



Middle Island RESOURCES LIMITED

Middle Island Resources Ltd
ACN 142 361 608

ASX code: MDI
www.middleisland.com.au

Investment Highlights:

- Australian and ASX listed gold exploration and development company focused on West Africa
- 100% of Reo Project in Burkina Faso – 1,166km² straddling junction of the Boromo & Houndé greenstone belts.
- Earning between 70% and 100% in the Sirba Project in Niger, representing 1,936km² of highly prospective Birimian greenstones.
- 100% interest in five permits, collectively comprising the 1,676km² Nuon River Project in Liberia, the new gold frontier of West Africa.

Capital Structure:

125 million ordinary shares
18.5 million unlisted options

Cash

\$5.63m (as at 30 June 2013)

Directors & Management:

Peter Thomas

Chairman

Rick Yeates

Managing Director

Beau Nicholls

Technical Director

Linton Kirk

Non-Executive Director

Andrew Chubb

Exploration Manager – West Africa

Dennis Wilkins

Company Secretary

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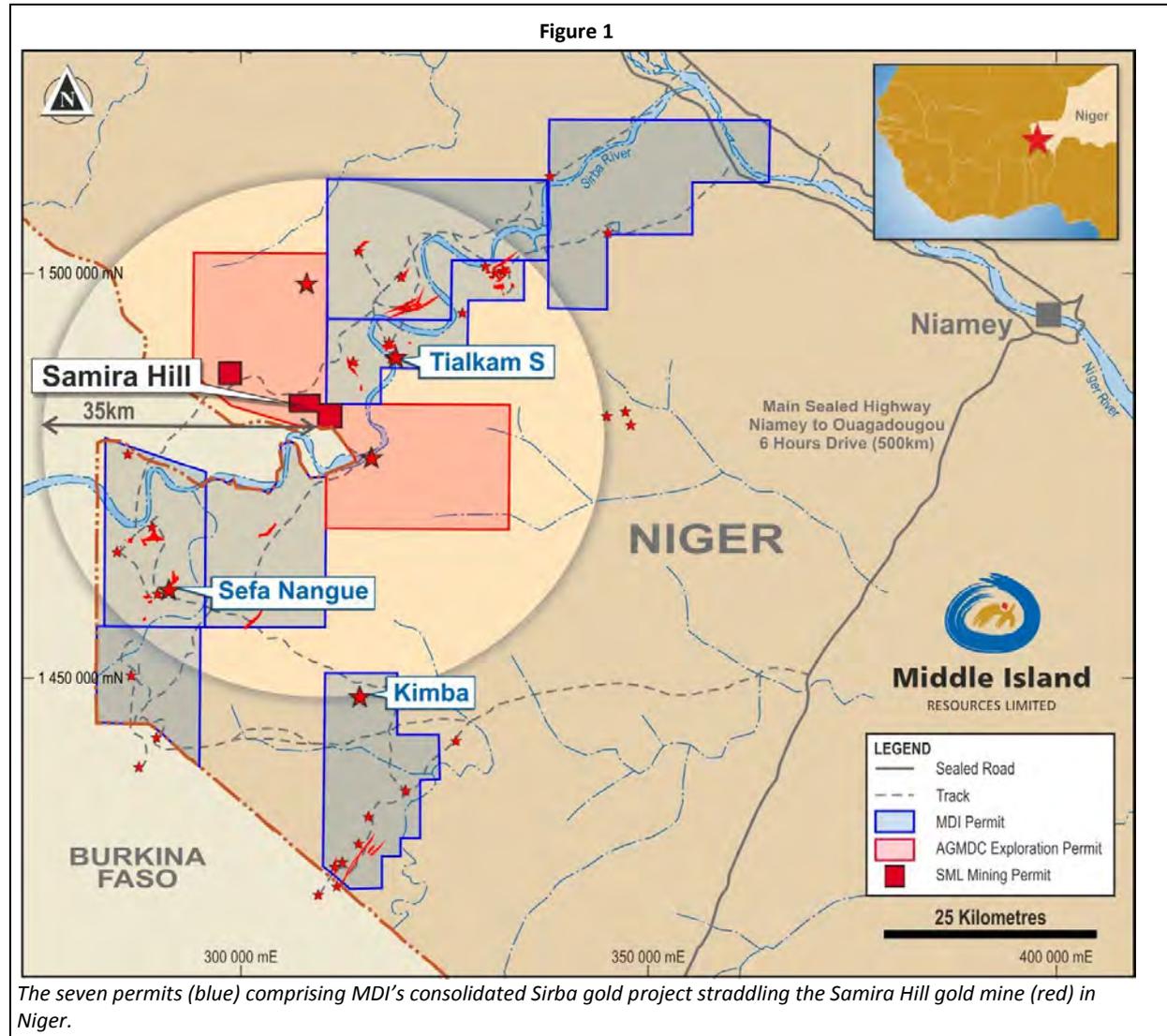
ASX Release – 27 August 2013

117,000oz maiden gold resource estimate for Tialkam South Prospect & Samira Hill transaction update, Niger

- A maiden initial resource of **117,300oz gold** has been estimated for the Tialkam South Prospect within the Sirba gold project in Niger.
- The Indicated and Inferred Resource comprises **2.02Mt at 1.82g/t Au** at a 0.7g/t Au lower cutoff grade and a 10g/t Au upper cutoff grade.
- The resource estimate is derived from drilling over an initial strike length of 350m, comprising only oxide and transitional material types to a depth of ~100m, and remains open in all directions.
- The exploration priority was to define an initial resource for processing at the Samira Hill gold plant located only 12km to the southwest.
- A study to establish the economic viability of the resource has commenced, while infill drilling to upgrade and extend the initial resource will commence on cessation of the monsoon season.
- Preliminary cyanidation bottle roll tests to establish notional gold recoveries from the Tialkam South mineralisation have been completed, with indicative average recoveries of **95% and 78%** respectively returned from the oxide and transitional mineralisation.
- Middle Island Resources Limited (MDI or the Company) entered into a non-binding Heads of Agreement (dated 18 July 2013) with SEMAFO Inc (SMF) and its wholly owned subsidiary Semafo (Barbados) Limited to acquire, subject to Government approval and other conditions precedent, an 80% interest in the Samira Hill gold mine (ASX release 18 July 2013), centrally located with respect to the Company's permit interests in Niger.
- On 26 August 2013, SMF issued a press release advising that it had suspended operations at the Samira Hill mine, noting that employees are to remain on site for maintenance purposes until 30 September 2013 pending sale of the mine.
- Indications received by MDI point to the Niger Government being supportive of MDI operating the mine and the transaction generally, although in MDI's view there will almost certainly be a need to extend the transaction timetable beyond 30 September if the transaction is to close.

Tialkam South Prospect

The Tialkam South gold prospect lies within the southern portion of the Tialkam permit, comprising part of the 1,916km² Sirba Project, which consolidates the central portion of the Sirba greenstone belt straddling the Samira Hill gold mine in Niger, as shown in Figure 1.



Resource Estimation

A maiden RC resource drilling program, comprising 37 holes (4,314m), was completed at the Tialkam South Prospect during the June quarter. Given the prospect's proximity to the producing Samira Hill gold mine, lying only 12km to the southwest, the program was designed to quantify an initial resource with a view to milling the material through the Samira Hill processing plant.

Exceptional results returned from the Tialkam South RC drilling campaign during the June quarter include intercepts of **21m at 4.89g/t, 26m at 3.29g/t, 13m at 4.08g/t, 18m at 2.91g/t, 11m at 3.15g/t, 15m at 2.30g/t and 13m at 2.26g/t Au** (ASX release 14 June 2013).

Mineralisation comprises a series of broad, tabular, sub-vertical zones of sheeted to stockwork quartz veining that strike northeast, predominantly hosted by a series of sub-parallel quartz-feldspar porphyry dykes enveloped by meta-sediments and meta-volcanics.

Andes Mining Services (AMS) was commissioned by Middle Island Resources (MDI) to prepare a mineral resource estimate for the Tialkam South Prospect in accordance with the Joint Ore Reserves Committee (JORC) guidelines (2004) issued by the Australasian Institute of Mining and Metallurgy (AusIMM).

Grade estimation was completed via an inverse distance squared calculation into a three-dimensional block model covering the interpreted mineralised domains. Inverse Distance weighting techniques were utilised as there are currently insufficient data points within the various mineralised domains to generate meaningful variography.

Indicated and Inferred Mineral Resources of 2.02Mt at 1.82g/t Au (0.7g/t lower cut-off grade) for a total of 117,300oz of gold have been estimated, as displayed in Table 1 below.

Table 1 Middle Island Resources – Tialkam South Prospect Indicated and Inferred Mineral Resource Grade Tonnage Report – 20 August 2013 (Block Model – 10mN X 5mE X 5mRL)				
Material Type	Cut-Off (Au g/t)	Tonnes	Au_Cut (g/t)	Ounces Au (oz)
Indicated Resource Category				
Oxide	0.7	577,000	1.60	29,700
Transitional	0.7	191,000	1.45	8,900
TOTAL INDICATED		768,000	1.57	38,600
Inferred Resource Category				
Oxide	0.7	944,000	2.05	61,600
Transitional	0.7	306,000	1.74	17,100
TOTAL INFERRED		1,250,000	1.97	78,700
TOTAL INDICATED & INFERRED		2,018,000	1.82	117,300

The Mineral Resources at a range of lower cut-off grades are provided in Table 2 below for comparative purposes.

Table 2 Middle Island Resources – Tialkam South Prospect Total Mineral Resource Grade-Tonnage Report – 20 August 2013 (Block Model – 10mN X 5mE X 5mRL)			
Cut-Off (Au g/t)	Tonnes	Au_Cut (g/t)	Ounces Au (oz)
Indicated Resource Category			
0.5	798,000	1.53	39,200
0.7	768,000	1.57	38,600
1.0	556,000	1.84	32,900
2.0	190,000	2.49	15,200
Inferred Resource Category			
0.5	1,436,000	1.79	82,400
0.7	1,245,000	1.97	78,700
1.0	1,049,000	2.18	73,400
2.0	538,000	2.85	49,100

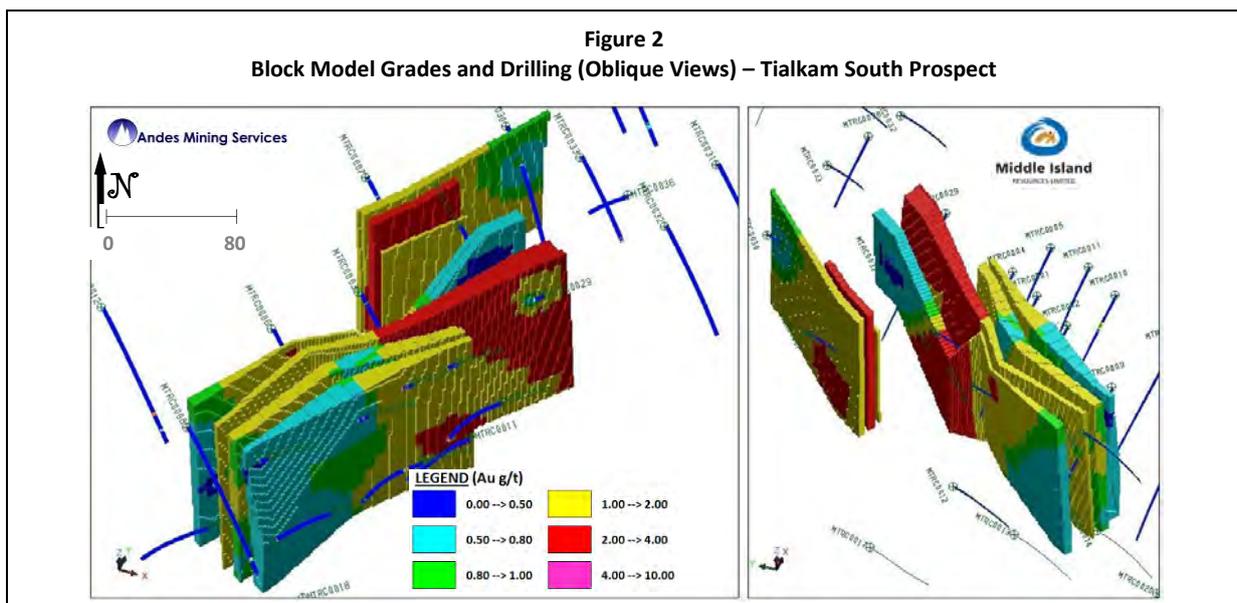
Mineral resources are not mineral reserves and do not have demonstrated economic viability.

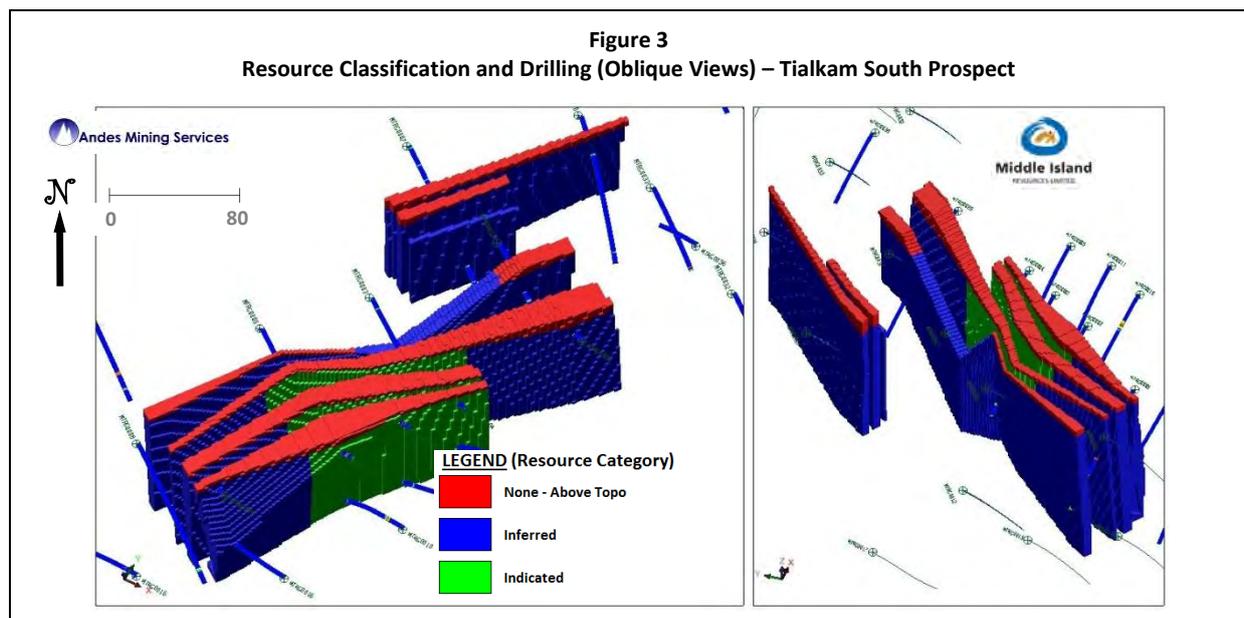
All grades cut to 10g/t Au.

Appropriate rounding has been applied to Tables 1 and 2.

The resource statement has been estimated and classified by Competent Person, Mr Bradley Ackroyd (MAIG) of Andes Mining Services (AMS) in accordance with the JORC Code guidelines (2004).

The resource remains open along strike, laterally and at depth, as shown in Figure 2 and Figure 3 below. Feasibility studies to establish the economic viability of the initial resource have already commenced, while infill feasibility drilling to upgrade the initial resource to at least an Indicated status will commence on cessation of the monsoon season.





Indicative Metallurgical Testwork

Middle Island collected a suite of composite RC samples, representative of all Tialkam South host rocks, alteration styles, oxidation states and grades, and submitted these to ALS Laboratories in Ouagadougou for preliminary cyanidation bottle roll tests to establish the material's indicative amenability to conventional CIL processing, consistent with the 2Mtpa Samira Hill gold plant.

Bottle roll solutions were analysed every 12 hours over a 72 hour period, and the tail was analysed by fire assay. The resulting average recoveries are provided in Table 3 below.

	Porphyry		Shale		Carbonaceous Shale	
Oxidation	No.	% Recovery	No.	% Recovery	No.	% Recovery
Oxide	10	97.7	6	89.8	0	-
Transitional	7	72.6	6	83.6	1	29.6
Primary	5	34.5	1	79.3	7	2.1

Indicative average recoveries of **98% and 73%** were respectively returned from the oxide and transitional porphyry-hosted mineralisation, which represents the majority of the resource estimate, while average oxide and transitional recoveries of **90% and 84%** respectively were returned for the subordinate shale-hosted mineralisation.

A limited number of primary (fresh rock) composites generated lower gold recoveries, suggesting a possible refractory and/or preg-robbing component and, as such, the primary mineralisation has been expressly excluded from the resource estimate.

More comprehensive metallurgical testing will be undertaken as part of the feasibility studies during 2013-14.

Tenure

Middle Island and its partners are in the process of applying for extensions to the Deba and Tialkam permits, which are required to be lodged on or before 19 October 2013.

The Company advises that it has signed agreements with AMI Resources Inc (TSX-V:AMU) (“AMI”) and Golden Star Resources Ltd (NYSE MKT: GSS) (TSX: GSC) (GHANA: GSR) (“GSR”) to restructure the earn-in arrangements in relation to the Deba, Tialkam and Boksay permits in Niger. MDI will assume full ownership of permits covering the Deba and Tialkam ground (and all related exploration information) in exchange for agreeing to pay to each of AMI and GSR a 1.5% net smelter royalty on gold produced from that ground. MDI has an option to purchase each royalty for US\$1.5 million. Each option is for one year and commences on the date of first payment of the royalties. All expenditure to date by MDI on the Deba and Tialkam permits will be credited against the Boksay permit earn-in arrangements, which will continue as a joint venture with AMI in isolation.

Samira Hill Project

Middle Island Resources Limited entered into a non-binding Heads of Agreement with SEMAFO Inc and its wholly owned subsidiary Semafo (Barbados) Limited to acquire, subject to Government approval and other conditions precedent, an 80% interest in the Samira Hill gold mine (ASX release 18 July 2013), centrally located with respect to the Company’s permit interests in Niger.

Despite two visits to Niger for meetings with various Government Ministers and agencies, and an understanding that MDI represents an appropriate partner for the Niger Government in the Samira Hill Project, no formal approval has been provided to date. Discussions at senior Government level are progressing, despite a recent Cabinet reshuffle.

On 26 August 2013, SMF issued a press release advising that it had suspended operations at the Samira Hill mine, noting that employees are to remain on site for maintenance purposes until 30 September 2013 pending sale of the mine. The press release further stated that the cessation of operations ensures there will be an adequate inventory of supplies to resume activities in the event the transaction closes.

It has come to MDI’s attention that La Société du Patrimoine des Mines du Niger (SOPAMIN), the Niger Government controlled company that already holds a 20% interest in the Samira Hill mine, has expressed an interest in acquiring SMF’s equity in the Samira Hill Project. This was announced via radio in Niger on Monday 26 August 2013. MDI is investigating this announcement further and will update the market once further details are known.

On balance, indications received by MDI point to the Niger Government being supportive of MDI operating the mine and the transaction generally, although in MDI’s view, it is likely that an extension of the transaction timetable will be required if the transaction is to close.

MDI’s due diligence and implementation plans are well advanced. MDI remains well funded and confident that all the conditions precedent over which it has control and being some of those to which the transaction is subject will be satisfied.

Comment

Middle Island Resources Managing Director, Mr Rick Yeates:

“Notwithstanding exclusion of the primary mineralisation from the maiden Tialkam South resource estimate, the oxide and transitional resources lie in the middle to upper end of our expectations. What is particularly encouraging is that the resource remains open, with the section at the north-eastern extremity of the initial resource drilling demonstrating the strongest mineralisation identified to date. This provides significant opportunity to grow the Tialkam South deposit with further drilling.

While MDI believes the delay in receiving Niger Government approval for acquisition of SEMAFO’s interest in the Samira Hill Project will necessitate an extension to the transaction timetable, we remain optimistic that the acquisition will be effected.”

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Competent Person’s Statement

Information in this report relates to exploration results that are based on information compiled by Mr Rick Yeates (Member of the Australasian Institute of Mining and Metallurgy) and Mr Beau Nicholls (Member of Australian Institute of Geoscientists). Mr Yeates and Mr Nicholls have 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 2004 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Yeates and Mr Nicholls consent to the inclusion in the release of the statements based on their information in the form and context in which they appear.

Information relating to mineral resources is based on information compiled by Mr Bradley Ackroyd, a Member of the Australian Institute of Geoscientists (Competent Person). Mr. Ackroyd is an independent resource consultant and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004). Mr. Ackroyd consents to the inclusion of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

Certain statements made during or in connection with this communication, including, without limitation, those concerning the economic outlook for the mining industry, expectations regarding gold prices, exploration costs and other operating results, growth prospects and the outlook of Middle Island’s operations contain or comprise certain forward looking statements regarding Middle Island’s exploration operations, economic performance and financial condition. Although Middle Island believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Accordingly, results could differ materially from those set out in the forward looking statements as a result of, among other factors, changes in economic and market conditions, success of business and operating initiatives, changes that could result from future acquisitions of new exploration properties, the risks and hazards inherent in the mining business (including industrial accidents, environmental hazards or geologically related conditions), changes in the regulatory environment and other government actions, risks inherent in the ownership, exploration and operation of or investment in mining properties in foreign countries, fluctuations in gold prices and exchange rates and business and operations risks management, as well as generally those additional factors set forth in our periodic filings with ASX. Middle Island undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today’s date or to reflect the occurrence of unanticipated events.