



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
ACN 142 361 608

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Middle Island Resources Ltd
ACN 142 361 608
ASX code: MDI
www.middleisland.com.au

Capital Structure:

586 million ordinary shares
38,300,000 unlisted options

Cash

\$1.67m (as at 31 March 2018)

Directors & Management:

Peter Thomas

Non-Executive Chairman

Rick Yeates

Managing Director

Beau Nicholls

Non-Executive Director

Dennis Wilkins

Company Secretary

Contact:

Rick Yeates

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ASX Release – 16 May 2018

Tajiri Enters Option to Purchase Reo Gold Project, Burkina Faso, West Africa

Middle Island Resources Limited (**Middle Island, MDI or the Company**), is pleased to advise it has finalised the transaction for the divestment of the Reo Gold Project in Burkina Faso, West Africa (**Project**). A formal Option to Purchase Agreement (**Option**) with TSX(V)-listed Tajiri Resources Limited (**Tajiri**) has been executed, which provides Tajiri with the option to acquire 100% of MDI's interest in the Project.

Tajiri has provided formal notice that it will enter into the 18 month exclusive option period and now has 15 days to pay to MDI a US\$150,000 option fee and issue 5,000,000 Tajiri shares to MDI. The up-front issue of all the Tajiri shares is an amendment to the terms contained in the HOA (refer ASX release 13 February 2018), which contemplated a staged issue of shares. The variation was required to comply with TSX(V) regulations.

During the Option term Tajiri must pay all expenses associated with maintaining the Reo Project permits in accordance with Burkinabe law.

Should Tajiri elect to exercise the Option, it will pay a further US\$150,000 to Middle Island. If Tajiri has not exercised the Option within 12 months, it will be required to pay US\$50,000 to Middle Island as a non-refundable advance on the Option exercise cash consideration, with the balance of US\$100,000 payable if the Option is exercised during the remaining six months of the Option term. If the Option is exercised within the first 12 months the full US\$150,000 is payable on exercise.

If the Option is exercised by Tajiri, Middle Island will retain a 2% net smelter return (NSR) royalty on any minerals derived from the Reo project. Tajiri has the right to acquire that royalty from Middle Island for US\$5 million.

If the Option is not exercised by Tajiri, Middle Island will retain all consideration already paid to Middle Island and it will continue to own its 100% interest in the Reo Project.

Middle Island Managing Director, Rick Yeates commented "This divestment is in line with Middle Island's strategy to focus on developing the Sandstone gold precinct in Western Australia into a thriving gold hub, processing local deposits through the Company's 100%-owned Sandstone mill."



COMPANY CONTACTS:

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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.