



# Middle Island

RESOURCES LIMITED

**Middle Island Resources Ltd**  
ACN 142 361 608  
**ASX code: MDI**  
[www.middleisland.com.au](http://www.middleisland.com.au)

**Capital Structure:**

2,724 million ordinary shares  
526 million unlisted options  
(as at 30 September 2020)

**Cash & Investments:**

\$7.55 million (as of 30 Sept 2020)  
No debt

**Directors & Management:**

**Peter Thomas**

Non-Executive Chairman

**Rick Yeates**

Managing Director

**Beau Nicholls**

Non-Executive Director

**Brad Marwood**

Non-Executive Director

**Dennis Wilkins**

Company Secretary

**Contact:**

Rick Yeates

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## ASX Release – 26 October 2020

### Sandstone gold project Feasibility Study status

- The majority of assay data relevant to the Feasibility Study (FS) for Middle Island's advanced Sandstone gold project in central WA, has been received.
- Mineral Resource estimates have been completed for eight of Sandstone's 10 gold deposits; the remaining two are in progress.
- Pit optimisations and pit designs have been completed for the first five quantified deposits; work on haul road and waste dump designs has also commenced.
- Work streams on pit geotechnics, groundwater, surface water management and water supply continues.
- Metallurgical testwork has commenced, supplementing previous testwork and operational performance.
- A concurrent scoping study into a modest upgrade to the capacity of the on-site mill has commenced with GR Engineering Services.
- Design work on additional tailings storage capacity is well advanced.
- Sterilisation drilling for new and expanded waste dumps, and a tailings facility expansion, will commence within days.
- Evaluation continues into the refurbishment and upgrade of the substantial existing supporting infrastructure at Sandstone.
- Environmental surveys and assessments are being completed prior to approvals submissions.
- Detailed cost estimates and FS reporting is expected to be completed in January 2021.



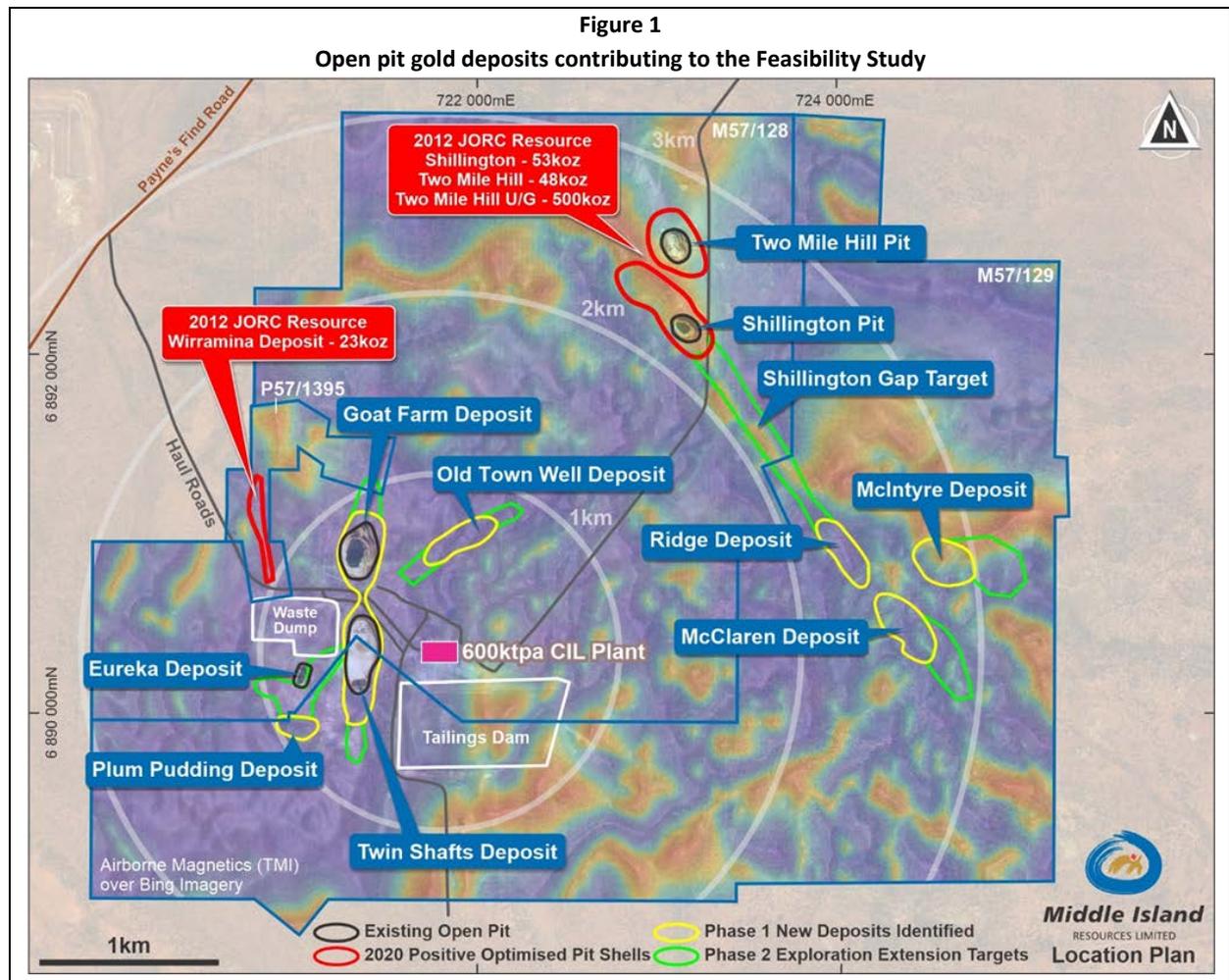
## **SANDSTONE GOLD PROJECT (WA)**

### **Introduction**

Explorer and near-term gold developer, Middle Island Resources Limited (**Middle Island, MDI or the Company**), wishes to advise the current status of the Feasibility Study (FS) into re-commissioning of the Company's wholly-owned and now advanced Sandstone gold project in the central goldfields of WA, including the existing processing plant that is on care and maintenance.

The FS is under the management of the Sandstone Project Manager, Mr Linton Kirk, who oversees a team of highly experienced and reputable independent consultants.

The location of Sandstone's mill and the various open pit deposits that comprise the FS are shown in Figure 1 below.



The June 2020 Quarterly report (ASX release 23 July 2020) advised that the previous PFS work has been upgraded to a Feasibility Study level. This will increase confidence in the study results and allow for rapid project implementation should the FS results be sufficiently attractive to enable financing of the project to be finalised early in 2021.



### **Exploration and Mineral Resources**

As previously advised, the success of the 2020 exploration and resource definition drilling program (aggregating 50,000m to date) has increased the number of open pit deposits being assessed in the FS to ten (10). All Phase 2 drilling has been completed and assay results have now been received.

Updated or maiden Mineral Resource estimates have been completed for Two Mile Hill (ASX release 14 August 2020), Shillington and Wirraminna (ASX release 24 July 2020), Plum Pudding and Old Town Well (ASX release 2 October 2020), and McIntyre, Twin Shafts and Goat Farm (ASX Release 21 October 2020) open pit deposits.

Mineral Resource estimates for the Ridge and McClaren open pit deposits are in progress.

### **Pit Optimisation and Mine Design**

As Mineral Resource estimates are completed, pit optimisations have been undertaken and appropriate shells selected for detailed pit design. Preliminary pit designs have been completed on five deposits to date, which are being reviewed for geotechnical pit slope compliance and fine tuning.

Other mine design work has commenced on waste dumps and required new haul roads.

### **Pit Geotechnical, Hydrology, Hydrogeology and Water Supply**

Diamond drilling has been completed for the majority of the deposits and, following a site visit, core has been independently logged by Peter O'Bryan and Associates for geotechnical purposes. Strength testing is also underway and final pit slope parameters will follow.

Golder representatives have also recently been to site and are assessing ground water, expected pit dewatering requirements, water supply and surface water management. The Company has a current abstraction licence for up to 650,000m<sup>3</sup> of water per year.

### **Metallurgy and Processing**

Metallurgical testwork samples have been selected and ALS will shortly begin a testwork program under the direction and management of Hugo Viviani and Associates, to supplement previous testwork and analysis of historical production data for several of the deposits that have been processed by previous operators.

GR Engineering Services is reviewing its 2016 plant refurbishment cost estimate and updated prices are being sourced for other capital items, such as a new carbon regeneration kiln. Prices are also being refreshed for processing reagents and consumables.

### **Processing Plant Capacity Upgrade Scoping Study**

As a separate exercise, predicated on the likelihood of processing third party and/or underground deposits, Middle Island and GR Engineering Services are investigating the existing plant throughput limitations and what changes are required to increase plant throughput, with a nominal target of 750,000 tpa in mind. It is expected this target will require minimal plant additions at a reasonable cost. This scoping study level work is expected to be completed late in November 2020.



### **Tailings Storage**

The existing licensed in-pit Twin Shafts tailings storage facility (TSF), located immediately west of the processing plant, has limited remaining capacity and Coffey has designed a new, larger, above-ground embankment to be constructed around the existing TSF. It is expected that the new embankment will result in approximately 2.2 Mt of tailings capacity. Waste from mining of the nearby open pits will be used to construct the embankment, which will abut an existing waste rock dump and the old above-ground TSF1, immediately south of the plant, consequently representing an efficient, low-cost increase in tailings storage capacity.

### **Supporting Infrastructure**

The supporting infrastructure includes offices, workshop, warehouses, laboratory and power station at the plant, and a 100-person camp on freehold land in the nearby town of Sandstone. Refurbishment and upgrades to this infrastructure are being evaluated and costed as part of the FS.

The existing Shire airstrip, located immediately north of Sandstone town, is in good condition and will again be utilised for FIFO operations. Investigations include a possible modest widening and extension of the strip to allow for larger aircraft to be utilised.

Sandstone town has a number of facilities to support future operations, variously including a nursing post and ambulance station, hotel and other accommodation options including a caravan park, and a community centre that comprises a tennis court, bowling green and adjacent golf course.

### **Environmental Work**

A detailed updated flora survey has been completed and a comprehensive fauna survey is also well advanced. Soil samples have been analysed and a waste rock characterisation program is underway. All other requirements for an updated Mining Proposal and Mine Closure Plan are being compiled to satisfy, not only FS requirements, but also submissions to all relevant statutory authorities.

### **Community Support**

Discussions with the Sandstone Shire and other local stakeholders continues, and strong community support has been received for the planned project re-commissioning.

### **Cost Estimates and Financial Model**

Updated costs and tenders for the largest operating cost items, such as contract mining and crushing, are progressing. Most capital and operating costs have only had modest increases since 2016 and diesel prices are currently significantly lower than those applied in the 2016 pre-feasibility study.

A new financial model is being compiled for the FS to facilitate financing options and sensitivity analyses. Evaluation of options for the debt component of the modest anticipated recommissioning capital requirement is underway.

### **Reporting and Approvals**

The comprehensive 2016 PFS report will be upgraded to a full FS report which, along with associated appendices, will provide all information required for project financing and remaining statutory approvals.



### **Feasibility Study Timeframe**

Following the success of the 2020 drilling campaign (increasing the number of open pit deposits to be drilled out, assayed, estimated, optimised and designed), along with the decision in June 2020 to increase the study confidence from a PFS to an FS, and the recent assay backlog, the FS is now expected to be completed in January 2021. It is also planned to confirm recommissioning funding in January 2021, before finalising remaining approvals.

Should a positive recommissioning decision be forthcoming, the recommissioning timeframe is estimated to be 5-6 months.

### **Comments by Managing Director, Mr Rick Yeates:**

*“Having resolved the backlog of some 10,000 resource definition samples in the assay laboratory, we now have a clearer line of sight on the FS schedule and, therefore, in a position to provide a timely update on FS progress.*

*“Assuming a positive recommissioning decision during or before January 2021, and that remaining statutory approvals are forthcoming in a timely manner, there is every reason to anticipate that the Sandstone gold operation will be recommissioned in the September quarter of 2021.*

*“I take this opportunity to thank Mr Kirk and his highly credentialed and dedicated FS team for the professional and diligent manner in which the various study components are being coordinated and completed within an ambitious timeframe.*

*“I look forward to providing further progress updates as required during this busy, but exciting, period for the Company.”*

#### AUTHORISED FOR RELEASE BY:

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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**

The Feasibility Study is being managed by Linton Kirk, a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Kirk has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being 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 Kirk is a director of Kirk Mining Consultants Pty Ltd (KMC). KMC and the Competent Person are independent of the Company and paid fees for services for managing the Feasibility Study. Through a related entity, Mr Kirk holds approximately 5.6 million shares in Middle Island Resources Limited.