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Middle Island
RESOURCES LIMITED

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ACN 142 361 608
ASX code: MDI
www.middleisland.com.au

Capital Structure:
698 million ordinary shares
38,300,000 unlisted options

Cash & Liquid Investments
$2.4m (as at 30 June 2018)

Directors & Management:
Peter Thomas
Non-Executive Chairman
Rick Yeates
Managing Director
Beau Nicholls
Non-Executive Director
Dennis Wilkins
Company Secretary

Contact:
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ASX Release – 27 August 2018

Significant gold results from new diamond drilling at Two Mile Hill deposit, Sandstone project, WA.

- **All assays now received from infill resource definition diamond drilling at the Two Mile Hill gold deposit.**
- **Several significant intersections returned from the tonalite:**
  - **165m @ 1.11g/t Au from 85m, including 7m @ 4.73g/t from 123m, 5m @ 6.00g/t from 142m and 10m @ 3.34g/t Au from 202m depth.**
  - **150m @ 1.03g/t Au from 84m, including 34m @ 1.85g/t Au from 96m depth.**
- **A new zone of high grade mineralisation identified within banded iron formation (BIF):**
  - **5m at 21.9g/t Au from 339m, including 2m at 54.0g/t Au from 340m depth.**
- **Shallow gold intercepts within basalts along the north-eastern tonalite contact:**
  - **93m at 2.57g/t Au from surface, including 35m at 6.27g/t Au from 58m depth.**
  - **9m at 5.23g/t Au from 85m depth.**
- **The resource model for the upper half of the Two Mile Hill tonalite deeps Exploration Target will now be re-estimated. The resulting block model and results from the recently completed ore sorting campaign will be applied in updating the underground mining concept study.**

SANDSTONE GOLD PROJECT (WA)

Aspiring gold developer, Middle Island Resources Limited (**Middle Island**, **MDI** or **the Company**) is pleased to advise that final assay results have been received for the Stage 1 infill diamond drilling programme, completed in July at the Company's wholly-owned Sandstone gold project in WA. The drilling programme comprised infill diamond drilling in the upper half of the tonalite deeps deposit at Two Mile Hill.

The Two Mile Hill tonalite deeps deposit comprises a ubiquitously gold-mineralised tonalite (granite) plug or stock, which at surface measures some 250m in length, 80-90m in width and extends to at least 700m depth. The deposit is located 4km north of the Company's 600,000tpa Sandstone gold processing plant via an existing haul road. The Two Mile Hill tonalite deeps deposit comprises an Exploration Target of 24Mt to 34Mt at 1.1g/t to 1.4g/t Au for 0.9M to 1.5Moz of gold (refer ASX Release 29 November 2017) situated between 140m 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.

Two Mile Hill Tonalite Deeps Infill Diamond Drilling

Seven drill holes (MSDD262-MSDD268) comprising 988.0m of RC pre-collar and 1,121.2m of NQ2 diamond tails, for a total of 2,109.2m, were completed at the Two Mile Hill tonalite deeps deposit during July 2018. The programme was designed to infill the existing diamond drilling within the upper half of the tonalite deeps deposit, extending from 140m depth (base of the open pit Mineral Resource) to ~420m depth. The Stage 1 programme was designed to achieve the following key objectives:-

- Provide sufficient drill density to permit the upper half of the Exploration Target to be re-classified to at least an Inferred Resource.
- Provide clarity on quartz vein densities and gold distribution within the tonalite to facilitate an improved structural understanding and optimise future drill targeting.
- Optimise the number of intersections of banded iron formation (BIF), marginal to the tonalite, to identify new positions of high grade, replacement-style mineralisation within the BIF units.

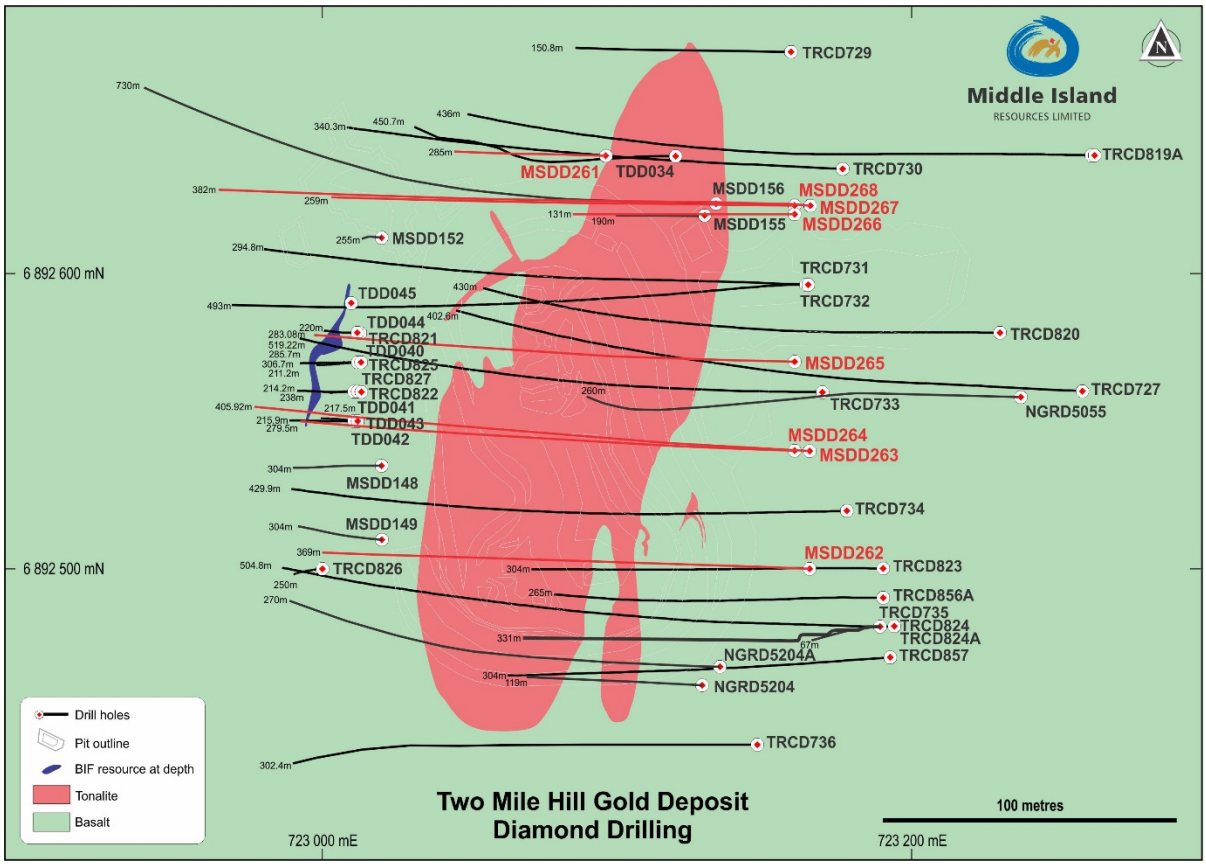
The details and location of holes comprising the infill diamond drilling programme are provided in Table 1 and Figure 1 below.

Table 1
Diamond Drill Hole Location and Orientation

Hole ID	Deposit	Easting	Northing	mRL	Grid	Collar Depth	Total Depth	Dip	Azimuth
MSDD262	Two Mile Hill	723165	6892500	520	MGA94_50	118.0	369.24	-64.0	273.0
MSDD263	Two Mile Hill	723160	6892540	520	MGA94_50	124.0	279.5	-55.3	272.2
MSDD264	Two Mile Hill	723165	6892540	520	MGA94_50	124.0	405.92	-63.2	271.8
MSDD265	Two Mile Hill	723160	6892570	520	MGA94_50	171.0	283.08	-55.4	272.1
MSDD266	Two Mile Hill	723160	6892620	520	MGA94_50	131.0	131	-55.0	270.0
MSDD267	Two Mile Hill	723165	6892623	520	MGA94_50	140.0	381.96	-65.0	272.7
MSDD268	Two Mile Hill	723160	6892623	520	MGA94_50	181.0	258.5	-55.6	270.3

Figure 1

Plan of Two Mile Hill tonalite deeps deposit displaying all diamond drilling, with new holes in red



Tonalite Drilling Results

The tonalite results are generally consistent with previous diamond drilling. Better bulk mineralised intervals of the entire tonalite, without reference to cut-off grade or included waste, include **150m at 1.03g/t Au** (from 84m depth) in MSDD265, **including 34m at 1.85g/t Au** (from 96m depth). The bulk tonalite intercept in MSDD267 comprised **165m at 1.11g/t Au** (from 85m depth), **including 7m at 4.73g/t, 5m at 6.00g/t and 10m at 3.34g/t Au** (from 123m, 142m and 202m depth respectively), while MSDD263 included **1m at 28.8g/t Au** from 170m depth.

Although not a focus of logging, several instances of visible gold were noted in quartz veins within the tonalite, with all except one instance remaining in the reference core. An example of visible gold in MSDD264 is provided in Figure 2 below.

Figure 2
Coarse gold hosted by quartz veining within tonalite in MSDD264 (230.88m depth)

BIF Drilling Results

Several intervals of mineralised BIF were encountered in the drilling, with the most significant being in MSDD262, which intersected a true width interval of **5m at 21.9g/t Au** (from 339m depth), **including 2m at 54.0g/t Au** (from 340m depth) within brecciated BIF (Figure 3 & Figure 4).

Figure 3
2m at 54g/t Au (340-342m depth) associated with bands of massive pyrite within brecciated BIF/basalt, proximal to a narrow dyke of tonalite, in MSDD262

Figure 4
Bonanza gold grades (1m at 91.7g/t Au) associated with massive pyrite within brecciated BIF in MSDD262

As with BIF-hosted gold mineralisation peripheral to the tonalite elsewhere at Two Mile Hill, higher grades are associated with massive to semi-massive pyrite replacement of magnetite. In MSDD262, the host comprises moderately brecciated BIF, with both BIF and basalt clasts being well-annealed by a predominantly siliceous matrix. Brecciation of the BIF units and basalts appears to be largely confined to the southwest quadrant of the tonalite contact, the structural significance of which is yet to be resolved. This is the first occasion that significant gold mineralisation has been identified within brecciated elements of the stacked BIF units.

While the MSDD262 intercept represents a new mineralised BIF position, multiple similar, high grade intercepts have been encountered peripheral to the tonalite at Two Mile Hill. However, only one of these deposits has been quantified as a Mineral Resource at this time. Whilst the majority of these mineralised positions are hosted by the Upper BIF unit, the intercept within MSDD262 is modelled within the lesser drilled, Middle, BIF unit. A further, deeper, BIF unit (Lower BIF) is modelled from off-hole geophysics, however this lower unit remains untested by drilling to date.

Basalt Drilling Results

Intercepts within the footwall and hangingwall basalts are consistent with previous drilling, largely comprising limited intervals of modest grade mineralisation. Better mineralised basalt intervals were derived from MSDD268, which generated an intercept, unconstrained by cut-off grade or included waste, of **93.00m at 2.57g/t Au** from surface to the western tonalite contact at 93m depth, including an interval of **35m at 6.27g/t Au** from 58m depth. Other basalt-hosted intercepts include **9m at 5.23g/t Au** from 85m depth in MSDD265 and **1m at 11.7g/t Au** from 252m depth in MSDD267. Based on these and other shallower results within the basalt, the Two Mile Hill open pit Mineral Resource may well justify re-estimation.

A full listing of significant intercepts derived from the infill drilling programme is provided in Appendix 1 and relevant updated sections for the Two Mile Hill tonalite deeps deposit are provided as Figure 5 to Figure 8, inclusive.

Figure 5
Two Mile Hill Diamond Drilling – Section 6 892 500mN

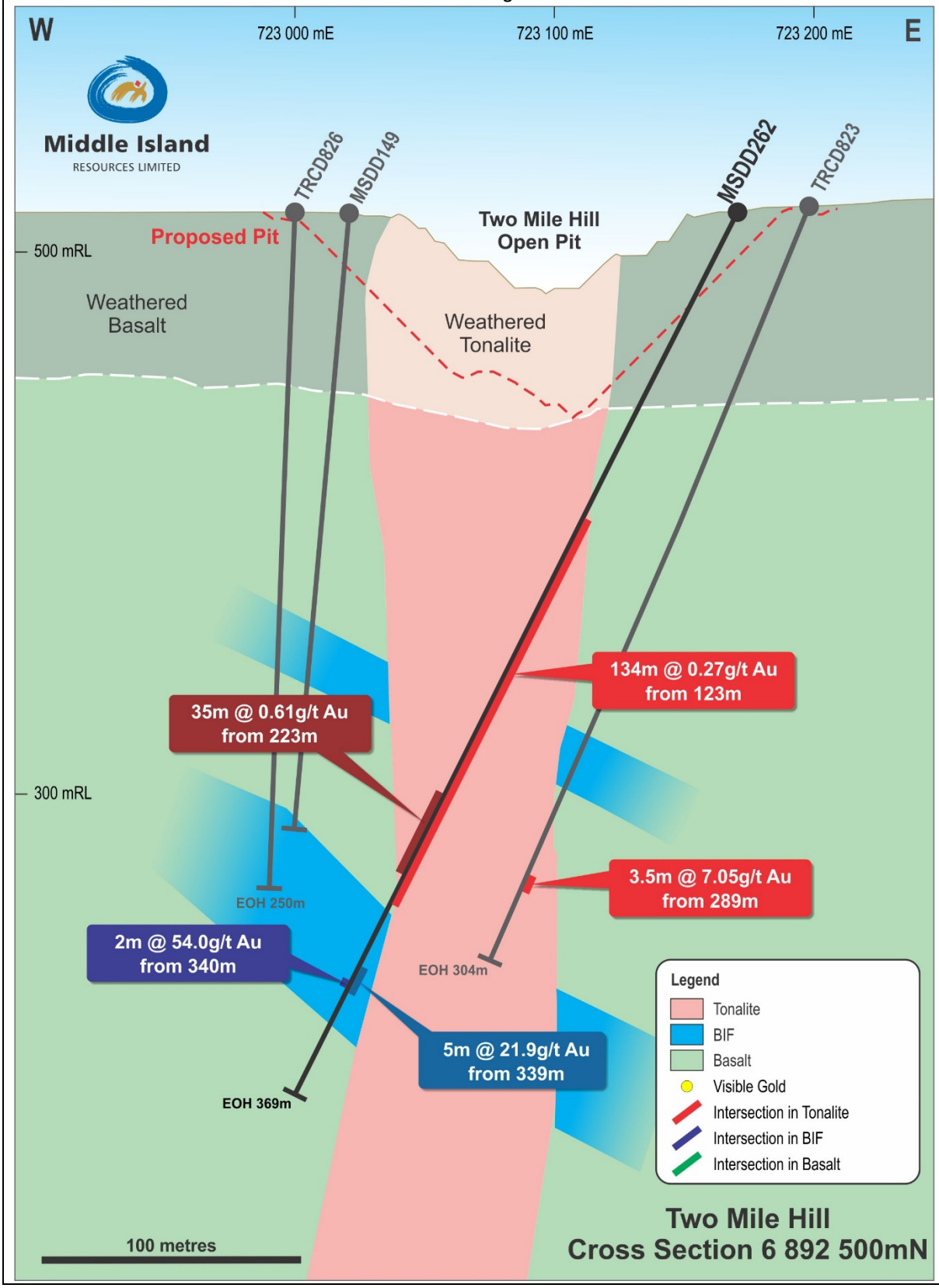


Figure 6
Two Mile Hill Diamond Drilling – Section 6 892 540mN

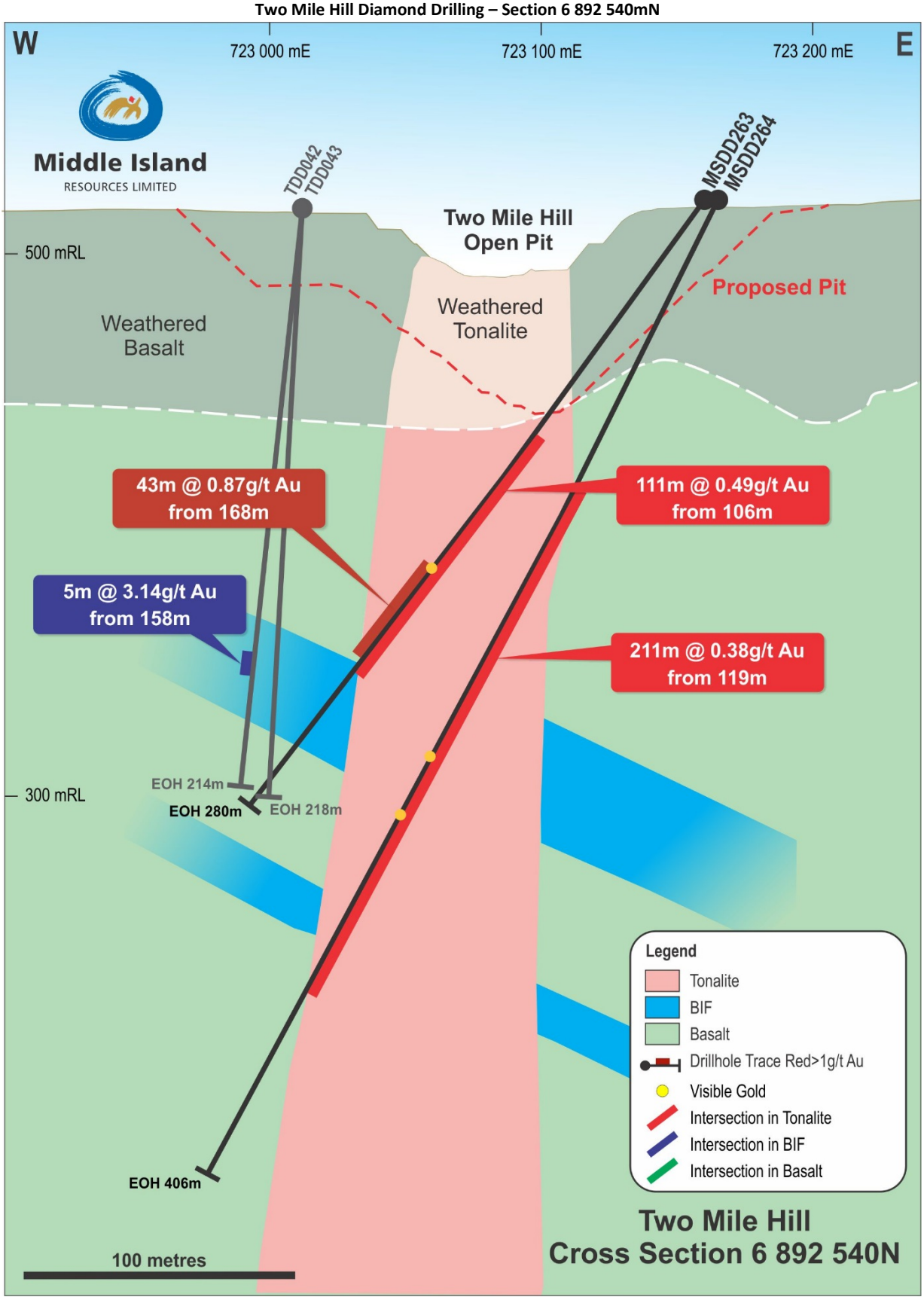


Figure 7
Two Mile Hill Diamond Drilling – Section 6 892 570mN

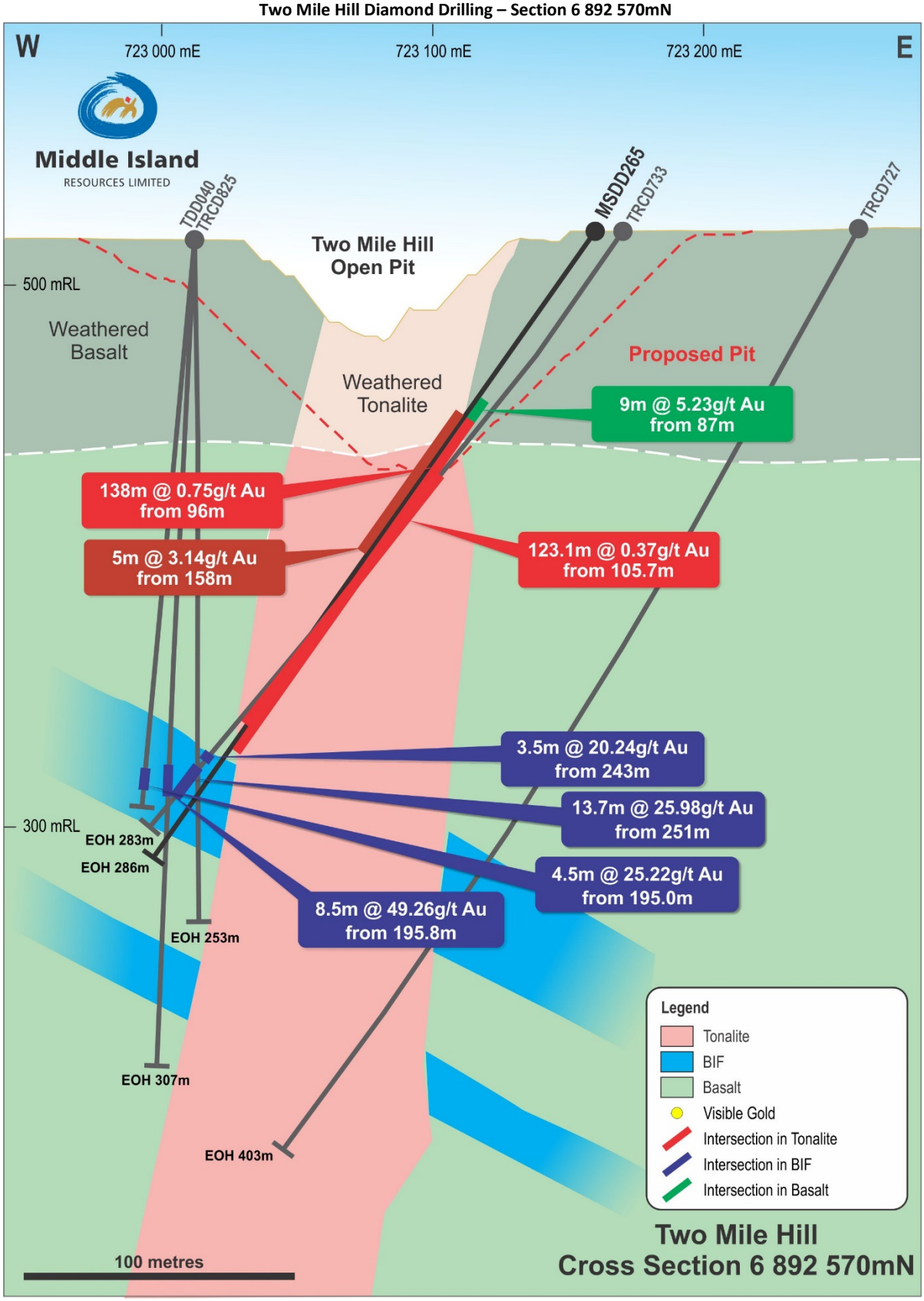
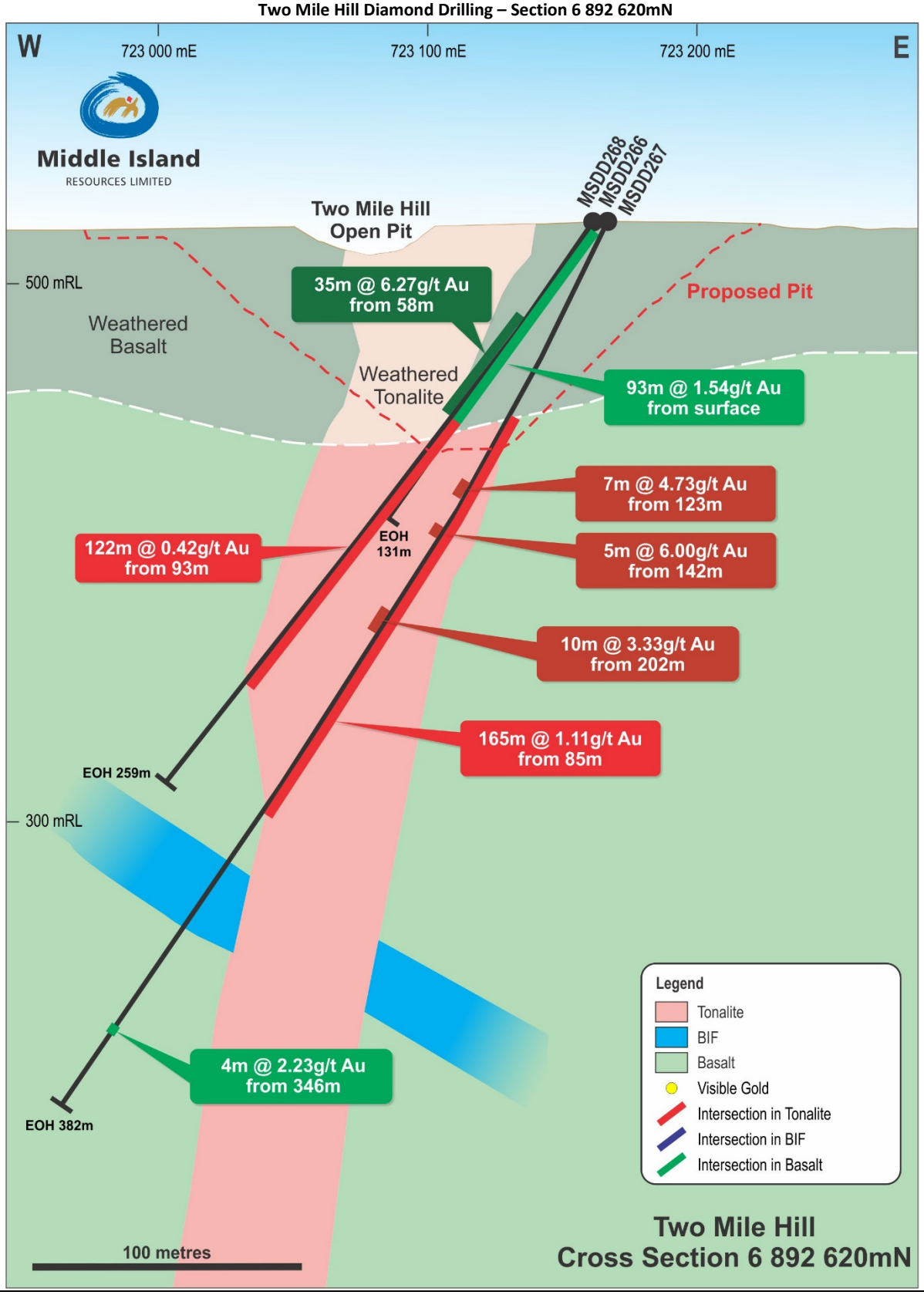


Figure 8
Two Mile Hill Diamond Drilling – Section 6 892 620mN



Future Work

An updated, independent, non-linear resource estimate has been commissioned for the upper half of the Two Mile Hill tonalite deeps deposit. **It is anticipated that this will be completed and reported late in the September quarter.**

Along with the results of the ore sorting campaign completed early in July and new geotechnical parameters, the updated Mineral Resource will inform further iterations of the underground mining concept study at Two Mile Hill. **This update is anticipated to be completed in the December quarter.**

Elsewhere at the Sandstone gold project, infill and extension RC drilling at the Wirraminna deposit and maiden RC drilling of the recently identified high grade quartz vein at the Cowan prospect, located immediately east of Two Mile Hill, has commenced.

Middle Island Managing Director, Mr Rick Yeates:

"As anticipated from infill diamond drilling, the tonalite intercepts returned from the Two Mile Hill deeps gold deposit serve to confirm the earlier results."

"It is also extremely pleasing to identify a further significant new zone of pyrite replacement-style gold mineralisation within the BIF adjacent to the tonalite contact, particularly as it is somewhat divorced from the main tonalite body. It is also the first significant intersection identified within brecciated elements of the BIF package and one, of only a few, recorded in the more sparsely drilled Middle BIF unit.

"Utilising these results, resource modelling of the Exploration Target will provide a formal Mineral Resource the upper half of the Two Mile Hill tonalite deeps Exploration Target, provide better resolution on the distribution of gold mineralisation within the tonalite which, together with the recently completed ore sorting campaign and geotechnical findings, will facilitate a more robust assessment of the underground mining potential.

"I look forward to reporting further progress on this highly significant deposit."

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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 and ore sorting trial results based on information compiled by Mr Geoffrey Laing, Mr Hugo Viviani and Mr Rick Yeates. Messrs Laing, Viviani and Yeates are each Members of the Australasian Institute of Mining and Metallurgy. Mr Laing and Mr Viviani are consultants to Middle Island Resources Limited, while Mr Yeates is a fulltime employee of the Company. Each has sufficient experience which is relevant to the nature of work and style of mineralisation under consideration to qualify as Competent Persons as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Messrs Laing, Viviani and Yeates consent to the inclusion in the release of the statements, based on their information, in the form and context in which they appear.

Appendix 1

Table of Significant Intersections					
Hole ID	**Depth From (m)**	**Depth To (m)**	**Interval (m)**	**Grade (g/t Au)**	**Lithology**
MSDD262	41	43	2	1.27	Basalt
MSDD262	72	76	4	1.61	Basalt
MSDD262	134	135	1	1.32	Basalt
MSDD262	188	189	1	0.74	Tonalite
MSDD262	198	201	3	0.9	Tonalite
MSDD262	204	205	1	0.64	Tonalite
MSDD262	215	216	1	0.75	Tonalite
MSDD262	227	232	5	2.18	Tonalite
MSDD262	236	239	3	0.58	Tonalite
MSDD262	246	252	6	0.90	Tonalite
MSDD262	267	275	8	0.59	Tonalite
MSDD262	279	285	6	1.25	Tonalite
MSDD262	291	295	4	1.46	BIF
MSDD262	298	302	4	3.28	BIF
MSDD262	315	321	6	0.66	BIF
MSDD262	329	331	2	1.41	Tonalite
MSDD262	334	335	1	7.26	BIF
MSDD262	**339**	**344**	**5**	**21.9**	**BIF**
MSDD262	368	369.24	1.24	2.09	Basalt
MSDD263	37	39	2	1.41	Basalt
MSDD263	53	56	4	0.81	Basalt
MSDD263	65	67	2	1.04	Basalt
MSDD263	78	79	1	0.99	Basalt
MSDD263	86	88	2	1.46	Basalt
MSDD263	96	103	7	3.08	Basalt
MSDD263	106	111	5	0.74	Tonalite
MSDD263	142	143	1	0.85	Tonalite
MSDD263	152	153	1	0.57	Tonalite
MSDD263	**170**	**171**	**1**	**28.8**	**Tonalite**
MSDD263	179	181	2	0.62	Tonalite
MSDD263	184	186.5	2.5	1.05	Tonalite
MSDD263	233	234	1	0.53	Basalt
MSDD263	242	250	8	0.52	Basalt
MSDD263	275	278	3	1.37	Basalt
MSDD264	48	52	4	0.89	Basalt
MSDD264	55	64	6	0.94	Basalt
MSDD264	119	120	1	0.97	Tonalite
MSDD264	128	132	4	0.55	Tonalite
MSDD264	140	149	9	1	Tonalite
MSDD264	152	154	2	0.58	Tonalite
MSDD264	162	164	2	0.61	Tonalite
MSDD264	166	167	1	0.94	Tonalite
MSDD264	173	178	5	0.69	Tonalite
MSDD264	188	194	6	0.83	Tonalite
MSDD264	205	211	6	0.53	Tonalite
MSDD264	216	217	1	0.5	Tonalite
MSDD264	223	226	3	0.73	Tonalite
MSDD264	229	237	8	0.78	Tonalite
MSDD264	240	245	5	0.67	Tonalite
MSDD264	250	263	13	0.64	Tonalite
MSDD264	266	269	3	0.59	Tonalite
MSDD264	273	276	3	0.57	Tonalite
MSDD264	283	286	3	0.53	Tonalite
MSDD264	289	292	3	0.52	Tonalite
MSDD264	293	298	5	0.71	Tonalite
MSDD264	303	305	2	0.62	Tonalite
MSDD264	308	309	1	0.54	Tonalite

Table of Significant Intersections					
Hole ID	**Depth From (m)**	**Depth To (m)**	**Interval (m)**	**Grade (g/t Au)**	**Lithology**
MSDD264	315	316	1	0.52	Tonalite
MSDD264	322	323	1	0.54	Tonalite
MSDD264	329	335	6	1.95	BIF
MSDD264	340	342	2	0.51	Basalt
MSDD264	375	377	2	2.91	Basalt
MSDD264	380	381	1	0.65	Basalt
MSDD264	388	389	1	0.81	Basalt
MSDD265	1	4	3	0.91	Basalt
MSDD265	42	43	1	0.56	Basalt
MSDD265	**87**	**96**	**9**	**5.23**	**Basalt**
MSDD265	**96**	**130**	**34**	**1.85**	**Tonalite**
MSDD265	134	138	4	1.26	Tonalite
MSDD265	144	145	1	0.56	Tonalite
MSDD265	149	159	10	0.56	Tonalite
MSDD265	165	175	10	0.9	Tonalite
MSDD265	180	182	2	0.54	Tonalite
MSDD265	193	204	11	0.57	Tonalite
MSDD265	219	220	1	0.61	Tonalite
MSDD265	222	224	2	0.52	Tonalite
MSDD265	229	231	2	1.37	Tonalite
MSDD265	234	235	1	0.61	Tonalite/Basalt
MSDD265	243	244	1	1.32	Tonalite/Basalt
MSDD265	259	263	4	0.99	BIF
MSDD266	13	15	2	1.35	Basalt
MSDD266	20	21	1	0.63	Basalt
MSDD266	32	40	8	0.86	Basalt
MSDD266	58	62	4	2.02	Basalt
MSDD266	66	88	22	1.02	Basalt
MSDD266	88	96	8	1.26	Tonalite
MSDD266	99	109	10	0.59	Tonalite
MSDD266	112	113	1	2.04	Tonalite
MSDD266	118	124	6	0.59	Tonalite
MSDD267	24	32	8	1.86	Basalt
MSDD267	57	58	1	4.11	Basalt
MSDD267	76	80	4	0.54	Basalt
MSDD267	85	88	3	0.59	Tonalite
MSDD267	**91**	**106**	**15**	**1.48**	**Tonalite**
MSDD267	109	110	1	0.58	Tonalite
MSDD267	117	120	3	1.73	Tonalite
MSDD267	**123**	**130**	**7**	**4.73**	**Tonalite**
MSDD267	133	139	6	2.05	Tonalite
MSDD267	**142**	**147**	**5**	**6.00**	**Tonalite**
MSDD267	150	158	8	1.44	Tonalite
MSDD267	165	166	1	0.55	Tonalite
MSDD267	175	178	3	0.56	Tonalite
MSDD267	**202**	**212**	**10**	**3.34**	**Tonalite**
MSDD267	221	237	16	0.97	Tonalite
MSDD267	241	246	5	0.51	Tonalite
MSDD267	248	249	1	0.74	Tonalite
MSDD267	**252**	**253**	**1**	**11.7**	**Basalt**
MSDD267	291	292	1	0.55	BIF
MSDD267	335	336	1	0.8	Basalt
MSDD267	346	349	3	2.9	Basalt
MSDD268	15	20	5	1.06	Basalt
MSDD268	23	24	1	1.75	Basalt
MSDD268	32	35	3	4.69	Basalt
MSDD268	49	52	3	0.98	Basalt
MSDD268	**58**	**93**	**35**	**6.27**	**Basalt**
MSDD268	93	102	9	1	Tonalite

Table of Significant Intersections					
Hole ID	**Depth From (m)**	**Depth To (m)**	**Interval (m)**	**Grade (g/t Au)**	**Lithology**
MSDD268	109	130	21	0.94	Tonalite
MSDD268	133	134	1	0.94	Tonalite
MSDD268	145	146	1	0.68	Tonalite
MSDD268	145	151	6	0.58	Tonalite
MSDD268	158	168	10	0.7	Tonalite
MSDD268	176	183	7	0.57	Tonalite
MSDD268	204	205	1	1.36	Tonalite
MSDD268	210	211	1	1.47	Tonalite
Intervals were calculated with a lower cut-off grade of 0.3g/t Au and with no high grade upper cut, a maximum of 2m of continuous included dilution and a minimum grade of 0.5g/t Au for the final intercept					

Appendix 2

The following Table and Sections are provided to ensure 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.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m 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.*	• Drill cuttings from reverse circulation drilling were sampled as 4m composites produced by riffle splitting four contiguous 1m samples, individual 1m samples were taken over intervals which visually appeared mineralised and where 4m composite assays returned anomalous results. • Diamond drill core was sampled at 1m intervals and comprised half NQ2 core. • All RC holes remained dry and sample recoveries were excellent throughout. • Core was re-aligned prior to splitting and the right-hand side half core section was consistently sampled for assay. • The drill cuttings, comprising 1-2kg, 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. • The half diamond core, sampled on 1m intervals (2-5kg), 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.).*	• Pre-collars for holes were drilled with a 130mm face sampling hammer from surface, and completed with NQ2 (50.6mm core diameter) diamond tails. • Core was oriented using a Reflex ACT orientation tool.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *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.*	• Diamond core recovery data was measured for each drill run/interval and captured in a digital logging software package. The data has been reviewed and the core recovery was effectively 100% throughout. • The water table was encountered at a 40 – 60m down-hole depth, but no issues were experienced with the water table effecting the samples. • No relationship between sample recovery and grade has been established.

Criteria	JORC Code explanation	Commentary
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.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• The RC chips and diamond core were logged for lithology, weathering, structure, mineralogy, mineralisation, alteration, colour, RQD and geotechnical parameters. Logging was carried out according to internal Company protocols at the time of drilling. • RC chips were logged at 1m intervals. • Diamond core was logged continuously to record all relevant features, regardless of length. Core was also photographed wet and dry within each core tray.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of 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.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Core was cut in half by diamond saw, the right hand half of the core was consistently sampled, the left hand half was retained in the core trays for reference purposes. • Half core samples were bagged in 1m intervals. • RC chips were riffle split to produce 4m composite samples, intervals which visually appeared mineralised were riffle split from single metre samples. • All samples were collected and couriered to the Intertek lab in Maddington, W.A for sample preparation and analysis. • The samples were dried and crushed to -10mm before being split and then a 300g subsample pulverized to 95% passing 75 microns. This fraction was then split again to a 50g sample charge for fire assay. • The Intertek laboratories are internationally certified. • The Company's routine diamond core sampling procedure is to consistently cut the core adjacent to the orientation line and collect the same side of the cut core for analysis. • A second core split was collected off the primary jaw crusher at a frequency of 1:20 samples to provide a field duplicate sample. • Sample size and assay charge size are considered 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.* • *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.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Middle Island Resources adopted a 50g fire assay method with either an ICP-OES or AAS finish. This assay technique is considered suitable for gold mineralisation associated with sulphides. • No other measurement tool/instrument was used to derive assays, however a gyroscopic instrument was used to monitor deviation within the diamond holes. • Middle Island included laboratory duplicates, field duplicates and certified standards routinely in the assay train at a 1:10 frequency, and a quartz wash was used after each sample was pulverised.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Sampling was undertaken by experienced geologists from Middle Island Resources who confirmed the intersections as prospective for gold mineralisation. • No twinned holes or umpire assaying were used as part of this programme. • Sampling data were imported and validated using a GBIS database software system by an experienced database consultancy. • Assay data were not 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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Surface collar coordinates were surveyed via GPS. • Given magnetism inherent in the host rock, a high quality downhole gyro was used to determine the dip and azimuth of the drill holes at 10m intervals. • MGA94 Zone 50. • The topographic surface was calculated from previous mine survey pickups.
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.*	• RC samples are reported at 4m and 1m composited sample/assay intervals. Core samples are reported at 1m sample/assay intervals. • The data spacing is adequate to provide continuity of grade for exploration drilling and resource estimation purposes. • 4m sample compositing was adopted for sampling of RC pre-collars where the interval visually appeared to be unmineralised.
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.*	• Holes was drilled perpendicular to the long axis of the tonalite body in order to orthogonally intercept both the BIF in the hanging wall and the dominant sub-horizontal quartz vein orientation within the tonalite. As such the reported mineralised intercepts are effectively true widths.
Sample security	• *The measures taken to ensure sample security.*	• All samples were held at the Middle Island exploration camp in the custody of Middle Island employees prior to collection by the courier for transport to the laboratory in Perth.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Field data collected was logged and validated in a custom field logging tool. • The database was again validated and audited by recognised external database consultants, Expedio.

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 sampled diamond core is derived from Mining Lease M57/128, which is 100% owned by Sandstone Operations Pty Ltd, a wholly-owned subsidiary of Middle Island Resources Limited. • As of 5/12/2016, Sandstone Operations Pty Ltd was the sole owner of the project, including Mining Lease M57/128.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous exploration was undertaken and reported by Herald Resources Limited and Troy Resources Limited during their respective tenure of the Sandstone gold project.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Two Mile Hill deposit is hosted within a late stage, near vertical intrusive tonalite stock that intrudes the local stratigraphy of shallowly NE dipping mafic volcanics and BIF.
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 tables, plans and sections within the release. • Data is tabulated within the release for all diamond holes.

Criteria	JORC Code explanation	Commentary
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 aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Weighted average intervals of mineralisation were calculated with a lower cut-off grade 0.1g/t Au and with no high grade upper cut, a maximum of 5m of continuous internal dilution and a minimum grade of 0.5 g/t Au for the final intercept. These intervals were calculated using the Grade Compositing function of Micromine. • Higher grade weighted average intervals of mineralisation that were included within broader intervals of mineralisation were calculated with a lower cut-off grade of 0.3g/t Au and with no high grade upper cut, a maximum of 2m of continuous internal dilution and a minimum grade of 0.5g/t Au for the final intercept. These intervals were calculated using the Grade Compositing function of Micromine. • *Not applicable.*
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 drillhole 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').*	• All holes were drilled perpendicular to the long axis of the tonalite body in order to orthogonally intercept both the BIF units in the hanging wall and the dominant vein orientation within the tonalite. As such the reported mineralised intercepts are effectively true widths.
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 figures (plans, sections and isometric view) 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.*	• *Not applicable*
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.*	• Reported within the release as appropriate and relevant.

Criteria	JORC Code explanation	Commentary
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).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Stated within the release as appropriate and relevant.