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Middle Island
RESOURCES LIMITED

Middle Island Resources Ltd

ACN 142 361 608

ASX code: MDI

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 – 9 October 2020

6m@10.5g/t & 8m@9.12g/t gold from new holes at Sandstone's Shillington deposit in central WA

- New Phase 2 reverse circulation (RC) intercepts derived from the **Shillington deposit** within the advanced Sandstone gold project in central WA include:-
  - **6m @ 10.5g/t Au**
  - **8m @ 9.12g/t Au**
- Program comprised 20 new holes, designed infill and upgrade two 'panels' of Inferred Mineral Resources within the optimum pit shell allowing them to be considered as Ore Reserves, and also confirm a shallow mineralised extension at the northern end of the deposit.
- Shillington is situated 2.5km north of the Company's 100%-owned 600,000tpa gold processing plant within granted Mining Lease M57/128.
- The latest results also include a further 24 holes at the southern extension of the **Twin Shafts deposit**, located only 500m southwest of the mill within M57/129, which include better intercepts of:-
  - **4m @ 8.12g/t Au**
  - **4m @ 3.12g/t Au**
  - **10m @ 2.27g/t Au**
- The Twin Shafts results will be applied in resource estimation and pit optimisation studies to justify mining of the southern extension.
- A Phase 3 exploration drilling campaign, focussed on the McIntyre, Ridge and Shillington Gap areas at Sandstone, is planned to commence immediately following an extensive sterilisation drilling program starting late in October 2020.

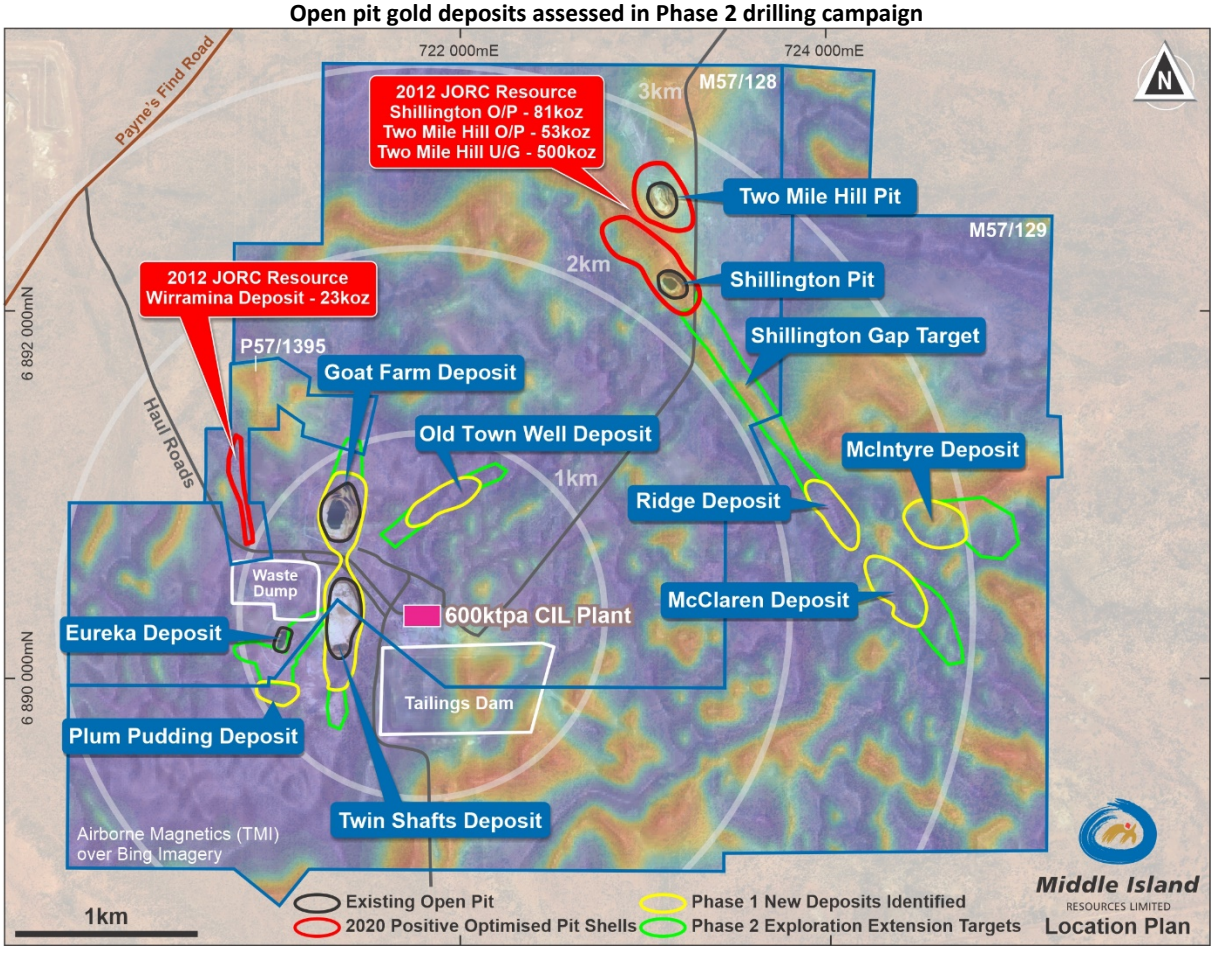
SANDSTONE GOLD PROJECT (WA)

WA and Northern Territory explorer and aspiring gold developer, Middle Island Resources Limited (**Middle Island**, **MDI** or **the Company**) is pleased to announce further significant gold results emerging from the Company's Phase 2 reverse circulation (RC) drilling campaign at its 100%-owned Sandstone gold project in the central goldfields of Western Australia.

Middle Island has completed more than 50,000m of drilling in Phase 1 and Phase 2 to date in 2020, extending several existing Sandstone deposits and identifying five new satellite open pit deposits.

The Phase 2 RC and diamond drilling program was predominantly focussed on upgrading existing deposits and infilling and extending the five new satellite open pit deposits, McClaren, McIntyre, Ridge, Old Town Well and Plum Pudding, identified by the Phase 1 RC drilling campaign in the first half of CY2020. All new deposits are located on existing Mining Leases within 2.5km of the Company's 100%-owned gold processing plant, as shown in Figure 1 below.

Figure 1
Open pit gold deposits assessed in Phase 2 drilling campaign



The Phase 2 drilling campaign was designed to upgrade existing deposits and infill and extend the five new satellite open pit deposits to an Indicated Mineral Resource classification (nominal 20m x 20m drill pattern). Reconnaissance RC drill traverses were also completed across elements of the 1.1km-long Shillington Gap target, interpreted from high resolution airborne magnetic data to lie beneath shallow transported cover between the Shillington and Ridge gold deposits.

The new results reported in this ASX Release are derived from Phase 2 infill and extension drilling completed at the Shillington and Twin Shafts deposits.

Shillington Deposit

RC drilling at the Shillington deposit comprised a further 20 RC holes (1,218m) designed to infill and upgrade two panels of Inferred Mineral Resources lying within the optimum pit shell (to allow them to be considered as Ore Reserves), and confirm a limited extension of the deposit at its northern extremity. A further two HQ3 diamond core holes (assay results pending) have also been completed at Shillington to provide additional material for bulk density determinations, and geotechnical and metallurgical testwork.

All RC results are based on 50g fire assay analyses completed by Nagrom and SGS Laboratories in Perth.

Results of prior drilling and the updated Mineral Resource for the Shillington deposit can be found in ASX releases dated 29 May and 24 July respectively. All material drill intercepts, based on 1m samples and a notional open pit cut-off grade of 0.6g/t Au and other parameters, are provided in Table 1 below. The exploration results have been prepared and reported in accordance with the JORC Code 2012.

Table 1
Shillington Deposit – Significant Phase 2 RC drilling intercepts

Prospect	Hole ID	East (m)	North (m)	RL (m)	Dip (degrees)	Azimuth (degrees)	Hole Depth (m)	Depth From (m)	Depth To (m)	Length (m)	Grade (g/t Au)
Shillington	MSRC843	723105.99	6892159.91	509.47	-59.53	233.63	54	32	36	4	4.08
Shillington	MSRC847	723035.57	6892159.00	511.36	-60.53	232.63	42	18	21	3	1.83
Shillington	MSRC848	723000.66	6892184.38	514.23	-60.19	229.67	36	7	9	2	2.36
Shillington	MSRC849	723038.22	6892255.40	511.12	-60.89	234.43	78	14	20	**6**	**10.5**
Shillington	MSRC849	723038.22	6892255.40	511.12	-60.89	234.43	78	23	31	8	1.16
Shillington	MSRC850	723030.70	6892302.66	511.59	-60.72	236.20	90	41	45	4	2.17
Shillington	MSRC851	723050.23	6892315.19	512.53	-60.56	234.41	90	45	57	12	1.12
Shillington	MSRC851	723050.23	6892315.19	512.53	-60.56	234.41	90	61	66	5	1.02
Shillington	MSRC853	722956.28	6892275.43	513.68	-58.42	232.62	54	26	29	3	1.61
Shillington	MSRC855	722953.06	6892371.13	512.44	-60.18	234.76	84	26	34	**8**	**9.12**
Shillington	MSRC855	722953.06	6892371.13	512.44	-60.18	234.76	84	37	42	5	2.15
Shillington	MSRC855	722953.06	6892371.13	512.44	-60.18	234.76	84	59	61	2	0.72
Shillington	MSRC856	722969.44	6892382.60	512.20	-59.38	235.24	84	50	55	5	1.58
Shillington	MSRC856	722969.44	6892382.60	512.20	-59.38	235.24	84	63	66	3	0.61
Shillington	MSRC858	722884.19	6892419.59	513.37	-59.56	234.83	66	26	28	2	1.15
Shillington	MSRC860	722840.25	6892413.23	516.29	-59.62	231.73	42	5	14	9	1.05
Shillington	MSRC861	722856.65	6892424.72	514.94	-59.78	234.66	60	22	24	2	2.23

Note: Calculated at a 0.6g/t Au lower cut-off grade, a minimum intercept length of 2m and a maximum of 2m of included waste. Grid MGA94_50.

Significant Phase 2 infill and extension RC drill intercepts from the **Shillington deposit** include the following:-

- **6m @ 10.5g/t Au** (from 14m in MSRC849)
- **8m @ 9.12g/t Au** (from 26m in MSRC855)

These complement better Phase 1 RC drill intercepts including:-

- **10m at 3.02g/t Au** (from 121m in MSRC313)
- **8m at 4.48g/t Au** (from 45m in MSRC316)
- **10m @ 3.08g/t Au** (from 41m in MSRC420)

The final Phase 2 RC drilling at Shillington has validated the existing resource model and is anticipated to permit the two 'panels' of Inferred Mineral Resources to be upgraded to an Indicated classification for consideration as Ore Reserves. The recent drilling has also extended shallow mineralisation to the north of the existing deposit limits.

Consistent with previous work, gold mineralisation is associated with zones of brecciation and quartz veining within a series of stacked, northwest trending and shallow northeast dipping banded iron formation (BIF) units comprising the Shillington BIF package, which also hosts the Ridge, McClaren and McIntyre deposits along strike to the southeast.

The infill and extension RC drilling results are presented in plan-view (Figure 2) and as representative cross-sections (Figure 3 to Figure 5) below. For details of previous Shillington drilling results and the updated Mineral Resource, refer to ASX releases dated 29 May and 24 July 2020 respectively.

Figure 2
Plan of the Shillington gold deposit showing mineralised area incorporating new RC drilling

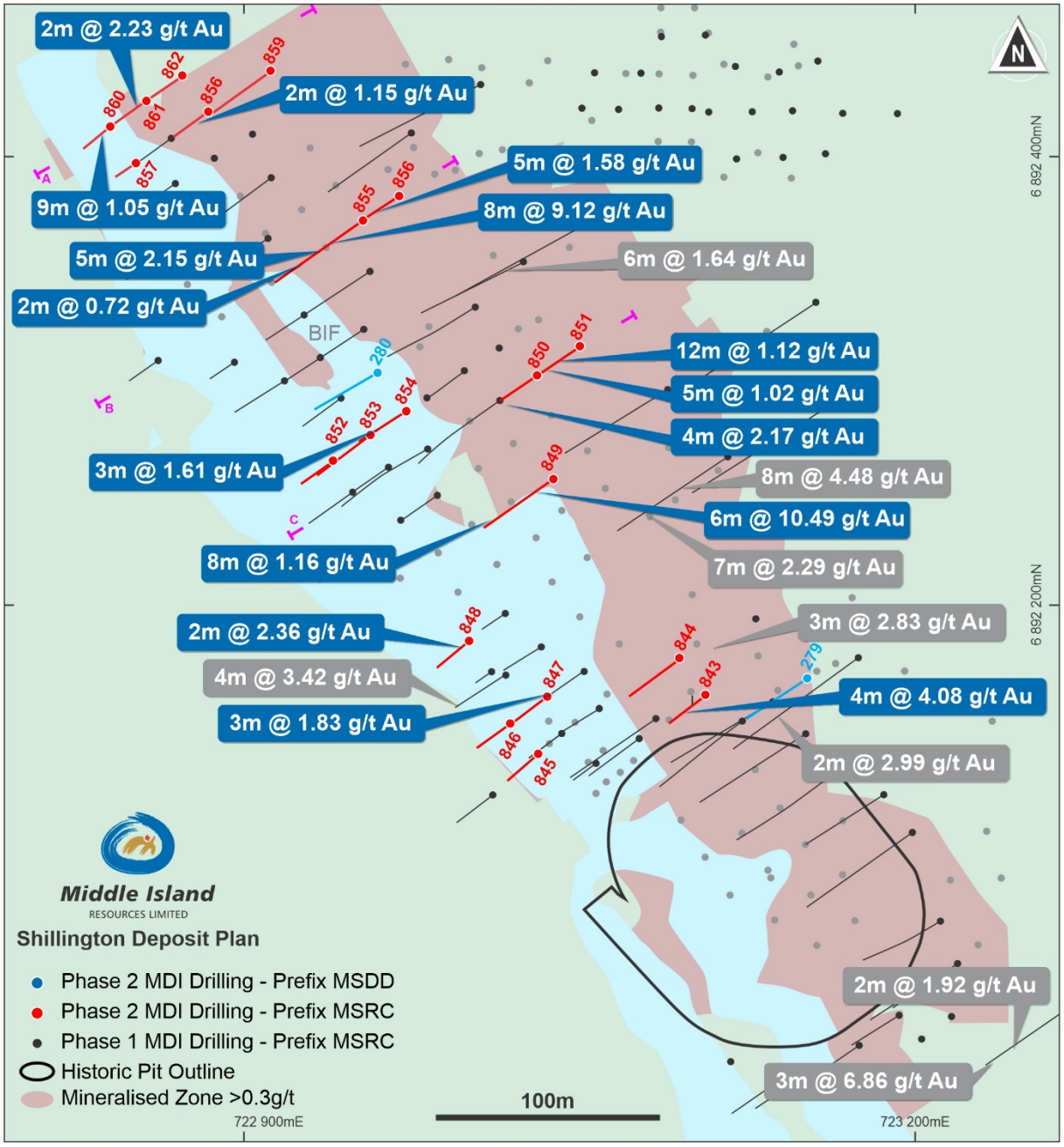


Figure 3
Cross-Section A – Shillington gold deposit showing new RC drilling results

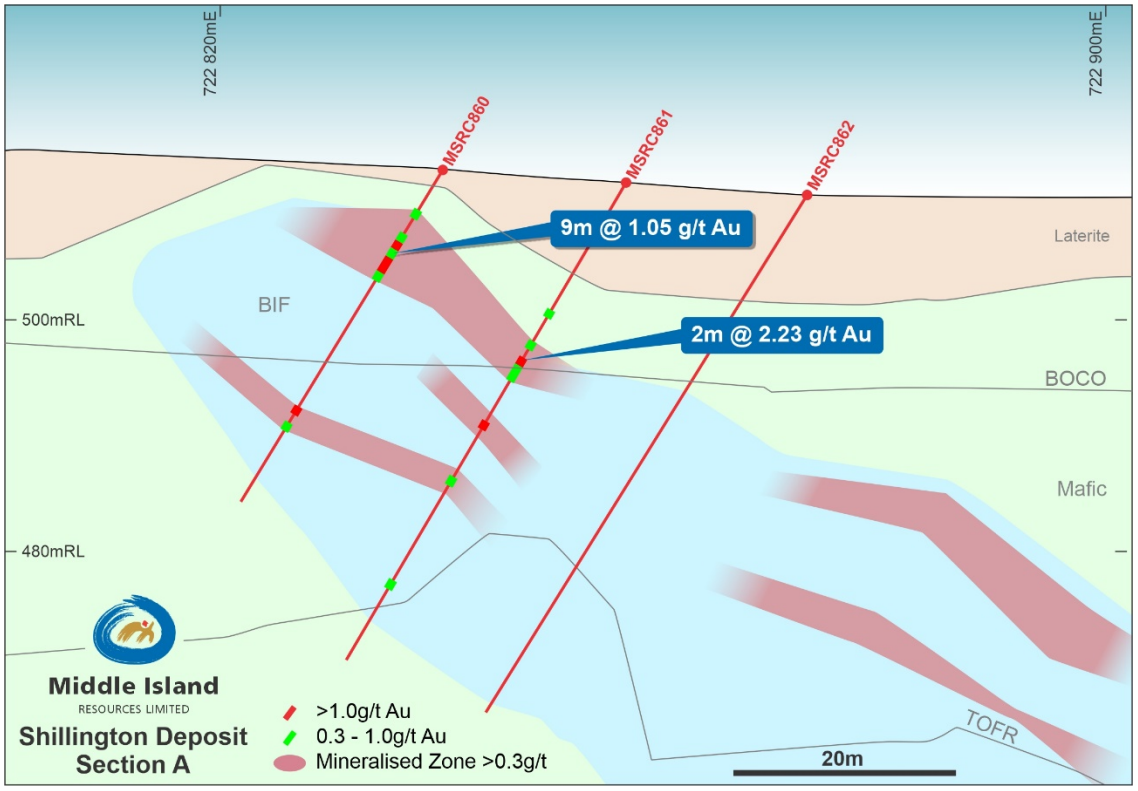


Figure 4
Cross-Section B – Shillington gold deposit showing new RC drilling results

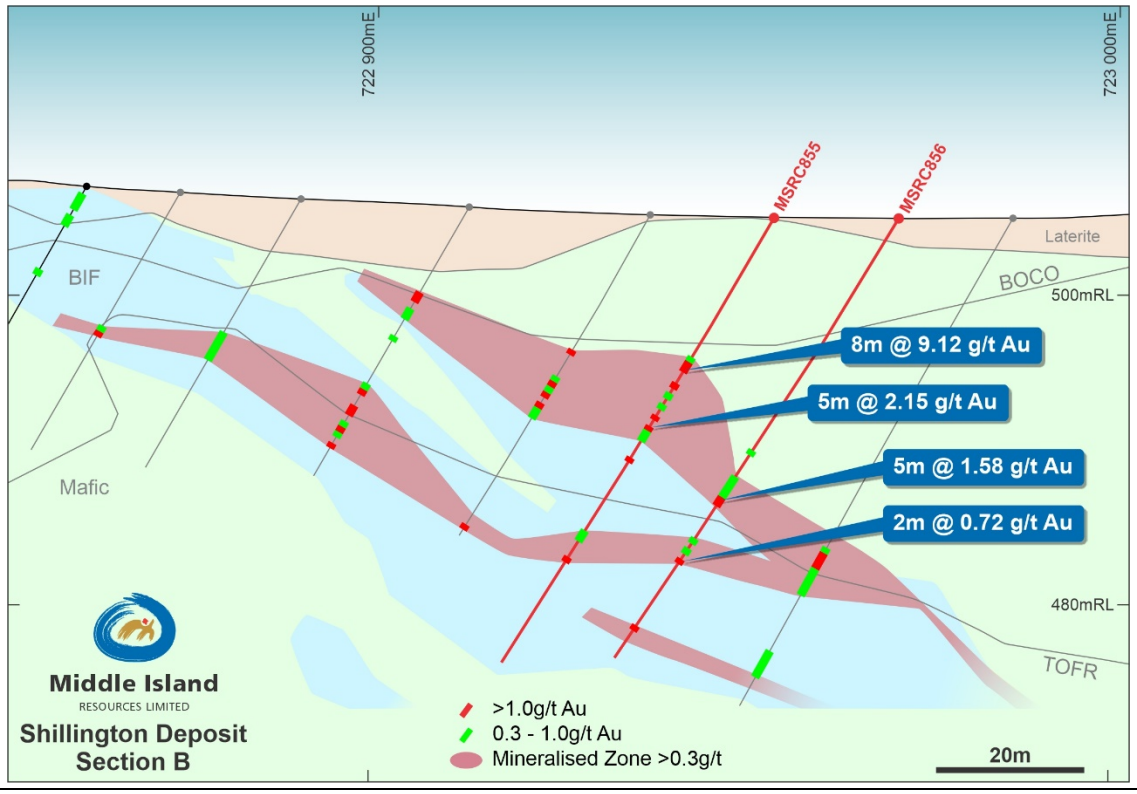
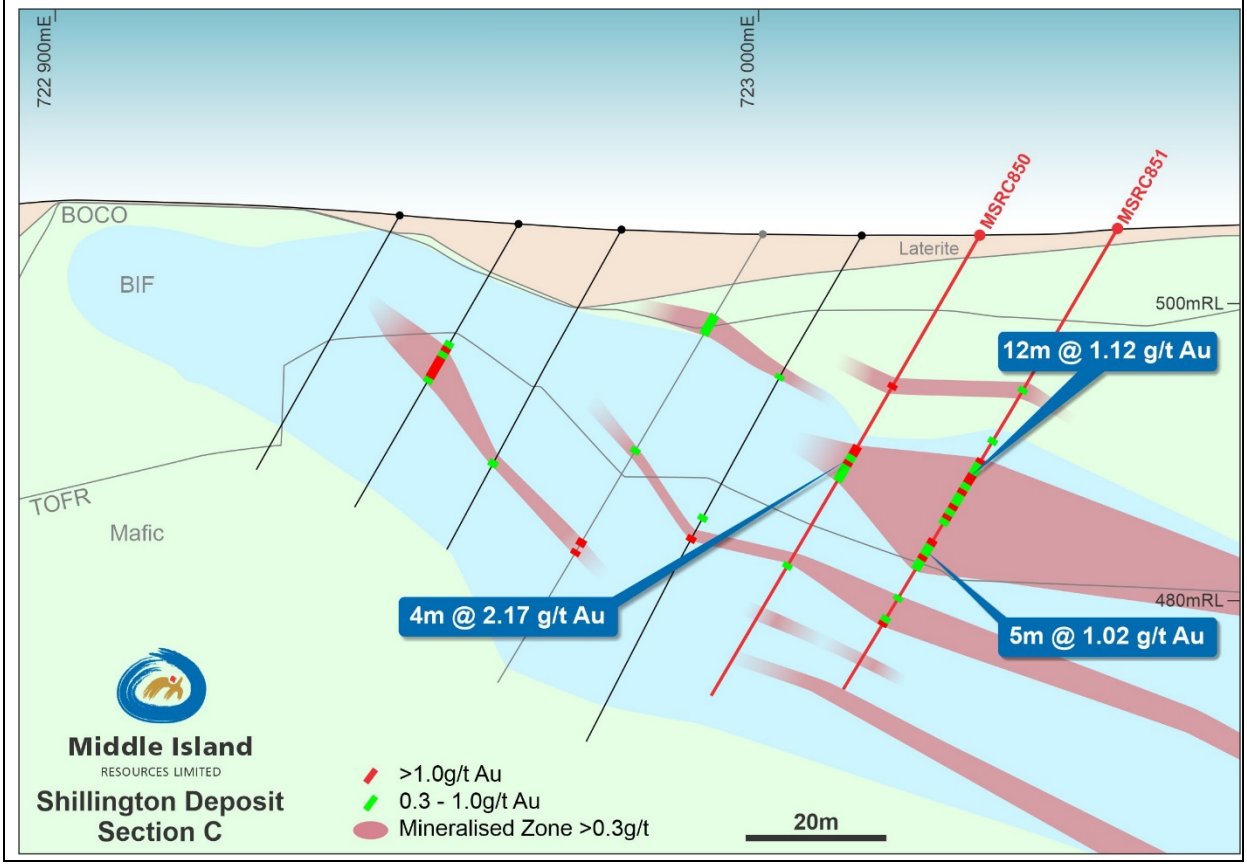


Figure 5
Cross-Section C – Shillington gold deposit showing new RC drilling results



The Shillington deposit is located 2.5km north of the Company's 100%-owned gold processing plant within granted Mining Lease M57/128. It represents one of the larger oxide open pit gold deposits that is likely to cornerstone the feasibility study outcome.

Twin Shafts Deposit

Phase 2 RC drilling at the Twin Shafts deposit comprised a further 24 infill RC holes (1,524m) on a 20m x 20m pattern, designed to define a potentially economic southern extension to the existing open pit, the northern end of which is currently utilised as an in-pit tailings storage facility. The mineralised extension lies beneath a shallow laterite pit, partially backfilled with waste, through which some drilling was required. A further HQ3 diamond core hole (for which assay results are pending) has been completed to provide additional material for bulk density determinations, and geotechnical and metallurgical testwork.

All RC results are based on 50g fire assay analyses completed by Nagrom in Perth. More significant drill intercepts, based on 1m samples and a notional open pit cut-off grade of 0.6g/t Au and other parameters, are provided in Table 2 below. The exploration results have been prepared and reported in accordance with the JORC Code 2012.

Table 2
Twin Shafts Deposit – Significant Phase 2 RC drilling intercepts

Prospect	Hole ID	East (m)	North (m)	RL (m)	Dip (degrees)	Azimuth (degrees)	Hole Depth (m)	Depth From (m)	Depth To (m)	Thickness (m)	Grade (g/t Au)
Twin Shafts	MSRC720	721298.25	6890086.31	496.31	-60.22	269.80	84	33	36	3	1.26
Twin Shafts	MSRC720	721298.25	6890086.31	496.31	-60.22	269.80	84	51	54	3	0.73
Twin Shafts	MSRC720	721298.25	6890086.31	496.31	-60.22	269.80	84	58	62	4	0.90
Twin Shafts	MSRC721	721319.79	6890086.20	497.03	-60.41	271.26	78	48	50	2	1.35
Twin Shafts	MSRC722	721339.84	6890005.58	491.86	-61.18	271.28	72	53	56	3	1.01
Twin Shafts	MSRC723	721345.04	6890027.31	492.30	-61.11	269.72	72	1	5	4	0.84
Twin Shafts	MSRC723	721345.04	6890027.31	492.30	-61.11	269.72	72	45	48	3	2.59
Twin Shafts	MSRC723	721345.04	6890027.31	492.30	-61.11	269.72	72	64	66	2	1.12
Twin Shafts	MSRC724	721323.31	6890022.68	493.64	-61.16	270.65	66	2	5	3	1.37
Twin Shafts	MSRC725	721338.59	6890048.00	493.11	-61.22	269.66	72	44	47	3	1.26
Twin Shafts	MSRC726	721340.83	6890066.11	493.25	-59.08	270.76	84	1	3	2	0.79
Twin Shafts	MSRC727	721278.22	6890065.90	496.46	-60.70	273.65	54	31	35	**4**	**8.12**
Twin Shafts	MSRC728	721298.45	6890065.06	496.46	-60.61	272.89	54	37	39	2	1.00
Twin Shafts	MSRC728	721298.45	6890065.06	496.46	-60.61	272.89	54	42	50	8	0.82
Twin Shafts	MSRC731	721295.18	6890046.46	497.06	-60.23	270.19	60	33	37	**4**	**3.12**
Twin Shafts	MSRC731	721295.18	6890046.46	497.06	-60.23	270.19	60	41	47	6	0.89
Twin Shafts	MSRC732	721313.55	6890046.73	497.20	-60.84	270.08	78	41	46	5	0.80
Twin Shafts	MSRC734	721299.72	6890026.31	497.76	-60.52	271.24	54	29	32	3	0.76
Twin Shafts	MSRC835	721275.77	6890140.43	490.82	-59.64	271.67	30	28	30	2	1.32
Twin Shafts	MSRC836	721298.29	6890140.38	491.47	-60.06	270.00	60	35	47	12	0.96
Twin Shafts	MSRC837	721317.76	6890139.47	491.31	-59.73	271.08	78	41	51	**10**	**2.27**
Twin Shafts	MSRC840	721283.93	6890116.67	495.66	-60.32	270.14	48	29	38	9	1.06
Twin Shafts	MSRC841	721303.11	6890117.07	495.55	-60.15	270.79	72	32	39	7	0.70
Twin Shafts	MSRC842	721324.14	6890117.59	495.39	-59.94	269.64	96	24	30	6	0.82

Note: Calculated at a 0.6g/t Au lower cut-off grade, a minimum intercept length of 2m and a maximum of 2m of included waste. Grid MGA94_50.

Better recent infill and extension RC drill intercepts from the **Twin Shafts deposit** include the following:-

- **4m @ 8.12g/t Au** (from 31m in MSRC727)
- **4m @ 3.12g/t Au** (from 33m in MSRC731)
- **10m @ 2.27g/t Au** (from 41m in MSRC837)

The Phase 2 RC drilling at Twin Shafts has confirmed a southern extension to the deposit, for which a Mineral Resource will be estimated and optimised to determine if open pit mining is justified.

Gold mineralisation at Twin Shafts is associated with a north trending and moderately west dipping zone of brecciation and quartz veining within an oxidised, predominantly ultramafic, succession.

The Twin Shafts Phase 2 RC drilling results are presented in plan-view (Figure 6) and as representative cross-sections (Figure 7 to Figure 9) below. For details of previous Twin Shafts drilling results, refer to ASX release dated 22 May 2020.

Figure 6
Plan of the Twin Shafts gold deposit southern extension showing mineralised area incorporating new RC drilling

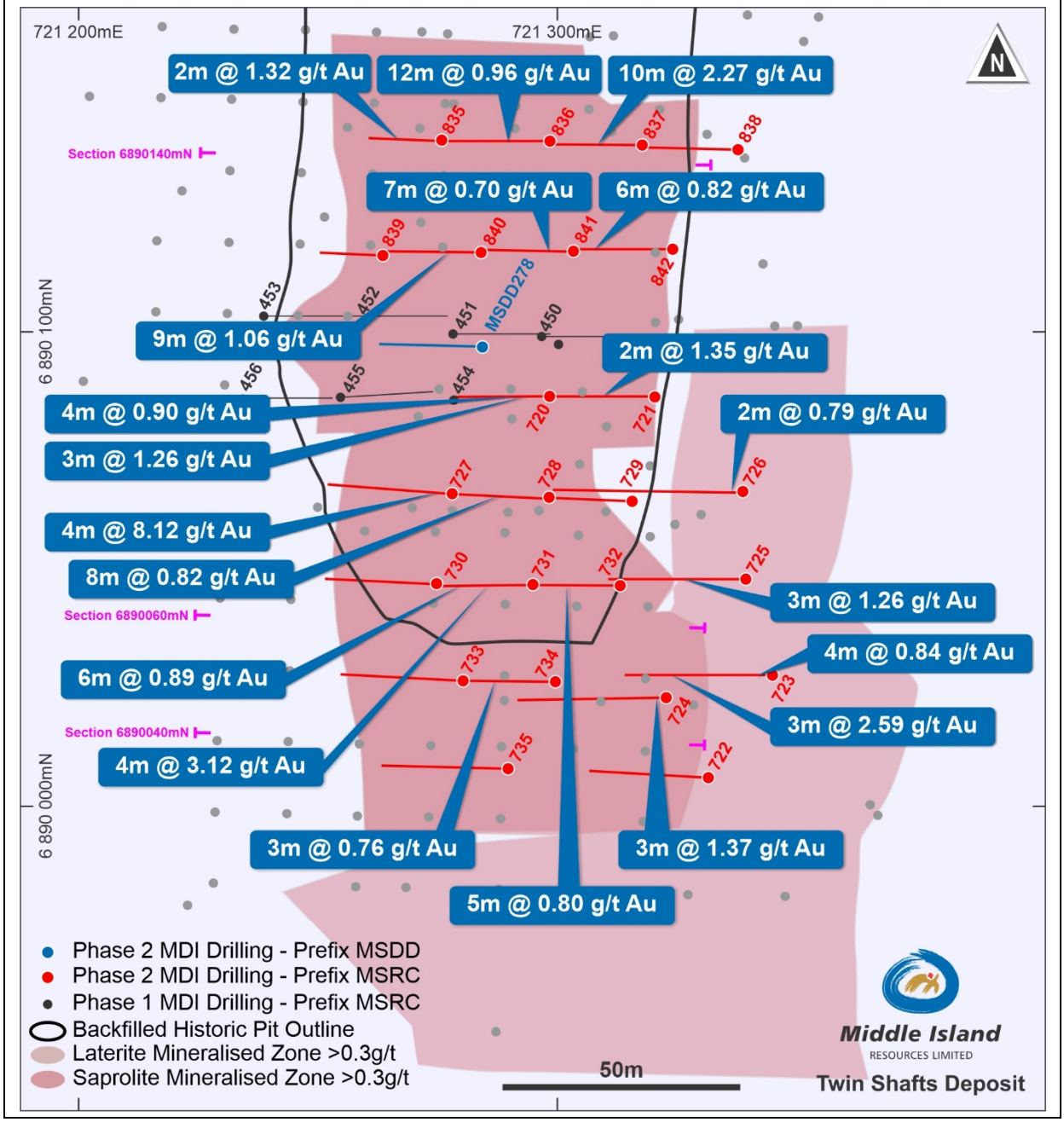


Figure 7
Cross-Section 6 890 040mN – Twin Shafts gold deposit showing new RC drilling results

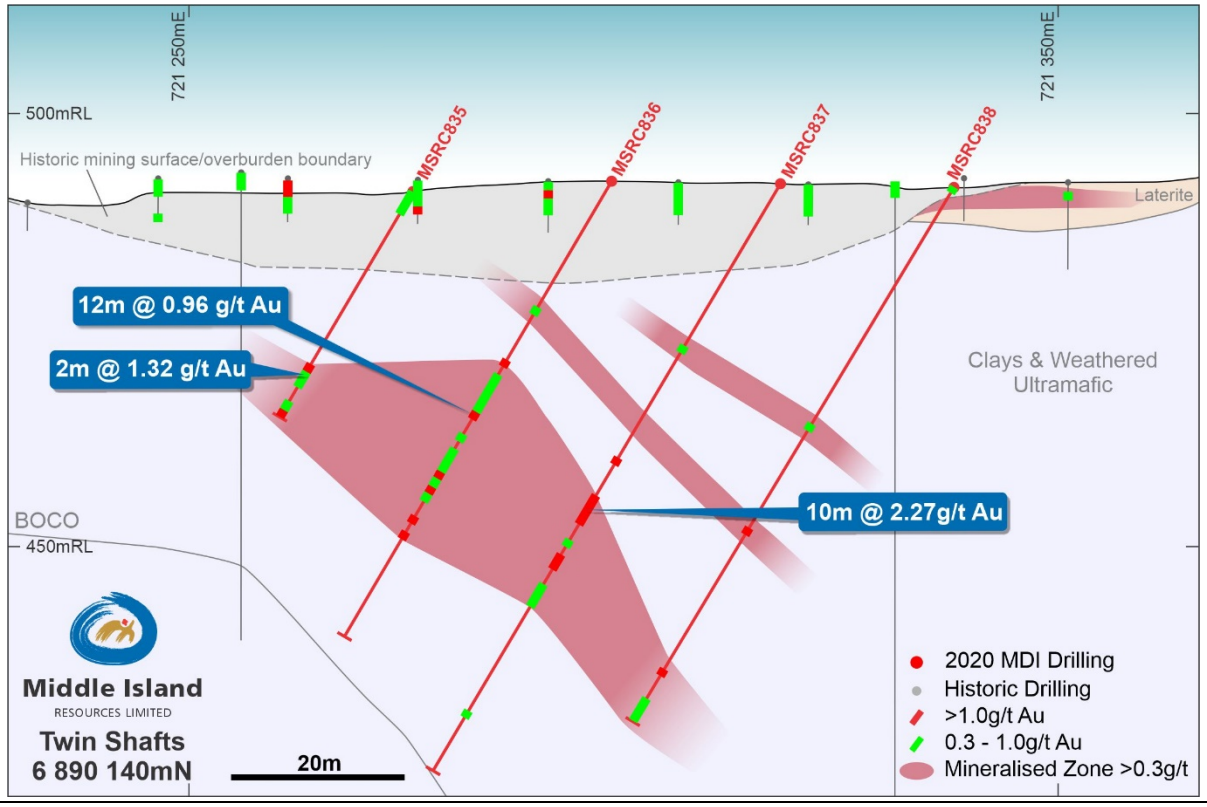


Figure 8
Cross-Section 6 890 060mN – Twin Shafts gold deposit showing new RC drilling results

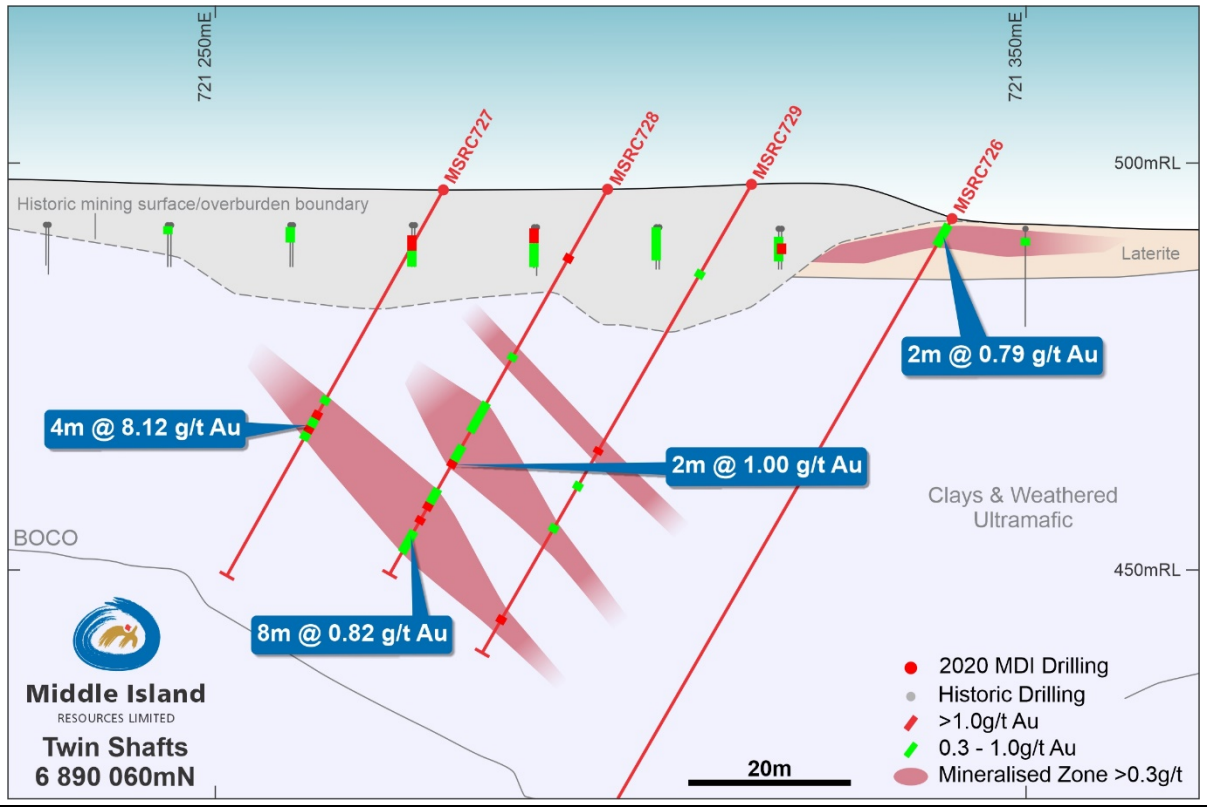
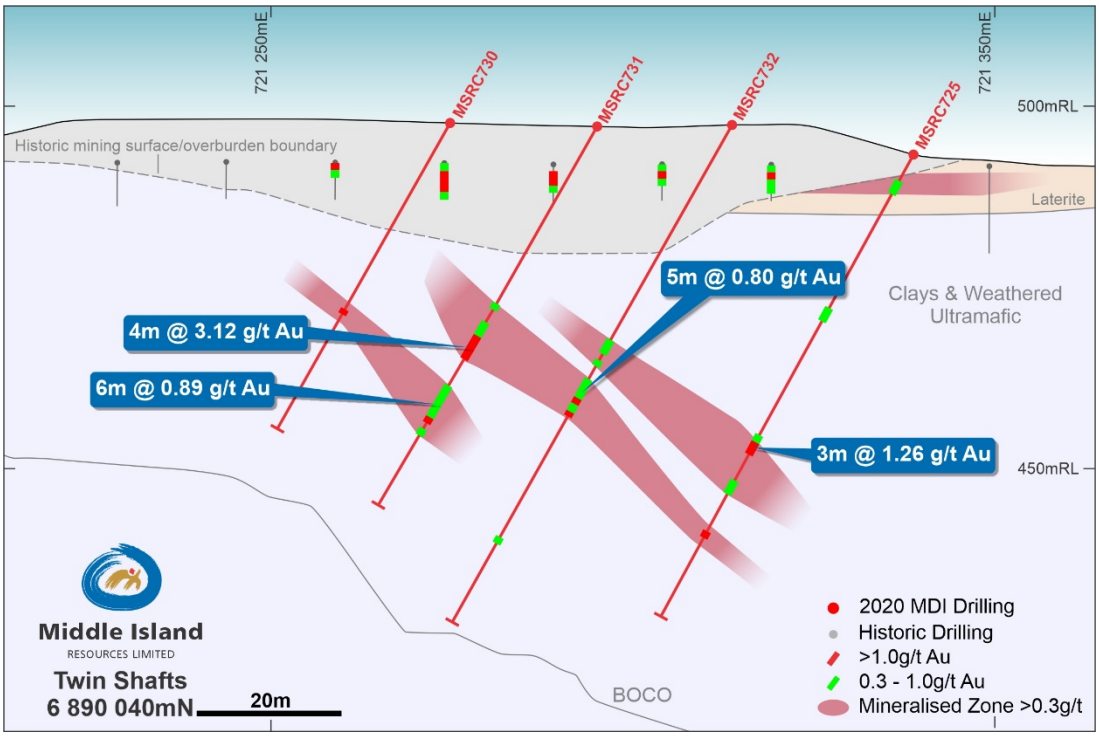


Figure 9
Cross-Section 6 890 040mN – Twin Shafts gold deposit showing new RC drilling results



The Twin Shafts deposit southern extension is located 500m southwest of the Company's 100%-owned gold processing plant within granted Mining Lease M57/129.

Exploration Status

Large diameter (HQ3) oxide diamond drilling of Sandstone's five new satellite deposits has been successfully completed. Bulk density determinations, across all rock types and oxidation profiles, are complete, geotechnical testwork is nearing completion and metallurgical testwork will commence shortly.

The substantial assay backlog of Phase 2 resource definition drilling samples has been largely resolved, with only a few batches outstanding. The awaited assays variously relate to resource definition drilling at the Ridge, McClaren and McIntyre satellite deposits, which will be included in the Feasibility Study, along with initial reconnaissance exploration traverses completed across the Shillington Gap target.

We look forward to reporting the remaining Phase 2 RC results over the next few weeks, along with updated and maiden resource estimates as they are completed. Although prioritised last, results for Sandstone's exciting Shillington Gap target, extending 1.1km between the Shillington and Ridge gold deposits, will then be reported.

Given the significant success of drilling to date in 2020, plans for a further (Phase 3) exploration drilling campaign are being finalised. This campaign will focus on extensions to and repetitions of the Ridge and McIntyre deposits, and further assessment of the Shillington Gap target. The Phase 3 exploration campaign will immediately follow extensive RC sterilisation drilling required for planned new waste dumps and the TSF expansion, which is anticipated to commence late in October once program of work (POW) approvals have been received.

RELEASE AUTHORISED BY:

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

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WEBSITE: www.middleisland.com.au

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 that relates to new Exploration Results at the Shillington and Twin Shafts deposits is based on, and fairly reflects, information and supporting documentation prepared by Mr Rick Yeates. Mr Yeates is a Member of the Australasian Institute of Mining and Metallurgy and a fulltime employee of Middle Island Resources Limited. Mr Yeates has sufficient experience, which is relevant to the nature of work and style of mineralisation under consideration, to qualify as Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Yeates has given his prior written consent to the inclusion in the release of the statements, based on his information, in the form and context in which they appear. Mr Yeates is a shareholder in the Company and entities associated with Mr Yeates hold unlisted options in the capital of the Company as disclosed in Appendix 3Y notices released to ASX.

Previously reported information

This report includes information that refers to previously reported Exploration Results for the Shillington and Twin Shafts deposits, which was prepared and first disclosed under the JORC Code 2012. The information was extracted from the Company's previous announcements variously dated 22 May 2020, 29 May 2020 & 24 July 2020, which are available to view on the Company's website.

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 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.

Appendix 1

The following Table is provided in compliance with the JORC Code

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.*	• The results are derived from a RC drill program completed by Middle Island Resources. The sampling was carried out by collecting 2-3kg of RC chips off the drill rig's cone splitter; the sampling was undertaken at one metre intervals taken over the whole length of each drillhole.
	• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*	• Recovery was excellent for the vast majority of samples, with minor exceptions due to broken ground. The sample was a consistent size of 2–3kg, derived from the drill rig's cone splitter. The primary sample was taken from the same splitter chute the entire program.
	• *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Samples of drill cuttings weighing 2-3kg were sent to the laboratory to be crushed (-10mm) and pulverised to produce a 300g pulp, then split to a 50g charge for fire assay analysis.
	• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• RC drilling was used to obtain 1m samples of RC chips (see first point above) from which 2-3kg was sent to the laboratory to be crushed (-10mm) and pulverised to produce a 300g pulp, then split to a 50g charge for fire assay analysis.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• The RC rig used a face sampling hammer with a 5 inch bit to return sample every metre.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• RC chip recovery data for this drilling was estimated for each drill metre and captured in a digital logging software package. The recorded average RC chip recovery for the Shillington and Twin Shafts drilling was 97.9% and 86.1% respectively. Lower recoveries for the Twin Shafts drilling is associated with the requirement to drill through poorly consolidated waste before entering saprolite.
	• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• The water table was encountered typically at a 60m down-hole depth, with appropriate measures taken by the drilling contractor to maintain recovery and dry samples, including additional air pressure and foam injection. For

Criteria	JORC Code explanation	Commentary
		the drillholes where no water was encountered no extra measures were needed to maximise the sample recovery at time of drilling.
	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No relationship between sample recovery and grade has been established.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• The RC chips were logged for lithology, weathering, mineralogy, mineralisation, colour and other features. Logging was carried out according to Middle Island Resources internal protocols at the time of drilling. Sampling was carried out according to Middle Island Resources internal protocols, which comply with industry standards.
	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• All drill holes were quantitatively logged from start to finish of the hole.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.*	• Not applicable
	• *If non-core, whether riffled, tube sampled, rotary split, etc., and whether sampled wet or dry.*	• RC chips were rotary split with a cone splitter on the drill rig. Samples were collected and bagged in 1m intervals. All samples were dry.
	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The samples were dried and crushed to -10mm before being split and then a 300g subsample pulverised to 95% passing 75 microns. This fraction was then split again down to a 50g sample charge for fire assay.
	• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*	• For the RC chips the routine sample procedure was to consistently take the primary split from the same chute. A field duplicate (via a second split) off the drill rig's sample splitter was collected and assayed at a rate of 1:50 samples.
	• *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.*	• Field duplicates were taken either by second split from the cyclone. Results have been compared to the original sample taken.
	• *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Sample size and assay charge size are considered entirely appropriate for the style of mineralisation.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	• Middle Island adopted a 50g fire assay method with an ICP-OES finish. This technique is considered appropriate for gold mineralisation of this style.
	• *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.*	• No other measurement tools/instruments were used to derive assays.
	• *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Field duplicates, lab duplicates, field and laboratory standards were routinely included in the assay train at a 1:9 frequency when taking all QC samples into account, and a quartz wash was applied between each sample pulverised. Sample results are consistent with those reported by previous drilling programs.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.*	• Sampling was undertaken by field assistants supervised by experienced geologists from Middle Island Resources. Significant intercepts were checked by senior personnel who confirmed them as prospective for gold mineralisation.
	• *The use of twinned holes.*	• New drilling in the vicinity derived mineralised intervals consistent with historic intercepts in terms of both length and grade, providing confidence that these holes are likely valid.
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*	• Data was collected digitally utilising designated templates following industry best practice. Sampling data was also captured manually to ensure a paper trail was maintained by the field staff and checked by the supervising geologists. Logging and sampling data were imported and validated using the OCRIS database software system by an experienced external database manager. After database import, drillhole data was plotted and validated in plan and section view by Middle island geologists, any errors encountered were rectified.
	• *Discuss any adjustment to assay data.*	• Assay data have not been adjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• Surface collar coordinates are surveyed via RTK GNSS with 1cm accuracy by a professional surveying contractor. A high-quality downhole north-seeking multi-shot or continuous survey gyro-camera was used to determine the dip and azimuth of the hole at 25m intervals down the hole. • MGA94 Zone 50
	• *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The topographic surface was calculated from the onsite mine survey pickups, and subsequently verified by RTK GNSS collar surveys and a recent drone survey.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Results being reported comprise individual 1m sample intervals. • The data spacing is sufficient to demonstrate the continuity of grade. • Composite samples were not utilised.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Drilling orientations were appropriate to intersect the anticipated mineralisation orientations to provide a representative sample approximating true width. • The Competent Person does not believe that any sample bias has been introduced.

Criteria	JORC Code explanation	Commentary
Sample security	• *The measures taken to ensure sample security.*	• The samples were collected by a field assistant and two experienced company geologists and transferred directly to the laboratory via a reputable commercial freight courier contractor. • Sample receipt by Nagrom and SGS was carried out in line with their respective internal procedures to maintain chain of custody control.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Reported results are consistent with historic results.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The drilled holes and sampled RC chips are derived from Mining Leases M57/128 and M57/129, which are 100%-owned by Sandstone Operations Pty Ltd (SOP), a wholly-owned subsidiary of Middle Island Resources Limited. • As of 15/02/2016 Sandstone Operations Pty Ltd was the sole owner of the project, including M57/128 and M57/129.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• No acknowledgement or appraisal by other parties.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• In the case of Twin Shafts, shear zones hosted within predominantly ultramafic rocks with mesothermal quartz veining and brecciation within the Archaean Sandstone greenstone belt. In the case of the Shillington deposit, mesothermal quartz veining and brecciation within banded iron formation (BIF) units, encapsulated by basalts.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• See Table 1 (Shillington) and Table 2 (Twin Shafts) within the release. • No material information has been excluded.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such*	• Drill intercepts reported with weighted averages to create the grade intercepts. Individual internal values of <0.6g/t Au were included over a minimum internal interval of two metres, with a maximum of 2m of internal waste. • Aggregated intercepts do not include reported lengths of higher grade internal intercepts.

Criteria	JORC Code explanation	Commentary
	aggregations should be shown in detail.	
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Metal equivalent values are not reported.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Holes have been drilled orthogonally to the general dip and strike of the mineralised zones, where known. True widths are estimated to approximate 100% of down-hole intercepts. • At Twin Shafts the primary control on mineralisation appears to comprise a broad, north-trending, sub-vertical zone of brecciated and quartz-veined ultramafic rocks, within which mineralised lenses are interpreted to dip moderately to the east. At Shillington the primary control on mineralisation is believed to be deformation along the axes of shallowly NNW plunging fold hinges and pyrite replacement of magnetite horizons adjacent to these zones.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• See table and figures within the release. A plan and representative cross-sections are provided for both the Shillington and Twin Shafts deposits within the release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Results are derived from a targeted drill program on a nominal 20m x 20m pattern to infill and extend known mineralised zones defined from previous programmes completed by Middle Island and previous project owners.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Other than that included in the release, there is no other relevant, meaningful or material exploration data that is currently known.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• The Company intends to estimate a Mineral Resource (to notional Indicated status), prior to completing pit optimisations to establish the deposits' potential to contribute to Ore Reserves in the Feasibility Study.
	• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Included - see tables, plans and representative cross-sections for each deposit within the release.