



Middle Island

RESOURCES LIMITED

Middle Island Resources Limited
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Middle Island Resources Ltd
ACN 142 361 608
ASX code: MDI
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Capital Structure:

586 million ordinary shares
38,300,000 unlisted options

Cash

\$1.84m (as at 30 June 2017)

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 – 12 September 2017

Aircore drilling identifies new gold targets at Davis Prospect, Sandstone gold project (WA)

- Results from geochemical auger and aircore drilling at the Davis prospect (comprising Davis East and Davis West) have defined several significant new blind gold anomalies beneath a blanket of transported sheetwash cover.
- Four cohesive anomalies, with peak values up to 688ppb Au (0.68g/t) have been defined over individual strike lengths of ~200m, some of which may prove to be linked over strike lengths of up to 600m.
- Each of the anomalies are consistent with those defining nearby, high grade open pit deposits that have been mined and processed.
- All new gold anomalies at Davis lie within 1km of the Company's 600,000tpa Sandstone gold processing plant, consistent with an area hosting the highest density of gold deposits within the entire Sandstone greenstone belt.
- Davis is the first of the 'weights of evidence' (WoE) targets to be tested by geochemical drilling, providing considerable confidence that other WoE targets may generate similar anomalies.
- Along with the current resource definition drilling at the nearby Wirraminna deposit, each of the Davis targets provide further potential to contribute to an early mill recommissioning decision.
- Reconnaissance RC drill traverses will be immediately undertaken over two of the Davis anomalies in order to understand the nature and tenor of associated saprolitic mineralisation.

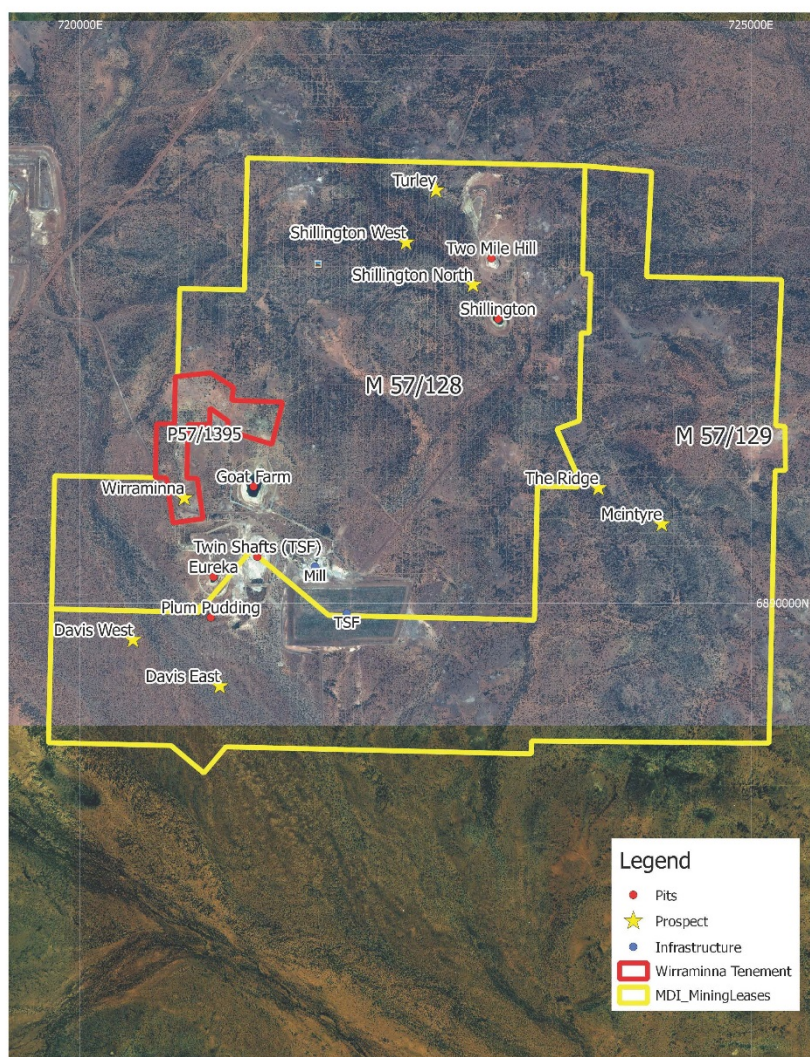
SANDSTONE GOLD PROJECT (WA)

Davis Prospect Aircore Drilling

Aspiring gold developer, Middle Island Resources Limited (**Middle Island, MDI or the Company**), is pleased to announce that it has received results from geochemical auger and aircore drilling recently completed at the Davis prospect, within the Company's 100%-owned Sandstone gold project in WA.

The Davis prospect is located in the extreme southwest corner of the project, as shown in Figure 1. The Davis prospect was designated as the highest priority WoE target generated from a targeting study completed by structural geologist, Dr Brett Davis of Orefind Pty Limited, in the March quarter this year. The Davis target was assigned a higher priority, not only due to its 'evidence' ranking, but also based on its larger size, close proximity to five known gold deposits (Goat Farm, Twin Shafts, Eureka, Plum Pudding and Wirraminna) and the presence of a significant blanket (5-15m) of transported sheetwash cover that had discouraged previous exploration.

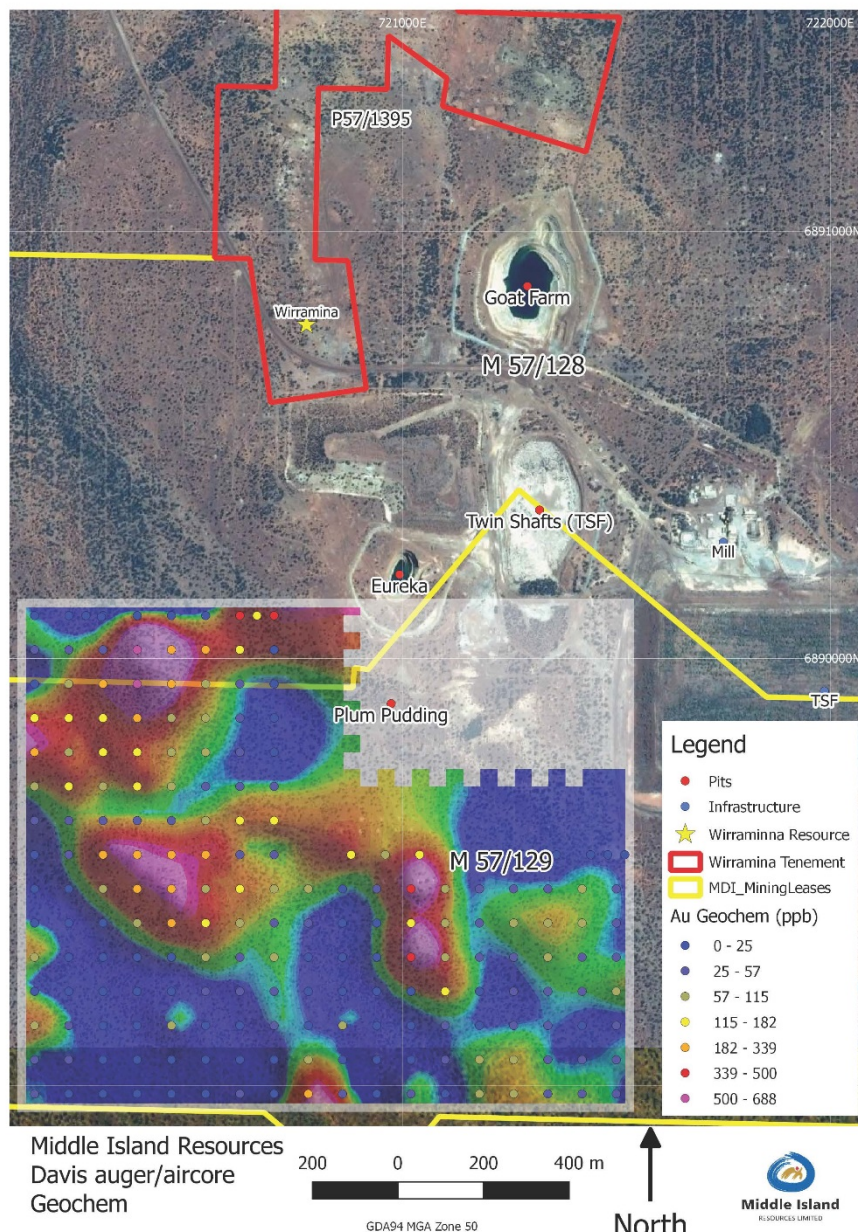
Figure 1
Location of the Davis prospect in the southwestern extremity of the Sandstone project.



A combined auger (shallow) and aircore (deeper) geochemical drilling programme was completed over the Davis target in order to penetrate the sheetwash cover to sample the interface between the transported and residual profiles – in effect, a soil sampling survey of the paleo-surface. Drilling was completed on an 80m x 80m pattern in order to ensure adequate coverage over what can be small, but especially significant for MDI, very high grade targets in this vicinity.

The imaged gold geochemistry, provided in Figure 2 below, demonstrates a series of four principal anomalies, each with maxima exceeding 180ppb Au (0.18g/t Au). Individually the anomalies have strike lengths of ~200m, but some may prove to be linked over strike lengths up to 600m. The gold anomalies are very cohesive in nature, each comprising a series of high values typical of gold dispersion patterns in such environments. The gold results are coincident with elevated arsenic values and zones of relative calcium depletion.

Figure 2
Davis prospect imaged aircore gold values showing proximal deposits and infrastructure.



Given the availability of an RC drill rig on site, the Company has elected to drill a traverse of angled RC holes across each of the Davis West and Davis East anomalies to provide an initial assessment as to the nature and tenor of the saprolitic source of gold mineralisation. Five initial RC holes, to approximately 80m depth (400m in total), are planned.

Davis is the first of the WoE targets to be tested by geochemical drilling, providing considerable confidence in both the auger/aircore technique in defining anomalies beneath transported cover for cost-effective bedrock drilling and that the multitude of other WoE targets may generate similar anomalies.

All gold anomalies comprising the Davis prospect lie within 1km of the Company's 600,000tpa Sandstone gold processing plant. Along with the current resource definition drilling at the nearby Wirraminna deposit, each of the Davis targets enhances the potential to contribute to an early mill recommissioning decision.

Middle Island Managing Director, Mr Rick Yeates:

"Although only a technical success at this stage, identification of the Davis anomalies beneath an extensive blanket of transported cover, in the Company's first genuine grassroots exploration campaign at the Sandstone gold project, is extremely gratifying. The discovery thoroughly vindicates the Orefind team's application of sound structural and lithological evidence, based on geophysical data and astute field observations, and provides considerable confidence that additional anomalies will be generated from the remaining 30 targets generated by the WoE study.

"Should drilling confirm the presence of significant saprolite mineralisation at any one or more of the Davis anomalies, such a discovery would represent an additional catalyst for an early plant recommissioning decision.

"I look forward to updating shareholders on the outcome of reconnaissance RC drill testing to commence immediately on the Davis West and Davis East anomalies."

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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 that are based on information compiled by Mr Rick Yeates (a 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 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.