Middle Island Resources Limited
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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 Assets
$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

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ASX Release – 8 October 2018

New assays from infill/extension and maiden drilling at Sandstone.

- **New assay results from reverse circulation (RC) drilling recently completed at the Company's Sandstone gold project in WA.**
- **Infill and extension resource definition RC drilling at the Wirraminna deposit, located only 1km from the Company's processing plant, has extended mineralisation at depth and otherwise returned results generally consistent with previous results.**
- **Better Wirraminna intercepts include 6m at 6.62g/t, 14m at 1.82g/t, 14m at 1.80g/t (including 1m at 18.2g/t) and 5m at 2.51g/t Au.**
- **The Wirraminna Mineral Resource will be updated prior to new pit optimisation studies.**
- **The Wirraminna drilling identified substantial underground potential associated with the high grade, ferruginous quartz lode that remains open down dip and down plunge.**
- **Maiden RC drilling at the Cowan prospect confirmed a 2-3m wide quartz vein in all five holes. However, no significant mineralisation was encountered.**

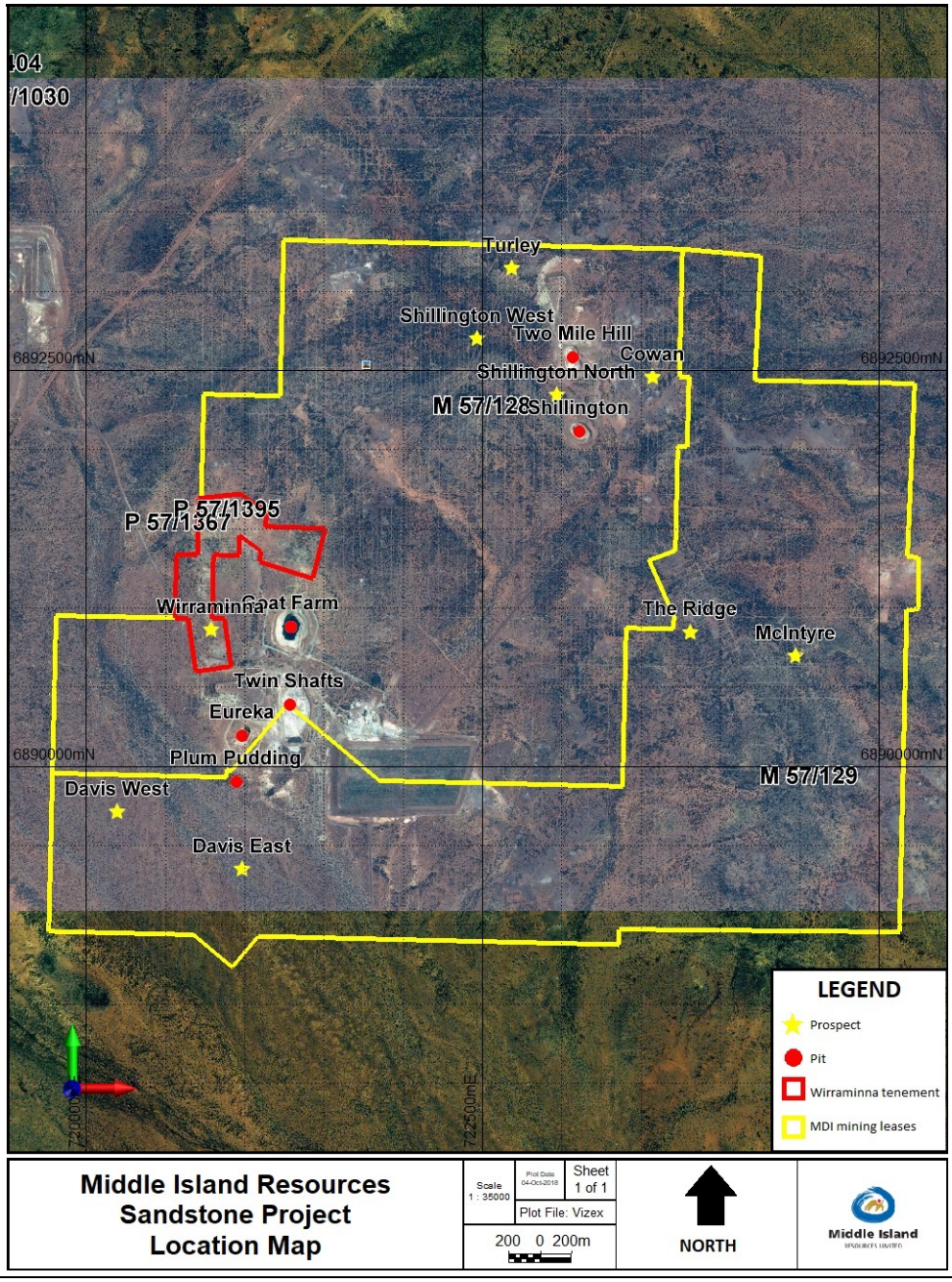
Sandstone Gold Project, WA

Aspiring gold developer, Middle Island Resources Limited (**Middle Island**, **MDI** or **the Company**) advises that new assay results have been received for an infill and extension RC (reverse circulation percussion) drilling programme recently completed at the optioned Wirraminna gold deposit, as well as maiden RC drilling at the Cowan gold prospect, both within the Company's wholly-owned Sandstone gold project in WA.

The Wirraminna deposit is situated 1km northwest of the Company's 100%-owned, 600ktpa gold processing plant, while the Cowan prospect is located ~500m east of the Two Mile Hill gold deposit (Figure 1).

Figure 1

Sandstone gold project showing the locations of the Wirraminna deposit and Cowan prospect



Wirraminna RC Drilling

The Wirraminna deposit is associated with a steeply northeast dipping and northwest trending, ferruginous quartz lode that remains open at depth and to a lesser extent along strike. The recent drilling programme was designed variously to verify, infill, and extend the existing Wirraminna gold deposit.

The existing Mineral Resource estimate for the Wirraminna deposit is 550,000t at 1.3g/t Au for 23,000oz gold (at a 0.5g/t lower cut-off grade), some 55% of which is classified as an Indicated Mineral Resource, whilst the balance is in the Inferred category (refer ASX Release dated 8 December 2017).

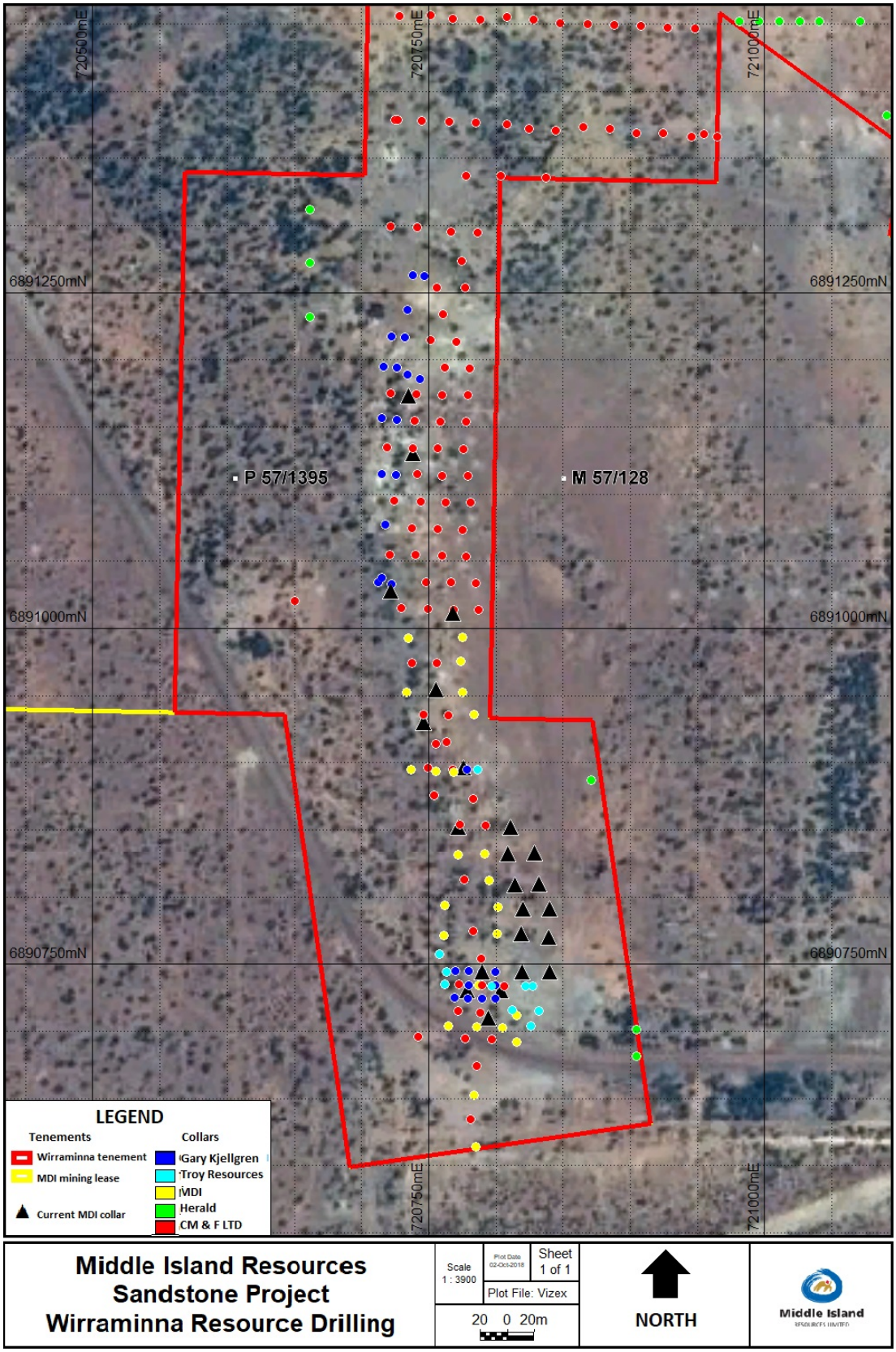
Twenty-three RC drill holes (MSRC269 - MSRC291) comprising 1,944m were completed at the Wirraminna deposit during August 2018 (Table 1) and (Figure 2).

Table 1
Drill collar details for recent Wirraminna deposit RC drilling

Hole ID	Deposit	Easting	Northing	mRL	Grid	Total Depth	Dip	Azimuth
MSRC269	Wirraminna	720795	6890710	496	MGA94_50	90	-60	275
MSRC270	Wirraminna	720779	6890730	496	MGA94_50	30	-60	275
MSRC271	Wirraminna	720804	6890730	496	MGA94_50	72	-60	271
MSRC272	Wirraminna	720790	6890744	497	MGA94_50	60	-60	267
MSRC273	Wirraminna	720820	6890744	497	MGA94_50	102	-60	265
MSRC274	Wirraminna	720819	6890773	496	MGA94_50	102	-60	275
MSRC275	Wirraminna	720840	6890770	496	MGA94_50	120	-58	269
MSRC276	Wirraminna	720840	6890744	497	MGA94_50	120	-58	274
MSRC277	Wirraminna	720820	6890791	497	MGA94_50	120	-60	271
MSRC278	Wirraminna	720840	6890791	497	MGA94_50	120	-60	271
MSRC279	Wirraminna	720814	6890809	497	MGA94_50	102	-60	266
MSRC280	Wirraminna	720832	6890810	497	MGA94_50	102	-60	268
MSRC281	Wirraminna	720809	6890832	497	MGA94_50	102	-60	271
MSRC282	Wirraminna	720829	6890833	497	MGA94_50	120	-60	272
MSRC283	Wirraminna	720772	6890852	497	MGA94_50	42	-60	270
MSRC284	Wirraminna	720811	6890852	497	MGA94_50	84	-60	269
MSRC285	Wirraminna	720776	6890896	497	MGA94_50	66	-60	270
MSRC286	Wirraminna	720746	6890930	498	MGA94_50	54	-60	270
MSRC287	Wirraminna	720756	6890954	498	MGA94_50	72	-60	273
MSRC288	Wirraminna	720768	6891011	498	MGA94_50	90	-60	269
MSRC289	Wirraminna	720722	6891028	499	MGA94_50	36	-60	272
MSRC290	Wirraminna	720739	6891130	500	MGA94_50	72	-60	272
MSRC291	Wirraminna	720735	6891173	500	MGA94_50	66	-60	271

Figure 2

Plan of Wirraminna deposit showing the distribution of historic and recent RC drilling



The results of the RC drilling have extended the depth potential of the deposit, but are otherwise broadly consistent with expectations and previous drilling results. However, holes drilled to verify historic, broad, high grade intervals again proved unsuccessful. Better new RC drill intercepts include:-

MSRC274 **7m @ 1.76g/t Au** (from 68m)

MSRC276 **6m @ 6.62g/t Au** (from 84m)

MSRC282 **14m @ 1.82g/t Au** (from 82m)

MSRC285 **14m @ 1.80g/t Au** (from 42m) **including 1m @ 18.2g/t Au** (from 52m)

MSRC291 **5m @ 2.51g/t Au** (from 41m)

A more comprehensive list of significant intersections is provided in Table 2 below.

Table 2
Significant recent RC drilling intercepts from the Wirraminna deposit

Hole	Depth From (m)	Depth To (m)	Interval (m)	Grade (g/t Au)
MSRC269	48	52	4	1.70
MSRC274	68	75	7	1.76
MSRC276	84	90	6	6.62
MSRC280	57	71	14	1.09
MSRC282	82	96	14	1.82
MSRC283	16	23	7	1.01
MSRC283	26	30	4	2.18
MSRC285	42	56	14	1.80
Including	***52***	***53***	***1***	***18.2***
MSRC288	63	78	15	0.90
MSRC291	41	46	5	2.51

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 metal score of 5 gram metres (metres x g/t Au). All intercepts based on 50g fire assays.

The new RC drilling results at Wirraminna will be incorporated into an updated Mineral Resource estimate prior to revised pit optimisation studies.

Cowan RC Drilling

The Cowan prospect is a recently discovered, northwest trending, quartz vein, located approximately 500m east of the Two Mile Hill deposit. The vein was exposed over a 100m length by the Company's tribute prospector who recovered fresh, primary gold nuggets from this location (Figure 3), identifying the vein as the likely source of the gold.

Figure 3
Gold nuggets recovered from the Cowan Prospect

Five reconnaissance RC drill holes (MSRC292-MSRC296) comprising 300m, were drilled on three sections at the Cowan prospect during September 2018 (Table 3) and (Figure 4). The holes were designed to determine the position, orientation and mineral potential of the quartz vein.

All five holes intersected a 2-3m thick vein of translucent, white quartz, which appears to strike NNW and dips at ~45^{o} to the ENE.

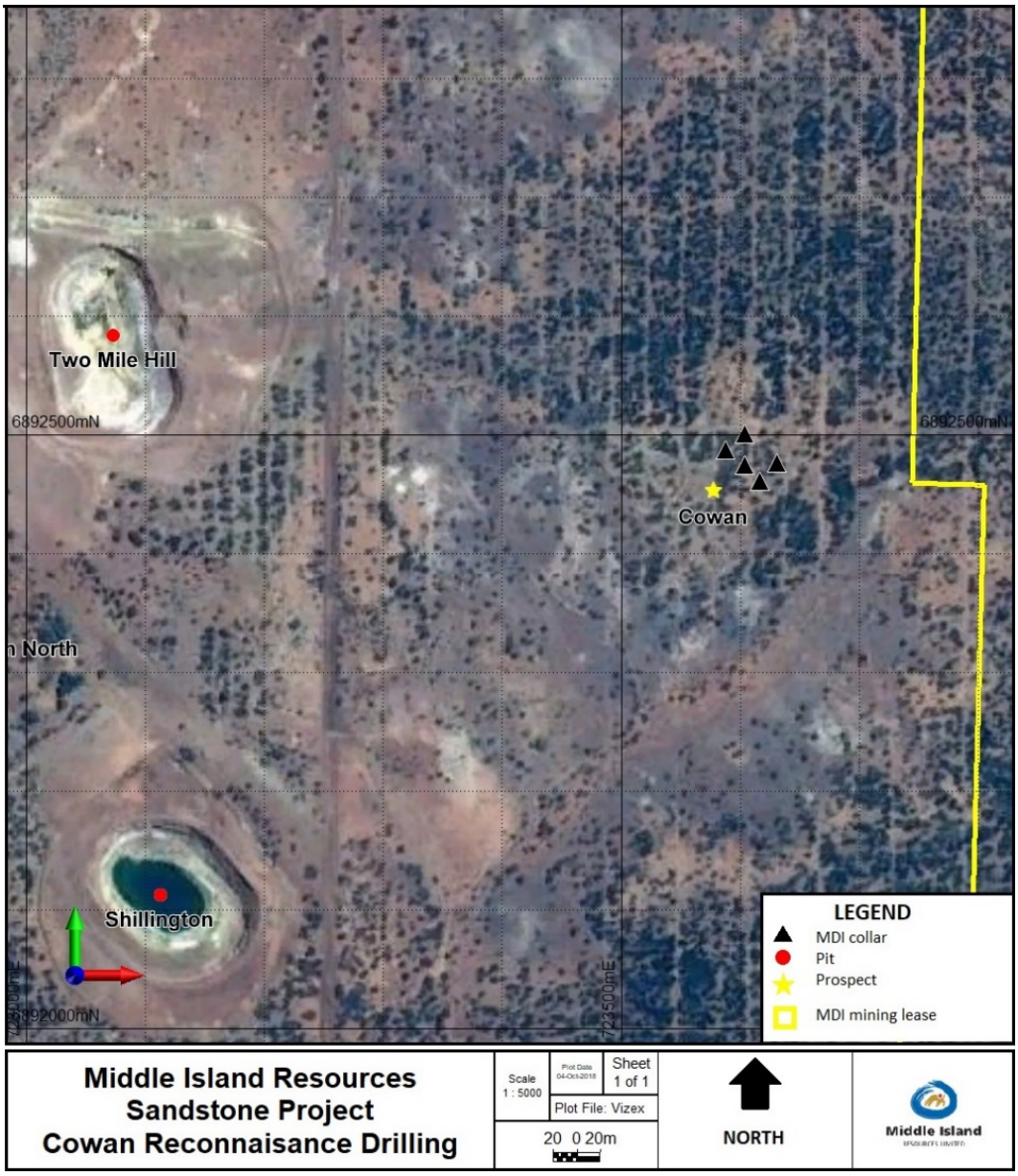
Few visual indications of mineralisation were identified in drill chips and no anomalous mineralisation was encountered, with a peak value of 1m @ 0.1g/t Au from 16m intersected in MSRC294.

The maiden RC drilling completed at the Cowan prospect is considered to provide a reasonably comprehensive assessment and no further work is planned.

Table 3
RC drill collar details for the Cowan prospect

Hole ID	Deposit	Easting	Northing	mRL	Grid	Total Depth	Dip	Azimuth
MSRC292	Cowen	723617	6892461	497	MGA94_50	60	-60	230
MSRC293	Cowen	723604	6892474	497	MGA94_50	60	-60	227
MSRC294	Cowen	723588	6892487	497	MGA94_50	60	-60	232
MSRC295	Cowen	723631	6892476	497	MGA94_50	60	-65	223
MSRC296	Cowen	723604	6892501	497	MGA94_50	60	-65	229

Figure 4
Plan of Cowan prospect showing the location of recent RC drilling



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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.

Appendix 1

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. • Sample recovery was excellent throughout. • 1-2kg of drill cuttings 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.
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.).*	• Reverse circulation holes were drilled with a 130mm face sampling hammer from surface.
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.*	• RC recovery data was measured for each interval and captured in a digital logging software package. The data has been reviewed and the RC sample recoveries were effectively 100% throughout. • The water table was encountered at ~40-60m downhole depth, but the contractor had no issues in keeping the RC samples consistently dry. • 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 were logged for lithology, weathering, mineralogy, mineralisation, alteration, and colour. Logging was carried out according to Middle Island Resources internal protocols at the time of drilling. • RC chips were logged at 1m intervals.
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.*	• 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 taken 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. • 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 an ICP-OES finish. This 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 RC holes. • Middle Island included Laboratory duplicates, field duplicates and certified standards routinely in the assay train at a 1:9 frequency, and a quartz wash was used after each sample pulverised.
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 external database consultancy. • Assay data were not adjusted.

Criteria	JORC Code explanation	Commentary
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. • 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 chips 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 were drilled perpendicular to the long axis of the mineralisation in order to orthogonally intercept the quartz veins at Wirraminna and Cowan. 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 were 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 RC chips from Cowan prospect are derived from Mining Lease M57/128, which is 100% owned by Sandstone Operations Pty Ltd, a wholly-owned subsidiary of Middle Island Resources Limited. • Sampled RC chips from Wirraminna are derived from Prospecting Lease P57/1395, held under an option deed between Sandstone Operations Pty Ltd and Mr Kym McClaren. Sandstone Operations Pty Ltd has an option to acquire a 100% interest in Wirraminna anytime within the next three years. • 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 variously undertaken and reported by Herald Resources Limited, CM & F Limited, Troy Resources NL and Mr Garry Kjellgren during their respective tenure of the Sandstone gold project and Wirraminna Prospecting Licence.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Wirraminna deposit is hosted by a northwest oriented, ferruginous quartz lode which is developed between a talc-carbonate-chlorite schist and a dolerite. • The Cowan prospect comprises a 2-3m wide, NNW striking and shallow ENE dipping, quartz vein, hosted within basalt.

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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *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 RC holes.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg 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 0.3g/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 drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• The holes were drilled perpendicular to the long axis of the structure at Wirraminna and Cowan in order to orthogonally intercept the veining. 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 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.
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.