

# Exploring Golden Frontiers

## Middle Island Resources Annual General Meeting - 2016



**Middle Island**  
RESOURCES LIMITED



# Disclaimer Notice and Competent Person's Statement



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## Competent Persons' Statement

Information in this report relates to exploration results or mineral resources that are based on information compiled in the 2011 Troy Resources Limited (Troy) annual report. The Company is not aware of any new information or data that materially affects the information provided in the 2011 Troy Resources annual report and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

The reported resource estimates are consistent with the 2004 JORC Code guidelines and are not reported in accordance with the JORC 2012 Code and a Competent Person has not completed sufficient work to accurately classify the 2004 estimates as Mineral Resources under the JORC 2012 Code. Indeed it is uncertain if, following further exploration, the 2004 estimates will be able to be reported as Mineral Resources in accordance with the JORC 2012 Code. The Company intends to upgrade the Mineral Resources to JORC 2012 as an integral element of the planned Prefeasibility Study.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised.

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

# Capital Structure

ASX Code: MDI



|                                |           |
|--------------------------------|-----------|
| Shares on Issue                | ~469M     |
| Unlisted Options               | 0.8M      |
| Number of Shareholders         | 682       |
| Top 20 Shareholders            | ~65%      |
| Institutions                   | ~20%      |
| Directors                      | ~20%      |
| Cash (as at 30 September 2016) | ~A\$2.5M  |
| Market Cap (at ~A\$0.06)       | ~A\$27.5M |

# Sandstone Gold Project - Summary



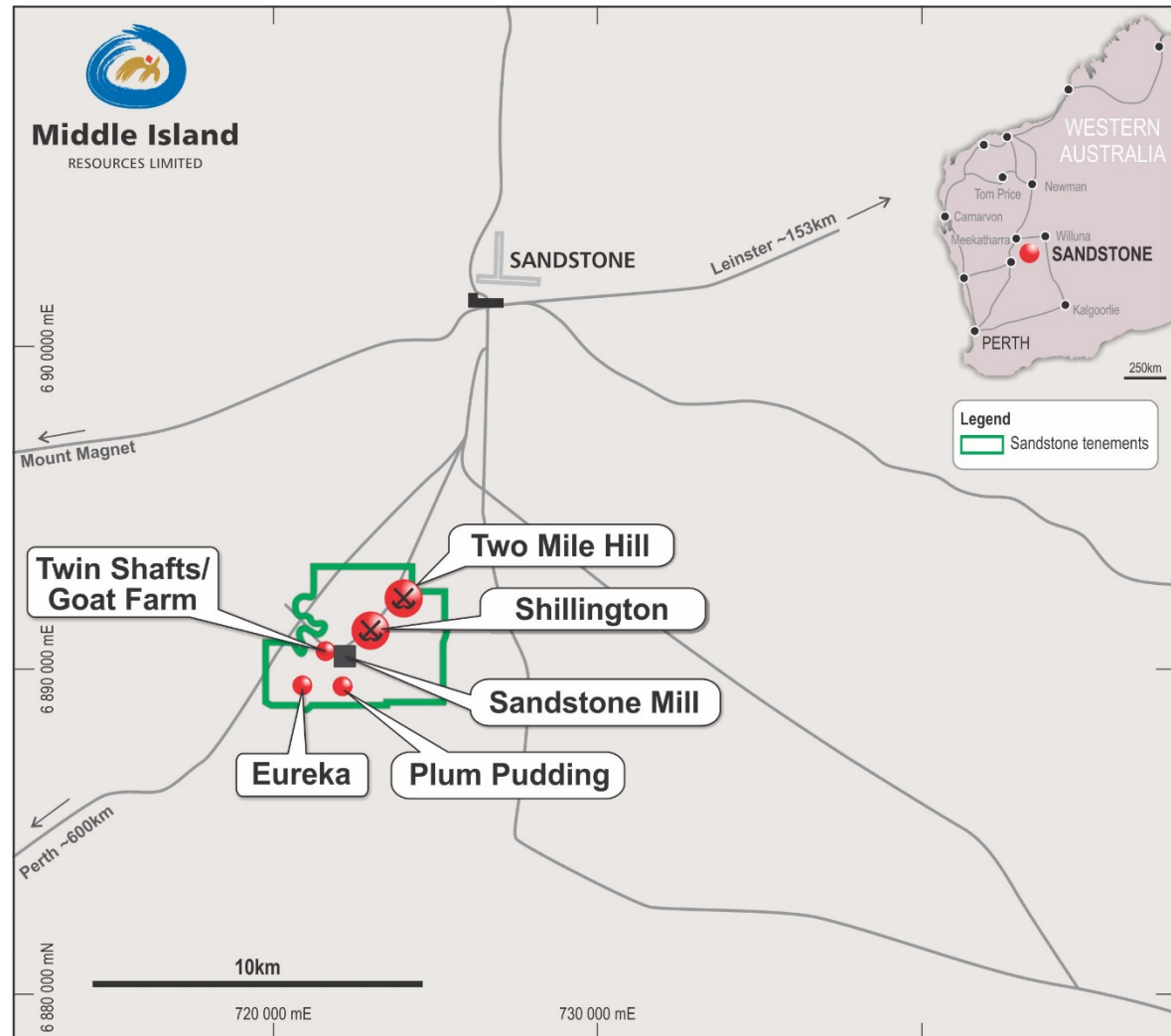
- A **100% interest** in the Sandstone gold project in Western Australia.
- Two adjacent, granted and **fully permitted** Mining Leases collectively covering 20 square kilometres.
- Mineral Resources (JORC 2004) of ~11Mt grading 1.4g/t Au for **480,000 ounces of gold**, plus considerable resource and exploration upside.
- **600ktpa CIP gold processing plant** on care & maintenance, associated infrastructure, spares & camps.
- Potential **near-term production**.
- **Exceptional brownfields targets** associated with the Two Mile Hill tonalite & BIF.
- **Numerous greenfields exploration targets** within project & stranded third-party deposits in the district.
- Acquisition cost of **A\$2.5M**, represents a value of **US\$4 per resource ounce**, considerably below the comparable global industry average.



# Location & Tenure



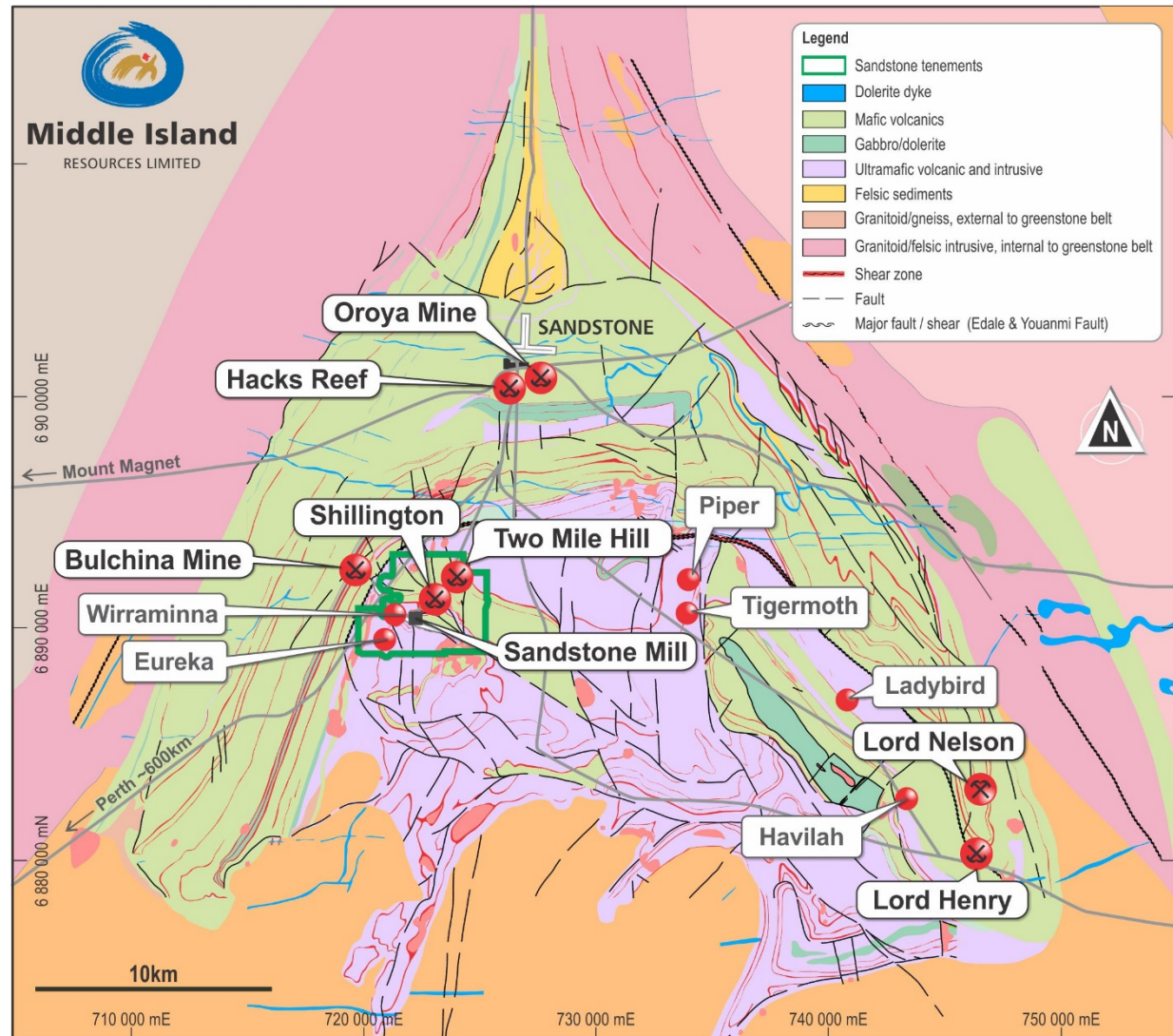
- ~11km south of Sandstone, 600km northeast of Perth.
- All-weather, sealed road between Mt Magnet and Leinster.
- Two granted Mining Leases of 20 square km that pre-date Native Title; M57/128 & M57/129.
- Operating licence, permitted tailings storage facility, licenced bore field.
- Mining Proposal approved for Shillington/Two Mile Hill deposits (to be updated).



# Geology



- Gold mineralisation is hosted within the Archaean Sandstone greenstone belt.
- Triangular shaped belt within the Southern Cross Province that forms the central spine of the Archaean Yilgarn Block.
- Sandstone greenstone belt forms a classic 'hourglass' structure at the northern end of the Diemals Dome.
- Two major trans-current structures, the Edale and Youanmi faults, respectively confine the eastern & western margins of the belt.



# Processing Plant



- Constructed in 1994 with a capacity of 250,000tpa.
- Upgraded to 600,000tpa by Troy in 1999.
- Troy operated plant from 1999 to 2010.
- Processed 4.4Mt to produce ~508,000 ounces at 3.6g/t Au.
- Plant placed on care & maintenance in September 2010.
- Conventional grinding & milling circuit, CIP leach circuit.
- In reasonable condition, with estimated refurbishment costs of ~\$8M.





# Infrastructure



- Contract diesel-generated power plant.
- Fuel tanks, workshops, laboratory & mine offices.
- Substantial inventory of equipment & spares.
- Permitted in-pit tailings facility with ~12 months' capacity.
- Permitted bore field.
- Three equipped camps in nearby Sandstone:-
  - 57-person owner's camp.
  - 36-person contractor's camp
  - 8-person exploration camp & core farm.
- Well-maintained airport to service FIFO operations.



# Production Potential



- SXG completed pit optimisations on Two Mile, Shillington & Shillington North deposits in 2013.
- Modelling based on treating ~500,000tpa from Shillington & Two Mile open pit cut-backs & extensions.
- Average stripping ratio of ~5:1 over an initial period ~2.5 years.
- Benign metallurgy.
- Optimisation of remaining deposits indicates further potential mill feed.
- Drilling indicates considerable potential to expand resource base.
- Sole plant within ~150km provides opportunity to deal on or toll-treat stranded, third-party deposits.

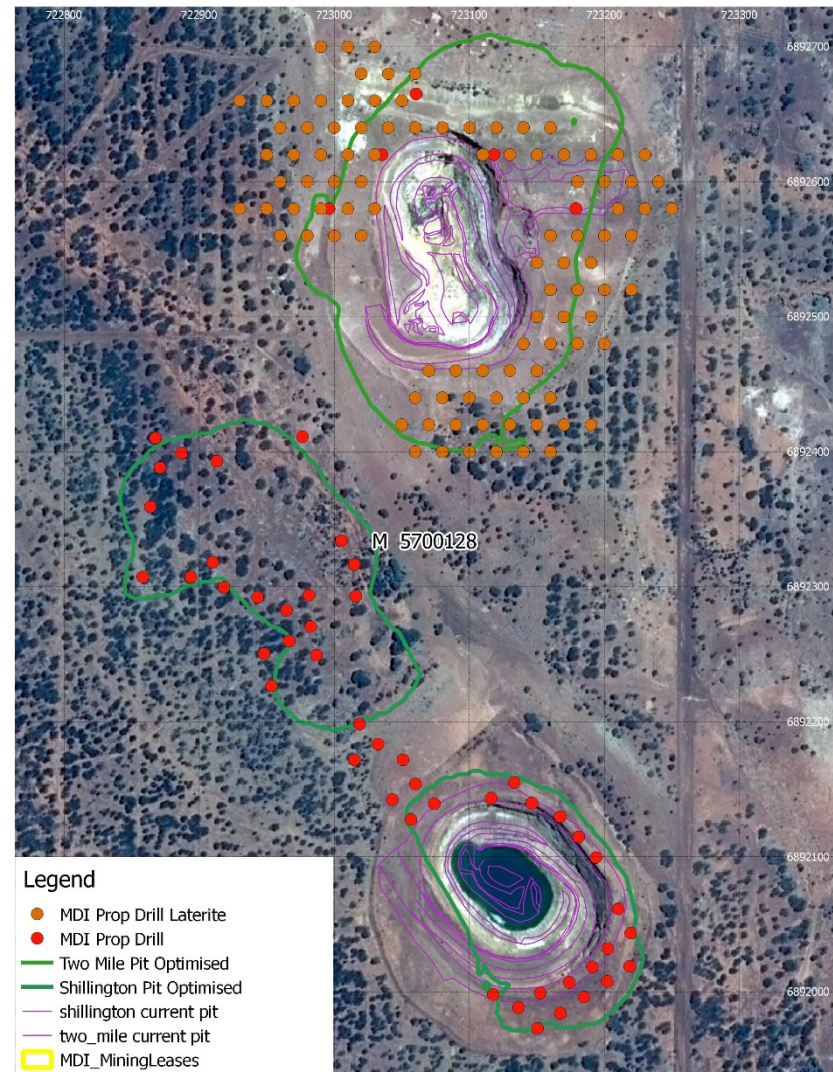




# Feasibility Progress



- Infill resource definition drilling (153 holes, ~4,200m); completed August 2016.
- Updated resource estimate; imminent.
- Process engineering & mining/crushing proposals; well advanced.
- Complete Pre-feasibility Study; January 2017.
- Assuming positive PFS & access to funding, proceed with plant & infrastructure refurbishment; February 2017.
- From re-commissioning decision; ~6 months to production.



Sandstone Gold Project  
Middle Island Proposed Drilling

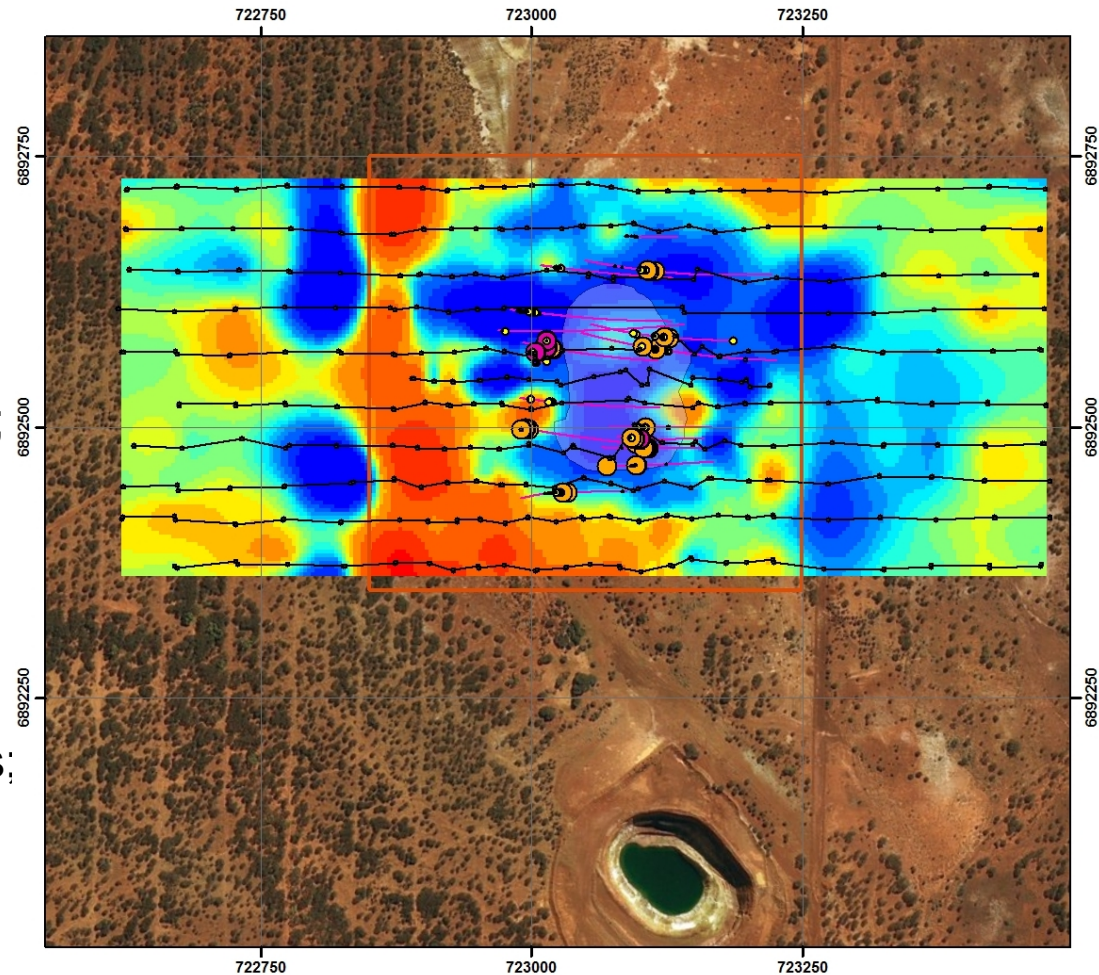
50 0 50 100 m



# Exploration Progress



- Geological & geophysical review of Two Mile Hill BIF targets; completed August 2016.
- Trial geophysical survey (DHEM, FLEM, IP) at Two Mile Hill; completed September 2016.
- Full FLEM survey at Two Mile Hill; completed October 2016.
- ~1,500m diamond core drilling of upper & middle BIF targets; completed November 2016.
- DHEM on new diamond drill holes; completed November 2016.
- Assays from Two Mile Hill diamond drilling; imminent.

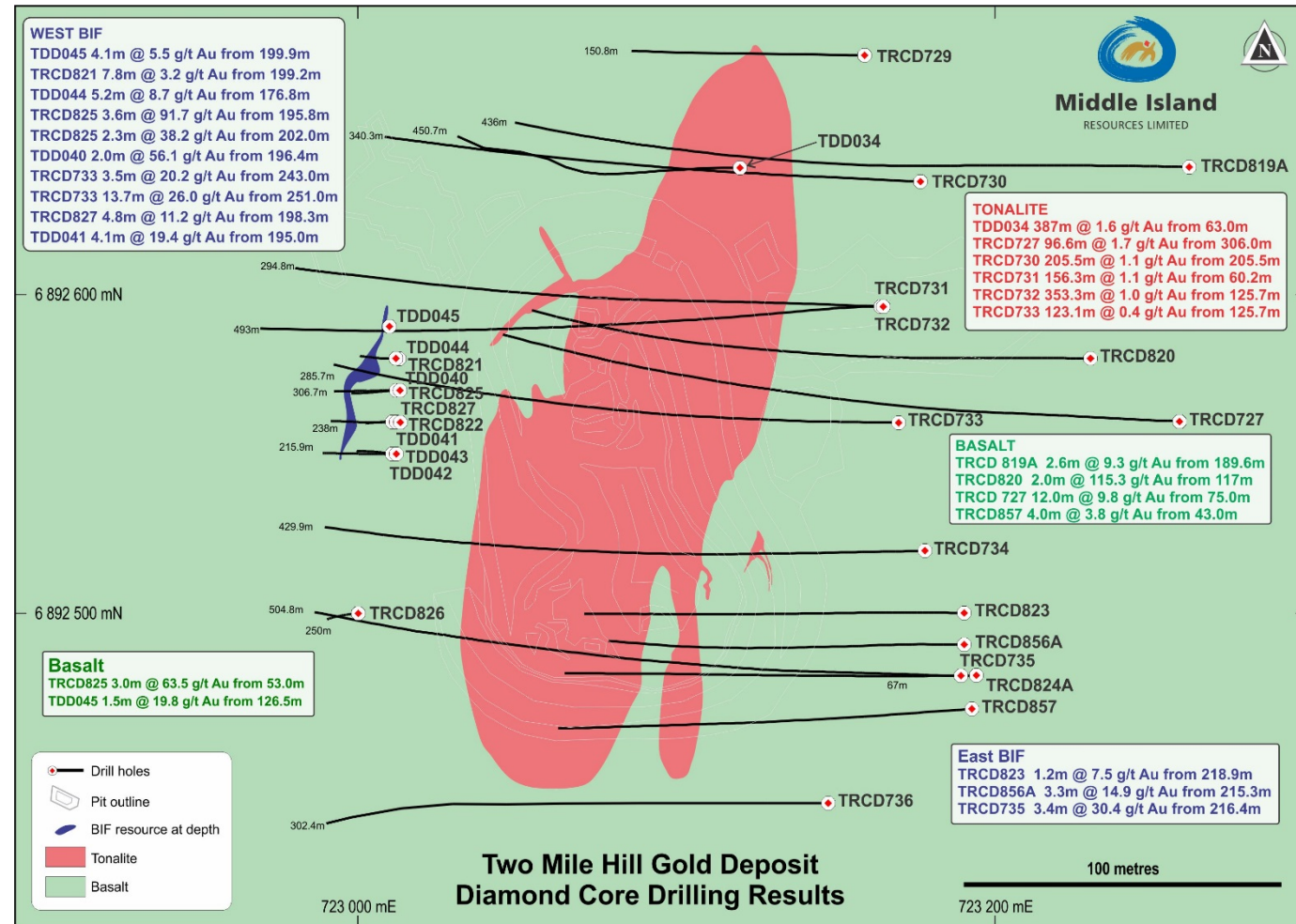




# Brownfields Targets - Two Mile Hill

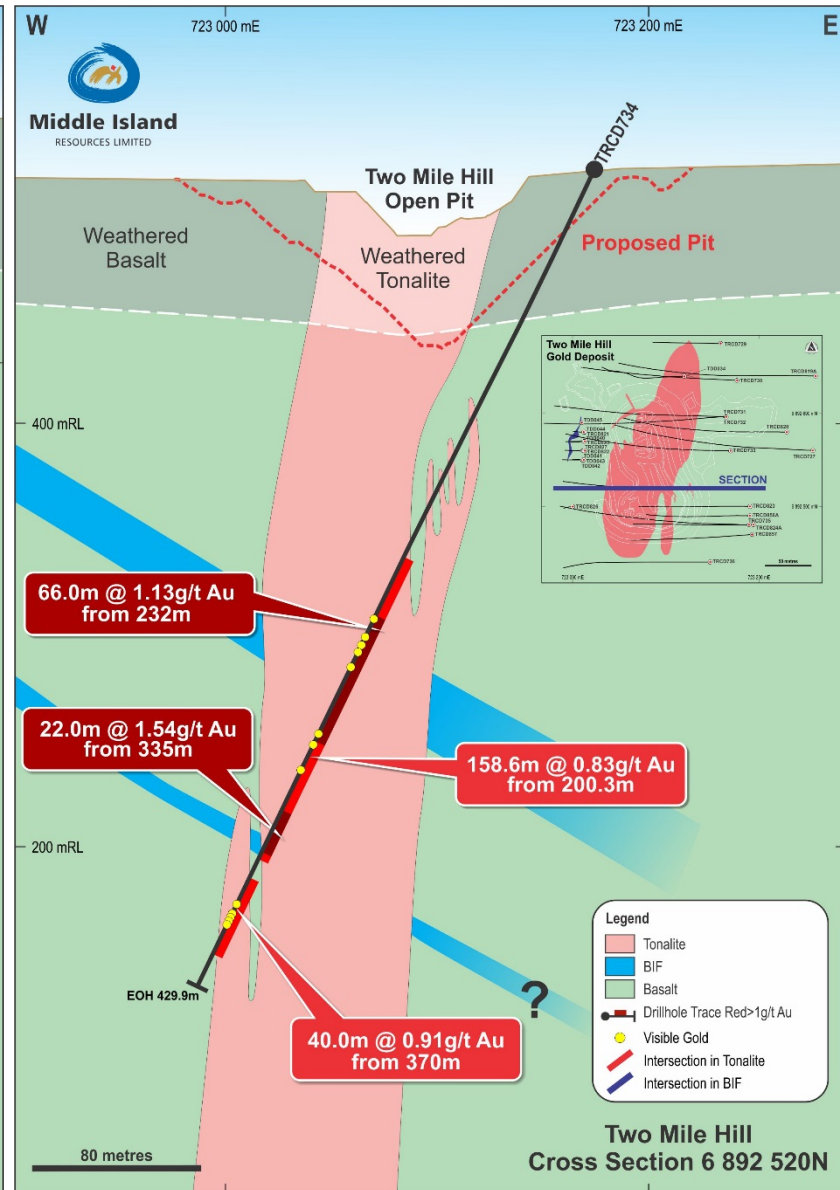
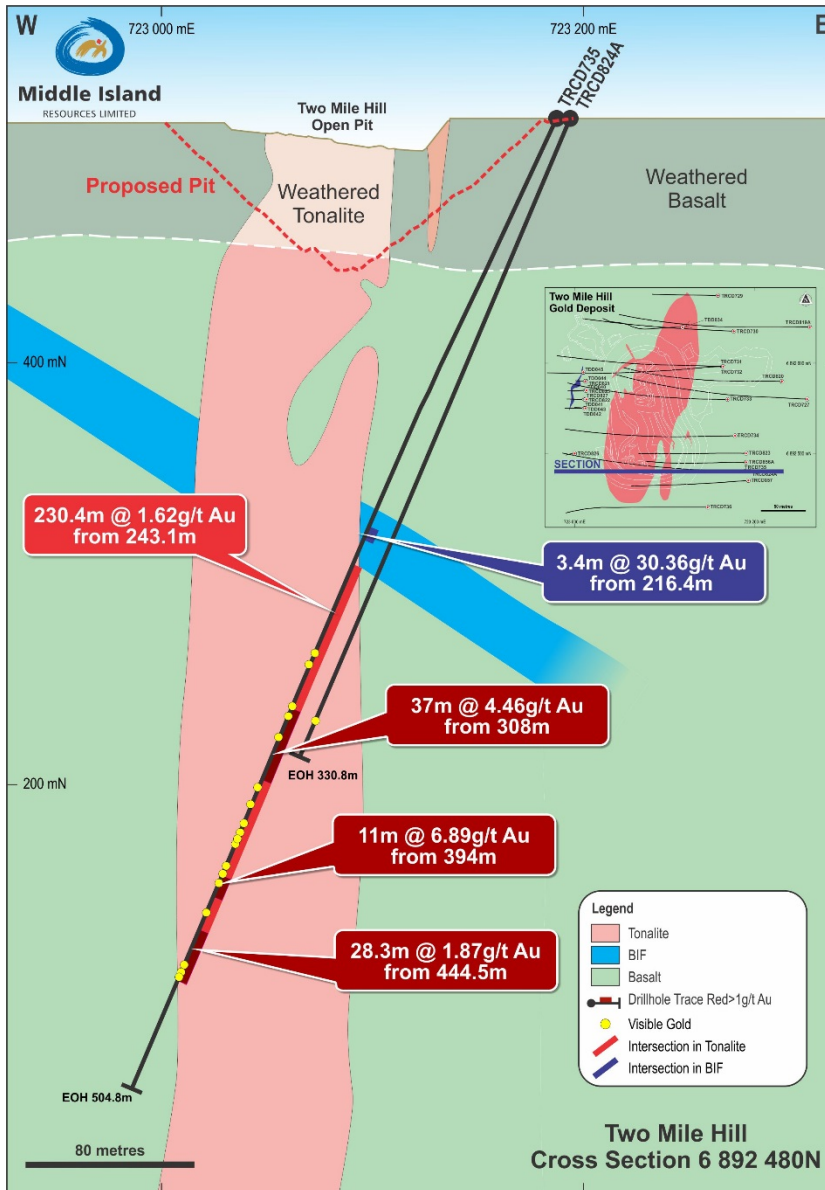


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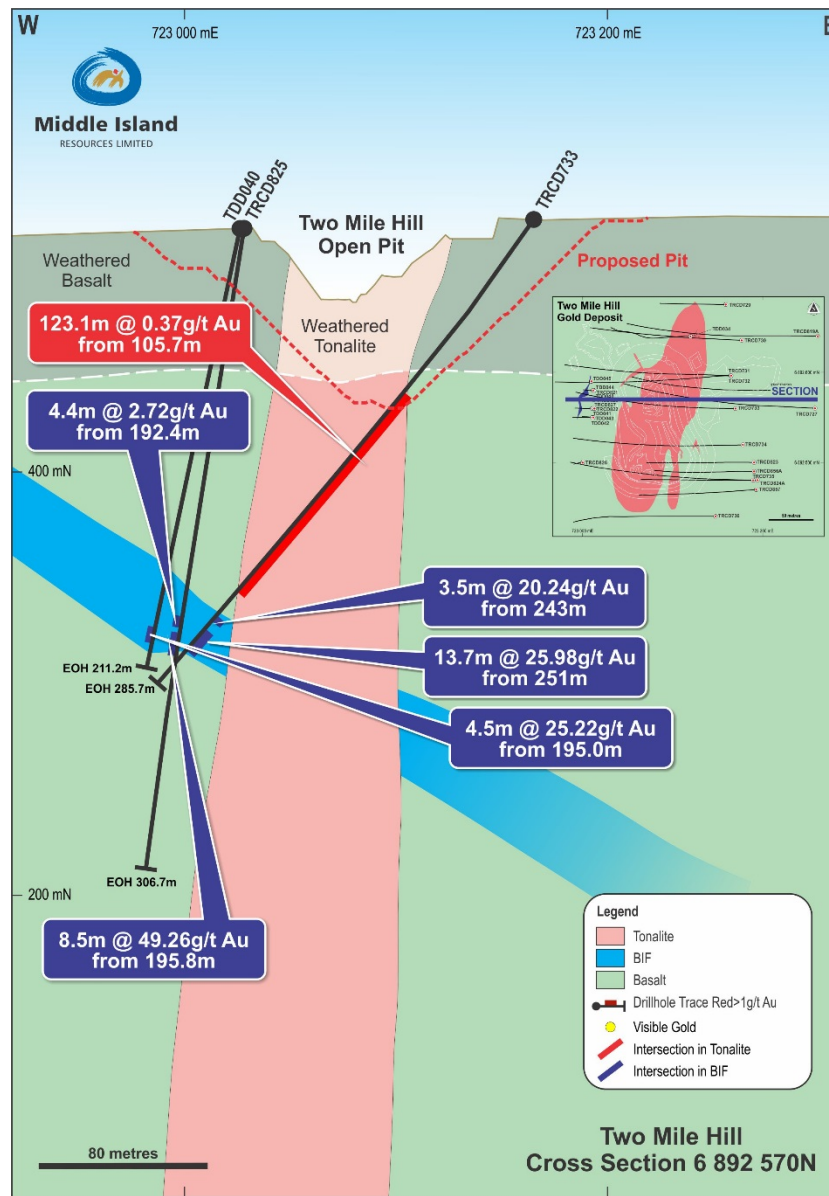
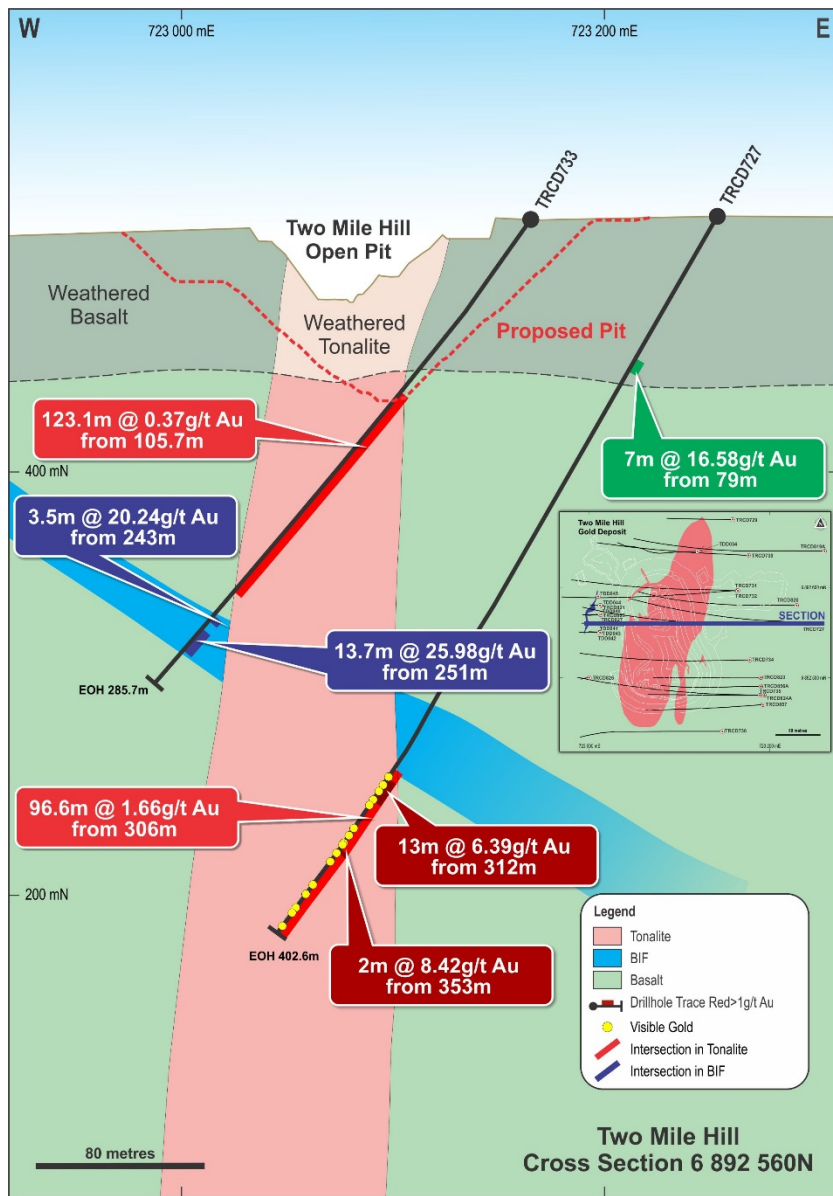


- Two Mile Hill tonalite;  
372.7m at 1.52g/t  
230.4m at 1.62g/t  
353.3m at 1.04g/t  
141.0m at 2.30g/t  
156.3m at 1.14g/t
- Adjacent, obliquely intersecting BIF some 200m below surface;  
8.5m at 49g/t  
13.7m at 26g/t  
4.5m at 25g/t  
3.4m at 30g/t  
3.5m at 20g/t
- Significant drill intercepts in basalt on east side of tonalite;  
2m at 115.3g/t  
7m at 16.6g/t  
12m at 9.8g/t  
3.3m at 14.9g/t  
2.6m at 9.3g/t

# Resource Potential - Two Mile Hill

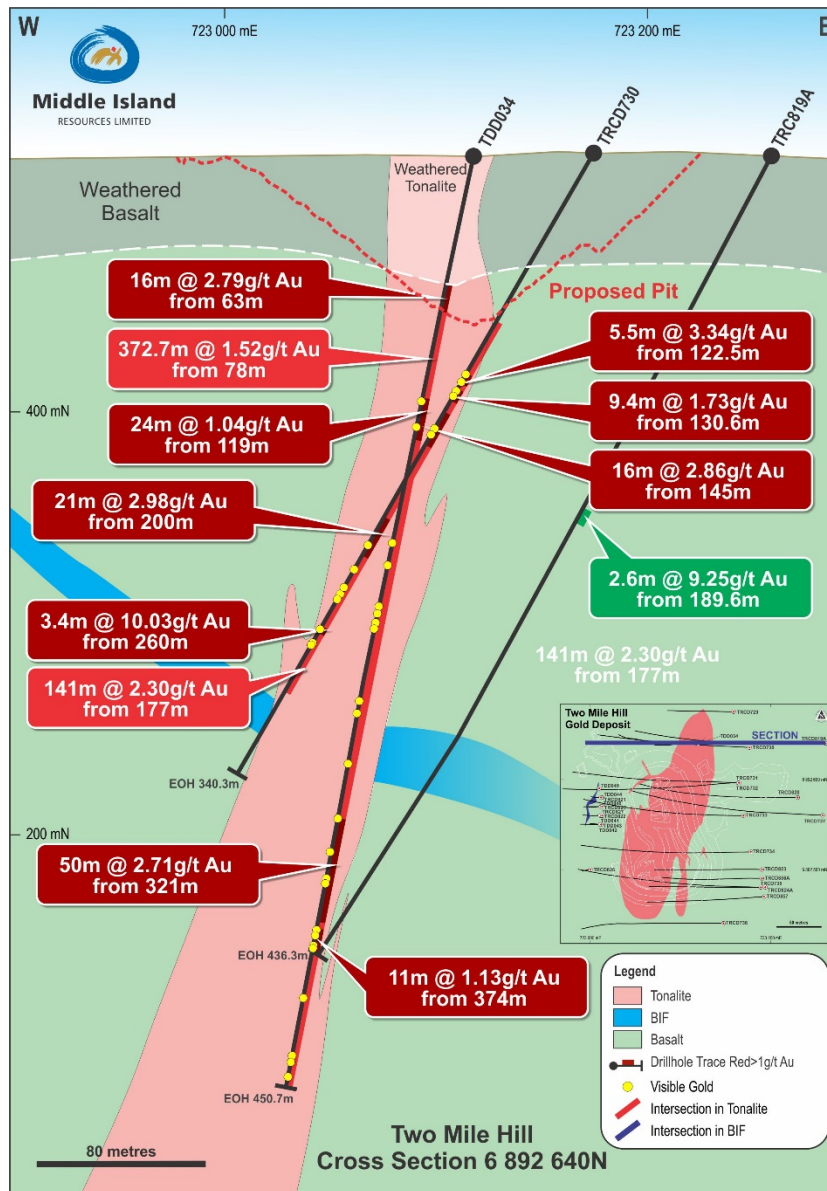
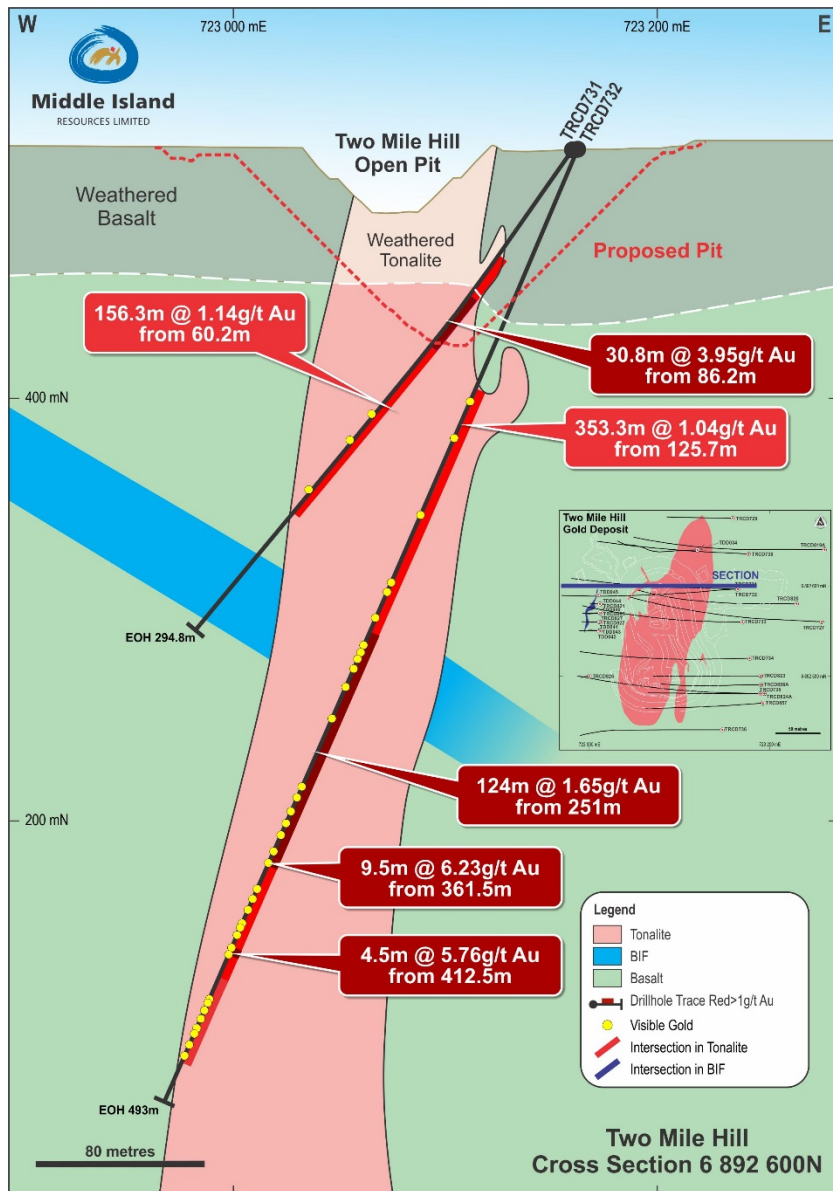


# Resource Potential - Two Mile Hill





# Resource Potential - Two Mile Hill



# Underground Potential – Two Mile BIFs

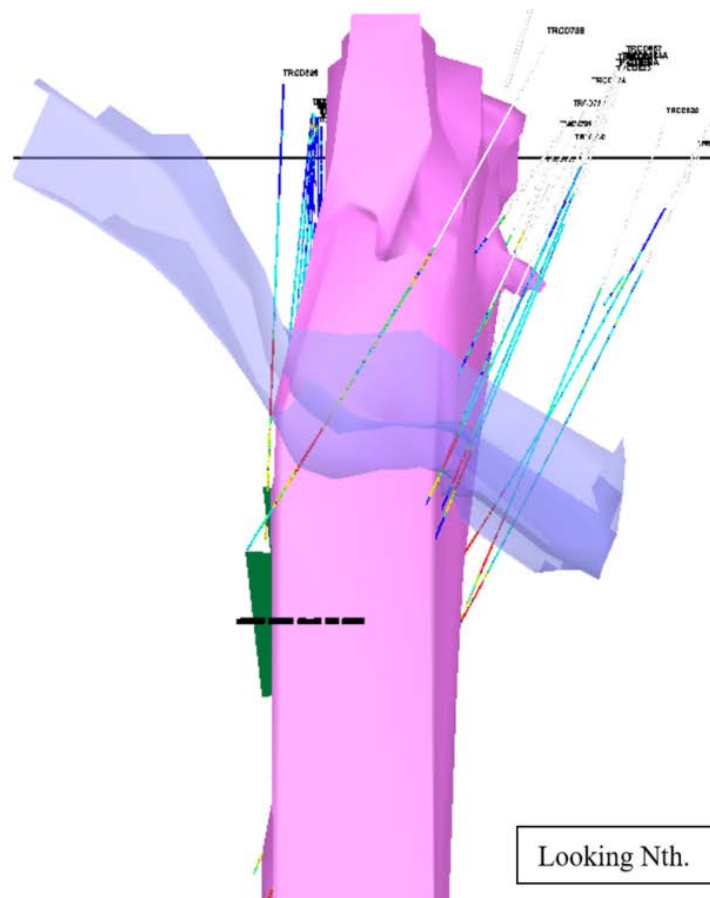


- Geophysical review & surveys identified a further two BIF horizons.
- Re-sampling results include:

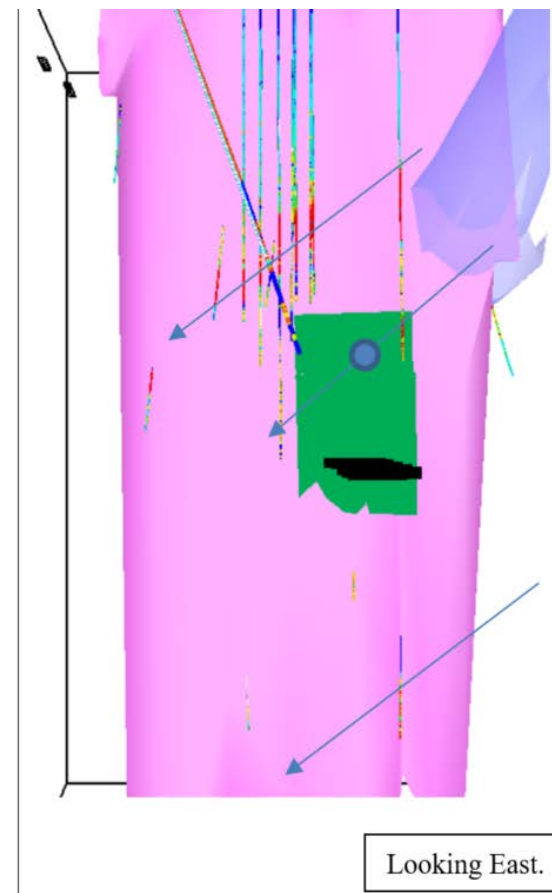
**22m at 23.8g/t Au**

**8m at 56.0g/t Au**

**5m at 26.5g/t Au**



Looking Nth.



Looking East.

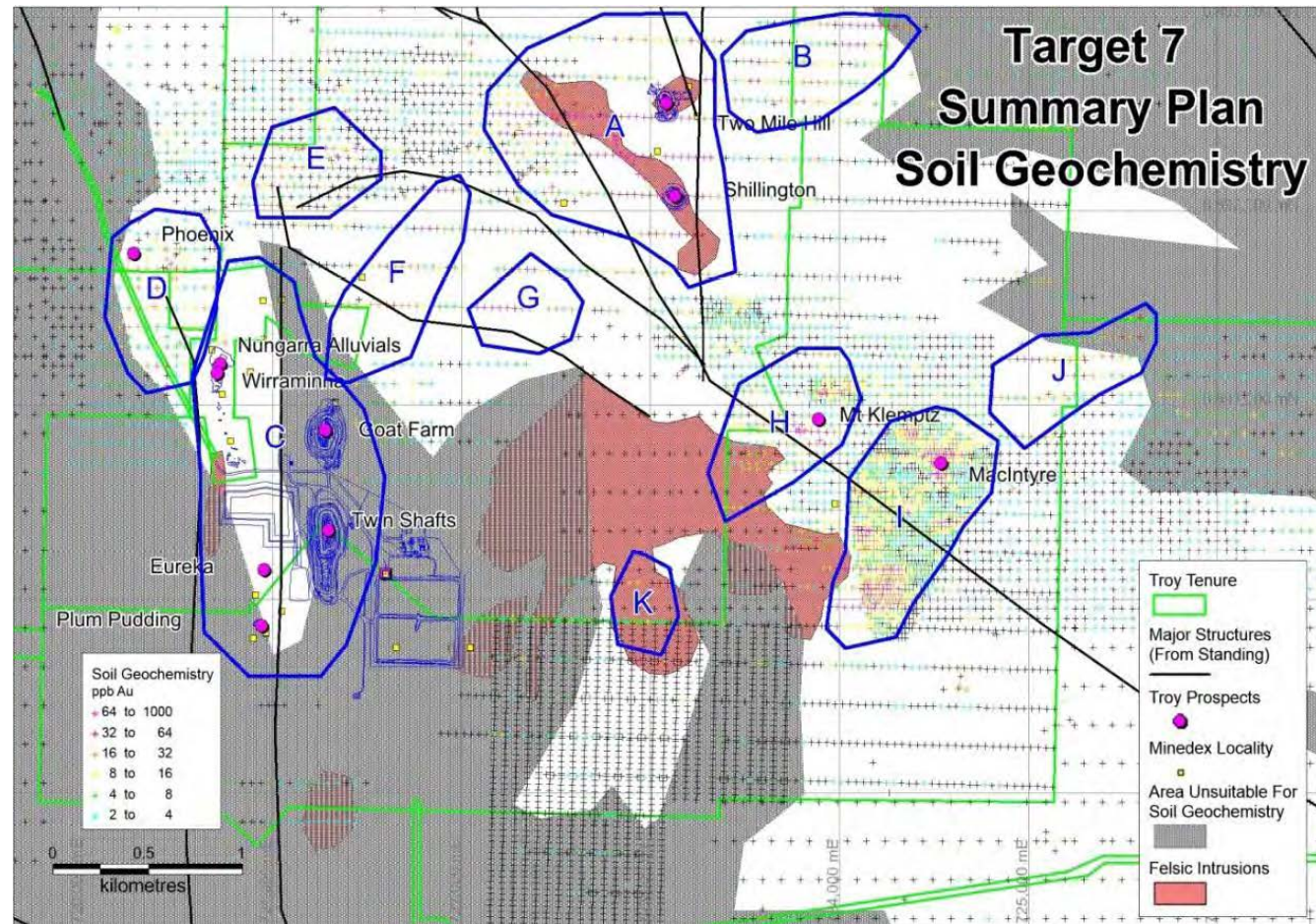
- ~1,500m diamond drilling programme completed to extend and confirm upper & lower mineralised BIF.
- Assay results pending.



# Greenfields Targets



- Additional open pit potential centred on Goat Farm, Eureka & Plum Pudding deposits.
- Significant geochemical targets identified at Mt Klemptz & Macintyre;  
**11m at 3.31g/t**  
**5m at 3.86g/t**  
**17m at 2.24g/t**
- Third-party deposits, comprising some 230,000oz, and exploration potential within 25km radius.

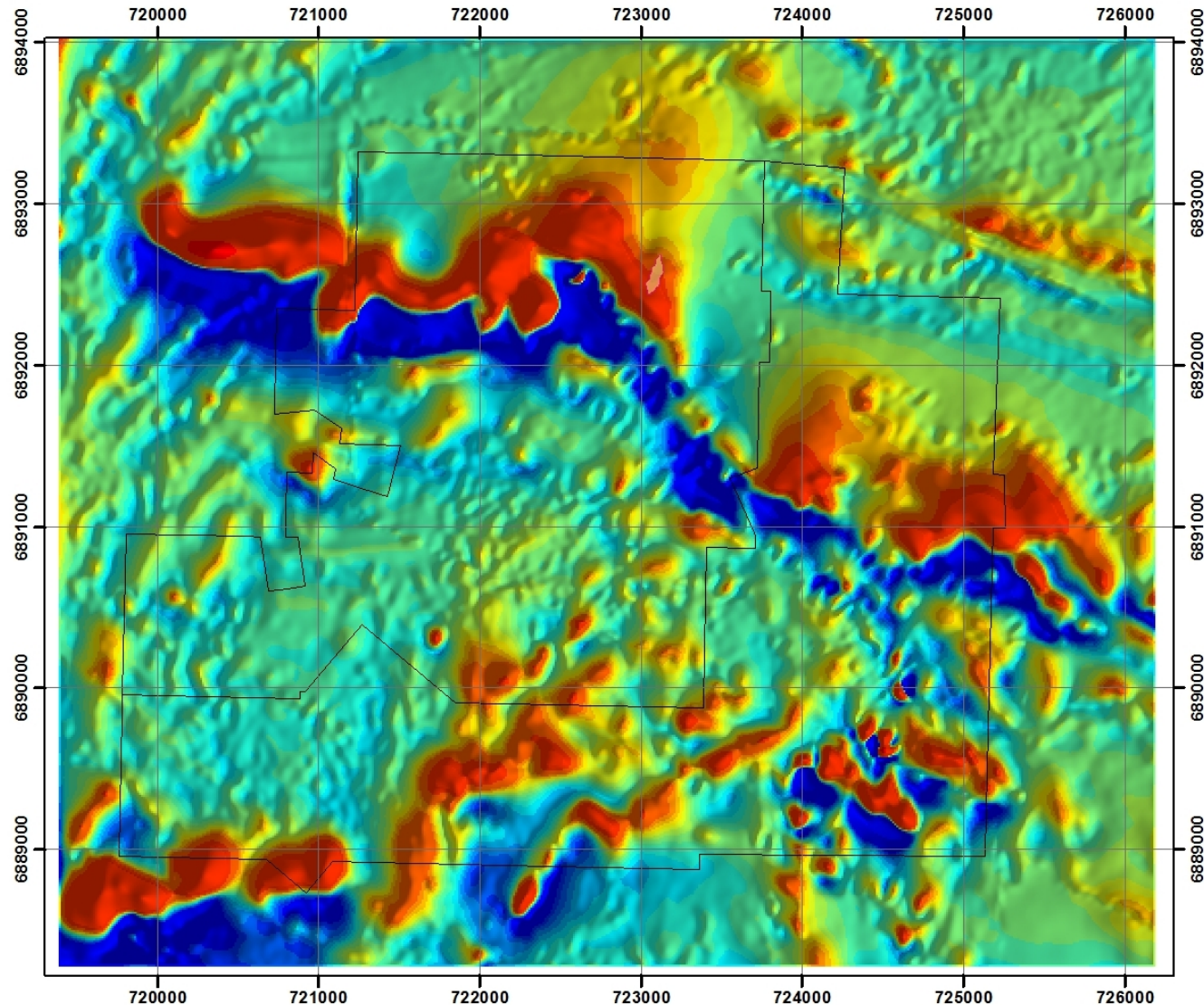




# Greenfields Targets



- Additional tonalite targets identified proximal to Two Mile Hill.
- Potential mineralised repetitions within prospective Shillington BIF.
- Major thrust identified in footwall of Shillington BIF package.
- Systematic database review & targeting study commencing.



# Post-acquisition Progress



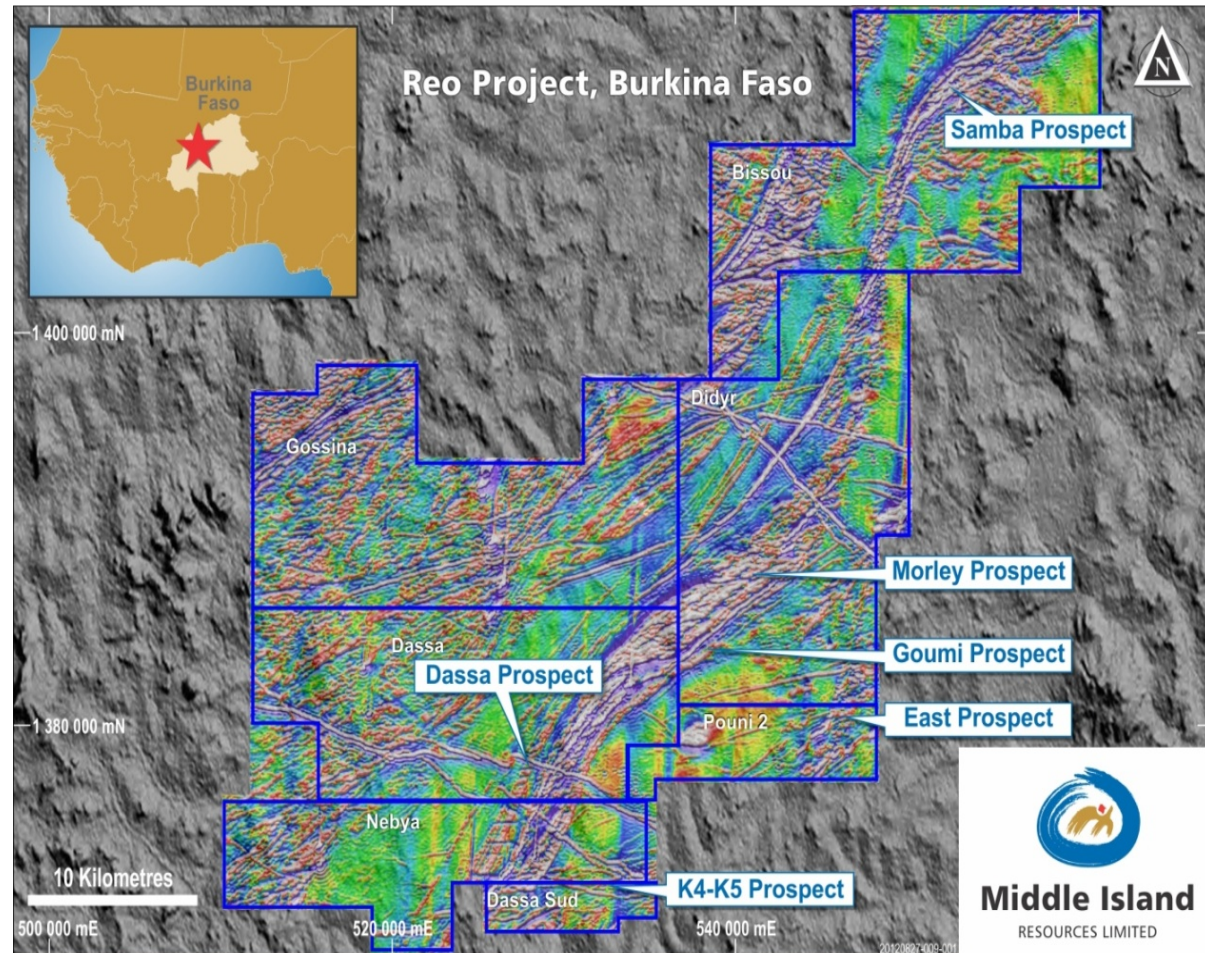
- Transaction successfully completed on 11 July 2016.
- ~2,400m infill RC resource definition drilling programme completed.
- Updated resource estimate (JORC 2012) on Shillington, Shillington North & Two Mile Hill open pit deposits imminent.
- PFS activities, including process engineering and mining/crushing tenders, well advanced.
- Geological & geophysical evaluation of Two Mile BIF target completed - two new BIF horizons identified.
- Phase I & II geophysical surveys on Two Mile BIF targets completed.
- ~1,500m diamond drilling programme on Two Mile BIF targets completed (results pending).
- RC sterilisation drilling programme completed (results pending).



# Reo Gold Project – Burkina Faso



- Significant improvement in market sentiment towards West Africa.
- Seeking partner to help fund the project through to feasibility.
- Awaiting outcome of permit extension & renewal applications.
- MDI may recommence exploration.
- Initial focus on parallel K5 geophysical target & Samba Prospect



# Investment Highlights



- **Sandstone acquisition equates to a cost of only US\$4 per resource ounce of gold.**
- **Potential near-term gold production requiring modest capital.**
- **Considerable resource & exploration upside.**
- **Opportunity to deal on or toll-treat third-party deposits within district.**
- **Ideally timed acquisition for an emerging developer in a more buoyant Australian gold market.**
- **Significant differential in market capitalisation with immediate peers.**
- **Strong, stable, supportive share register.**
- **Highly experienced & credible Goldfields exploration & project management team.**

# Thank you & questions

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