



Middle Island

RESOURCES LIMITED

Middle Island Resources Limited
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QUARTERLY REPORT

For the period ended 30 June 2017

HIGHLIGHTS

Middle Island Resources Ltd
ACN 142 361 608

ASX Code: MDI

Office:

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

Postal Address:

PO Box 1017
West Perth WA 6872
Western Australia

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E: info@middleisland.com.au

www.middleisland.com.au

Capital Structure:

586 million shares
38,300,000 options

Board Members:

Peter Thomas

Chairman

Rick Yeates

Managing Director

Beau Nicholls

Non-Executive Director

Dennis Wilkins

Company Secretary

- Cash at 30 June 2017 of A\$1.84 million.
- Middle Island executed an option during the June quarter to acquire a 100% interest in the Wirraminna gold project, situated immediately adjacent to the Company's 100%-owned Sandstone gold project in WA and, importantly, within 1km of the Company's processing plant.
- Wirraminna hosts an existing **~10,000oz gold resource** (JORC 2004), at least two further mineralised laterite deposits and substantial deeper gold exploration potential associated with three intersecting, high grade, mineralised structures. Better previous drilling intercepts include **11m at 23.8g/t, 16m at 14.6g/t & 19m at 4.85g/t Au**.
- The Wirraminna acquisition represents an immediate opportunity to access higher grade open pit mineralisation that may provide a catalyst for earlier recommissioning of Middle Island's Sandstone gold processing plant.
- Gold intersection of **415.2m at 1.34g/t Au, ending in mineralisation**, returned from the deepest diamond hole drilled to date at Sandstone's Two Mile Hill prospect. Cored portion mineralised from start to finish and remains open at depth, with the final interval comprising **66.9m at 3.27g/t Au** (from 432m to end of hole at 498.9m).
- A 29-hole RC drilling programme was completed at Sandstone's McIntyre and Two Mile Hill prospects during the June quarter. Results confirm broad intervals of shallow dipping gold mineralisation at McIntyre, while the new Two Mile Hill results will be incorporated into an updated resource estimate.
- Geochemical auger/aircore drilling programme commenced on the Davis target late in the June quarter to assess the highest priority 'weights of evidence' target identified during the March quarter.
- Processing completed on the infill gravity survey completed during the March quarter, identifying potential sub-surface intrusives in the Two Mile Hill and Twin Shafts areas. 3D modelling of these targets is on-going.
- The above activities are entirely consistent with Middle Island's objective of extending and enhancing the planned gold production profile at the Sandstone project with a view to re-commissioning the gold operation.

Operating Activities

Corporate

Finance

Middle Island Resources Limited (ASX:MDI, Middle Island or the Company) had a cash balance of A\$1.84 million as at 30 June 2017.

During July 2017, the Company has entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital under which MDI might (if, when and at a price or prices in one or more tranches) at its sole discretion raise up to \$2 million prior to 31 December 2019.

There is no requirements for MDI to utilise the CPA which it may terminate at any time, without cost or penalty. The CPA does not contractually restrict MDI's ability to otherwise raise capital. Each time MDI elects (if at all) to utilise the CPA, it will (in its sole discretion) set a floor price. The final issue price will be the greater of the floor price and a discount of 10% to the Volume Weighted Average Price on market sale price realised by Acuity over a period nominated by MDI.

Strategy

Middle Island's over-arching strategy remains to extend and enhance the proposed gold production profile for the Sandstone Project in order to recommission its processing plant at the earliest opportunity.

This strategy has been actively progressed during a busy June quarter via a multi-faceted campaign in order to increase the likelihood of success, variously including the following:-

- Securing an option to acquire 100% of the Wirraminna project, including a 10,000oz resource and significant exploration potential, with other acquisition opportunities under active review and/or negotiation.
- Successful deep diamond drilling programme at Two Mile Hill to assess additional high grade BIF-hosted electro-magnetic targets and to plumb the depth extent of tonalite-hosted gold mineralisation.
- Initial RC drilling of the Macintyre target and infill drilling of the Two Mile Hill open pit resource.
- Processing and interpretation of infill gravity data to identify the presence of intrusive bodies that represent a key control of the location of (and in several instances, a host to) mineralisation.
- Commencement of geochemical auger/aircore drilling at the Davis prospect, representing the priority target generated by the 'weights of evidence' targeting study completed in the March quarter.
- Reviews of third-party gold deposits within the broader Sandstone district.

The Company remains confident that continuing this approach will ultimately lead to recommissioning and gold production. Each aspect of the strategy is being regularly reassessed to ensure funding is directed appropriately.

Sandstone Gold Project (100%) – Western Australia

Wirraminna Option Deed & Tribute Agreement

Via its 100%-owned subsidiary, Sandstone Operations Pty Ltd (SOPL), Middle Island executed an option deed to acquire a 100% interest in the Wirraminna gold project (P57/1395) upon payment of \$300,000 at any time within the next four years.

Details of the Wirraminna transaction, its significance and the planned exploration programme can be found in the Company's ASX release dated 6 June 2017. Subsequent to this announcement, all conditions precedent have been satisfied and the transaction has successfully completed.

The Wirraminna gold project covers an area of 40.64ha and is contiguous with the western boundary of the Company's existing Sandstone gold project, as shown in Figure 1. Importantly, the Wirraminna project lies only 1km west of the Company's 600,000tpa Sandstone gold processing plant.

The Wirraminna project hosts an Inferred Resource (JORC 2004) of **106,300t at 2.07g/t Au (10,674oz)**, estimated by Snowden Mining Industry Consultants for Troy Resources NL in June 2006. Mineralisation is associated with a steeply dipping, northwest-trending, high grade quartz lode (Wirraminna line) that remains open at depth and, to a lesser extent, along strike to the northwest and southeast.

The Company intends to upgrade the resource to a standard consistent with the 2012 JORC Code guidelines during FY18, via verification, infill and extension RC and diamond core drilling to commence in August 2017.

Better previous reverse circulation percussion (RC) drill intercepts include **11m at 23.8g/t, 16m at 14.6g/t and 19m at 4.85g/t Au.**

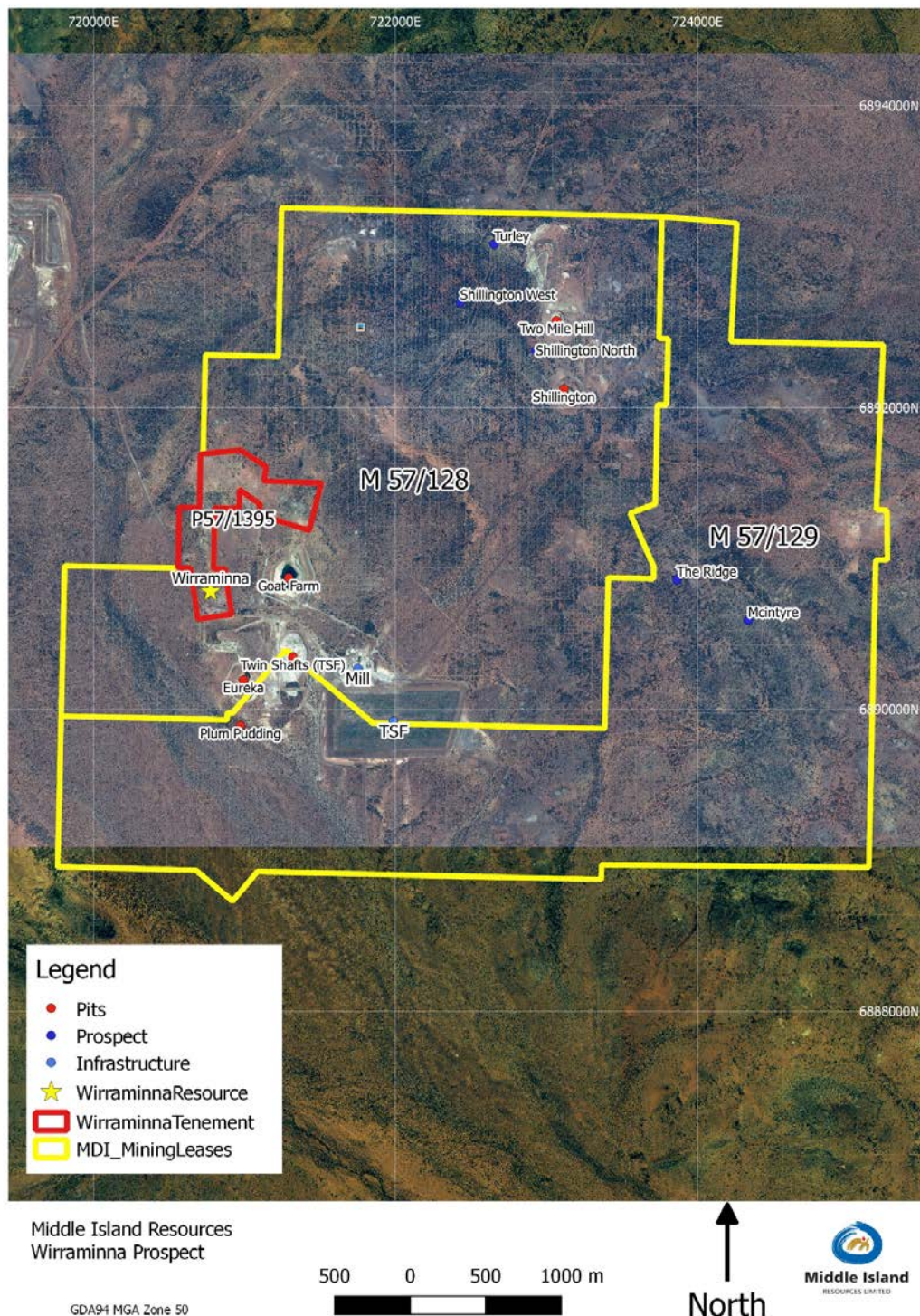
The Wirraminna project also hosts two identified, but as yet unquantified, mineralised laterite occurrences at surface, associated with the intersection of three distinct mineralised trends (Wirraminna, Goat Farm & Twin Shafts lines). Little meaningful exploration has been undertaken beneath or between these laterite occurrences, particularly along the Goat Farm line.

The Wirraminna transaction is all the more significant given the findings of Middle Island's recently completed targeting study on its adjacent Sandstone project, which identified Wirraminna to incorporate the western margin of a substantially larger, intrusive-related target at depth, inferred from gravity data.

The Wirraminna option was granted in consideration of Middle Island also entering a surface detecting rights agreement (Tribute Agreement) over agreed areas within Middle Island's existing two Sandstone tenements. Under the Tribute Agreement, MDI will receive 15% of the gross proceeds of any surface gold detected and recovered from those agreed areas within M57/128 & M57/129.

As at 30 June 2017, shortly after commencement of the Tribute arrangement, total detected gold of 9.6oz was reported.

Figure 1
Sandstone gold project (yellow) showing the adjacent Wirraminna project (red) and proximal key infrastructure



Two Mile Hill Diamond Drilling

A deep diamond drilling programme was completed at the Two Mile Hill prospect during the June quarter, comprising initial drilling co-funded under Round 14 of the WA Government's Exploration Incentive Scheme (EIS).

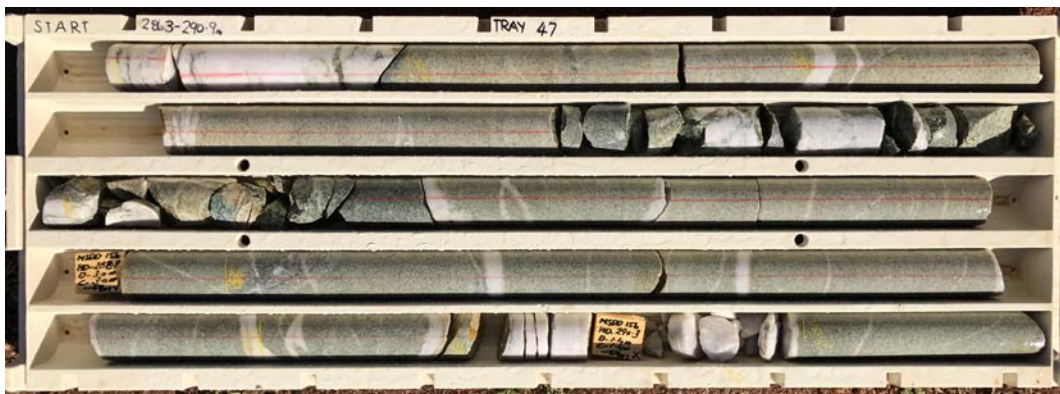
The purpose of the diamond core drilling programme was twofold; to test the down-plunge extent of gold mineralisation within the Two Mile Hill intrusive tonalite stock, and assess dual electro-magnetic conductors interpreted to represent massive pyrite replacement of magnetite horizons within the Shillington BIF units at depth, adjacent to the north-eastern contact of the Two Mile Hill tonalite.

Details of this programme can be found in the Company's ASX release dated 7 June 2017.

MSDD156, drilled to assess the depth extent of the mineralised tonalite, generated an intercept of **415.2m at 1.34g/t Au** from the commencement of coring at 83.7m depth to the end of the hole at 498.9m. This broader intercept includes several intervals of higher grade, the most significant being **66.9m at 3.27g/t Au** from 432m to end of hole at 498.9m, finishing in strongly mineralised material.

Logging and assaying demonstrate remarkably consistent vein densities, alteration intensity (as shown in Figure 2) and gold grades.

Figure 2
Core tray from MSDD156



Although not a focus of logging, visible gold was noted to be associated with quartz veins in multiple instances, with an example provided in Figure 3.

Figure 3
Example of visible gold within MSDD156



An updated plan of the geology and deeper diamond drilling at Two Mile Hill is provided as Figure 4, and a drill section incorporating MSDD156 is included as Figure 5.

Figure 4
Two Mile Hill Geology and Diamond Drilling

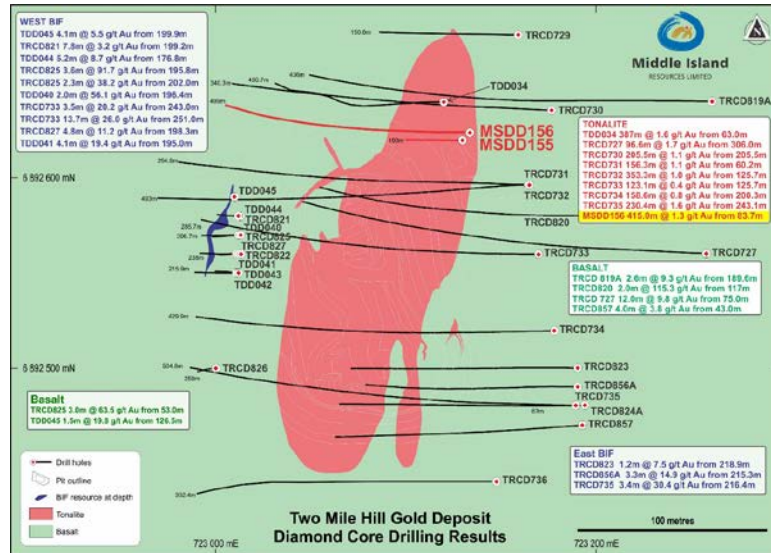
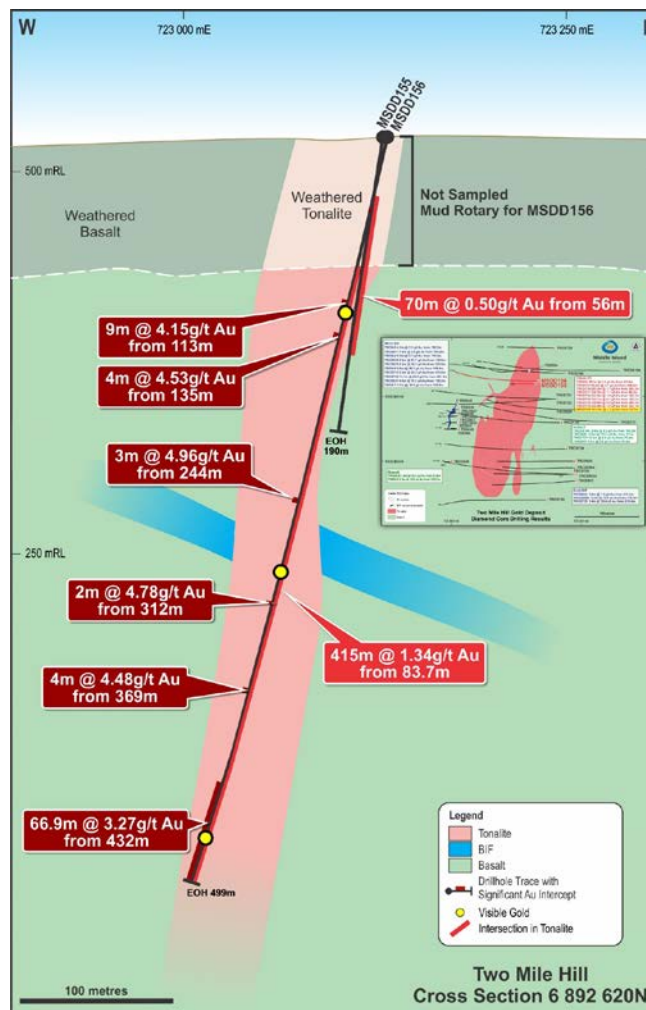


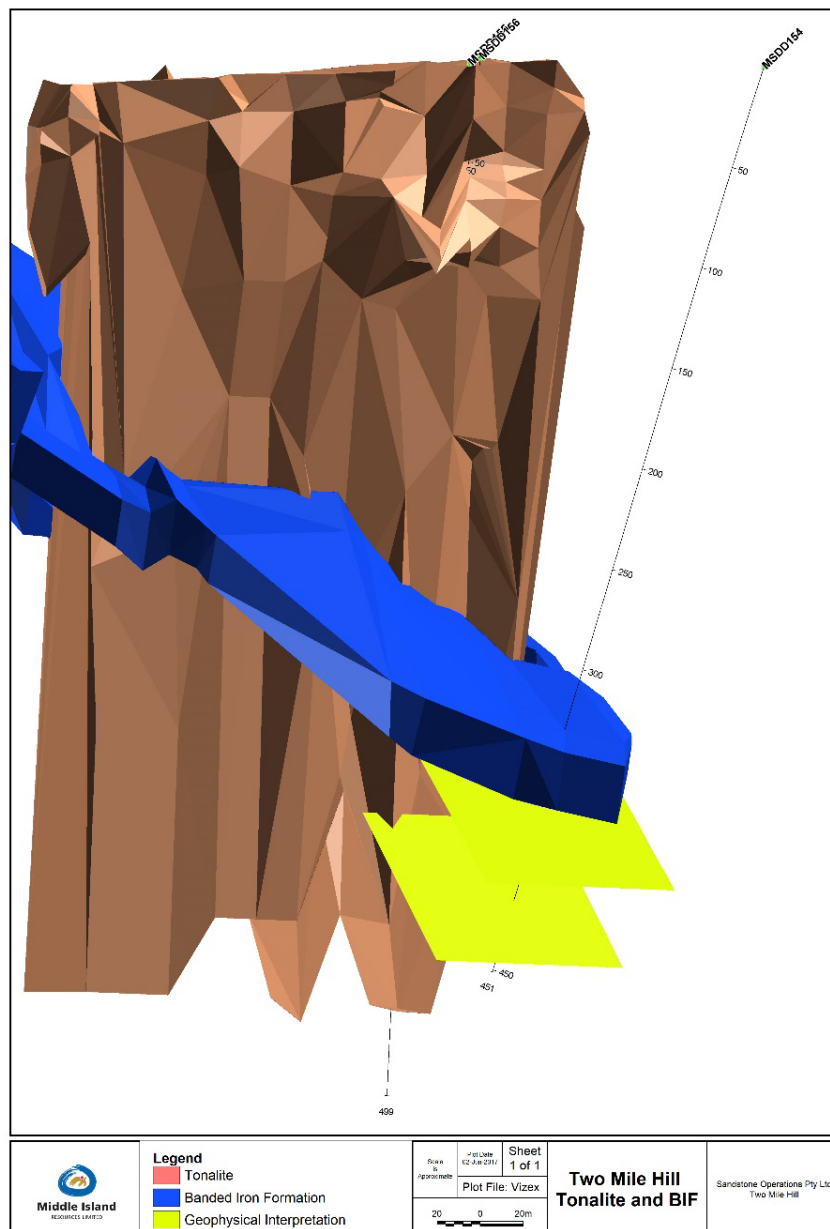
Figure 5
Two Mile Hill diamond drill section 6,892,620N



Diamond drilling completed to date at Two Mile Hill clearly demonstrates that the mineralised tonalite plug is open at depth below 500m, at possibly improving grades, providing considerable immediate exploration upside. Insufficient drilling has been completed at depth to determine if the intrusive remains a relatively constrained plug or bells out into a larger chamber at deeper levels.

Diamond hole MSDD154 was collared northeast of the Two Mile Hill tonalite and angled back towards the north-eastern contact in order to assess dual electromagnetic (conductive) plates modelled from the fixed-loop electro-magnetic (FLEM) geophysical survey, as shown in Figure 6 below. These plates were interpreted to reflect massive sulphide (pyrite) replacement of magnetite horizons within the upper and middle units respectively of the Shillington BIF package, adjacent to the north-eastern contact of the tonalite. This style of mineralisation is associated with exceptionally high, persistent gold grades at shallower depth along the western margin of the tonalite.

Figure 6
Isometric view of the Two Mile Hill geology from the west showing the location of MSDD154 and the targeted dual FLEM conductive plates



Some 40m of the Shillington BIF (interpreted to reflect the coalesced upper and middle units) was encountered in MSDD154 from a down-hole depth of 329m as anticipated. The upper FLEM plate position lies within the BIF (again as anticipated). However, no significant sulphide development was intersected. The lower FLEM plate was found to lie within basalt below the BIF and, likewise, no significant sulphide development was present. While MSDD154 intersected the dual plates close to their modelled centroids, and valuable geological information was gleaned from the hole, nothing to explain either FLEM plate was identified.

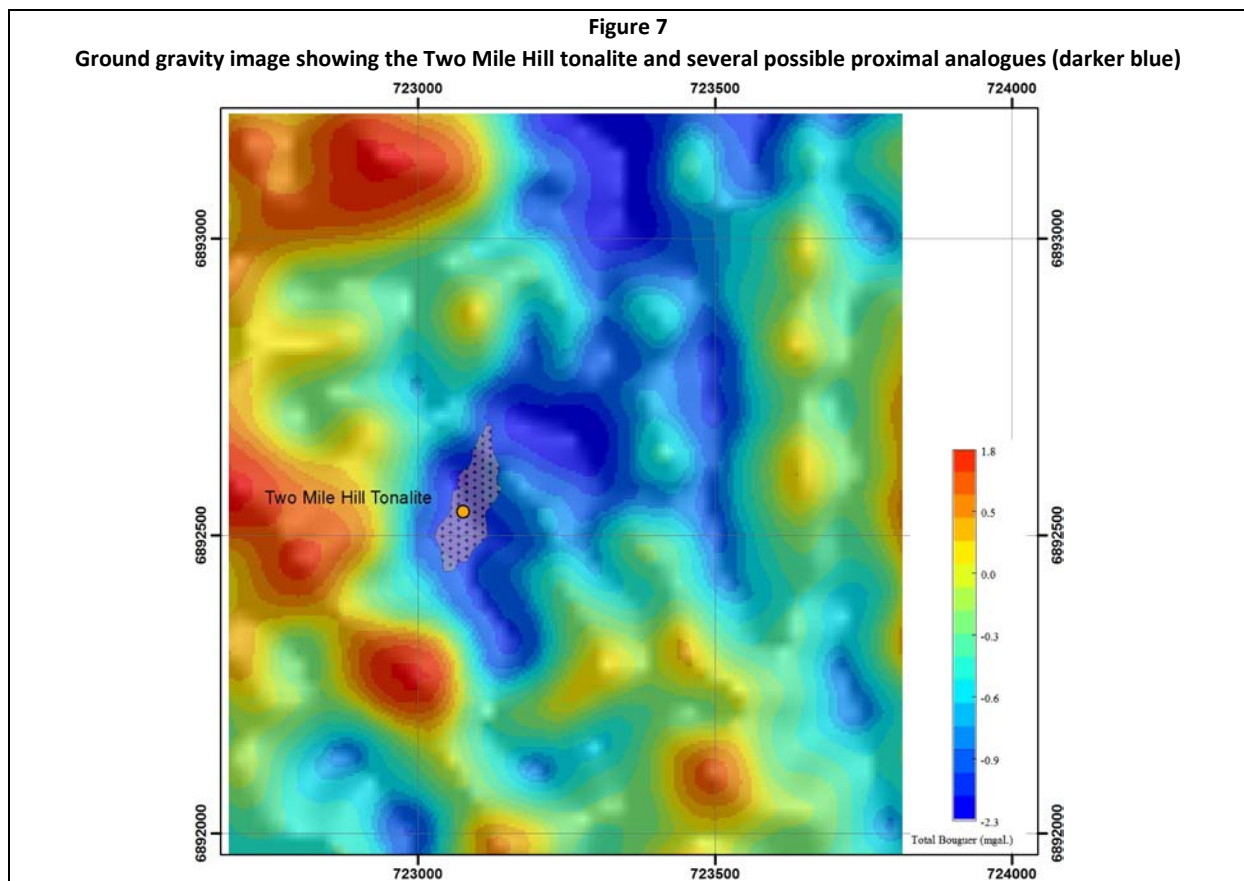
Infill Ground Gravity Survey

Data processing and interpretation of the infill ground gravity survey completed in the March quarter has been finalised. The infill survey was a key recommendation of the targeting study, in order to refine the resolution of known and interpreted syntectonic, felsic intrusive bodies that have been identified as a key element controlling the location of (and in several instances, the host to) gold mineralisation within the project.

The tonalite is a lower density intrusive body intruding a succession of basalts, also incorporating a thick, shallowly dipping and very high density BIF package. As such, the gravity contrast will be substantial, with Two Mile Hill and any other like intrusive bodies presenting as gravity lows.

The detailed gravity image for the Two Mile Hill vicinity is provided in Figure 7 below. This clearly identifies the Two Mile Hill tonalite associated with a gravity low, and indicates the presence of several bodies to the north and east of Two Mile Hill with a similar gravity expression. While there is little geology exposed due to extensive iron induration and transported cover at surface, the data suggests that several proximal analogues may exist.

3D inversion modelling of the processed results will be finalised in the September quarter.



Two Mile Hill infill RC Drilling

Middle Island completed a limited programme of reverse circulation percussion (RC) drilling at the Two Mile Hill prospect during the June quarter. The programme was designed to infill previous RC drilling in the north-eastern quadrant of the Two Mile Hill open pit deposit in order to clarify the mineralised continuity in an area critical to pit optimisation.

Details of the Two Mile Hill infill RC drilling programme can be found in the Company's ASX release dated 8 June 2017.

Infill RC drilling at the Two Mile Hill open pit deposit comprised 6 holes (618m). A single traverse of holes was completed across the northern end of the known open pit resource in order to refine the northern extent of the mineralised tonalite. A series of holes was also drilled on two orientations within basalts in the north-eastern quadrant of the open pit resource in order to establish the degree of mineralised zone continuity. This area of the Two Mile Hill resource was determined to be critical in establishing the optimum depth of the proposed open pit cut-back at this point.

The Two Mile Hill RC drilling results include deeper intercepts of **2m at 44.7g/t** and **4m at 3.37g/t Au**. However, these are not anticipated to significantly enhance the open pit in this area.

McIntyre RC Drilling

RC drilling within two areas of the McIntyre prospect was designed to infill previous rotary air blast (RAB) and limited RC drilling in order to confirm and extend the presence of thick, shallow zones of gold mineralisation within south-eastern extensions of the Shillington banded iron formation (BIF) that are dislocated by extensive faulting.

Details of the McIntyre RC drilling programme can be found in the Company's ASX release dated 8 June 2017.

RC drilling within the northern area at McIntyre comprised 9 holes (501m). These holes were designed to confirm the continuity and extent of broad, very shallow northeast dipping, mineralised zones associated with veined and brecciated BIF at or near surface. The assay results indicate a generally low gold tenor that is suspected to relate to variable depletion within the upper (pallid) portion of the oxide profile.

RC drilling within the southern area at McIntyre comprised 14 holes (912m). The programme was designed to confirm and extend a broad zone of deeper mineralisation associated with a horizontal BIF unit encountered in previous RAB drilling. The best intercept from the southern area comprises **5m at 7.59g/t Au**.

Based on the strike and dip continuity of what is a broad mineralised zone at McIntyre, it is planned to undertake further RC drilling in the northern area in order to establish the mineralised strike extents and follow the zone down-dip to determine if the intercept grades improve within the transition zone, below an interval of suspected surface depletion within the upper portion of the oxide profile.

Davis Prospect Auger/Aircore Drilling

A geochemical auger and aircore drilling programme commenced at the Davis prospect late in the June quarter. Davis represents the highest priority target generated by the 'weights of evidence' targeting study completed during the March quarter. The Davis target lies in the extreme south-western portion of the Sandstone project, beneath a thick veneer of transported sheetwash. This initial programme is designed to establish the presence of anomalous gold geochemistry at the interface between the transported and residual profiles, allowing more accurate targeting of subsequent bedrock drilling. This programme will be completed and reported during the September quarter.

Two Mile Hill Deeps Mining Concept Study

An underground mining concept study commenced on the Two Mile Hill prospect during the June quarter. This study is looking at selective mining (notionally via a decline from the proposed Two Mile Hill open pit cutback) of the high grade, BIF-hosted mineralisation in the first instance and, in the second instance, a high level review of the potential for underground mining (via sub-level caving) of the prolific tonalite-hosted gold mineralisation beneath the planned open pit cutback. The concept study will be completed and reported in the September quarter.

Mill Clean-up

A clean-up of accessible areas of the Sandstone processing plant was commenced late in the June quarter. This work involved assaying, a tabling trial, and the collection of some 14 bulker bags of mineralised residues from within and beneath the Sandstone processing plant. Once final assays are received, a decision on the most cost-effective mechanism to extract residual gold from the various material types will be made. Insufficient information is available to reliably estimate gold recoveries or the net proceeds of the exercise at this stage. Processing of the residues will be completed and reported during the September quarter.

Planned 2017 September Quarter Activities

Activities planned at the Sandstone Project for the September quarter comprise:

Two Mile Hill

- Final ~500m of diamond coring under the EIS grant (POW approved).
- Tier 1 (of a proposed two tier) pre-collared diamond drilling of the up-dip extent of high grade BIF-hosted mineralisation on the western margin of the tonalite (POW lodged).
- Initial metallurgical and mineralogical testwork on the tonalite deeps mineralisation (commenced).
- Finalise underground mining concept study (nearing completion).

Wirraminna

- Verification, infill and extension RC and diamond core drilling on the Wirraminna deposit (POW lodged).
- Estimation of the Wirraminna resource in accordance with 2012 JORC Code guidelines.
- Pit optimisation studies on the Wirraminna deposit to establish its economic impact on the proposed Sandstone production schedule.
- Complete a detailed ground gravity survey to supplement that already completed over the adjacent Sandstone project.



Davis

- Complete geochemical auger/aircore drilling programme to define saprolitic target beneath sheetwash (nearing completion).

Twin Shafts

- Complete and report clean-up of residual gold from the processing plant.

Reo Gold Project (100%) – Burkina Faso

Exploration

No exploration was undertaken at the Company's 100%-owned Reo gold project in Burkina Faso during the June quarter, pending the outcome of the remaining permit extension applications.

Subject to tenure being confirmed, the continuing focus will be on identifying an appropriate partner to help fund the project through to feasibility. To this end, two entities completed or commenced data reviews and site visits during the June quarter. However, should a suitable transaction not be forthcoming, the Company plans to recommence exploration at Reo in its own right, once remaining extension applications are forthcoming.

Tenure

Following ratification of the new Mining Act in Burkina Faso in February 2017, the first two permit extension applications for the Reo Project (Didyr and Bissou) were granted during the June quarter. Of these, the Company elected to accept the higher priority, Didyr permit. It is anticipated that remaining extension applications will be granted during 2017 and progress on these continues to be closely monitored.

Safety, Environmental & Social

Health, Safety & Environment

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

Infill and sterilisation RC drill sites in and around the Shillington and Two Mile area at Sandstone were rehabilitated in accordance with POW requirements during the June quarter. Safety signage and restricted access areas associated with the open pits and the processing plant were also re-established during the quarter.

Social

The Company continues to engage with the Shire of Sandstone, providing updates for Council meetings and presentations as required. The Company also actively seeks to sponsor or facilitate any community events. This included sponsorship of a community cricket match between Sandstone township and Black Hill Station over the Easter long weekend.

Contact with our host communities at the Reo project in Burkina Faso is being maintained to ensure they are informed of Middle Island's status and this arrangement is actively reciprocated.

Comment

Middle Island Managing Director, Mr Rick Yeates:

Middle Island has made excellent progress on its multi-faceted exploration campaign at Sandstone during the June quarter. A key element of this work was securing the Wirraminna Project, which delivers directly into our strategy.

The Wirraminna acquisition is the exciting first step in what we plan will be a series of like consolidations, each designed to extend and enhance the proposed production profile for the Sandstone gold processing operation.

Although of less immediate significance, the 415m gold intercept at Two Mile Hill serves to underpin the longevity of the Sandstone project and has attracted considerable corporate interest. The intercept of 415.2m at 1.34g/t Au in MSDD156 at Two Mile Hill is an exciting result that confirms the extraordinary continuity and consistency of mineralisation within the intrusive. What is particularly encouraging is that the last 67m of MSDD156 averages 3.27g/t Au, suggesting that not only does the strong mineralisation persist, but that the tenor may even increase with depth closer to the interpreted position of the Shillington Thrust.

This significant progress is set to continue during the September and December quarters, with multiple drilling programmes and studies planned, all of which are entirely consistent with the primary objective of building a robust production schedule prior to recommissioning the Sandstone gold processing plant at the earliest possible opportunity.

COMPANY CONTACTS:

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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 Persons' 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.



Middle Island Resources Limited (**Company**) advises the following information required under ASX Listing Rule 5.3.3:

Mining Tenements

Tenements	Mining tenements acquired during the quarter	Mining tenements disposed during the quarter	Mining tenements held at the end of the quarter	Tenement location
Pouni	-	-	100% - extension pending	Burkina Faso
Dassa	-	-	100% - extension pending	Burkina Faso
Didyr	-	-	100%	Burkina Faso
Dassa Sud	-	-	100%	Burkina Faso
Nebya	-	-	100% - extension pending	Burkina Faso
Bissou	-	0% - extension offer declined		Burkina Faso
Gossina	-	-	100% - extension pending	Burkina Faso
M57/128	-	-	100%	Western Australia
M57/129	-	-	100%	Western Australia

Visit www.middleisland.com.au for further information and announcements.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Middle Island Resources Limited

ABN

70 142 361 608

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(564)	(2,373)
(b) development	-	-
(c) production	-	-
(d) staff costs	(87)	(353)
(e) administration and corporate costs	(129)	(639)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	14
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(777)	(3,351)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(6)	(6)
(b) tenements (see item 10)	(122)	(1,541)
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) 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	(128)	(1,547)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	3,213
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(88)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	3,125

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,745	3,613
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(777)	(3,351)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(128)	(1,547)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,125
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,840	1,840

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	1,799	2,704
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)	1,840	2,745

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

67

-

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

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	Nil	Nil
8.2 Credit standby arrangements	Nil	Nil
8.3 Other (please specify)	500	500
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Other – Vendor Finance under the Deferred Payment Agreement (Sandstone Acquisition). The vendors have agreed for a part of the acquisition consideration (\$500,000) to be deferred for 18 months from completion or 11 January 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	500
9.2 Development	-
9.3 Production	-
9.4 Staff costs	100
9.5 Administration and corporate costs	118
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	718

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2 Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

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.



Sign here:
(Company secretary)

Date: 31 July 2017

Print name: Dennis Wilkins

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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. By the Company signing 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.