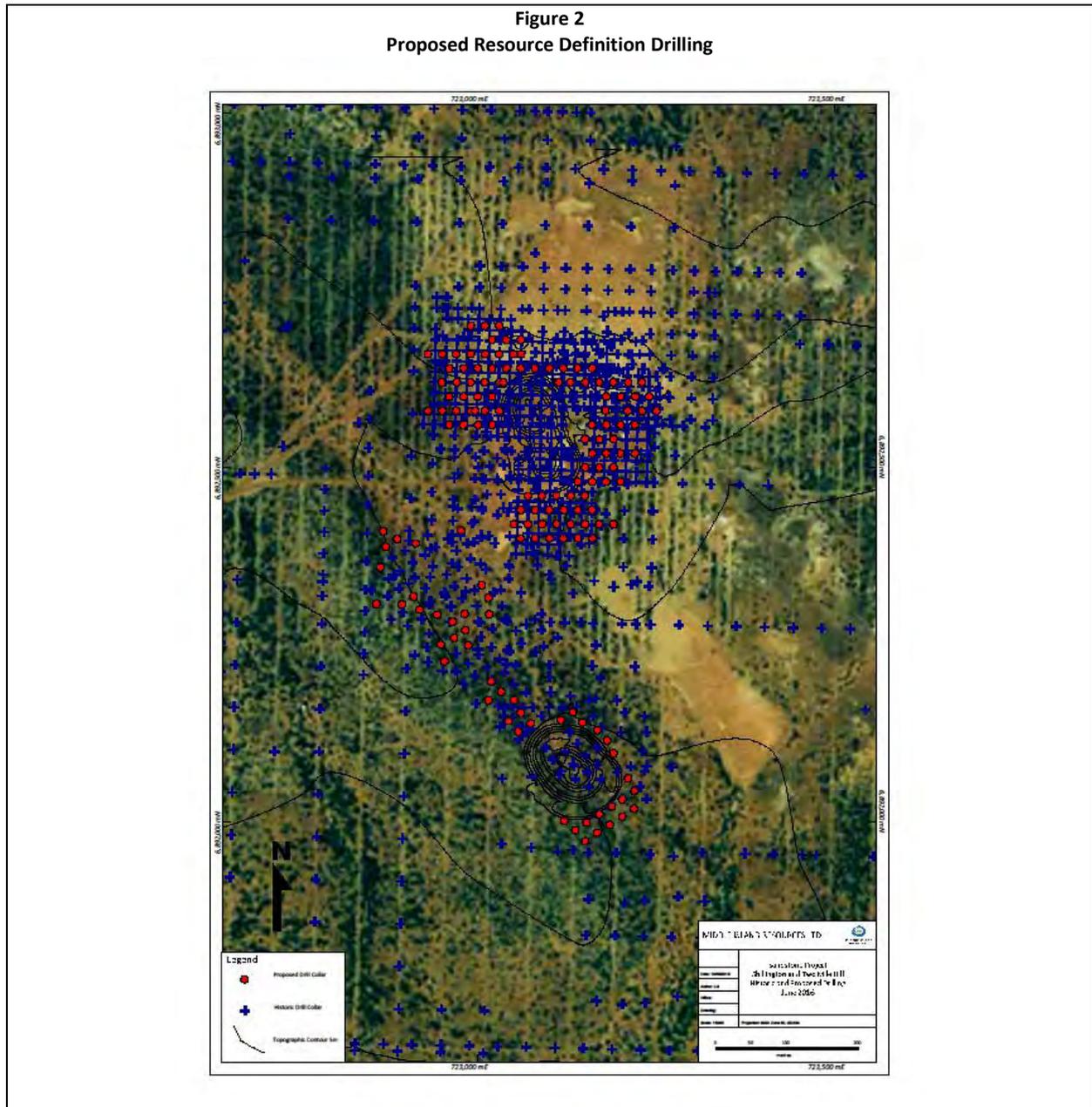
Sandstone Gold Project

Aside from Corporate activities, during the hiatus between announcing and completing the Sandstone acquisition, your Company has been busy planning initial work on the project to commence immediately following the Company’s move to full ownership. These activities have variously involved detailed planning of initial resource definition drilling in the Shillington-Two Mile Hill area (Figure 1), preparing the POW application for DMP approval, negotiating drilling and analytical contracts, interviewing prospective staff and contractors, initial review of the priority, brownfields target at Two Mile Hill (2MH) and planning pre-feasibility activities.



Resource Definition Drilling

An initial drilling programme has been designed, comprising some ~4,200m (~150 holes) of RC drilling, at the Shillington, Shillington North and 2MH deposits, which have been identified as potential initial sources of gold production (Figure 2). The primary objective of this programme is to upgrade existing Inferred Resources lying within and adjacent to the optimum open pit shells into the Indicated Resource category in order to incorporate these into the PFS.



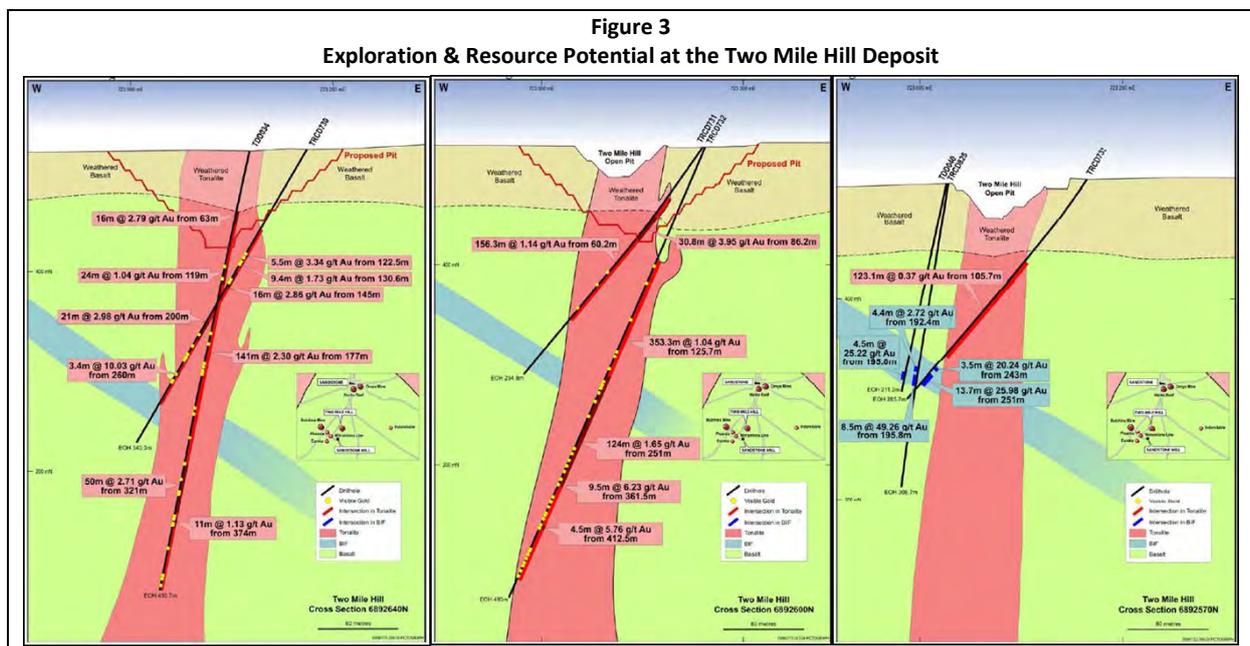
A POW covering this programme is being prepared for submission to the DMP for approval, requiring only an accompanying letter of vendor consent before being finalised.

A contract for the RC drilling has been let to Challenge Drilling Pty Ltd of Kalgoorlie, with the plan to commence the programme as soon as DMP approval is forthcoming, notionally by mid-July. Barring significant rain delays, the programme should be completed during August 2016.

Exploration

A detailed review of the existing drilling database for the Shillington-Two Mile Hill area has identified multiple brownfields targets and isolated high grade drill intercepts for systematic assessment, providing considerable early optimism that additional resources will be identified within this area.

Initial work has focussed on a comprehensive review of the priority brownfields target, comprising the BIF-hosted mineralisation adjacent to the tonalite intrusive at 2MH. Modelling has confirmed that the target is consistent with the down-dip extent of the Shillington BIF, which is exposed immediately southwest of 2MH at the Shillington and Shillington North deposits. This finding suggests that the plunge of the mineralisation will be shallowly northwards along both the eastern and western flanks of the 2MH tonalite (Figure 3).



Further work on the 2MH BIF target prior to transaction completion will involve the re-logging and resampling of existing mineralised diamond core to establish the following:-

- Confirm the width and tenor of recorded mineralisation associated with the target.
- Determine the nature and composition of sulphide replacement associated with gold mineralisation in the BIF.
- Determine the structural, lithological and spatial constraints on the distribution of gold mineralisation within the BIF.
- Determine the likely extent of mineralisation along the margins of the 2MH tonalite intrusive.

In addition to the above, the Company has commissioned an initial geophysical review of the target to determine to what extent geophysical surveys may be able to refine the location of the target mineralisation prior to drilling. The re-logging of diamond core and RC chips will also assist in refining the mineralised BIF-tonalite contact.

Once the 2MH BIF target is adequately resolved, it is planned to immediately embark on a pre-collared diamond drilling programme to confirm and extend the mineralisation as a valid, high grade, underground deposit that may be readily accessed via a decline from the completed 2MH open pit.

Comment

Your Board firmly believes that the Sandstone gold project represents an astute acquisition of a near term gold production opportunity that is in the right jurisdiction at the right time. The continuing positive outlook for gold is resulting in significant share price appreciation amongst the Australian mid-tier gold stocks. As these stocks are becoming fully priced, this investment sentiment is cascading through to the smaller gold producers and near-term developers. Middle Island is well-positioned to provide a well-priced investment alternative to capitalise on this sentiment.

I look forward to seeing many familiar faces at the General Meeting on 24 June 2016, where we will be pleased to update you on Middle Island's progress with, and plans for, the Sandstone Project.

For those shareholders that are unable to attend the meeting, **I encourage you to register your proxies well before the closing date of 22 June 2016.** Likewise, **all those who wish to participate in the Rights Issue, please ensure your applications are received no later than the closing date of 24 June.**

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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 release relates to exploration results or mineral resources that are based on information compiled in the 2011 Troy Resources Limited (Troy) annual report. The Company is not aware of any new information or data that materially affects the information provided in the 2011 Troy Resources annual report and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

Please note that the reported resource estimates are consistent with the 2004 JORC Code guidelines and are not reported in accordance with the JORC 2012 Code and a Competent Person has not completed sufficient work to accurately classify the 2004 estimates as Mineral Resources under the JORC 2012 Code. Indeed it is uncertain if, following further exploration, the 2004 estimates will be able to be reported as Mineral Resources in accordance with the JORC 2012 Code.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised.