



Middle Island

RESOURCES LIMITED

Middle Island Resources Limited
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Middle Island Resources Ltd

ACN 142 361 608

ASX code: MDI

www.middleisland.com.au

Capital Structure:

698 million ordinary shares
38,300,000 unlisted options

Cash

\$1.7m (as at 31 March 2018)

Directors & Management:

Peter Thomas

Non-Executive Chairman

Rick Yeates

Managing Director

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Non-Executive Director

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ASX Release – 6 June 2018

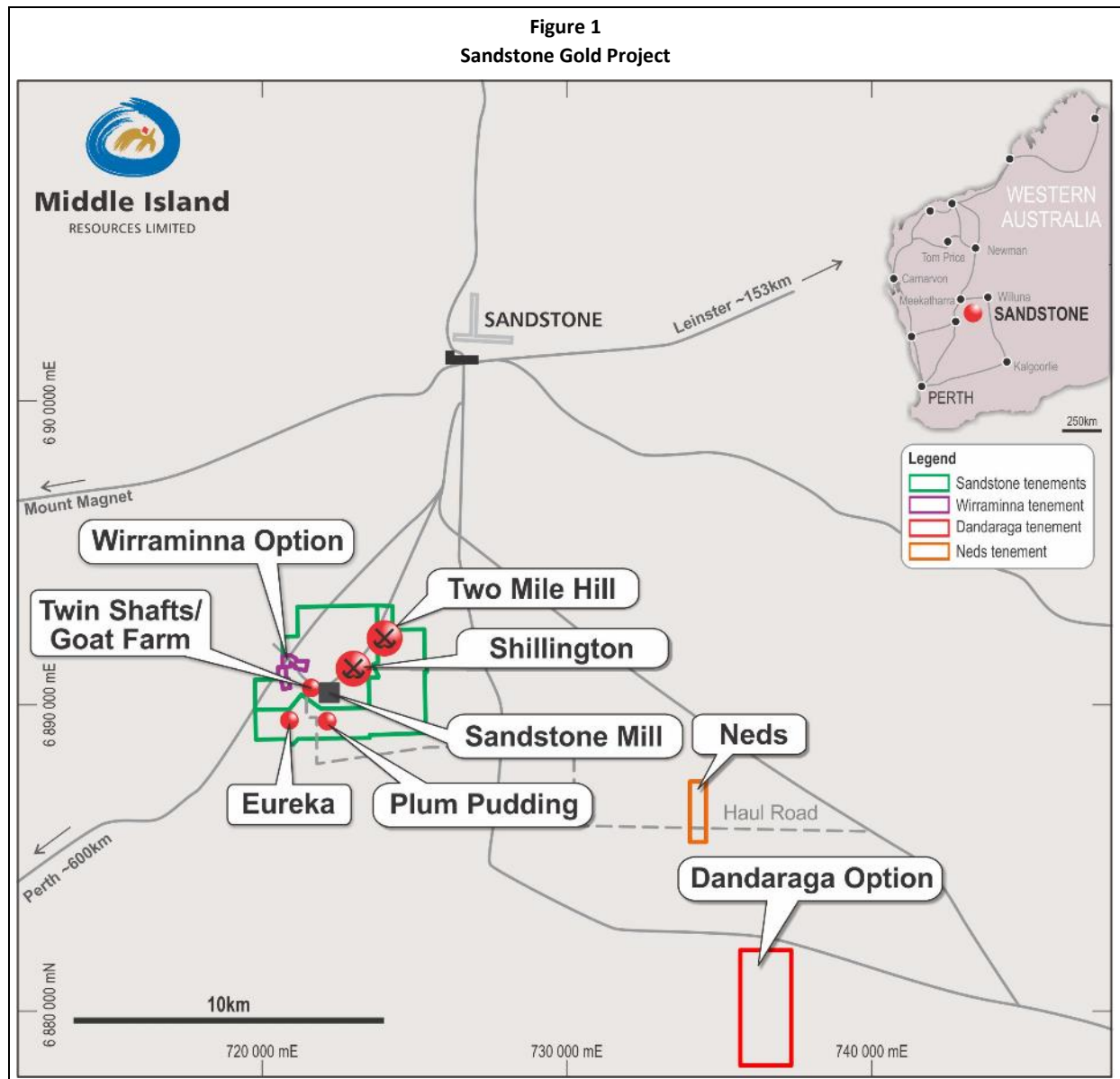
Update - Ore sorting trials and resource definition diamond drilling at Sandstone gold project, WA

- Ore sorting trials on bulk composites from diamond core hole MSDD261 at the Two Mile Hill tonalite deeps deposit, within the Company's wholly-owned Sandstone gold project in WA, are nearing completion.
- Sighter tests and two scoping trials are complete. Sorting of the main composites is scheduled for 18 & 19 June.
- Previous scoping level ore sorting testwork indicated that sorting can deliver a **185%-257% increase in grade, with in excess of 93% gold reporting to 36% of the mass.**
- The new, more definitive, ore sorting campaign includes **iterations around crush size and grade range, designed to refine the original results.**
- Resource definition diamond drilling is also well advanced, with all reverse circulation percussion (RC) pre-collars completed (541m) and three diamond tails completed (817m) of the initial programme.
- Logged vein densities and alteration intensities are entirely consistent with previous diamond drilling at the Two Mile Hill tonalite deeps deposit, and **several instances of coarse visible gold have been identified in the drill core.**
- Once the programme is complete, assay results for the resource definition diamond drilling are anticipated in early July.
- The Two Mile Hill tonalite deeps deposit, located 4km north of the Company's 600,000tpa Sandstone gold processing plant, presently comprises an **Exploration Target of 24Mt to 34Mt at 1.1g/t to 1.4g/t Au (0.9M-1.5Moz of gold).**
- The initial resource definition drilling is designed to bring the upper half of the Two Mile Hill tonalite deeps Exploration Target into at least an Inferred Resource category.
- Predicated on positive results from the current ore sorting and drilling campaigns, infill drilling is planned to bring the upper half of the deposit into an Indicated Resource category, prior to more comprehensive underground mining concept studies.

SANDSTONE GOLD PROJECT (WA)

Two Mile Hill Tonalite Deeps Deposit

Middle Island Resources Limited (Middle Island, MDI or the Company) is pleased to update shareholders on the status of additional ore sorting trials and resource definition diamond drilling on the Two Mile Hill tonalite deeps deposit within the Company's 100%-owned Sandstone gold project in WA (Figure 1).



The Two Mile Hill tonalite deeps deposit is located 4km north of the Company's 600,000tpa Sandstone gold processing plant. The deposit comprises an Exploration Target of 24Mt to 34Mt at 1.1g/t to 1.4g/t Au (0.9M-1.5Moz of gold - refer ASX Release 29 November 2017) situated between 140m (the base of quantified open pit resources) and 700m vertical depth, below which it remains open.

The potential quantity and grade of an Exploration Target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Initial mineralogical assessment, which involved the assaying of a series of hand-sorted composites of quartz vein material and un-veined tonalite, suggested that >99% of the gold is hosted in the quartz veins (refer ASX release 11 October 2017). As such, an ore sorting study was initiated on gold mineralised material sourced from the Two Mile Hill tonalite deeps deposit.

The results of initial trials suggest that ore sorting can deliver a 185%-257% increase in grade, with gold recoveries in excess of 93% delivered into some 36% of the mass (refer ASX Release 15 January 2018).

Ore Sorting Trials

More definitive ore sorting trials on bulk composites derived from diamond core hole MSDD261 (refer ASX Release 26 March 2018) at the Two Mile Hill tonalite deeps deposit are nearing completion.

Sighter tests to determine the relative efficacy of applying Optical (Colour) or Laser sensors (in combination with XRT) indicate that Colour sorting provides the better outcome. Scoping trials were subsequently completed with Steinert in Perth and Tomra in Sydney, with Tomra again providing the more encouraging results.

Sorting of the main composites is scheduled to be undertaken in Sydney on 18 & 19 June. These more definitive ore sorting trials include iterations around crush size and grade range, designed to refine the original ore sorting results.

The various product and reject fractions generated by the main sorting trials will be returned to Perth, and 5 x 2kg bottle roll analyses will be undertaken and averaged for each fraction to determine the outcome.

It is anticipated that the more definitive ore sorting results will be available late in June, at which time a location map and JORC Table 1 will be provided.

Resource Definition Diamond Drilling

Stage 1 resource definition diamond drilling, designed to bring the upper half (140m to 420m depth) of the Two Mile Hill tonalite deeps Exploration Target into at least an Inferred Resource category, is progressing well. Of the initial programme, all RC pre-collars have been completed (541m) and three NQ diamond core tails are complete (817m).

Logged vein densities and alteration intensities observed in diamond core to date are entirely consistent with previous diamond drilling. Also consistent with previous drilling, coarse visible gold has been identified in MSDD264 (230.88m & 254.42m depth), an example of which is provided in Figure 2 below.

Assuming a successful outcome on the current, more definitive, ore sorting trials, the Company intends to progress Stage II infill drilling, designed to bring the upper half of the deposit into an Indicated Resource category, prior to a more comprehensive economic assessment of underground mining options.

Each drilling stage is also designed to maximise the number of possible intersections on the upper and middle banded iron formations (BIFs) that are intruded by the Two Mile Hill tonalite plug, to target additional high grade gold mineralisation associated with pyrite replacement of magnetite within BIF units, peripheral to the tonalite contact. Several such BIF intercepts have been recorded to date and, while extensive brecciation of BIF and basalt is evident, intervals of massive to semi-massive pyrite replacement mineralisation within the BIF appear to somewhat restricted.

Figure 2

Coarse gold hosted by quartz veining in current drilling at the Two Mile Hill tonalite deeps deposit (MSDD264; 230.88m)



The Stage I drilling programme is anticipated to be completed late in the June quarter 2018. Sample cutting and submission will be progressively undertaken during the latter half of the programme and assay results can be anticipated early in the September quarter, at which time hole collar details, drill plans, cross sections and a JORC Table 1 will be provided.

Middle Island Managing Director, Mr Rick Yeates:

“Despite some delays with ore sorting, we are otherwise pleased with progress on both the ore sorting and resource definition diamond drilling campaigns for the Two Mile Hill tonalite deeps deposit. Assuming positive results from these work streams, bulk underground mining at Two Mile Hill becomes a very real opportunity that would substantially extend and enhance the presently envisaged project production schedule.

“Middle Island looks forward to reporting the results of drilling and ore sorting during the June and September quarters of 2018.”

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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

Information in this report relates to exploration results based on information compiled 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 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.