

MIDDLE ISLAND RESOURCES LIMITED  
ABN 70 142 361 608

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY STATEMENT**

**AND**

**PROXY FORM**

**Date of Meeting**

22 November 2017

**Time of Meeting**

4:00 pm

**Place of Meeting**

The Celtic Club  
48 Ord Street  
WEST PERTH WA 6005

*This Notice of Annual General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

*The **2017 Annual Report** may be viewed on the Company's website at [www.middleisland.com.au](http://www.middleisland.com.au)*

MIDDLE ISLAND RESOURCES LIMITED  
ABN 70 142 361 608  
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2017 annual general meeting of Middle Island Resources Limited (**Company**) will be held at The Celtic Club, 48 Ord Street, West Perth, Western Australia on 22 November 2017 at 4:00 pm (**Meeting**) for the purpose of transacting the following business, in each case, as more particularly described in the Explanatory Statement accompanying this Notice.

Capitalised terms and abbreviations used in this Notice and Explanatory Statement are defined in the Glossary.

### 2017 Financial statements and reports

To receive and consider the Financial Report, together with the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2017.

### Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following **advisory only resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act, and for all other purposes, the Remuneration Report forming part of the Company's 2017 Annual Report be adopted."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting prohibition statement:** A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (**the voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### Resolution 2 – Re-election of Mr Peter Thomas as a Director

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of article 6.3 of the Constitution and for all other purposes, Mr Peter Thomas retires by rotation as a Director, and being eligible and having offered himself for re-election, is re-elected as a Director."*

### Resolution 3 – Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Shares of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement."*

**Voting Exclusion:** For the purposes of Listing Rule 7.3A, the Company will disregard any votes cast on this Resolution by any person who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by a person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

#### **Resolution 4 – Approval of proportional takeover provisions**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purposes of section 136 of the Corporations Act and for all other purposes, Schedule 5 of the Constitution of the Company be adopted in the following form:*

#### **Schedule 5 - Proportional takeover bid approval**

##### **DEFINITIONS**

*In this Schedule:*

**"Approving Resolution"** means a resolution to approve a proportional takeover bid in accordance with this Schedule.

**"Deadline"** means the 14th day before the last day of the bid period for a proportional takeover bid.

**"Voter"** means a person (other than the bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

##### **REFUSAL OF TRANSFERS**

##### **REQUIREMENT FOR AN APPROVING RESOLUTION**

- (a) *The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this Schedule 5.*
- (b) *This Schedule 5 ceases to apply on the 3rd anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.*

##### **VOTING ON AN APPROVING RESOLUTION**

- (a) *Where offers are made under a proportional takeover bid, the Directors must, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving Resolution before the Deadline.*
- (b) *The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under paragraph (a).*
- (c) *Subject to this Constitution, every Voter present at the meeting held under paragraph (a) is entitled to one vote for each Share in the bid class securities that the Voter holds.*
- (d) *To be effective, an Approving Resolution must be passed before the Deadline.*
- (e) *An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.*
- (f) *If no Approving Resolution has been voted on as at the end of the day before the Deadline, an Approving Resolution is taken, for the purposes of this Schedule, to have been passed in accordance with this Schedule."*

#### **Resolution 5 – Approval for Placement of Shares**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve and authorise the Company to issue up to 120,000,000 Shares at an issue price of not less than 80% of the average market price of the Shares (calculated over the 5 days on which sales of Shares were recorded before the day on which the issue is made) to the parties, for the purposes and on the terms set out in the Explanatory Statement."*

**Voting Exclusion:** For the purposes of Listing Rule 7.3, the Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any of their Associates, unless it is cast:

- (a) by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form); or
- (b) by a person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

## **OTHER BUSINESS**

To deal with any other business that may be brought forward in accordance with the Constitution and the Corporations Act.

## **PROXIES**

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a "proxy") to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions on the form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

If you are a registered Shareholder of the Company and are unable to attend the Meeting in person, please date and execute the accompanying Proxy Form and return it in accordance with its instructions prior to 4:00 pm WST on 20 November 2017 by:

1. post to Security Transfer Australia Pty Ltd, PO Box 52, Collins Street West VIC 8007;
2. facsimile to Security Transfer Australia Pty Ltd at (08) 9315 2233 (International: +61 8 9315 2233);
3. email at [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au); or
4. online at [www.securitytransfer.com.au](http://www.securitytransfer.com.au).

If you are a beneficial Shareholder and receive these materials through your broker or through another intermediary, please complete and return the form of proxy or voting instruction form in accordance with the instructions provided to you by your broker or by the other intermediary.

## **ENTITLEMENT TO VOTE**

For the purposes of regulation 7.11.37 of the Corporations Regulations 2001, the Company determines that members holding Shares at 4:00 pm WST on 20 November 2017 will be entitled to attend and vote at the AGM.

## **CORPORATIONS**

A corporation may elect to appoint a representative in accordance with the Corporations Act, in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to the Company, before the Meeting.

## **ELECTRONIC COMMUNICATION**

All Shareholders may elect to receive communications from the Company's share registry electronically. To provide or update your email address, please contact the Company's share registry.

## **REVOCAION OF PROXIES**

A Shareholder executing and delivering a proxy has the power to revoke it in accordance with the provisions of the Corporations Act, which provides that every proxy may be revoked by an instrument in writing executed by the Shareholder or by his or her attorney authorised in writing and delivered either to the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof at which the proxy is to be used, or to the Chair of the Meeting on the day of the Meeting or any adjournment thereof, or in any other manner permitted by law.

**VOTING OF PROXIES**

The Proxy Form accompanying this Notice confers discretionary authority upon the proxy with respect to any amendments or variations to the matters identified in the Notice of Meeting and any other matters that may properly come before the Meeting. At the time of printing this Notice, management knows of no such amendment, variation or other matter.

Shareholders must mark the boxes directing its proxy how to vote. If no voting instructions are indicated on the appointment of proxy form, the proxy will be voted as recommended by management or as the proxyholder sees fit (in the latter case, if management is not appointed as proxy).

By Order of the Board.



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Dennis Wilkins  
Company Secretary  
Date: 18 October 2017

## EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's 2017 annual general meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice.

This Explanatory Statement should be read in conjunction with the Notice. Capitalised terms in this Explanatory Statement are defined in the Glossary.

### Financial statements and reports

In accordance with section 317 of the Corporations Act, Shareholders will be offered the opportunity to discuss the Annual Report, including the Financial Report, the Directors' Report and the Auditor's Report, for the financial year ended 30 June 2017.

There is no requirement for Shareholders to approve the Annual Report.

At the Meeting, Shareholders will be offered a reasonable opportunity to:

- (a) discuss the Annual Report which is available online from the Company's website [www.middleisland.com.au](http://www.middleisland.com.au);
- (b) ask questions about, or comment on, the management of the Company; and
- (c) ask the auditor questions about the conduct of the audit, the preparation and content of the Auditor's Report, accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

In addition to taking questions at the Meeting, written questions to the Company's auditor if the question is relevant to:

- (a) the content of the Auditor's Report; or
- (b) the conduct of the audit of the Annual Report to be considered at the AGM,

may be submitted no later than 5 business days before the Meeting to the Company Secretary at the Company's registered office (+61 8 9389 2111).

### Resolution 1 – Adoption of Remuneration Report

#### 1.1 General

In accordance with subsection 250R(2) of the Corporations Act, the Company must put the Remuneration Report to the vote of Shareholders. The Directors' Report contains the Remuneration Report which sets out the remuneration policy for the Company and the remuneration arrangements in place for the Key Management Personnel.

In accordance with subsection 250R(3) of the Corporations Act, Resolution 1 is advisory only and does not bind the Directors. If Resolution 1 is not passed, the Directors will not be required to alter any of the arrangements in the Remuneration Report.

The *Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011*, which came into effect on 1 July 2011, amended the Corporations Act to provide that Shareholders will have the opportunity to remove the whole Board (except the managing director) if the Remuneration Report receives a 'no' vote of 25% or more (**Strike**) at two consecutive AGMs.

Where a resolution on the Remuneration Report receives a Strike at two consecutive AGMs, the Company will be required to put to Shareholders at the second AGM a resolution on whether another meeting should be held (within 90 days) at which all Directors (other than the managing director) who were in office at the date of approval of the applicable Directors' Report must stand for re-election.

The Company's Remuneration Report did not receive a Strike at the 2016 annual general meeting. If the Remuneration Report receives a Strike at this Meeting, Shareholders should be aware that if a second Strike is received at the 2018 annual general meeting, this may result in the re-election of the Board.

The Chair will allow a reasonable opportunity for Shareholders as a whole to ask about, or make comments on, the Remuneration Report.

## **1.2 Voting on the Remuneration Report**

In accordance with the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of either the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies how the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

The Chair intends to exercise all undirected proxies in favour of Resolution 1.

If the Chair is appointed as your proxy and you have not specified the way the Chair is to vote on Resolution 1, by signing and returning the Proxy Form, you are considered to have provided the Chair with an express authorisation for the Chair to vote the proxy in accordance with the Chair's intention (being to vote in favour of Resolution 1), even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

## **Resolution 2 – Re-election of Mr Peter Thomas as a Director**

### **2.1 General**

Mr Peter Thomas was appointed as a non-executive Director on 2 March 2010.

In accordance with Listing Rule 14.4, no director of the Company may hold office (without re-election) past the third AGM following the director's appointment or 3 years, whichever period is longer. The Company's Constitution also requires that one third of the Company's directors must retire at each AGM. Accordingly, Mr Peter Thomas will retire by rotation and, being eligible, offers himself for re-election.

Resolution 2 is an ordinary resolution, requiring it to be passed by a simple majority of votes cast by the Shareholders entitled to vote on it.

### **2.2 Director's Biography**

Mr Thomas was a practising solicitor from 1980 until June 2011 specialising in the provision of corporate and commercial advice to explorers and miners. Since the mid 1980's, he has served on the boards of various listed companies. He was the founding chairman of Sandfire Resources NL. He remains the non-executive founding chairman of ASX-listed Emu NL and is a non-executive director of ASX-listed Image Resources NL of which he was the founding chairman.

### **2.3 Directors' Recommendation**

All of the Directors consider that Resolution 2 is in the best interests of the Company, as Mr Peter Thomas has a wealth of experience and expertise which is valuable to the Company. All the Directors, except Mr Thomas, who has an interest in this Resolution, recommend that Shareholders vote in favour of Resolution 2.

The Chair intends to exercise all undirected proxies in favour of Resolution 2.

## **Resolution 3 – Approval of 10% Placement Facility**

### **3.1 General**

Listing Rule 7.1A enables an eligible entity to issue Shares up to 10% of its issued share capital through placements over a 12 month period after the AGM (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Shares under the 10% Placement Facility. The exact number of Shares to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) below).

### 3.2 Description of Listing Rule 7.1A

(a) *Shareholder approval*

The ability to issue Shares under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an AGM.

(b) *Equity Securities*

Any Shares issued under the 10% Placement Facility must be in the same class as an existing quoted class of Shares of the Company.

The Company, as at the date of the Notice, has on issue four classes of Equity Securities, being listed Shares and three classes of unlisted options.

(c) *Formula for calculating 10% Placement Facility*

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period after the date of the AGM, a number of Shares calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the 12 months;
- (iii) plus the number of fully paid shares issued in the 12 months with Shareholder approval under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without Shareholder approval;
- (iv) less the number of fully paid shares cancelled in the 12 months.

**D** is 10%.

**E** is the number of Shares issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) *Listing Rule 7.1 and Listing Rule 7.1A*

The ability of an entity to issue Shares under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has on issue 586,283,790 Shares and therefore has a capacity to issue:

- (i) 87,942,568 Shares under Listing Rule 7.1; and
- (ii) subject to Shareholder approval being sought under Resolution 3, 58,628,379 Shares under Listing Rule 7.1A.

The actual number of Shares that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of any relevant issue of the Shares in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 3.2(c) above).

(e) *Minimum Issue Price*

The issue price of Shares issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price (VWAP) of Shares in the same class calculated over the 15 Trading Days **on which trades in that class were recorded** immediately before:

- (i) the date on which the price at which the Shares are to be issued is agreed; or
- (ii) if the Shares are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.



(f) *10% Placement Period*

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the AGM at which the approval is obtained; or
- (ii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

**(10% Placement Period).**

**3.3 Listing Rule 7.1A**

The effect of Resolution 3 will be to allow the Directors to issue the Shares under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

**3.4 Specific information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Shares will be issued at an issue price of not less than 75% of the VWAP for the Company's Shares over the 15 Trading Days in which trades in the class were recorded immediately before:
  - (i) the date on which the price at which the Shares are to be issued is agreed; or
  - (ii) if the Shares are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Shares are issued.
- (b) If Resolution 3 is approved by Shareholders and the Company issues Shares under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Shares may be significantly lower on the date of the issue of the Shares than on the date of the meeting; and
  - (ii) the Shares may be issued at a price that is at a discount to the market price for the Company's Shares on the issue date or the Shares are issued as part of consideration for the acquisition of a new asset, which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice.

The table shows:

- (i) two examples where variable "A" has increased by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.0105 50% decrease in Issue Price	\$0.021 Issue Price	\$0.042 100% increase in Issue Price
Current Variable A 586,283,790 Shares	10% voting dilution	58,628,379 Shares		
	Funds raised	\$615,598	\$1,231,196	\$2,462,392
50% increase in current Variable A 879,425,685 Shares	10% voting dilution	87,942,568 Shares		
	Funds raised	\$923,397	\$1,846,794	\$3,693,588
100% increase in current Variable A 1,172,567,580 Shares	10% voting dilution	117,256,758 Shares		
	Funds raised	\$1,231,196	\$2,462,392	\$4,924,784

**The table has been prepared on the following assumptions:**

- (i) The Company issues, in a single allotment, the maximum number of Shares available under the 10% Placement Facility.
  - (ii) No Convertible Securities (including any Convertible Securities issued under the 10% Placement Facility) are converted into Shares before the date of the issue of the Equity Securities.
  - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
  - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of this Meeting.
  - (v) The table shows only the effect of issues of Shares under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
  - (vi) The issue of Shares under the 10% Placement Facility consists only of Shares. If the issue of Shares includes Convertible Securities, it is assumed that those Convertible Securities are converted into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
  - (vii) The issue price is \$0.021 being the closing price of Shares on the ASX on 9 October 2017.
- (c) The Company will only issue and allot the Shares during the 10% Placement Period. The approval under Resolution 3 for the issue of the Shares will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Shares for the following purposes:
- (i) for cash consideration, in which case the Company may use the funds raised towards making (or to securing the right to make) one or more acquisitions and/or to further its existing projects; and/or general working capital; so that the Company has the necessary working capital and flexibility to consider, and if thought fit, to put it in a stronger position to make (or to secure the right to make) one or more acquisitions and/or to further its existing projects; or
  - (ii) non-cash consideration in relation to costs associated with the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.
- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

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- (f) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Shares will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
  - (ii) the effect of the issue of the Shares on the control of the Company;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from corporate, financial and broking advisers (if applicable).
- (g) The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not a related party or an Associate of a related party of the Company.

Further, if the Company is successful in acquiring new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (h) The Company previously obtained Shareholder approval under Listing Rule 7.1A at the 2016 AGM on 18 November 2016.

In accordance with Listing Rule 7.3A.6, the total number of Equity Securities issued in the 12 months preceding the date of this meeting is 154,756,757 representing 32.94% of the Equity Securities on issue at the commencement of the 12 month period.

The Company has issued the following Equity Securities in the 12 months preceding the date of this meeting:

Date of Issue	Number of Securities	Class	Issue Price	Discount to Market price	Total Consideration	Issued to	*Black-Scholes valuation
14/12/2016	2,000,000	Unlisted Options (Annexure A)	Nil	Nil	Nil	Diamantina Resources Pty Ltd	\$48,600
14/12/2016	8,000,000	Unlisted Options (Annexure A)	Nil	Nil	Nil	Watego Superannuation Pty Ltd	\$194,400
14/12/2016	10,000,000	Unlisted Options (Annexure A)	Nil	Nil	Nil	Northern Griffin Pty Ltd	\$243,000
14/12/2016	10,000,000	Unlisted Options (Annexure A)	Nil	Nil	Nil	MMH Capital Limited	\$243,000
14/12/2016	7,500,000	Unlisted Options (Annexure B)	Nil	Nil	Nil	Mr Linton Kirk & Mrs Catherine Marie Kirk <Kirk Super Fund A/C>	\$220,500
7/3/2017	117,256,757	Fully paid ordinary shares	\$0.015	37.5%	\$1,758,851	Clients of Bell Potter	N/A
<b>TOTAL</b>	<b>154,756,757</b>				<b>\$1,758,851</b>		

\*The Directors do not consider the resultant value as determined by the Black-Scholes European Option Pricing Model (or any other model) is necessarily representative of the market value of the share options issued. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments.

- (i) The Company has spent \$512,083 of the funds it has raised in the 12 months preceding the date of this Notice on completing the pre-feasibility study on the Sandstone Project, implementing an exploration and drilling program at the Sandstone Project, and corporate expenses. The intended use of the remaining funds is to upgrade the existing mineral resources already estimated on the tenements in order to build a larger mineable gold inventory in and around the Sandstone Project, continue to assess opportunities for a joint venture partner for the Reo gold project in Burkina Faso and/or for general working capital purposes.
- (j) A voting exclusion statement is included in the Notice.

- (k) At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### **3.5 Directors' Recommendation**

Based on the information available, including the information contained in this Explanatory Statement, all of the Directors consider that Resolution 3 is in the best interests of the Company and recommend that Shareholders vote in favour of Resolution 3. The Directors have formed this view as the passing of this Resolution will provide greater flexibility when considering future capital raising opportunities. The passing of Resolution 3 will increase the Directors' ability to issue new Shares permitted by the Listing Rules without requiring Shareholder approval. Application of this additional placement capacity has historically been utilised by the Company in a very judicious manner (or not at all) that has, at all times, been cognisant of potential Shareholder dilution.

Resolution 3 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

The Chair intends to exercise all undirected proxies in favour of Resolution 3.

### **Resolution 4 - Approval of proportional takeover provisions**

#### **4.1 General**

Resolution 4, if passed, would adopt Schedule 5 of the Constitution regarding proportional takeover approval under section 648D of the Corporations Act. The adoption of Schedule 5 would operate for three years, and would then cease to apply unless renewed by a further special resolution of Shareholders. Schedule 5 was previously approved by Shareholders on 24 November 2014.

If Resolution 4 is passed, holders of 10% of the Company's Shares will have the right to apply to the court to have the Resolution set aside for a period of 21 days, if the court is satisfied in all the circumstances that it is appropriate to do so.

The Corporations Act requires certain information to be included in a notice of meeting where a company seeks the approval of its members to adopt proportional takeover provisions. This information is set out below.

#### **4.2 Proportional takeover bid**

A proportional takeover bid is a takeover bid that is sent to all shareholders in a class, offering to purchase only a specified proportion of each shareholder's shares. If a shareholder accepts, the shareholder disposes of that specified portion and retains the balance.

#### **4.3 Effects of the proportional takeover provisions**

The effects of the proportional takeover provisions are that:

- (a) if a bidder makes a proportional takeover bid for any class of shares in the Company, the Directors must ensure that a meeting of members of that class is convened where a resolution to approve the proportional takeover bid is voted upon. The vote is decided on a simple majority. The bidder and its associates are excluded from voting on that approving resolution;
- (b) the meeting and the vote on the approving resolution must take place more than 14 days before the last day of the bid period;
- (c) if the approving resolution is rejected before the deadline, the bid cannot proceed and the offer will be taken to have been withdrawn. Any transfers giving effect to takeover contracts for the bid will not be registered and all offers under the takeover bid are taken to be withdrawn and all takeover contracts must be rescinded;
- (d) if the approving resolution is not voted on, the bid will be taken to have been approved; and
- (e) if the approving resolution is passed (or taken to have been approved), the transfers must be registered (subject to other provisions of the Corporations Act and the Company's Constitution). The proportional takeover provisions do not apply to full takeover bids.

#### **4.4 Reasons for the proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having an opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of not being able to exit their investment in the Company by selling their entire Shareholding and consequently being left as a minority in the Company. The bidder may be able to acquire control of the Company without payment of an adequate control premium.

The Board believes that the provisions are desirable to give Shareholders protection from these risks inherent in proportional takeover bids – this is protection that the Corporations Act provisions are intended to provide.

These provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any proportional takeover bid is appropriately priced.

To assess the merits of the proportional takeover provisions, Shareholders should make a judgement as to what events are likely to occur for the Company during the three year life of proposed Schedule 5.

#### **4.5 Potential advantages and disadvantages**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether or not an offer under a proportional takeover bid should be accepted.

The Directors note that it could be argued that proposed Schedule 5 is an advantage to them as a takeover defence mechanism that could be exploited to entrench the incumbent Board. However, the Directors believe that this argument ignores the basic object of Schedule 5, which is to empower Shareholders, not the Board.

The potential advantages for Shareholders of the proportional takeover provisions include the following:

- (a) Shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) they may assist Shareholders and protect them from being locked in as a minority;
- (c) they increase the bargaining power of Shareholders and may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders and assist in deciding whether to accept or reject an offer under a proportional takeover bid.

The potential disadvantages for Shareholders include the following:

- (a) proportional takeover bids for Shares in the Company may be discouraged;
- (b) Shareholders may lose an opportunity to sell some of their Shares at a premium;
- (c) individual Shareholders may consider that Schedule 5 would restrict their ability to deal with their Shares as they see fit; and
- (d) the likelihood of a proportional takeover bid succeeding may be reduced.

#### **4.6 Knowledge of any acquisition proposals**

Apart from the above general considerations, the Board is not in a position to point to any special factual matters or principles as a basis for the proposal.

#### **4.7 Directors' recommendation**

The Board believes that the provisions of Schedule 5 of the Constitution are in the best interests of the Company and its Shareholders and unanimously recommends that Shareholders vote in favour of Resolution 4.

## **Resolution 5 - Approval for placement of shares**

### **5.1 General**

Resolution 5 seeks the approval of Shareholders to place up to 120,000,000 Shares at an issue price of not less than 80% of the average market price of the Shares (calculated over the 5 days on which sales of Shares were recorded before the day on which the issue is made). The funds raised will be used to upgrade the existing mineral resources already estimated on the tenements in order to build a larger mineable gold inventory in and around the Sandstone Project, continue to assess opportunities for a joint venture partner for the Reo gold project in Burkina Faso and/or for general working capital purposes.

Listing Rule 7.1 prohibits a company from issuing shares representing more than 15% of its issued capital in any 12 month period, without the prior approval of its shareholders (subject to certain exceptions). Accordingly, Shareholder approval is being sought under Listing Rule 7.1 for the issue of up to 120,000,000 Shares in the Company.

### **5.2 Information required by Listing Rule 7.5**

The following information is provided in accordance with Listing Rule 7.3.

- (a) The maximum number of securities that will be issued under the placement is 120,000,000 Shares.
- (b) Any Shares issued in accordance with Resolution 5 will be issued and allotted within 3 months from the date of the meeting (or such later date as approved by ASX).
- (c) The Shares will be issued at a price of not less than 80% of the average market price of the Shares (calculated over the 5 days on which sales of Shares were recorded before the day on which the issue is made).
- (d) The Shares will be issued to sophisticated investors who are not related parties of the Company. At the date of this Notice, the names of the allottees are not known.
- (e) The Shares will rank equally in all respects with the Company's existing Shares on issue.
- (f) Funds raised by the issue of any Shares will be used to upgrade the existing mineral resources already estimated on the tenements in order to build a larger mineable gold inventory in and around the Sandstone Project, continue to assess opportunities for a joint venture partner for the Reo gold project in Burkina Faso and/or for general working capital purposes.
- (g) It is not known whether any allotments will occur as a single allotment or will occur progressively. However, it would be likely that any issue of Shares will not occur as a single allotment.
- (h) A voting exclusion statement is included in the Notice.

### **5.3 Directors' recommendation**

The Board believes that the Share placement is beneficial for the Company and recommends Shareholders vote in favour of Resolution 5. If Shareholders approve this Resolution, the Company will retain the flexibility to issue further securities pursuant to the threshold in Listing Rule 7.1 during the next 12 months.

## **OTHER BUSINESS**

The Company is not aware of any other business to come before the Meeting other than as set forth in the accompanying Notice.

## GLOSSARY

In this Explanatory Statement and the Notice, the following terms have the following meanings unless the context otherwise requires:

"**10% Placement Facility**" has the meaning given in Section 3.1 of the Explanatory Statement;

"**10% Placement Period**" has the meaning given in Section 3.2(f) of the Explanatory Statement;

"**AGM**" means an annual general meeting;

"**Annual Report**" means the Directors' Report, the Financial Report and Auditor's Report, in respect of the financial year ended 30 June 2017;

"**Associate**" has the same meaning as defined in section 11 and section 13 to 17 of the Corporations Act;

"**ASX**" means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited;

"**Auditor's Report**" means the auditor's report on the Financial Report;

"**Board**" means the board of Directors;

"**Closely Related Party**" of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- a company the member controls; or
- a person prescribed by the *Corporations Regulations 2001 (Cth)*;

"**Company**" means Middle Island Resources Limited ABN 70 142 361 608;

"**Convertible Security**" means a security of the Company which is convertible into Shares;

"**Constitution**" means the Company's constitution, as amended from time to time;

"**Corporations Act**" means *Corporations Act 2001 (Cth)*;

"**Director**" means a director of the Company;

"**Directors' Report**" means the annual directors' report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

"**Equity Securities**" has the same meaning as in the Listing Rules;

"**Explanatory Statement**" means the explanatory statement accompanying this Notice;

"**Financial Report**" means the annual financial report prepared under Chapter 2M of the Corporations Act for the Company and its controlled entities;

"**Key Management Personnel**" has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company;

"**Listing Rules**" means the Listing Rules of the ASX;

"**Meeting**" has the meaning in the introductory paragraph of the Notice;

"**Notice**" means this Notice of AGM;

"**Proxy Form**" means the proxy form attached to this Notice;

"**Remuneration Report**" means the section of the Directors' Report contained in the Annual Report entitled 'remuneration report';

"**Resolution**" means a resolution contained in this Notice;

**MIDDLE ISLAND RESOURCES LIMITED**

Notice of Annual General Meeting 22 November 2017

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"**Share**" means a fully paid ordinary share in the capital of the Company;

"**Shareholder**" means the holder of a Share;

"**Trading Day**" means a day determined by ASX to be a trading day in accordance with the Listing Rules; and

"**WST**" means Australian Western Standard Time.

Capitalised terms referred to in this Notice are defined in the Explanatory Statement.

Shareholders are referred to the Explanatory Statement for more information with respect to these matters to be considered at the Meeting.



**ANNEXURE A**

**TERMS AND CONDITIONS  
OPTIONS EXPIRING 18 NOVEMBER 2018**

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 10 cents ("**Exercise Price**").
3. Each Option entitles the holder to subscribe for one Share in Middle Island Resources Limited ACN 142 361 608 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
4. The Options will lapse at either the date of cessation of the Option holder being an employee of the Company or at 5:00 pm, 18 November 2018 ("**Expiry Date**"), whichever is the earlier.
5. The Options are not transferable.
6. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
7. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
8. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
9. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
10. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and cleared funds for the subscription monies for the Shares. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
11. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
12. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
13. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
14. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

ANNEXURE B

TERMS AND CONDITIONS  
OPTIONS EXPIRING 18 NOVEMBER 2018

The Options are issued on the following terms:

1. Each Option shall be issued for no consideration.
2. The exercise price of each Option will be 7 cents ("**Exercise Price**").
3. Options vest on satisfaction of performance conditions, the satisfaction of which shall be determined by the Board at its sole discretion, as follows:
  - a. 1,500,000 upon completion of a pre-feasibility study on the Sandstone Project by 31 December 2016; and
  - b. 6,000,000 upon the first gold pour from the Sandstone Project by 30 September 2017; and
4. Each Option entitles the holder to subscribe for one Share in Middle Island Resources Limited ACN 142 361 608 ("**Company**") upon the payment of the Exercise Price per Share subscribed for.
5. The Options will lapse at either the date of cessation of the Option holder being an employee of the Company or at 5:00 pm, 18 November 2018 ("**Expiry Date**"), whichever is the earlier.
6. The Options are not transferable.
7. There are no participating rights or entitlements inherent in these Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Option.
8. Option holders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company made during the currency of the Options, and will be granted a period of at least 10 business days before closing date to exercise the Options.
9. In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to the holders of Shares after the date of issue of the Options, the exercise price of the Options will be adjusted in accordance with the formula set out in ASX Listing Rule 6.22.2.
10. In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
11. The Options shall be exercisable at any time until the Expiry Date ("**Exercise Period**") by the delivery to the registered office of the Company of a notice in writing ("**Notice**") stating the intention of the Option holder to exercise all or a specified number of Options held by them accompanied by an Option certificate and cleared funds for the subscription monies for the Shares. The Notice and cleared funds must be received by the Company during the Exercise Period. An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it.
12. The Company shall allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
13. The Shares allotted shall rank, from the date of allotment, equally with the existing ordinary shares of the Company in all respects.
14. The Options are issued in accordance with a deferred taxation scheme as defined by the Australian Taxation Office.
15. The Options are granted under an arrangement to which Subdivision 83A-C of the Income Tax Assessment Act 1997 applies.

ACN: 142 361 608

REGISTERED OFFICE:  
SUITE 2  
11 VENTNOR AVENUE  
WEST PERTH WA 6005

SHARE REGISTRY:  
Security Transfer Australia Pty Ltd  
**All Correspondence to:**  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

«Company\_code» «Sequence\_number»

Code: **MDI**

Holder Number: «HOLDER\_NUM

**PROXY FORM**

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

<b>VOTE ONLINE</b>	Lodge your proxy vote securely at <a href="http://www.securitytransfer.com.au">www.securitytransfer.com.au</a>	<b>«ONLINE»</b>
	1. Log into the Investor Centre using your holding details. 2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.	

**SECTION A: Appointment of Proxy**

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson **OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 4:00pm WST on Wednesday 22 November 2017 at The Celtic Club, 48 Ord Street, WEST PERTH WA 6005 and at any adjournment of that meeting.

**SECTION B: Voting Directions**

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	*Abstain
1. Adoption of Remuneration Report <sup>+</sup>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Mr Peter Thomas as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of proportional takeover provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Approval for placement of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

+ If no directions are given on Resolution 1, you expressly authorise the Chairperson to exercise your proxy

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

**SECTION C: Signature of Security Holder(s)**

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder	Security Holder 2	Security Holder 3
<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>	<div style="border: 1px solid black; width: 100%; height: 20px;"></div>
Sole Director & Sole Company Secretary	Director	Director/Company Secretary

**Proxies must be received by Security Transfer Australia Pty Ltd no later than 4:00pm WST on Monday 20 November 2017.**

