



Middle Island

RESOURCES LIMITED

Middle Island Resources Ltd

ACN 142 361 608

ASX code: MDI

www.middleisleland.com.au

Capital Structure:

1,765 million ordinary shares

994 million unlisted options

Cash & Liquid Investments

\$2.7m (as at 21 February 2019)

Directors & Management:

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Non-Executive Chairman

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Managing Director

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Brad Marwood

Non-Executive Director

Dennis Wilkins

Company Secretary

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ASX Release – 12 March 2020

Aircore drilling defines new 600m gold target at Sandstone in WA

- New interface (palaeo-surface) aircore geochemical drilling confirms new Tailings South gold target, just 800m south of the Middle Island's 100%-owned gold processing plant at the Sandstone gold project in central WA.
- The Tailings South target was one of five targets tested or refined as part of the 1,800m aircore drilling program completed in January 2020.
- The composite Tailings South gold anomaly, identified beneath 8-15m of transported sheetwash cover, comprises a 600m-long eastern element and a 300m-long western element, both of which are north trending, consistent with the interpreted major structural orientation, but oblique to the stratigraphic orientation at this point.
- The anomaly, originally identified by a Weights of Evidence (WoE) structural targeting study, is interpreted to be associated with a series of folded banded iron formations (BIFs) dislocated by faulting.
- Tailings South will be the last prospect to be tested as part of the Company's current 12,300m Phase I reverse circulation (RC) drilling program.
- Some 11,000m of the planned 12,300m Phase I RC program have been completed, all assay results of which are pending.
- Subject to results, once all Phase I RC results have been returned and compiled, a planned Phase II RC drilling program, comprising a notional 3,000m, will be undertaken to upgrade any Inferred Mineral Resources identified by the Phase I work to an Indicated Mineral Resource classification.
- Simultaneously, a notional 800m of oxide diamond coring of new deposits will be undertaken to provide additional bulk density data, along with material for further metallurgical, geotechnical and waste classification testing, where required.
- Additional Mineral Resources derived from the entire 17,900m drilling campaign will be applied to the current updated Sandstone pre-feasibility study (PFS), which is planned to be completed by the end of the 2020 June quarter.
- The outcome of the updated PFS will inform a Sandstone gold project recommissioning decision. The timeframe for recommissioning is estimated to be five months.
- The aggressive and systematic Sandstone 2020 exploration and gold development program is set against a background of record gold prices and considerable local M&A activity, with recent takeover offers made for Spectrum Metals and Alto Metals at significant premiums.

SANDSTONE GOLD PROJECT, WA

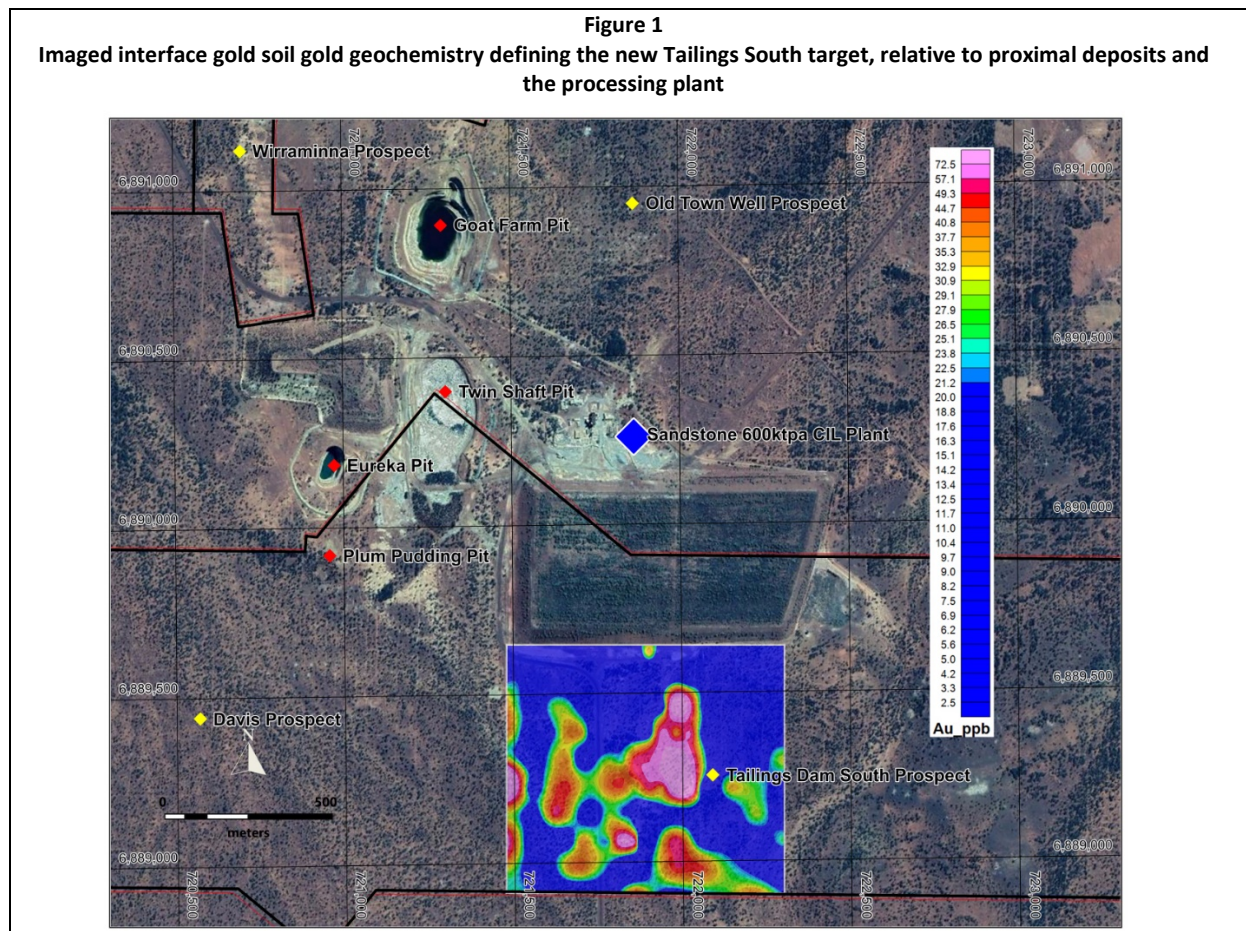
Introduction

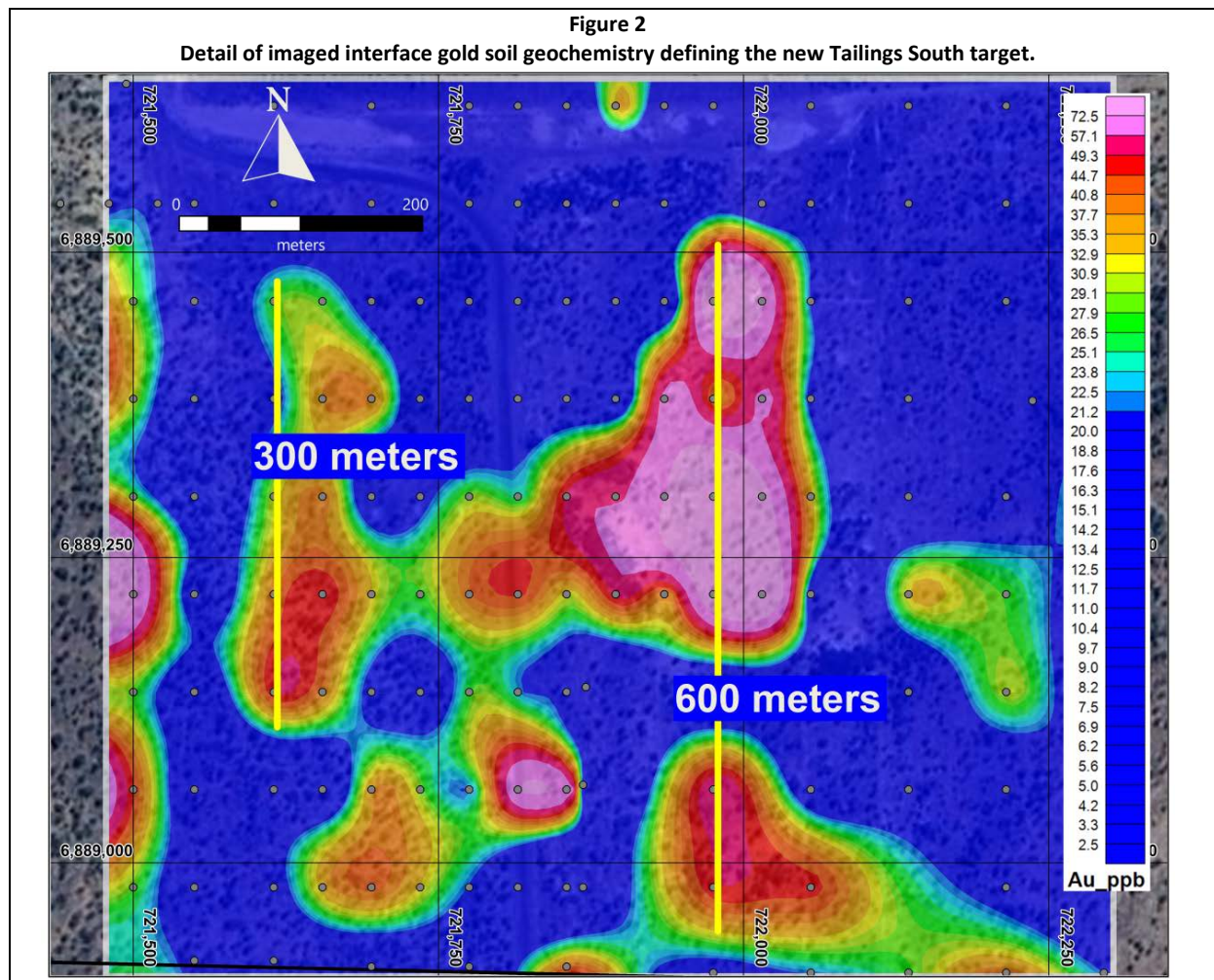
Explorer and aspiring gold developer, Middle Island Resources Limited (**Middle Island, MDI or the Company**) is pleased to announce a potentially significant new gold target and provide an update on progress with the planned total 17,900m drilling campaign underway at the Company's 100%-owned Sandstone gold project in central Western Australia.

Aircore Drilling

All assay results have finally been received for the ~1,800m aircore drilling program completed late in January 2020. While the interface (palaeo-surface) geochemical aircore drilling results have been prioritised for compilation to provide more accurate targeting for the current Phase I RC drilling, the laterite drilling results are yet to be assessed in detail.

Interface (palaeo-surface) **aircore geochemical drilling has identified the new Tailings South gold target, located only 800m south of the Company's 100%-owned gold processing plant** (Figure 1). The composite Tailings South gold anomaly, identified beneath 8-15m of transported sheetwash cover, comprises a 600m-long eastern element (to a maximum 107ppb Au) and a 300m-long western element (to a maximum 51ppb Au), both of which are north trending (Figure 2), consistent with the interpreted major structural orientation, but oblique to the stratigraphic orientation at this point. The anomaly, originally identified by a Weights of Evidence (WoE) structural targeting study completed in 2017, is interpreted to be associated with a series of folded banded iron formations (BIFs) dislocated by faulting.





Phase I RC Drilling Program

Some 11,000m of the planned 12,300m Phase I, multi-rig, RC program has been completed, all assay results of which are still pending. The Phase I RC program is anticipated to be completed next week, with 12 of the 14 targets and deposits tested to date.

The new Tailings South prospect will be the last target to be RC drill tested as part of the Phase I program, anticipated to be completed next week.

While assays will ultimately confirm their significance or otherwise, **visual logging of the RC chips has identified broad zones of quartz veining, associated with intense silica-pyrite-haematite alteration, providing considerable encouragement that at least one new gold deposit may have been identified by the RC drilling campaign to date and that most of the existing deposits are likely to be extended and/or enhanced.**

Planned Activities

Once all Phase I RC results have been received and compiled, a planned Phase II RC drilling program, comprising a notional 3,000m, will be undertaken to infill and upgrade any Inferred Mineral Resources identified by the Phase I work to an Indicated Mineral Resource classification.

This will be undertaken simultaneously with a notional 800m of oxide diamond coring of new deposits to provide additional bulk density data, along with material for further metallurgical, geotechnical and waste classification testing, where required.

Additional Mineral Resources derived from the entire planned 17,900m drilling campaign will be applied to the pre-feasibility study (PFS), which is in the process of being updated. The PFS update is planned to be completed in mid-2020, informing any subsequent Sandstone gold project recommissioning decision.

Subject to available finance, and pending a positive PFS outcome, any recommissioning timeframe is estimated to be five months, meaning the project could conceivably be in production by early 2021.

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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 Targets, Exploration Results and Mineral Resources is 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.

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 1m samples from which 3kg was pulverised to produce a 30g 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.	- Geochemical aircore drilling, comprising vertical holes drilled through the transported profile to recognisable saprolite. - Samples were piled in rows of 10m directly onto the ground. - The thickness of the transported profile ranged from approximately 8m to 24m depth (and 8m to 15m depth in anomalous areas), comprising alluvial sheetwash of predominantly pisolitic gravels. - A single or composite sample, of approximately 1kg weight, straddling the interface between transported and residual profiles, was collected via tube sampling over a 1m to 4m interval in each hole.
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.).	Vertical aircore drilling was employed to intersect the interface between the transported and residual profiles.
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.	No specific measures were adopted to determine the sample recovery, as the programme was effectively a soil sapling exercise of the paleo-surface, however the holes were all dry and sample piles were routinely of a consistent size.

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.	- All holes were routinely logged by an MDI geologist, however the primary focus was to identify the precise transition from transported to residual material for sampling. - Sample logging was qualitative in nature, consistent with a soil sampling programme. - Holes 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.	- A single sample, straddling the interface between the transported and residual profiles was collected via tube sampling. - Where there was doubt as to the precise location of the interface, or the interface appeared to occur between 1m drill samples, composite sampling was employed to ensure the interface was incorporated in the single sample collected from each hole. - All samples were drilled and collected dry into labelled calico bags. - A field duplicate sample was collected from every 20th sample to monitor a reasonable degree of reproducibility. - Samples of approximately 1kg were collected, however precise sample size consistency was not considered relevant due to the qualitative nature of what was effectively a 'soil' geochemical programme.
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.	- Samples were assayed for gold by Intertek using a 10g aqua regia with ICP-MS finish (AR10MS) to a 1ppb Au detection limit. - Samples were also assayed for 33 trace (pathfinder) elements via aqua regia analysis (AR33). - Given that the programme was essentially a soil geochemical survey, the relative (rather than absolute) values required did not necessitate exhaustive verification. However, MDI did insert a gold standard every 20th sample to verify the lab results.

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.	- A selection of holes was reviewed by senior MDI technical management to ensure the correct intervals were sampled. - No twinned holes were drilled due to the grassroots nature of the programme. - Holes were electronically logged on site. The field and assay data were recorded in the company's electronic field logger and provided to the external database manager. - No assays were 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.	- Handheld GPS unit was used to record the location of aircore drill holes. - Drill hole locations are shown on Figure 2 in the release and recorded in the Company's database. - MGA94 Zone 50. - Topographic control provided by the handheld GPS is adequate for the nature of the programme, and the terrain is exceedingly flat.
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.	- Holes were drilled on a nominal 80m by 80m orthogonal pattern, and drill samples collected at 1m intervals down-hole. - The drillhole density is more than adequate to define the interface geochemical anomalies, with each individual target comprising multiple, cohesive, anomalous gold values that demonstrate expected dispersion patterns. - Downhole sample compositing over 2-4m was employed in some cases to ensure that the transported/residual interface was sampled.
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.	- Given that the programme effectively comprised soil sampling of the essentially planar, horizontal, paleo-surface, rather than designed to intersect mineralisation, the application of vertical holes is entirely appropriate. - No sampling bias is introduced by drilling vertical holes when sampling a horizontal planar surface.
Sample security	The measures taken to ensure sample security.	Samples remained in the custody of the MDI Project Geologist, who was responsible for submitting the samples to Intertek for low level, multi-element assay.

Criteria	JORC Code explanation	Commentary
<i>Audits or reviews</i>	<i>The results of any audits or reviews of sampling techniques and data.</i>	<i>Other than MDI senior technical management reviewing the drill sampling on site, no field audit or review has been undertaken of what was essentially a soil sampling survey.</i> <i>The field and analytical data were independently verified by the Company's external database consultant.</i>

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<i>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.</i> <i>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.</i>	<i>The drilling was completed within, and the samples derived from, M57/129 (as shown in Figure 1 of the release), which is 100% owned by Sandstone Operations Pty Ltd, a wholly-owned subsidiary of Middle Island Resources Limited.</i>
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<i>A single reconnaissance traverse of broadly spaced, RAB holes was previously completed to the immediate south of the Tailings South target by Herald Resources Ltd in 1993.</i>
<i>Geology</i>	<i>Deposit type, geological setting and style of mineralisation.</i>	<i>Drilling encountered 8m to 24m of alluvial sheetwash cover, predominantly comprising loose to partially-cemented pisolitic gravels.</i> <i>As holes were only drilled to the top of the residual saprolite profile, the basement geology could not be accurately determined, however airborne magnetic surveys, historic drilling and trace element scans suggest the basement comprises a broadly sinuous, east-trending sequence of ultramafic rocks and banded iron formations that have been dislocated by a series of north-trending faults.</i> <i>The Davis anomalies are proximal to a number of significant gold deposits that have been mined previously or have been quantified. The nearest of these, being the Plum Pudding, Eureka, Twin Shafts, Goat Farm and Wirraminna deposits, comprise zones of ferruginous quartz veining hosted within ultramafic rocks.</i>

Criteria	JORC Code explanation	Commentary
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.	- The location of each drill hole was recorded by handheld GPS (see Figure 2), including the easting, northing and RL (flat topography) to an accuracy of +/-5m. - All holes were drilled in a vertical orientation and the depth of each hole recorded. - The accuracy of this information is not required on the basis that the programme is effectively a soil sampling survey of the paleo land surface and the information does not contribute in any way to the definition of Mineral Resources or Ore Reserves.
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.	- Reported results have not been weighted or truncated, as the results are designed for relative, rather than absolute, determination of trace elements to define anomalies for subsequent RC drill testing. - Reported results are derived from either individual 1m samples or composite samples collected over 2-4m intervals in order to ensure that the transported/residual interface was incorporated in each sample. - 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 (e.g. 'down hole length, true width not known').	- Not applicable, as the programme is effectively a soil sampling survey of the paleo land surface and the information does not contribute in any way to the definition of Mineral Resources or Ore Reserves. - Based on the anomalies generated by the programme and the airborne magnetic survey interpretation, the geometry of the primary mineralisation is expected to broadly strike north-south, oblique to the stratigraphy, but consistent with the interpreted faulting. - The geometry of mineralised zones is irrelevant, given the programme is effectively a soil sampling survey of the paleo-surface, only designed to determine the planar footprint of mineralised zones prior to RC drilling of the saprolitic source.

Criteria	JORC Code explanation	Commentary
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.	See imaged relative (rather than absolute) grades in Figure 2.
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. - Bedrock RC drill testing of the Tailings South target on 80m spaced, top to tail traverses is imminent to determine the nature and significance of any associated saprolitic mineralisation.