



Middle Island
RESOURCES LIMITED



Middle Island Resources Limited
ACN 142 361 608
Suite 1, 2 Richardson Street
West Perth WA 6005
PO Box 1017
West Perth WA 6872
Tel +61 (08) 9322 1430
Fax +61 (08) 9322 1474
info@middleisland.com.au
www.middleisland.com.au

QUARTERLY REPORT

For the period ended 31 March 2020

HIGHLIGHTS

- At the Company's Sandstone gold project in WA, a **~17,300m drilling campaign is well advanced**, with two of the four planned programs completed.
- RC drilling has identified what appear to represent **a further three new open pit deposits, at McClaren, McIntyre and Old Town Well**, with results still pending for a further eight of the 14 deposits and prospects drilled.
- Gold intercepts of **4m at 90.6g/t and 8m at 3.35g/t Au** complement previous drilling results at McClaren that suggest a high likelihood the prospect will prove to represent a new open pit deposit to supplement the planned recommissioning inventory for the project's fully-permitted on-site mill.
- At the McIntyre prospect, Phase 1 RC drilling has also defined consistent, new, shallow intercepts including **24m at 1.66g/t, 23m at 1.40g/t, 11m at 1.39g/t and 18m at 1.35g/t Au**, which appear to represent a further new open pit deposit with a very low stripping ratio.
- The Old Town Well deposit represents the third discovery, comprising broad, shallow drill intercepts over a 60m width and 340m strike length, including **20m at 0.87g/t, 8m at 2.17g/t and 8m at 1.45g/t Au**, together with similar historic results, that are likely to represent a substantial new oxide gold deposit only 600m north of the processing plant.
- A **500,000oz gold Inferred Mineral Resource** has been estimated for the Two Mile Hill deeps gold deposit at Sandstone, which brings the aggregate project Mineral Resources to **624,000oz gold**, representing a near five-fold JORC Code 2012 Mineral Resources increase, **providing far greater valuation transparency of both the Sandstone project and Middle Island**.
- During the March Quarter, the Company was allocated portions of a further four competing exploration licence applications within the newly available, IOCG-prospective, former Barkly moratorium area of the Northern Territory (NT), with Middle Island's **100%-owned Barkly super project now representing 10 exploration licence applications covering 3,253km²**.
- Aggregated cash and investments as at 31 March 2020 of A\$2.28m, after raising A\$2.35m via a fully underwritten rights issue in February 2020.

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ASX Code: MDI

Office:

Suite 1, 2 Richardson Street
WEST PERTH WA 6005
Western Australia

Postal Address:

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Western Australia

T: +61 8 9322 1430

F: +61 8 9322 1474

E: info@middleisland.com.au

www.middleisland.com.au

Capital Structure:

1,765 million ordinary shares
994 million unlisted options

Board Members:

Peter Thomas

Chairman

Rick Yeates

Managing Director

Beau Nicholls

Non-Executive Director

Brad Marwood

Non-Executive Director

Dennis Wilkins

Company Secretary

Operating Activities

Corporate

Finances

Aspiring WA gold project developer, Middle Island Resources Limited (**ASX:MDI, Middle Island or the Company**), held aggregated cash and liquid investments of A\$2.28m as at 31 March 2020, comprising A\$2.14m in cash and A\$0.14m in Tajiri Resources Corporation (TSXV:TJ) ordinary shares.

On 12 February 2020, Middle Island closed a fully underwritten, pro-rata, non-renounceable entitlement issue of one new ordinary share for every two ordinary shares held on the record date, at an issue price of \$0.004 per new share, together with a free attaching option (exercisable at 0.8c) for each new share subscribed, to raise A\$2.35m before costs.

General Meeting

A General Meeting of the Company was held on 31 March, 2020, to variously ratify the issue of Placement shares and options, approve the issue of the Placement and Underwriter options, and elect Mr Brad Marwood as a non-Executive Director. All resolutions were unanimously passed by way of a poll called to determine the outcome of each resolution put before the meeting.

Strategy

The Company's activities during the March quarter, 2020, continued to focus on the primary strategy, being to recommission its 100%-owned Sandstone gold processing plant at the earliest opportunity, via a dual approach as follows:-

- Exploring already permitted (regulatory mine ready), close proximity, greenfields targets within MDI's existing Sandstone tenure in order to identify higher grade, low strip ratio, open pit deposits to enhance the front end of the proposed production re-start schedule.
- Progressing one or more of several possible consolidations of proximal third-party gold deposits within the broader Sandstone district in central WA.

Underpinning adoption of this strategy is the probability that success, with either or both of these unchanged approaches, would likely serve to underpin a mill recommissioning decision. That logic, particularly given a near record Australian dollar denominated gold price, appears close to being vindicated by recent drilling results.

COVID-19 Update

On 16 March, 2020, Middle Island temporarily closed its Perth Office and Contractor's Camp at Sandstone as a precautionary measure to minimise the Company's and community's exposure to COVID-19. All personnel have since been working from self-isolation at home, which is generally proving efficient.

The health and well-being of the Company's employees, contractors, regional host communities and the broader public, are paramount.

The Company's day to day activities and operations around its flagship Sandstone gold project in central WA currently remain relatively unaffected by the pandemic. Essential personnel and contractors have successfully applied for travel permits to access the Sandstone site and are observing all required social distancing and hygiene protocols, camping remotely where possible, and avoiding contact with the older demographic comprising the Sandstone community.

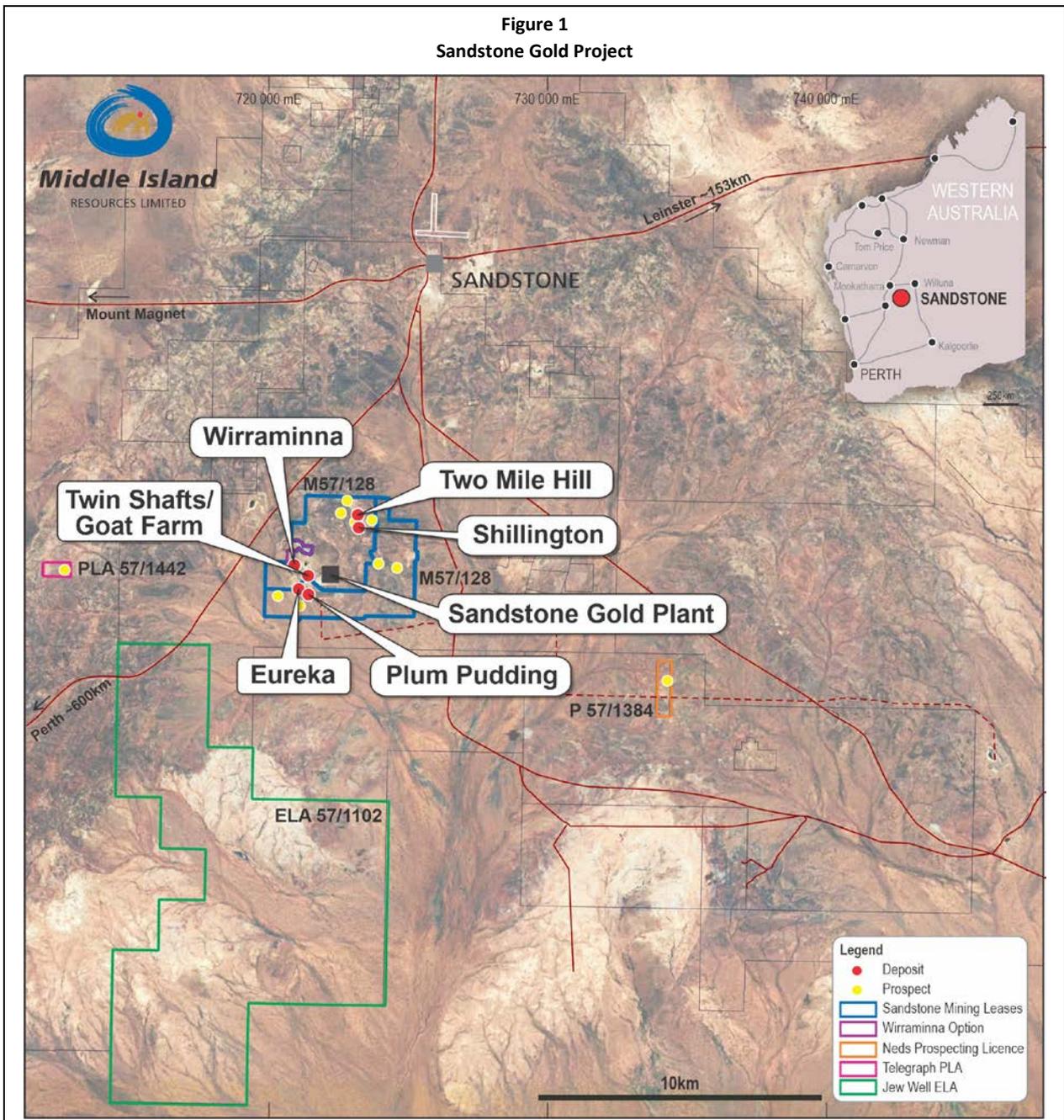


Meanwhile, the associated economic fallout from the pandemic seems likely to strengthen the already rising gold price which, coupled with the extraordinary initial success of the current drilling campaign, augurs well for realisation of the Sandstone gold project strategy.

Middle Island does not anticipate that the last of the Company’s 10 exploration licence applications comprising the Barkly copper/gold super-project in the NT will be granted until at least August, 2020. As such, the current interstate and NT Government COVID-19 travel restrictions are unlikely to impinge on the Company’s reconnaissance and exploration activities until later in the year.

Sandstone Gold Project (100%) – Western Australia

The Sandstone gold project is shown in Figure 1 below.





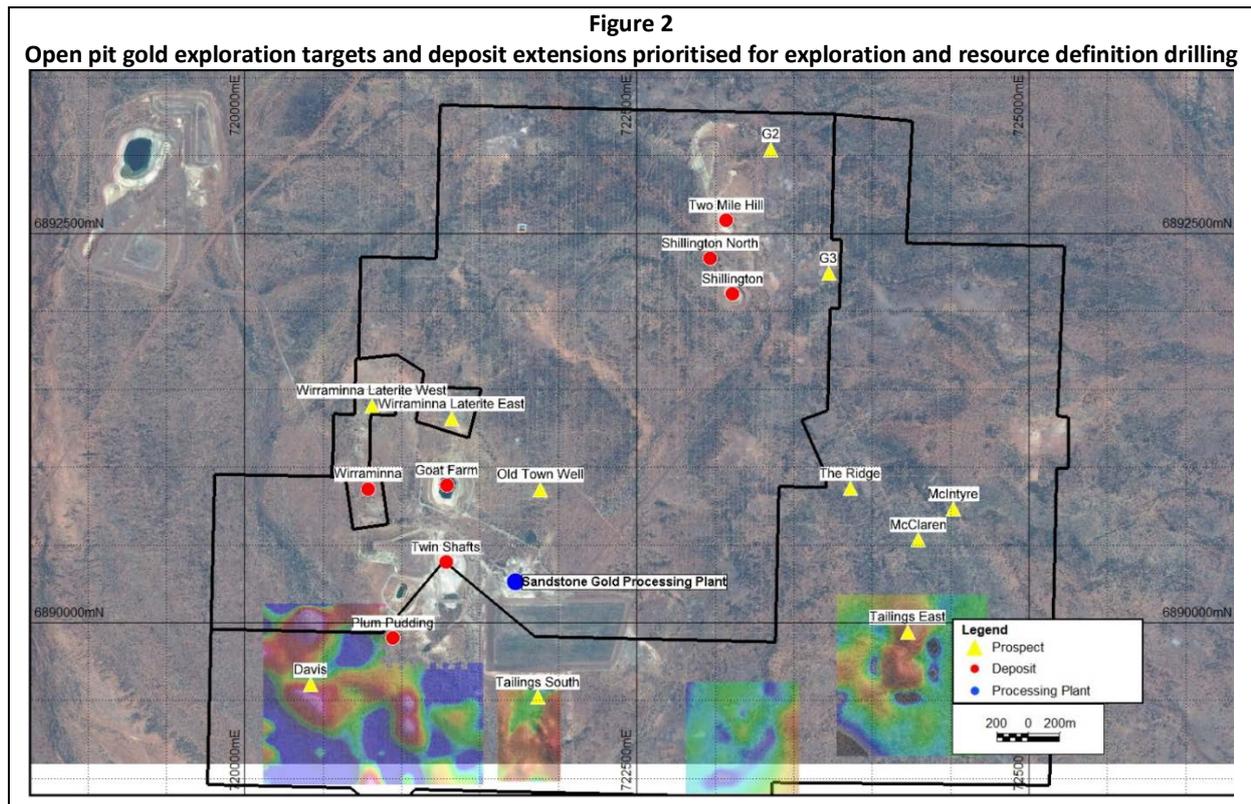
2020 Drilling Campaign

During the March quarter, the Company completed the first two of a planned series of programs that collectively comprise a ~17,300m exploration and resource definition drilling campaign at the Company's 100%-owned Sandstone gold project in Western Australia.

The drilling campaign is planned to comprise four programs across 14 identified deposits and prospects within the Company's existing Sandstone tenure. The campaign is underpinned by capital raisings initiated late in 2019 (refer ASX Releases dated 19 November 2019 and 20 December 2019).

The primary objective of the drilling campaign is to confirm (and/or identify) and quantify additional open pit gold deposits and deposit extensions to supplement existing Mineral Resources, prior to completing an update of the pre-feasibility study (PFS) commenced in the December quarter of 2019 (refer ASX Release 25 October 2019).

The 14 identified open pit gold targets and deposit extensions (Figure 2) were prioritised following a detailed internal and external technical review. The majority are located on existing permitted (regulatory mine-ready) tenure (M57/128 & M57/129) and all are within 4km of the Company's 100%-owned, 600,000tpa gold processing plant. The campaign comprises a sequential series of aircore (AC), reverse circulation (RC) and diamond drilling programs.



Aircore Drilling

The initial AC drilling program, comprising ~2,300m, had a twofold purpose, to confirm and quantify two mineralised laterite occurrences, and to extend defined palaeo-surface geochemical targets lying beneath up to 20m of transported sheetwash cover in the southern portion of M57/129.



The aircore results identified that the Wirraminna East Laterite occurrence is transported, rather than residual, in origin and is of no immediate significance. The Wirraminna West Laterite occurrence was confirmed as residual in origin, however the mineralisation (<1g/t Au) is of insufficient grade to be of immediate economic significance. No significant results were returned from interface (palaeo-surface) geochemical AC drilling at the Hatton prospect. However, similar work at the existing Davis, Tailings South and Tailings East gold anomalies assisted in refining these targets in advance of Phase 1 RC drill testing (refer ASX Release dated 12 March, 2020).

Phase 1 RC Drilling

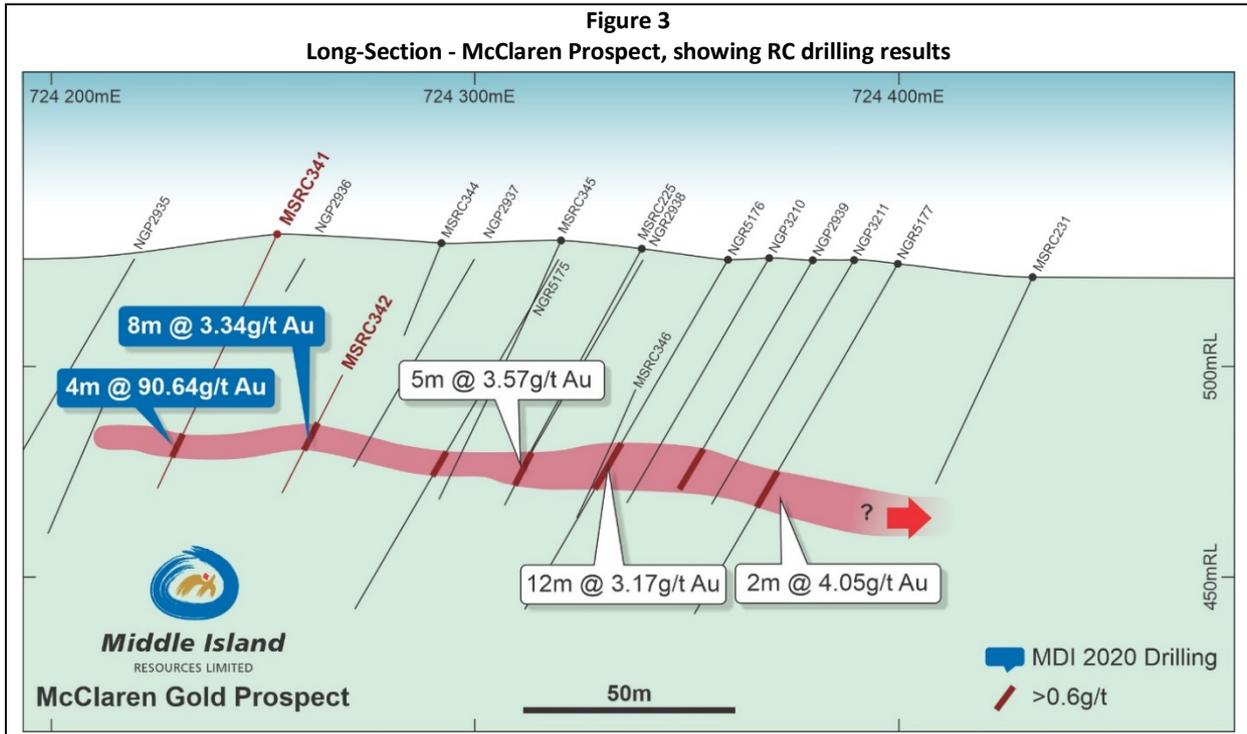
Phase 1 RC drilling, comprising 172 holes (13,400m), was completed during the March quarter to assess six existing open pit deposits and a further eight new prospects as follows:-

1. Wirraminna deposit
 2. Goat Farm deposit
 3. Twin Shafts deposit
 4. Plum Pudding deposit
 5. Shillington deposit
 6. Two Mile Hill deposit
-
1. McClaren prospect
 2. McIntyre prospect
 3. Ridge prospect
 4. Old Town Well prospect
 5. G2 & G3 gravity targets
 6. Tailings East prospect
 7. Tailings South prospect
 8. Davis prospect

Post March quarter, results have been received for the Two Mile Hill open pit deposit, and the McClaren, McIntyre, Old Town Well, Tailings East and Davis prospects. Initial results are extremely encouraging, with one deposit enhancement (Two Mile Hill) identified, and three out of five prospects (McClaren, McIntyre and Old Town Well) appearing, subject to 1m re-sampling and infill RC drilling, to represent new open pit deposits to complement the planned mill re-commissioning inventory.

McClaren Prospect

A bonanza RC drill intercept of **4m at 90.6g/t Au** (from 60m in MSRC341), accompanied by an adjacent intercept of **8m at 3.35g/t Au** (from 52m in MSRC342), were reported from the McClaren prospect (refer ASX Release dated 14 April, 2020). These complement previous drilling results, suggesting that subject to resampling and infill drilling, there is a high likelihood that McClaren will prove to represent a new open pit deposit to compliment the project's mill recommissioning inventory (Figure 3).



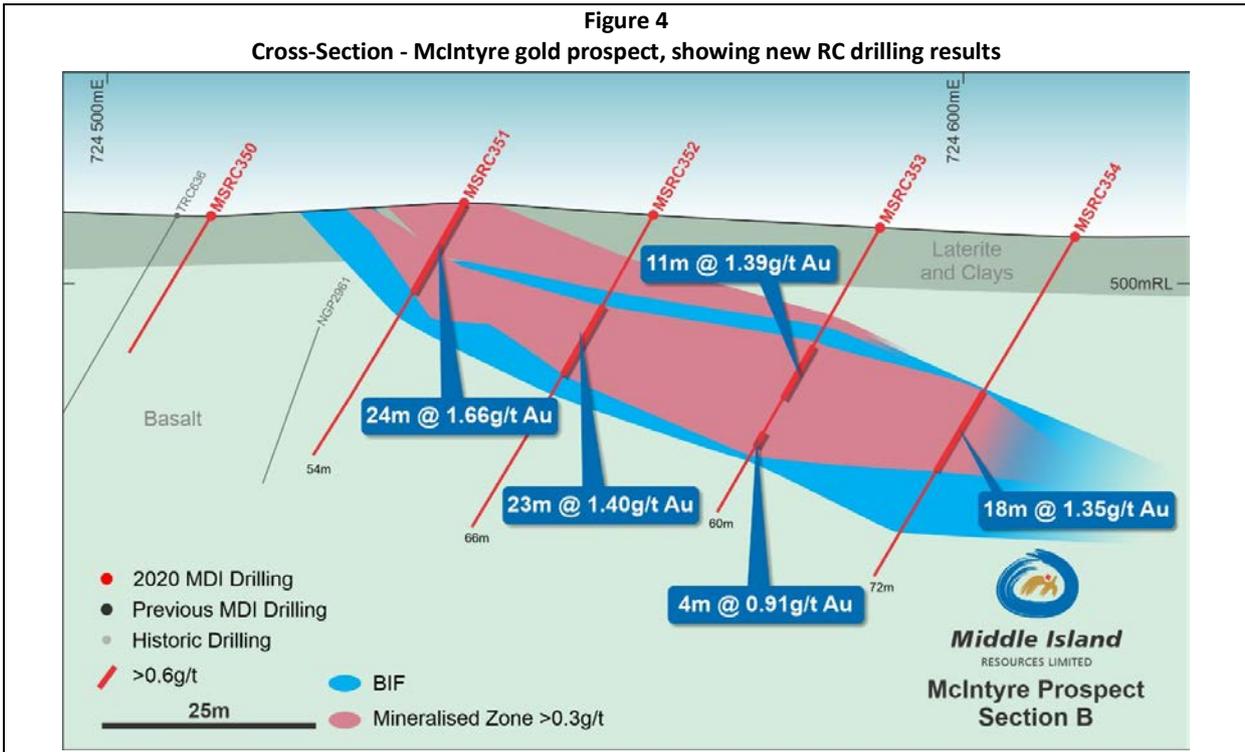
McClaren is one of a cluster of three proximal gold prospects, also including McIntyre and Ridge, all of which are hosted within the southeast extension of the Shillington banded iron formation (BIF) package and located 2.5km from the Company's 100%-owned Sandstone gold processing plant.

McIntyre Prospect

Phase 1 RC drilling defined consistent, new, shallow intercepts including **24m at 1.66g/t, 23m at 1.40g/t, 11m at 1.39g/t and 18m at 1.35g/t Au** at the McIntyre prospect (refer ASX Release dated 21 April, 2020), which appear to represent a further new open pit deposit with a low stripping ratio (Figure 4).

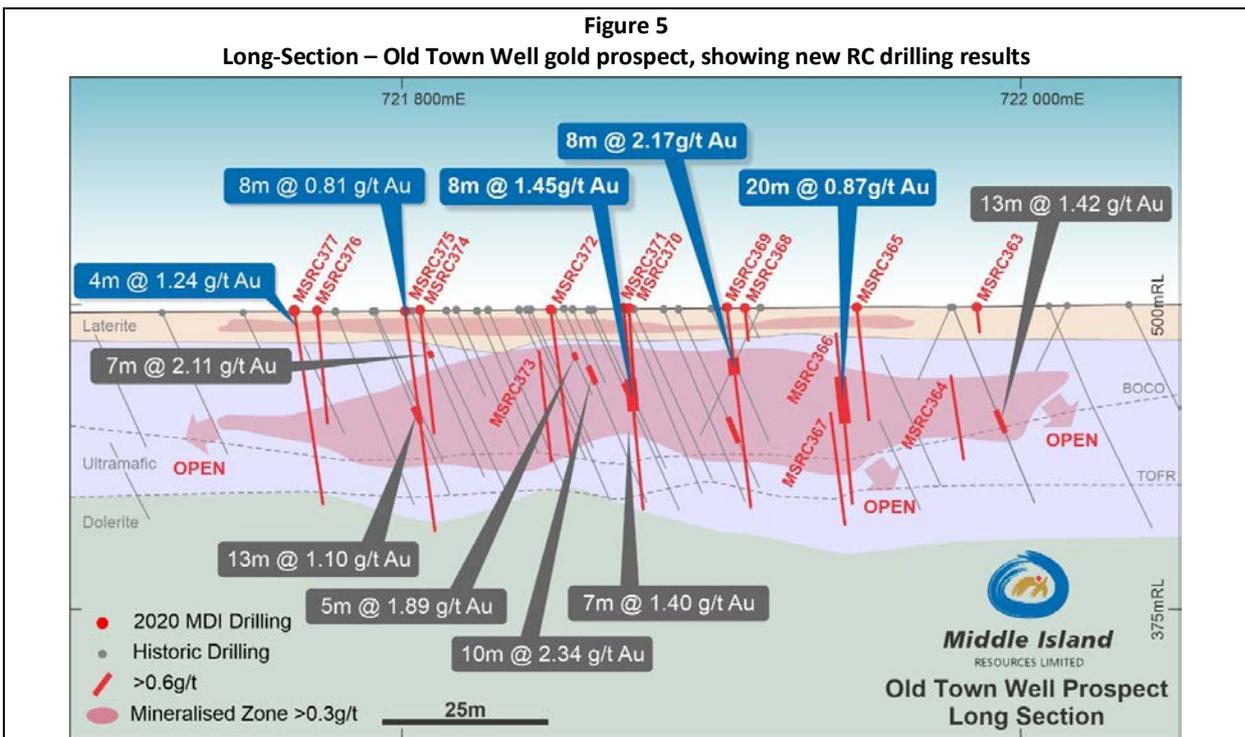
Recently completed geological mapping indicates that the McIntyre and McClaren prospects are linked via a northeast trending corridor of more intense deformation and quartz veining, offering considerable potential to extend both deposits.

There is a high likelihood that, along with McClaren, the McIntyre prospect represents a second, new, very low strip ratio open pit deposit to complement the project's mill recommissioning inventory.



Old Town Well Prospect

The Old Town Well prospect comprises broad, consistent, shallow drill intercepts over a 60m aggregate width and 340m strike length, including **20m at 0.87g/t** (from 32m depth in MSRC366), **8m at 2.17g/t** (from 24m depth in MSRC368) and **8m at 1.45g/t Au** (from 36m depth in MSRC371), together with numerous similar historic results (refer ASX Release dated 28 April 2020). Subject to 1m re-sampling and infill RC drilling, Old Town Well is also likely to represent a substantial oxide gold deposit, the majority of which is relatively shallow, including a blanket of mineralised laterite from surface (Figure 5).





The RC drilling results returned from the primary zone are lower grade and are, from a project-wide perspective, inconsistent with the broad intervals of logged quartz veining and strong associated silica-carbonate-pyrite alteration. Elsewhere within the project, at deposits such as Wirraminna, Goat Farm and Twin Shafts, similar veining and alteration is associated with high grade, quartz lode-style, gold mineralisation. High hydrothermal fluid flows are clearly evident at Old Town Well and it is possible that alteration observed in drilling to date is peripheral to far more significant gold mineralisation along strike or down dip/plunge.

While of generally modest grade, the Old Town Well deposit is likely to comprise a substantial tonnage of relatively shallow oxide mineralisation. The deposit will be assessed as part of the updated pre-feasibility study (PFS), as it is situated only 600m north of the Company's 100%-owned, 600,000tpa processing plant, within granted Mining Lease M57/128.

There is a high likelihood that, along with the McClaren and McIntyre prospects, Old Town Well represents a third, new, low strip ratio, open pit deposit to complement the project's mill recommissioning inventory.

Two Mile Hill Deposit

RC drilling within the northeast quadrant of the Two Mile Hill open pit deposit is designed to extend and/or provide further confidence in the existing 2012 JORC Indicated and Inferred Mineral Resources within basalts adjacent to the mineralised tonalite. To this end, the results (subject to eight awaited assays) are broadly consistent with expectations, including better intercepts of **16m at 1.64g/t** (from 71m in MSRC304), **4m at 8.04g/t** (from 144m in MSRC306) and **3m at 7.81g/t Au** (from surface in MSRC309) (refer ASX Release dated 14 April 2020).

Open pit optimisation studies indicate the northeast quadrant of the Two Mile Hill deposit is very sensitive to mineralised zone modelling within the basalt, **with Mineral Resource additions potentially deepening the entire open pit by at least 20m, and possibly by as much as 40m, thereby significantly increasing the overall open pit inventory.** The results received to date suggest this objective could well be achieved.

Tailings East Prospect

The Tailings East prospect is a Weights of Evidence (WoE) target, subsequently refined via recent interface (palaeo-surface) aircore geochemistry. The target is interpreted to be associated with BIF horizons dislocated by faulting, within otherwise predominantly ultramafic rocks. The only significant result generated by RC drilling of the bedrock is a 4m composite sample of **4m at 2.55g/t Au** (from 52m in MSRC332) (refer ASX Release dated 14 April 2020).

While validating the technical merits of the WoE study and interface gold anomaly, at this stage the Tailings East does not appear to represent a target of economic consequence. However, it is noted that the above mineralised composite RC sample lies on the anomaly margins, and therefore may justify limited follow-up drilling.



Davis Prospect

The Davis prospect is another WoE target, subsequently confirmed and refined via two programs of interface (palaeo-surface) aircore geochemistry. The target is interpreted to be associated with quartz lode-style mineralisation predominantly hosted by ultramafic rocks.

The best 4m composite RC drill intercept from the Davis prospect is **8m at 0.95g/t** (from 44m depth in MSRC366), along with two further mineralised laterite and saprolite intercepts derived from a second element of the Davis palaeo-surface gold anomaly to the north (refer ASX Release dated 28 April 2020).

While again validating the technical merits of the WoE study and interface gold anomaly, the reconnaissance RC drilling traverses completed as part of the Phase 1 program do not suggest that the Davis prospect is of any immediate economic significance.

Two Mile Hill Deeps Resource Update

An **Inferred Mineral Resource of 500,000oz gold** has been estimated by independent consultants, Mining Plus Pty Ltd, for the Two Mile Hill deeps deposit at Sandstone.

The new Inferred Mineral Resource is comprised of 480,000oz associated with the tonalite-hosted portion of the deposit and 20,000oz within the banded iron formation (BIF)-hosted element.

Addition of the Two Mile Hill deeps underground deposit brings the **aggregate Sandstone project's JORC Code 2012 Mineral Resources to 624,000oz gold, representing a near five-fold increase in JORC Code 2012 Mineral Resources.**

The new tonalite deeps Inferred Mineral Resource is derived from a partial reclassification of the previous Exploration Target, extending from 140m below surface, the base of quantified open pit Mineral Resources, to ~500m depth.

The new BIF deeps Mineral Resource is derived via the upgrade of a former JORC Code 2004 resource estimate to a formal JORC Code 2012 Inferred Mineral Resource.

The remainder of the original tonalite deeps Exploration Target, extending from 500m to 700m depth, will require re-quantification as an Exploration Target, primarily underpinned by a diamond drill intercept of **508.3m at 1.38g/t Au**, including an interval of **160m at 2.13g/t Au** from 432m depth.

Although relatively insensitive to gold price, the Two Mile Hill deeps Mineral Resource estimate does not comprise part of the planned recommissioning inventory at Sandstone, with the present intention being to only review development of the deposit later in the planned on-site existing mill production schedule.

The significant increase in aggregate Mineral Resources comprising the Sandstone gold project provides far greater valuation transparency of both the project and Middle Island.

Tribute Gold Production

There was no tribute gold production at the Sandstone project during the 2020 March quarter.



Planned 2020 June Quarter Activities

Activities planned at the Sandstone project during the 2020 June quarter comprise:-

- Finalise compilation, reporting and re-sampling of the Phase 1 RC drilling results.
- Plan and undertake a significantly expanded Phase 2 RC drilling program to upgrade recently identified and extended deposits to an Indicated Mineral Resource classification.
- Undertake a contemporaneous large diameter oxide diamond drilling program to derive material for additional bulk density determination, and metallurgical and geotechnical testwork.
- Complete additional metallurgical and geotechnical studies.
- Commence re-estimation of resources and pit optimisation, prior to finalising the updated pre-feasibility study.

Given the success derived from initial results of the Phase 1 RC drilling program, representing only the first six of 14 prospects and deposits tested, the planned Phase 2 RC drilling program (~3,000m) needs to be significantly expanded. This will result in a deferment of the updated PFS, which will now not be completed until the 2020 September quarter.

Barkly Copper-Gold Super Project (100%) – Northern Territory

Exploration Licence Applications

During the March quarter, the Company was allocated between 19% and 95% of each of the four competing exploration licence applications, representing some 1,363km², within the newly available IOCG-prospective former Barkly moratorium area of the NT (refer ASX Release dated 18 February 2020).

A further six Middle Island exploration licence applications, covering an additional 1,890km² (including two within the northern part of the former moratorium area) have already been accepted in full (100%).

The recent Barkly super-project allocations to Middle Island comprise:-

- ELA32297 – 35 of 186 blocks allocated (19%), representing 110.92km².
- ELA32298 – 137 of 228 blocks allocated (60%), representing 443.37km².
- ELA32301 – 230 of 242 blocks allocated (95%), representing 740.70km².
- ELA32304 – 21 of 73 blocks allocated (29%), representing 67.80km².

The four competitive applications were lodged by Middle Island following the lifting of a moratorium over the higher priority Barkly area of the NT's East Tennant province. They were the subject of partially or wholly competing applications made by several companies, including Newcrest Mining, the outcome of which was adjudicated on the basis of various application criteria.

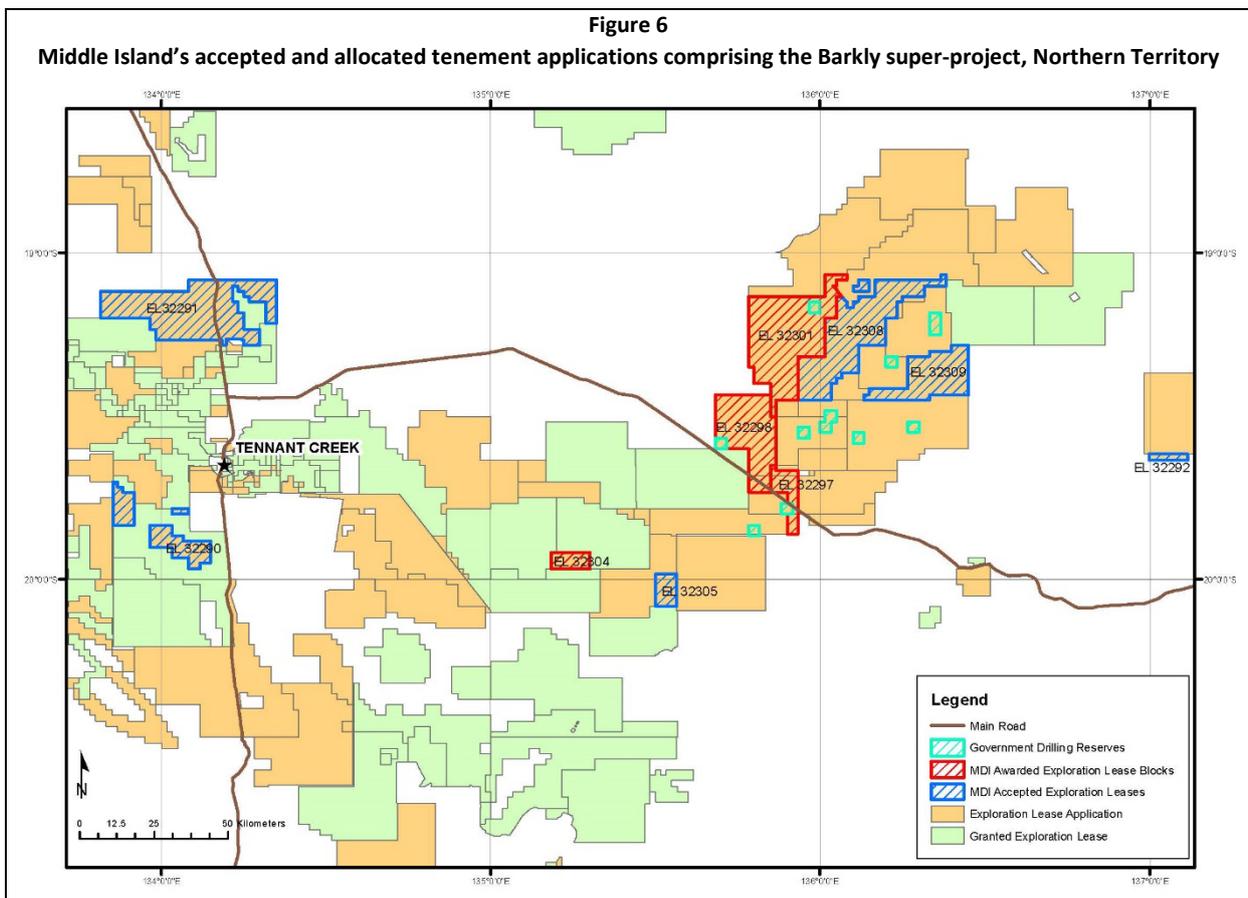
In some instances, portions allocated to the Company include priority targets and corridors identified by Middle Island from the research data, while in other instances, the allocated areas are peripheral to Middle Island's priority targets. Importantly however, the allocated areas include or immediately adjoin several individual blocks reserved for highly anticipated government basement stratigraphic drilling, planned to be undertaken during 2020 as part of the pre-competitive research program. Five of Middle Island's applications in the Barkly area (32297, 32298, 32301, 32308 & 32309) also surround or adjoin Newcrest Mining applications along the axis of the East Tennant Ridge at its interpreted shallowest point.



Collectively, Middle Island's Barkly super-project now comprises 10 exploration licence applications covering 3,253 square kilometres as shown in Figure 6 below.

Middle Island's strategy and application success positions the Company as a first-mover along the newly identified East Tennant Ridge, highly prospective for Tier 1 IOCG targets, extending beneath Georgina Basin cover across the Barkly Tableland.

Middle Island does not anticipate that the remaining 4 of the Company's 10 exploration licence applications comprising the Barkly copper/gold super-project in the NT will be granted until at least August, 2020. Following grant of the remaining applications, initial Middle Island's work will focus on capturing any outstanding open file and pre-competitive data, the modelling of exploration targets and the planning of high-resolution geophysical surveys to refine modelled targets in preparation for drill testing.





Resources and Reserves Statement

Updated Mineral Resources applicable to the Sandstone Gold Project as at 14 April, 2020 are provided in Table 1 below.

Table 1 Sandstone Gold Project Mineral Resource Statement						
Deposit	COG (g/t Au)	Tonnes	Grade (g/t Au)	Contained Gold (oz.)	JORC Classification	JORC Classification
+Two Mile Hill – Open Pit	0.7	1,012,000	1.36	44,000	Indicated	2012
+Two Mile Hill – Open Pit	0.7	114,000	1.10	4,000	Inferred	2012
^Two Mile Hill – Tonalite Deeps	NA*	14,000,000	1.10	480,000	Inferred	2012
^Two Mile Hill – BIF Deeps	NA*	200,000	3.10	20,000	Inferred	2012
+Shillington – Open Pit	0.7	1,015,000	1.33	43,000	Indicated	2012
+Shillington – Open Pit	0.7	272,000	1.17	10,000	Inferred	2012
#Wirraminna – Open Pit	0.5	307,000	1.50	14,600	Indicated	2012
#Wirraminna – Open Pit	0.5	243,000	1.10	8,400	Inferred	2012
Total Indicated		2,334,000	1.37	101,600	Indicated	2012
Total Inferred		14,829,000	1.09	522,000	Inferred	2012
Total Resource		17,163,000	1.13	623,600		2012

*The Two Mile Hill Tonalite Deeps and BIF Deeps have been reported within optimised wireframes. All wireframes include waste and have an aggregate grade at or above the cut-off of 0.64g/t Au.

This Statement includes information extracted from the Company's previous ASX announcements, which are available to view on the Company's website, as follows:

- + ASX Release dated 14 December 2016.
- # ASX Release dated 8 December 2017.
- ^ ASX Release dated 14 April 2020.

Notwithstanding the significant increase in gold price since some of these Mineral Resource estimates were prepared, and recognising that the current 17,300m drilling campaign is anticipated to result in increases and/or upgrades to these Mineral Resources, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material and assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which any Competent Person's findings are presented have not been materially modified from the original market announcements.

In addition to the updated Mineral Resources reported above, the residual portion of the Two Mile Hill tonalite deeps Exploration Target, lying between 500m and 700m below surface, is not included and remains to be re-quantified as an Exploration Target or, with further drilling, a Mineral Resource.

There are no Ore Reserves currently reported in relation to the Sandstone gold project.

In all cases, Mineral Resources are estimated and reported in accordance with the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Information in this release relating to Mineral Resources is based on, and fairly reflects, information and supporting documentation variously prepared by Mr Brett Gossage of EGRM Consulting Pty Ltd, Mr Shaun Searle of Ashmore Advisory Pty Ltd and Ms Lisa Bascombe of Mining Plus Pty Ltd on behalf of Middle Island Resources Limited. The Competent Persons' are Members of the Australasian Institute of Mining and Metallurgy (AusIMM) and/or the Australian Institute of Geoscientists (AIG) and qualify as Competent Persons' as defined in the JORC Code.



Mining Tenements

Middle Island Resources Limited advises the following information required under ASX Listing Rule 5.3.3 as at 31 March 2020.

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed during the quarter	Mining tenements held at the end of the quarter	Tenement location
M57/128	-	-	100%	Western Australia
M57/129	-	-	100%	Western Australia
P57/1384	-	-	100%	Western Australia
P57/1395	-	-	Option to acquire 100%	Western Australia
P57/1442	-	-	100%	Western Australia
E57/1102	-	-	100%	Western Australia
EL 32291	Application		Pending Grant	Northern Territory
EL 32290	Application		Pending Grant	Northern Territory
EL 32305	Application		Pending Grant	Northern Territory
EL 32308	Application		Pending Grant	Northern Territory
EL 32309	Application		Pending Grant	Northern Territory
EL 32292	Application		Pending Grant	Northern Territory
EL 32297	Application		Pending Grant	Northern Territory
EL 32298	Application		Pending Grant	Northern Territory
EL 32301	Application		Pending Grant	Northern Territory
EL 32304	Application		Pending Grant	Northern Territory

Safety, Environmental & Social

Health, Safety & Environment

No injuries or environmental incidents were recorded at the Company's projects and premises during the March quarter.

Rehabilitation of disturbed areas at the Sandstone gold project, primarily drill sites, is being progressively undertaken in accordance with POW and environmental audit requirements. Similarly, tailings water bore sampling is being undertaken on a six-monthly basis in accordance with permit conditions, with all readings remaining well below statutory thresholds.

Social

The Company continues to engage with the Shire of Sandstone, pastoralists, prospectors and the local community. This process includes the procurement of labour, materials and services locally, wherever practically possible, and sponsorship of various community events.

Most recently, Middle Island has engaged with the Sandstone Shire to collaborate on implementing the Company's COVID-19 strategy and protocols to minimise any impact on the relatively isolated Sandstone community, which is characterised by an older, more vulnerable demographic.

A similar philosophical approach to community engagement is planned in the NT, once the Barkly super project tenements are allocated and granted.



Comments by Managing Director, Mr Rick Yeates:

“Commencing 2020 with ~A\$2.8 million in cash and committed funds provided an opportunity to realise a long-held ambition to deploy significant and systematic drilling across a multitude of Sandstone targets that have remained untested (or poorly tested) due to previous financial constraints.

“The planned multi-phase drilling campaign, which is now well advanced, has proved extremely successful to date, with at least three new discoveries representing the potential to add significant open pit Mineral Resources to the Sandstone gold project recommissioning inventory.

“With the Australian dollar gold price near record levels, additional Mineral Resources identified by the current drilling campaign should significantly enhance the outcome of the updated PFS, leading to a positive recommissioning decision in the September quarter.”

RELEASE AUTHORISED BY:

Board of Middle Island Resources Limited

COMPANY CONTACTS:

Rick Yeates – Managing Director +61 (0)401 694 313

MEDIA CONTACT:

Kevin Skinner Field Public Relations +61 (0)8 8234 9555 / +61 (0)414 822 631

WEBSITE: www.middleisland.com.au

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.

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). 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 a Competent Person 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 they appear.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Middle Island Resources Limited
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ABN

70 142 361 608

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	11
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(244)	(523)
(b) development	-	-
(c) production	-	-
(d) staff costs	(104)	(292)
(e) administration and corporate costs	(133)	(452)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(485)	(1,259)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	(17)
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	221
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	204

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,354	2,874
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(157)	(192)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(8)	(32)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material) Principal elements of lease payments	(27)	(27)
3.10	Net cash from / (used in) financing activities	2,162	2,623

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	462	565
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(485)	(1,259)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	204
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,162	2,623

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	7
4.6	Cash and cash equivalents at end of period	2,140	2,140

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,099	421
5.2	Call deposits	20	20
5.3	Bank overdrafts	-	-
5.4	Other (bank guarantee deposit)	21	21
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,140	462

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
75
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(485)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(485)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	2,140
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	2,140
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.4
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 April 2020

Authorised by: Dennis Wilkins, Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.
6. By the Company lodging this Appendix 5B, the Managing Director and CFO declare that the Appendix 5B for the relevant quarter:
 - presents a true and fair view, in all material respects, of the cashflows of the Company for the relevant quarter and is in accordance with relevant accounting standards;
 - the statement given above is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
 - the Company's financial records have been properly maintained and the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.