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Exploring Golden Frontiers

Middle Island Resources Sandstone Gold Project



Middle Island
RESOURCES LIMITED



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Competent Persons' Statement

Information in this report relates to exploration results or mineral resources that are based on information compiled in the 2011 Troy Resources Limited (Troy) annual report. The Company is not aware of any new information or data that materially affects the information provided in the 2011 Troy Resources annual report and that all of the previous assumptions and technical parameters underpinning the estimates in the previous announcement have not materially changed.

The reported resource estimates are consistent with the 2004 JORC Code guidelines and are not reported in accordance with the JORC 2012 Code and a Competent Person has not completed sufficient work to accurately classify the 2004 estimates as Mineral Resources under the JORC 2012 Code. Indeed it is uncertain if, following further exploration, the 2004 estimates will be able to be reported as Mineral Resources in accordance with the JORC 2012 Code. The Company intends to upgrade the Mineral Resources to JORC 2012 as an integral element of the planned Prefeasibility Study.

There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target itself will be realised.

Capital Structure

ASX Code: MDI



Shares on Issue	~469M
Unlisted Options	0.8M
Number of Shareholders	~560
Top 20 Shareholders	~65%
Institutions	~20%
Directors	~20%
Cash (as at 30 June 2016)	~A\$3.6M
Market Cap (at ~A\$0.08)	~A\$38M

Board and Management Team



Peter Thomas

(Non-Executive
Chairman)



- Retired Solicitor • Corporate and commercial mining industry advice since 1980 • Served on boards of various listed companies since the 1980s
- Founding Chairman of Sandfire Resources NL • Currently Chairman of two ASX listed companies & Non-executive Director of another

Rick Yeates

(Managing Director)



- Geologist • 35 years domestic & international experience • BHP, Newmont and Amax • Co-founded consulting firm RSG (subsequently RSG Global & Coffey Mining) • 13 years experience living & working in West Australian Goldfields • Non-executive Director of Western Areas Limited

Beau Nicholls

(Non-Executive
Director)



- Geologist • 19 years domestic & international experience in mining and exploration • Proven track record of discovery & development on four continents • 10 years consulting experience with RSG, RSG Global & Coffey Mining • Extensive Western Australian experience • CEO of Sahara Mining Services

Linton Kirk

(Sandstone Project
Manager)



- Mining Engineer • 34 years domestic & international experience in mining, earthmoving, contracting, management & consulting • Gold experience as mining manager/general manager in Australia, Ghana, Zimbabwe & Zambia • Previously Partner & Manager Mining for RSG Global & Chief Mining Engineer for Coffey Mining • Non-executive Director of MACA Limited

Dennis Wilkins

(Company Secretary)



- Accountant • Principal of DW Corporate – corporate advisors • Director, company secretary or corporate advisor to listed resource companies over 25 years • 5 years merchant banking in London • Extensive capital raising experience • Non-executive Director of Key Petroleum & A1 Consolidated Gold

Sandstone Gold Project - Summary

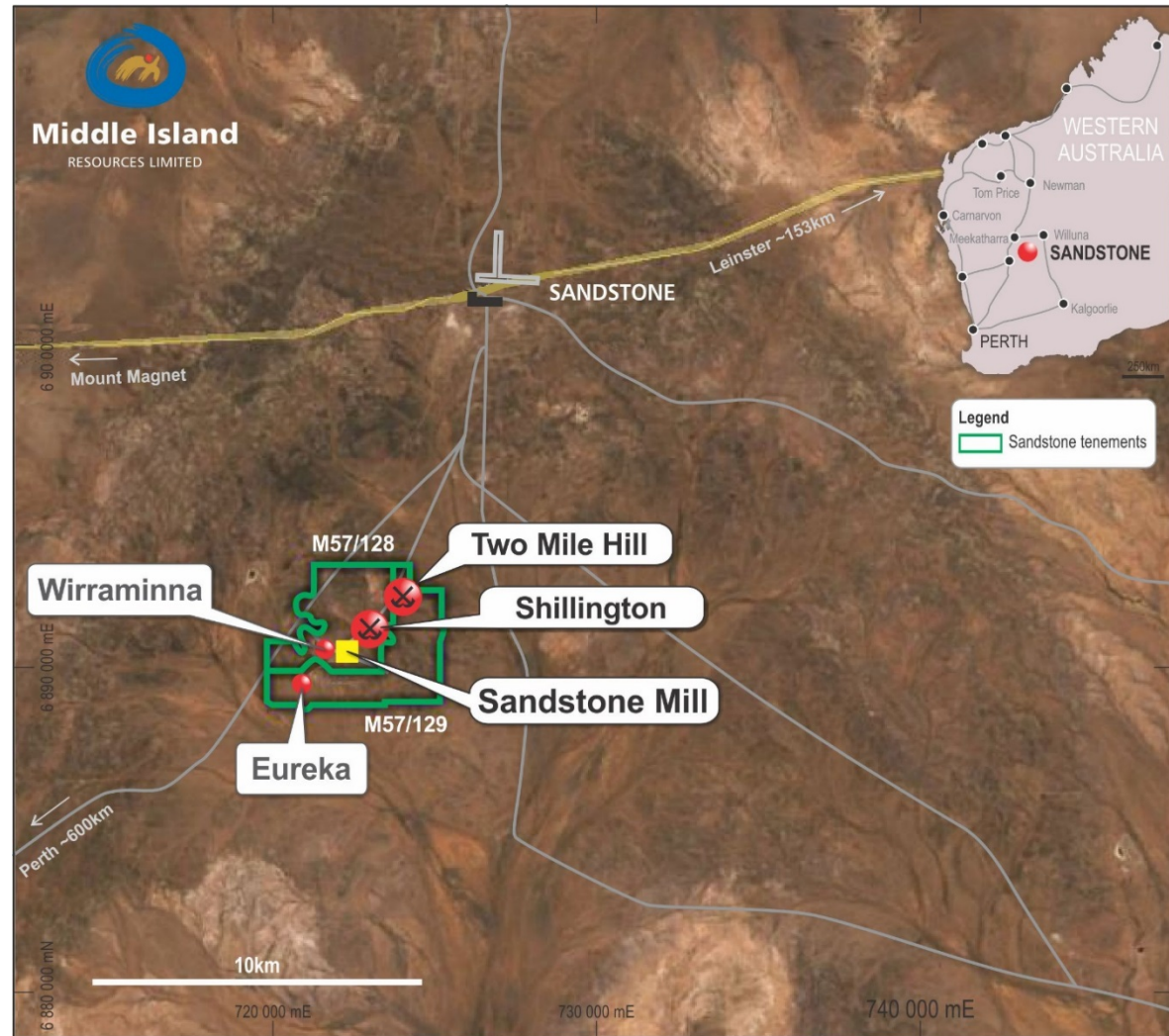


- Acquired a **100% interest** in the Sandstone gold project in Western Australia.
- Comprises two adjacent, granted and **fully permitted** Mining Leases collectively covering 20 square kilometres.
- Mineral Resources (JORC 2004) of ~11Mt grading 1.4g/t Au for **480,000 ounces of gold**, plus considerable resource and exploration upside.
- **600ktpa CIP gold processing plant** on care & maintenance, associated infrastructure, spares & camps.
- Anticipated **near-term production** (Q3 2017).
- **Exceptional brownfields targets** associated with the Two Mile Hill tonalite & BIF.
- **Numerous greenfields exploration targets** within project & stranded third-party deposits in the district.
- Acquisition cost of **A\$2.5M**, represents a value of **US\$4 per resource ounce**, considerably below the comparable global industry average.

Location & Tenure



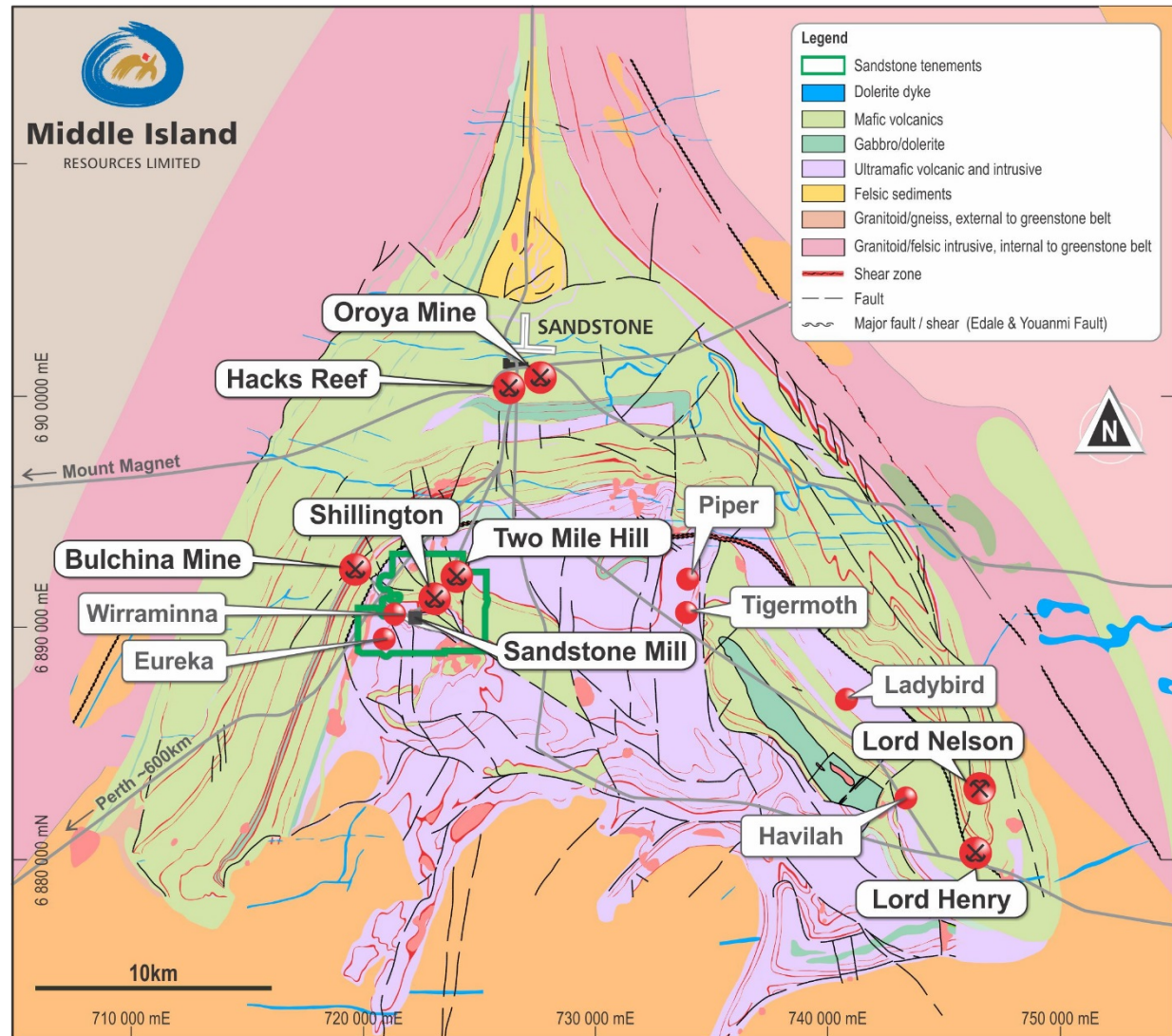
- Proximal to the settlement of Sandstone, 600km northeast of Perth.
- Town lies on all-weather, sealed road between the towns of Mt Magnet and Leinster.
- Processing facility situated some 12km to the south of Sandstone.
- Two granted (2031) Mining Leases of 20 square km that pre-date Native Title; M57/128 & M57/12920.
- Operating licence, permitted tailings storage facility, licenced bore field.



Geology



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- Gold mineralisation is hosted within the Archaean Sandstone greenstone belt.
- Triangular shaped belt within the Southern Cross Province that forms the central spine of the Archaean Yilgarn Block.
- Sandstone greenstone belt forms a classic 'hourglass' structure at the northern end of the Diemals Dome.
- Two major trans-current structures, the Edale and Youanmi faults, respectively confine the eastern & western margins of the belt.

Transaction Summary



- For personal use only
- Headline value of A\$2.5M (A\$2.4M) under a binding asset sale agreement (ASA) with Black Oak Minerals Limited (in Liquidation) (Receivers and Managers appointed) (Black Oak), which is to be paid as follows:-
 - A\$250,000 non-refundable deposit, paid 8 May 2016.
 - A\$1.25M at completion, paid 11 July 2016.
 - A\$500,000 at 18 months following completion (or \$400,000 if paid before 11 October 2016).
 - A\$500,000 on first gold production.
 - At some US\$4 per resource ounce, the acquisition cost (including the \$500,000 payment predicated on production) compares very favourably with comparable global averages for gold assets on care & maintenance and in development.
 - Legacy royalties payable to Troy & Herald/National Resources Exploration.

Processing Plant



- Constructed in 1994 with a capacity of 250,000tpa.
- Upgraded to 600,000tpa by Troy in 1999.
- Troy operated plant from 1999 to 2010.
- Processed 4.4Mt to produce ~508,000 ounces at 3.6g/t Au.
- Plant placed on care & maintenance in September 2010.
- Conventional grinding & milling circuit, CIP leach circuit.
- In reasonable condition, with estimated refurbishment costs of \$5-8M.



Infrastructure



- Contracted diesel-generated power plant.
- Fuel tanks, workshops, laboratory & mine offices.
- Substantial inventory of equipment & spares.
- Permitted in-pit tailings facility with ~12 months' capacity.
- Permitted bore field.
- Three equipped camps in nearby Sandstone:-
 - 57-person owner's camp.
 - 36-person contractor's camp
 - 8-person exploration camp & core farm.
- Well-maintained airport to service FIFO operations.



Production Potential



- SXG completed pit optimisations on Two Mile, Shillington & Shillington North deposits in 2013.
- Modelling based on treating ~500,000tpa from Shillington & Two Mile open pit cut-backs & extensions.
- Average stripping ratio of ~5:1 over an initial period ~2.5 years.
- Benign metallurgy.
- Optimisation of remaining deposits indicates further potential mill feed.
- Drilling indicates considerable potential to rapidly expand resource base.
- Sole plant within ~100km provides opportunity to deal on or toll-treat stranded, third-party deposits.



Brownfields Targets - Two Mile



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Two Mile Hill tonalite;

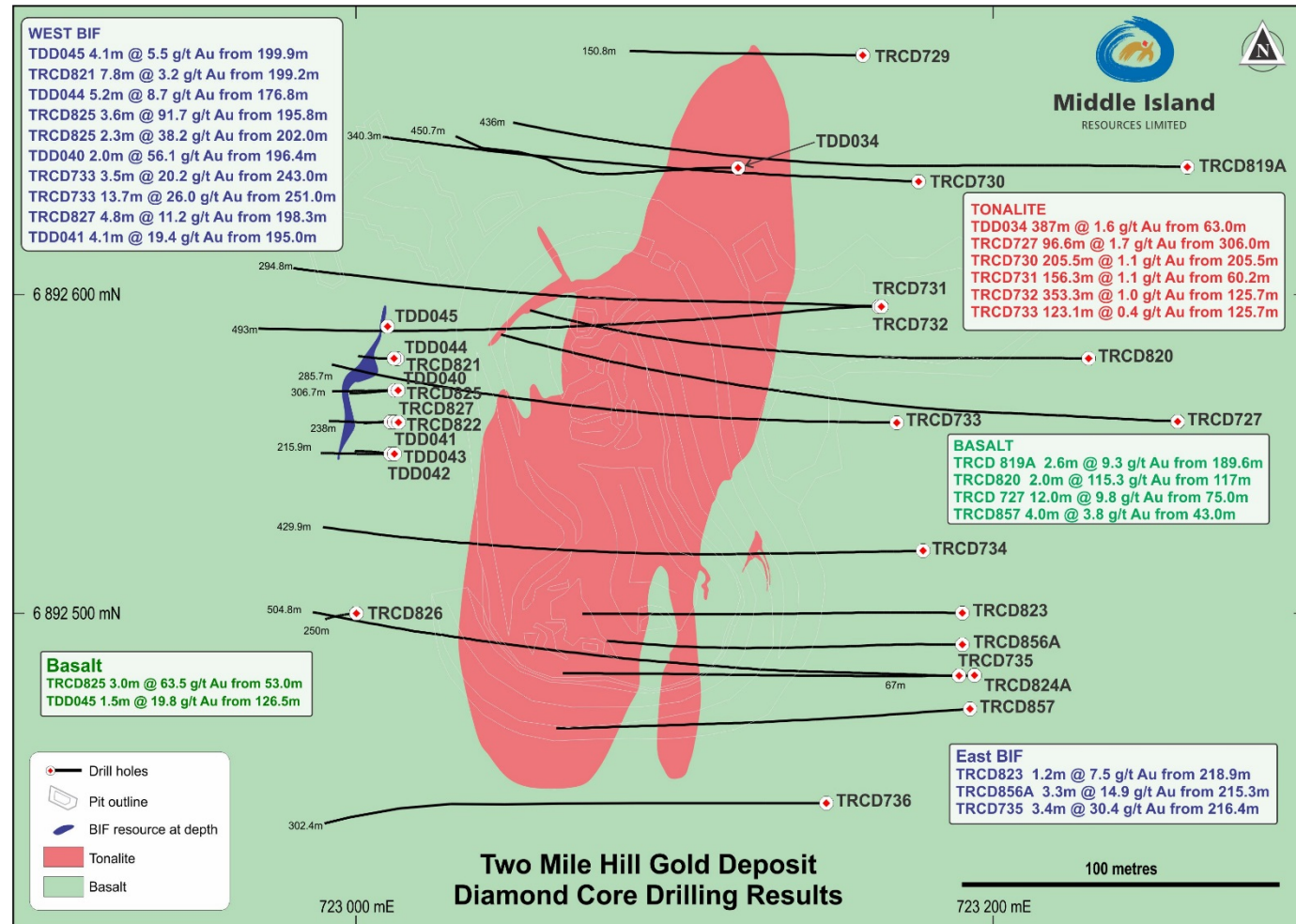
- 372.7m at 1.52g/t
- 230.4m at 1.62g/t
- 353.3m at 1.04g/t
- 141.0m at 2.30g/t
- 156.3m at 1.14g/t

Adjacent, obliquely intersecting BIF some 200m below surface;

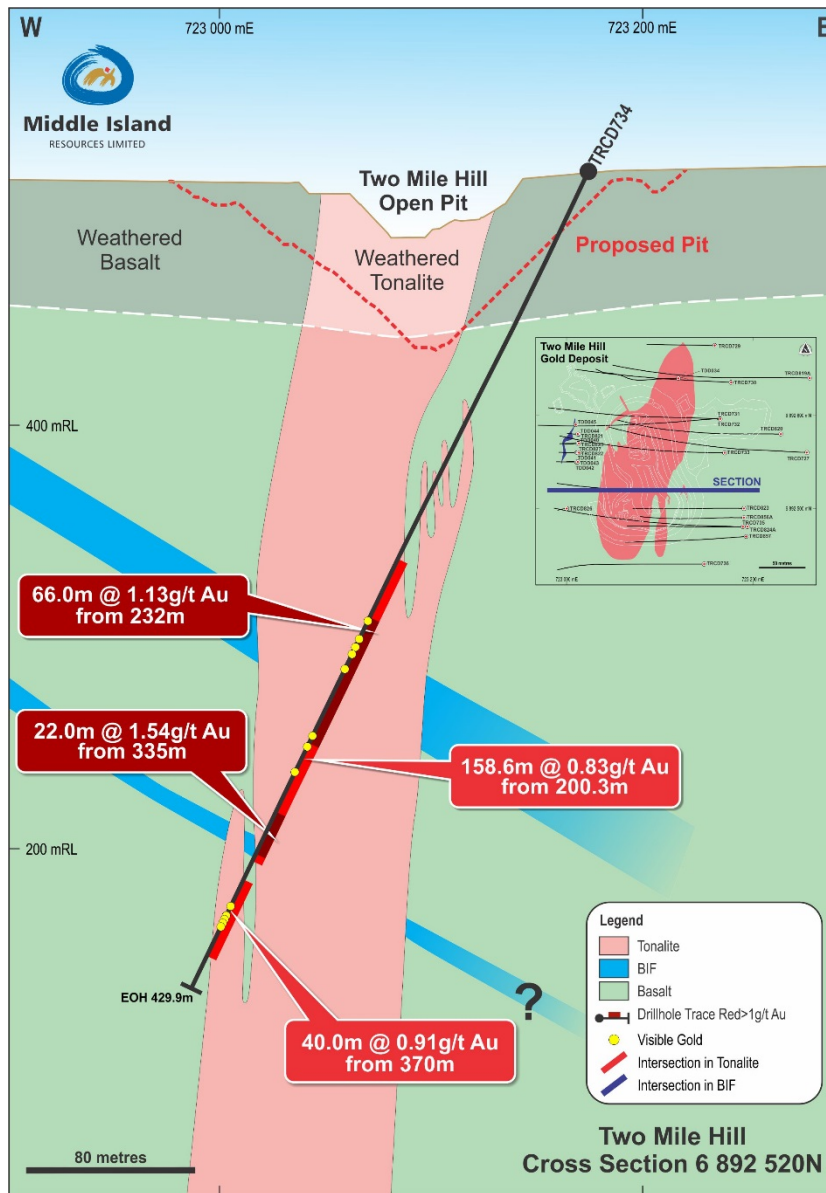
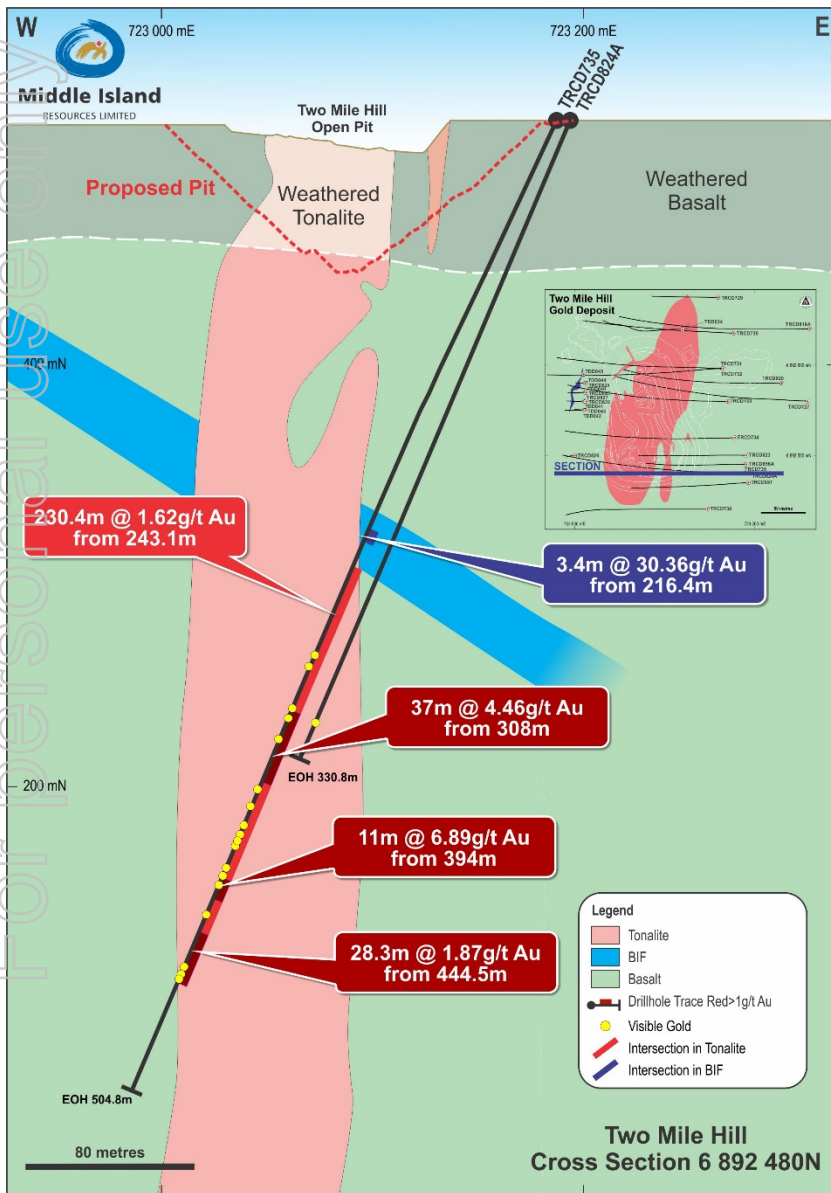
- 8.5m at 49g/t
- 13.7m at 26g/t
- 4.5m at 25g/t
- 3.4m at 30g/t
- 3.5m at 20g/t

Significant drill intercepts in basalt on east side of tonalite;

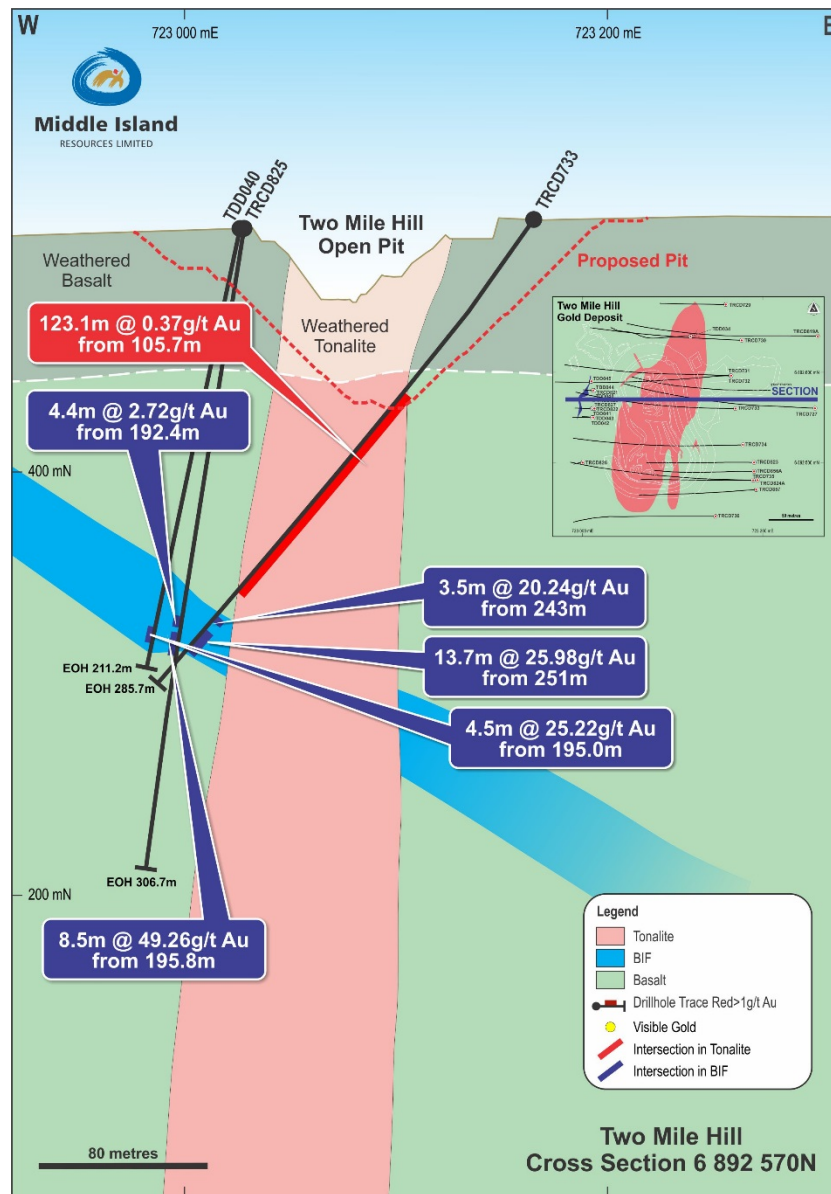
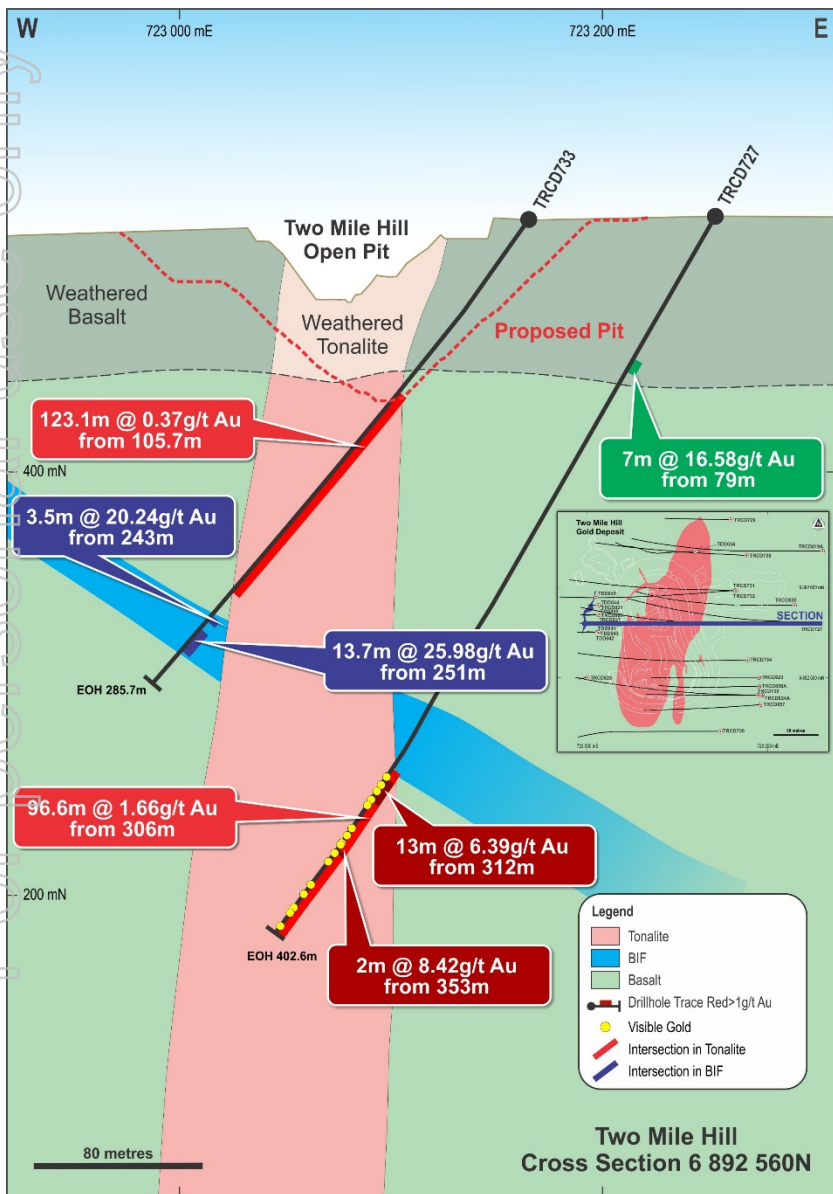
- 2m at 115.3g/t
- 12m at 9.8g/t
- 3.3m at 14.9g/t
- 2.6m at 9.3g/t



Resource Potential - Two Mile

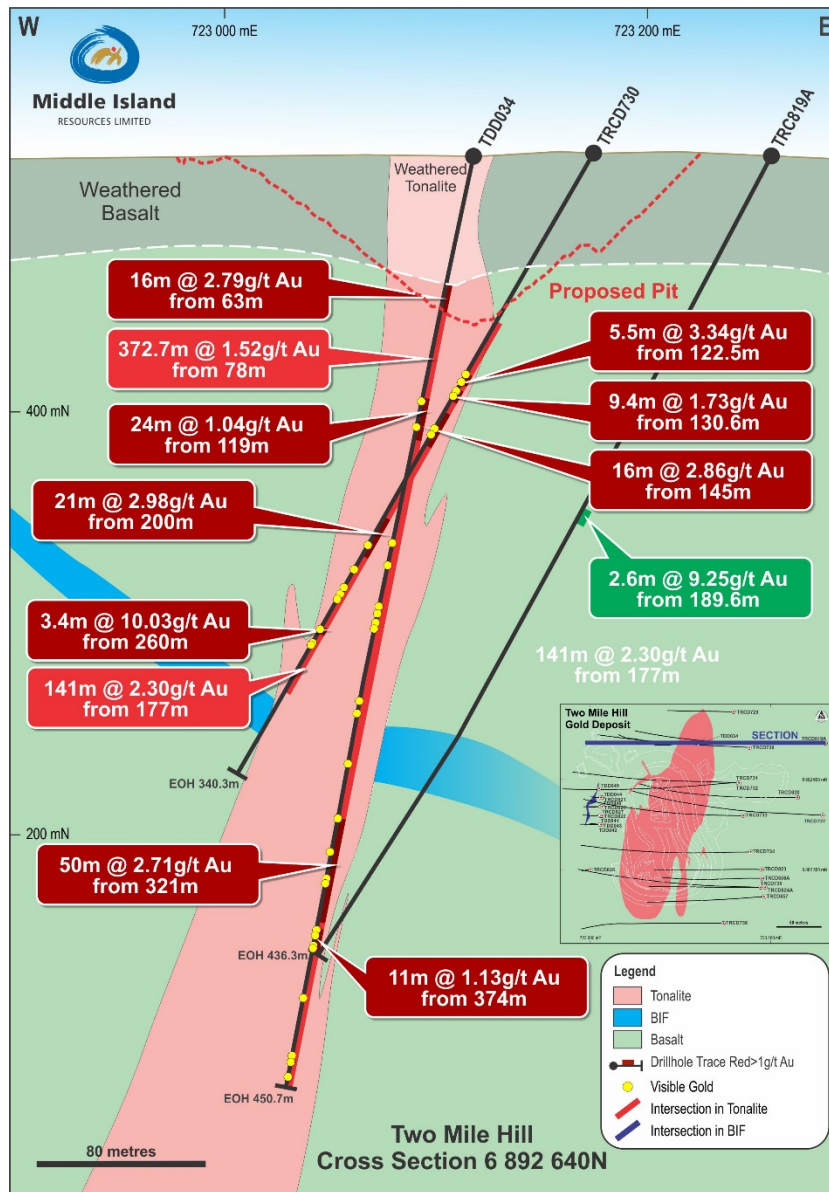
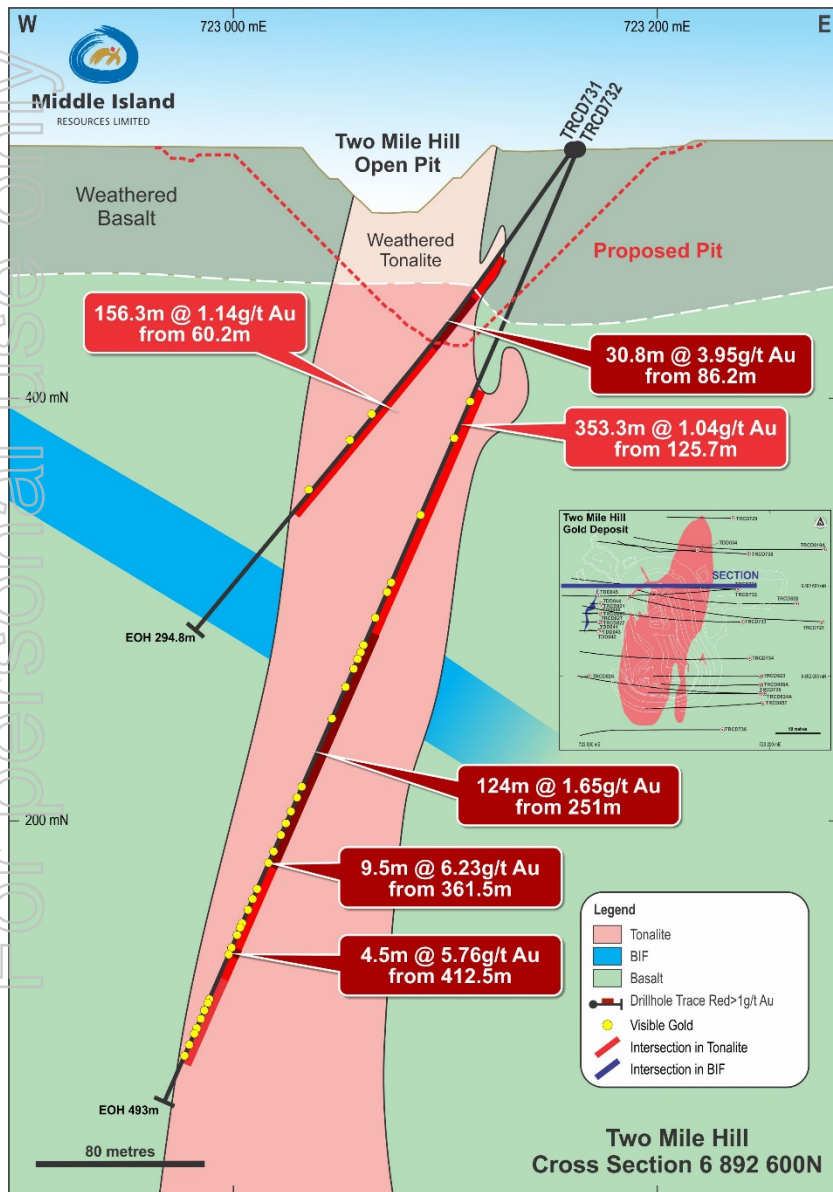


Resource Potential - Two Mile



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Resource Potential - Two Mile



Exploration Potential



Additional open pit potential at Goat Farm (potential new TSF) & Eureka deposits.

Potential mineralised repetitions within prospective Shillington BIF.

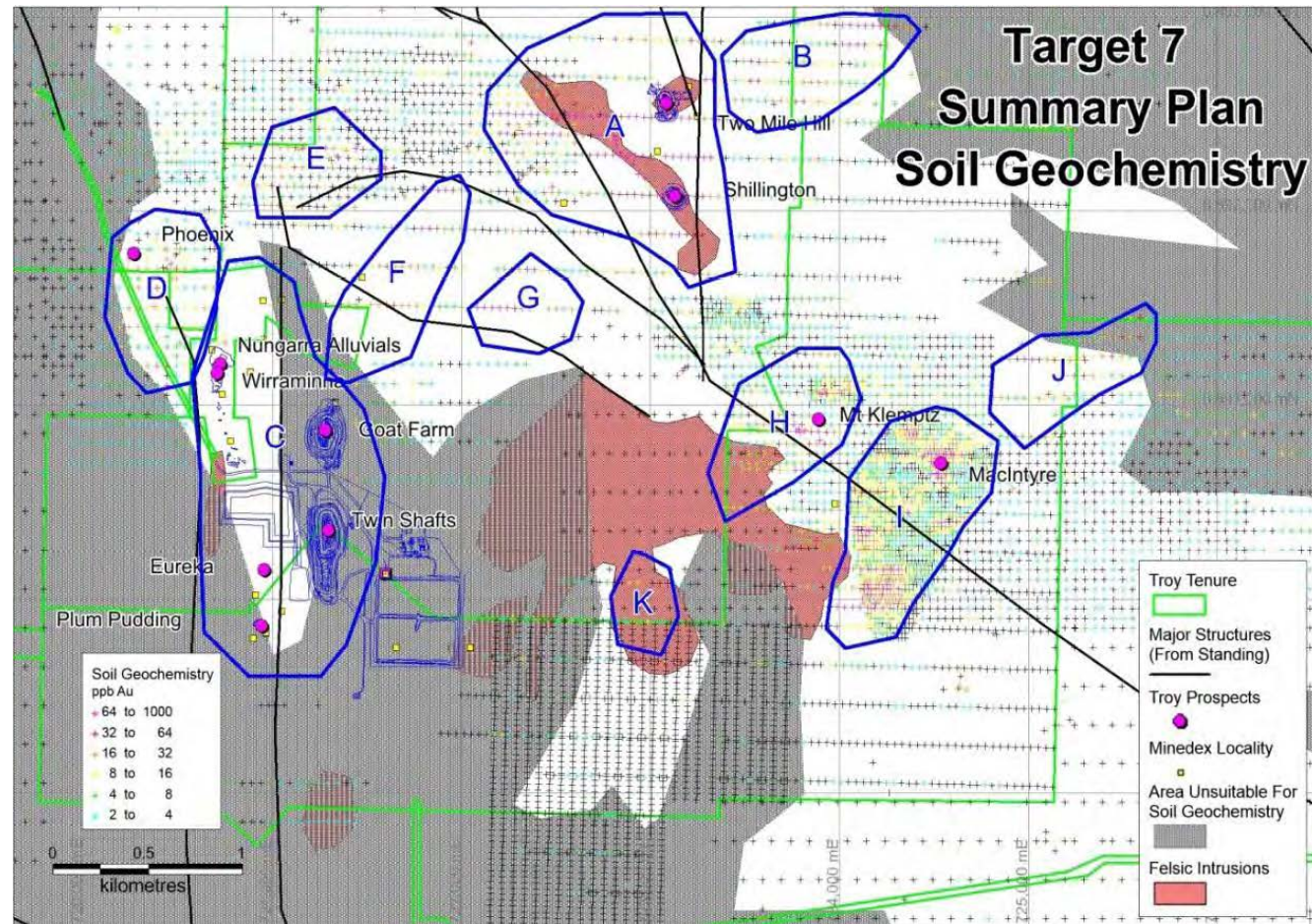
Significant geochemical targets associated with BIF & tonalite at Mt Klemptz & Macintyre;

11m at 3.31g/t

5m at 3.86g/t

17m at 2.24g/t

Stranded, third party deposits, comprising some 230,000oz, and exploration potential within 25km radius.



Post-acquisition Progress

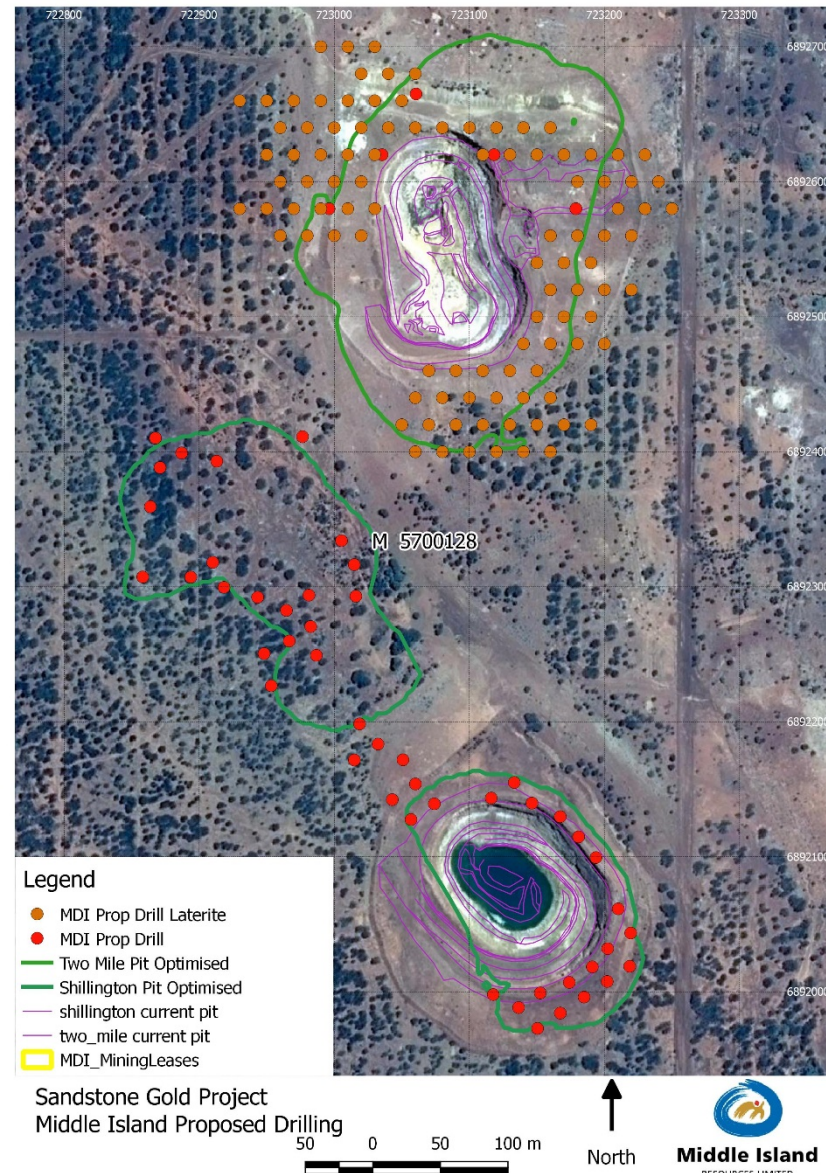


- Hiatus in physical activity between announcement & completion, but busy corporately.
- \$400,000 placement simultaneous with announcement to cover cash deposit and immediate working capital requirements.
- Further \$5.05M (before costs) raised via placement & rights issue.
- Transaction successfully completed on 11 July 2016.
- Detailed compilation & evaluation of Shillington-Two Mile database.
- ~2,400m infill RC resource definition drilling programme planned, approved and completed.
- Engaged Project Manager, Project Geologist, Project Metallurgist & CFO, plus drilling & analytical contractors.
- Commenced geological & geophysical evaluation of Two Mile BIF target.
- PFS planning activities well advanced.

Key Milestones



- Complete resource definition drilling (153 holes, ~4,200m); August 2016.
- Pre-pay deferred payment under ASA (\$400k); October 2016.
- Complete initial diamond core drilling of Two Mile BIF target; October 2016.
- Complete Pre-feasibility Study; December 2016.
- Decision on plant & infrastructure refurbishment; January 2017.
- Assuming positive PFS, recommence production; ~September 2017.



Investment Highlights



• Acquisition equates to a cost of only US\$4 per resource ounce of gold.

• Planned near-term gold production requiring minimal capital.

• Considerable resource & exploration upside.

• Opportunity to deal on or toll-treat stranded, third-party deposits within district.

• Ideally timed acquisition for an emerging developer in a more buoyant Australian gold market.

• Significant differential in market capitalisation with immediate peers.

• Strong, stable, supportive share register.

• Highly experienced & credible goldfields exploration & project management team.

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Thank you & questions

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