



Middle Island

RESOURCES LIMITED

RIGHTS ISSUE

OFFER MEMORANDUM

For a fully underwritten non-renounceable rights offer to Eligible Shareholders on the basis of one (1) New Share for every one (1) Share held on the Record Date at an issue price of A\$0.004 per New Share to raise approximately A\$0.5 million

Fully underwritten by the Directors (and/or their associates)

CLOSING DATE: 5:00pm AWST time on Friday, 24 July 2015

THIS OFFER BOOKLET IS AN IMPORTANT DOCUMENT AND REQUIRES IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY. IF YOU DO NOT UNDERSTAND IT, OR ARE IN DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

IMPORTANT NOTICES

Reliance on Offer Memorandum

This Offer Memorandum has been prepared in accordance with section 708AA of the Corporations Act. In general terms, section 708AA relates to rights issues by certain companies that do not require the provision of a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Memorandum is considerably less than the level of disclosure required in a prospectus and does not contain all of the information which an investor may require to make an informed investment decision.

In deciding whether or not to accept the Offer, your directors strongly recommend you refer to disclosures made by the Company to ASX (which are available for inspection on the ASX website at www.asx.com.au and on the Company's website at <http://www.middleislandresources.com.au>) and, if you have any doubts about your ability to assess the Company, its state of affairs, prospects or the effect of the Offer thereon, that you seek the advice of your professional adviser.

Forward looking statements

Any forward looking statements in this Offer Memorandum have been based on current expectations about future acts, events and circumstances. Any such statements are subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company or which are insufficiently uncertain to be of a character requiring disclosure under the statutory continuous disclosure regime.

No overseas offering

No offer is made by this Offer Memorandum in any jurisdiction outside of Australia and New Zealand. The distribution of this Offer Memorandum within jurisdictions outside Australia and New Zealand may be restricted by law and persons into whose possession this Offer Memorandum comes should inform themselves about and observe any such restrictions. This Offer Memorandum is not an investment statement or prospectus under New Zealand law, and does not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

This Offer Memorandum may not be released or distributed in the United States. This Offer Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States state securities laws.

Representations and warranties

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Memorandum or in an announcement referring to this offer and which is published by the Company via the Companies Announcement Platform on the ASX. Any information or representation not so contained or published may not be relied on as having been authorised by the Company in connection with the Offer.

Defined terms and time

Defined terms used in this Offer Memorandum are contained in Section 7. All references to time are references to AWST unless otherwise specified.

Governing law

This Offer Memorandum, the Offer and the contracts formed on acceptance of valid applications to subscribe for New Shares pursuant to the Offer are governed by the law of Western Australia. Each Eligible Shareholder who has applied to subscribe for New Shares in accordance with this Offer Memorandum submits to the exclusive jurisdiction of the courts of Western Australia.

CHAIRMAN'S LETTER

Dear Eligible Shareholder,

On behalf of the Directors of Middle Island Resources Limited, I am pleased to present this Offer Memorandum and invite you to participate in a fully underwritten non-renounceable rights issue to raise approximately A\$0.5 million (before costs and expenses).

The rights issue offers you the right to take up one New Share for every one Share you hold as at 5:00pm AWST on 30 June 2015 at an issue price of \$0.004 per New Share.

The rights issue provides you with an opportunity to increase your investment in the Company (and maintain your relative equity holding in the Company) at an attractive price relative to the last price at which securities in the Company traded on the ASX.

1. In order to continue as a going concern (at the time of writing your Company has working capital reserves of \$400,000) your Company needs to raise additional funds. Having regard to prevailing market conditions, especially the lack of appetite for risk capital, and after analysing responses to recent equity offerings by junior explorers with uncertain prospects your directors have: determined to offer the New Shares at a price that represents a significant discount of approximately 48% to the volume weighted average price of Shares on the 30 ASX trading days on which Shares were traded prior to and including 23 June 2015 (being the day before the announcement of the rights issue); and
2. agreed that they or their Associates subscribe for their full entitlement under the rights issue; and
3. agreed to enter into Underwriting Agreement to fully underwrite the Offer;
4. invite, within the next 5 business days, firm sub-underwriting expressions of interest from professional investors;
5. determined to invite eligible shareholders to participate in any shortfall on the terms set out in the Offer.

After payment of the costs and expenses of the Offer, and the Company's current commitments, the proceeds from the Offer will be applied towards working capital requirements. As previously announced, the Company is in the process of reviewing project acquisition opportunities across the globe and has reviewed and has reviewed a number of project opportunities.

Presently the Company is reviewing multiple opportunities. One of those identified merits serious due diligence (which is under way) as are negotiations for participation in that opportunity. It is stressed that those negotiations are incomplete and there is absolutely no assurance they will materialise in contractual rights giving the Company a beneficial interest therein. Naturally, the market will be kept informed via continuous disclosure. Your directors expect the outcome of the subject negotiations to be known before the Offer Close Date.

Please study this document carefully and seek professional advice, if necessary, to make an informed decision. All investors should be aware of the very speculative nature of mineral exploration and mining.

On behalf of the Directors I am pleased to offer Eligible Shareholders the opportunity to participate in this Offer recognising that the fortune of following your rights will likely very much be influenced by the outcome of the endeavour of the Company to acquire, in the near term, rights to participate in a project of merit on terms acceptable to the broader market.

Yours faithfully

Peter Thomas
Chairman

Directors

Mr Peter Thomas – Chairman

Mr Rick Yeates – Managing Director

Mr Beau Nicholls – Non Executive Director

Mr Linton Kirk – Non Executive Director

Mr Dennis Wilkins – Alternate Director for Mr Beau Nicholls

Company Secretary

Mr Dennis Wilkins

Registered Office

Ground Floor, 20 Kings Park Road

WEST PERTH WA 6005

Telephone: +61 8 9389 2111

Facsimile: +61 8 9389 2199

Principal Office

Unit 2, 2 Richardson Street

WEST PERTH WA 6005

Telephone: +61 8 9322 1430

Facsimile: +61 8 9322 1474

Website

www.middleisland.com.au

Solicitors

William and Hughes

28 Richardson Street

WEST PERTH WA 6005

Share Registry

Security Transfer Registrars Pty Ltd*

770 Canning Highway

APPLECROSS WA 6153

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

KEY DATES

The indicative timetable for the Offer is as follows:

EVENT	DATE
Announcement of Rights Issue – Offer Memorandum, ASX Appendix 3B and Cleansing Notice lodged with ASX	24 June 2015
Notice to Shareholders – notice of Offer sent to Shareholders containing information required by Appendix 3B	24 June 2015
Ex date – the date on which Shares commence trading without the entitlement to participate in the Offer	24 June 2015
Record Date – the date for determining entitlements of Shareholders to participate in the Offer	30 June 2015
Offer Memorandum sent to Shareholders – despatch of Offer Memorandum and Acceptance Forms – Offer opens for acceptance	3 July 2015
Closing Date – the last day for receipt of Acceptance Forms	24 July 2015
Deferred settlement trading commences – New Shares commence quotation on ASX on deferred settlement basis	27 July 2015
Shortfall notification to ASX	28 July 2015
Issue date – allotment of New Shares.	28 July 2015

*The Company reserves the right to vary the above dates subject to the Underwriting Agreement and the ASX Listing Rules.

SECTION 1: DETAILS OF THE OFFER

1. Offer

Middle Island Resources Limited offers each of its Eligible Shareholders the opportunity to subscribe for New Shares under a pro-rata non-renounceable rights issue.

Each Eligible Shareholder is entitled to subscribe for and be allotted one (1) New Share for every one (1) Share held by that Eligible Shareholder as at the Record Date at an issue price of A\$0.004 per New Share.

The issue price of the New Shares represents a discount of approximately 48% to the volume weighted average price of Shares on the 30 trading days up to and including 23 June 2015 (being the trading day prior to announcement of the Offer) of \$0.01 per Share.

If an Eligible Shareholder becomes entitled to a fraction of a Share, the entitlement will be rounded up to the nearest whole number.

The New Shares will be fully paid and will rank equally in all respects with the Company's existing Shares on issue. The Company has applied to ASX for quotation of the New Shares.

2. What is my entitlement?

The number of New Shares to which you are entitled is shown in the accompanying Application Form (**Entitlement**). You can subscribe for all, or part, of your Entitlement to New Shares. Detailed instructions on how to accept all or part of your Entitlement are set out in Section 3.

Please note that if you choose not to accept your Entitlement under the Offer, your shareholding in the Company will be diluted to the extent that the Offer is taken up by other Shareholders and underwritten by the Underwriters.

3. Shortfall Shares

In addition to being able to apply for New Shares in the manner described in paragraph 2 above, Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for, and be allocated, additional New Shares that are not subscribed for under the Offer (Shortfall Shares), subject to the limitations set out in Section 4.

4. Opening and closing dates

The Offer opens for receipt of acceptances on 3 July 2015. The Closing Date and time for acceptances and payments is 5:00pm AWST on Friday, 24 July 2015, subject to the Directors varying the closing date in accordance with the Listing Rules and the Underwriting Agreement.

5. Who is entitled to participate in the Offer?

Each Shareholder with a registered address in Australia or New Zealand who is registered as the holder of Shares at 5:00pm AWST on Tuesday, **30 June 2015** is entitled to participate in the Offer in respect of the number of Shares that person is then registered as the holder of.

Existing option holders may only participate in the Offer in respect of Shares to be issued on exercise of the options held by them if they exercise their options and are registered as the holder of the underlying Shares before the Record Date.

6. Offer not made to Excluded Shareholders

The Company has decided that it is unreasonable to make the Offer to shareholders who have a registered address in a country outside of Australia or New Zealand having regard to the number of shareholders in such places, the number and value of the New Shares they would be offered and the substantial costs of complying with the legal and regulatory requirements in those jurisdictions. Accordingly, the New Shares to which Excluded Shareholders would otherwise be entitled will form part of the Shortfall.

Eligible Shareholders holding Shares on behalf of persons who are resident outside of Australia or New Zealand are responsible for ensuring that subscribing for the New Shares under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Application Form will constitute a representation that there has been no breach of such regulations. Where the Offer Memorandum is received by persons domiciled in a country outside Australia or New Zealand and where that country's securities code or legislation prohibits or restricts in any way the making of the Offer, the Offer Memorandum and accompanying Application Form are provided for information purposes only.

7. Effect on share capital

The effect of the Offer on the capital structure of the Company will be as follows:

Shares	Number
Number on issue at 24 June 2015 (the last practicable trading day prior to announcement of the Offer)	124,987,349
Maximum number to be issued under the Offer	124,987,349
Maximum number on issue following the Offer	249,974,698

The figures in the table above are approximate as individual Entitlements will be rounded up to the nearest whole figure.

There are 15,800,000 unlisted options to subscribe for Shares currently on issue. If any of these options are exercised prior to the Record Date this will also impact the maximum number of New Shares to be issued under the Offer and the maximum number of Shares on issue following the Offer.

8. Non-Renounceable Offer

The Offer is non-renounceable. This means that your right to subscribe for New Shares under the Offer is not transferable. Any Entitlements not taken up by Shareholders will be dealt with in accordance with Section 4 of this Offer Memorandum.

9. Underwriting and Directors' intentions

The Directors (and their associates) have agreed to fully underwrite the Offer. The Directors (and their associates) intend to accept their pro rata entitlements and have agreed to Underwrite the Offer. A summary of the Directors (and their associates) current shareholdings, their (several) underwriting amounts and the maximum effect of their underwriting commitments are summarised below:

Director	Current Holding	Entitlement Number of Shares	Entitlement \$	Maximum Underwriting Commitment Shares	Maximum Underwriting Commitment \$
Rick Yeates	20,000,000	20,000,000	80,000	92,971,067	371,884
Peter Thomas	3,000,000	3,000,000	12,000	14,295,160	57,180
Beau Nicholls	2,900,000	2,900,000	11,600	13,818,654	55,275
Linton Kirk	330,000	330,000	1,320	3,902,468	15,610
TOTAL		26,230,000	104,920	124,987,349	499,949

Notes:

1. Underwriting commitments are inclusive of the relevant Entitlement.
2. Assumes a total amount of approximately A\$0.5 million is raised.
3. Each of the Directors (and their associates) will be entitled to be paid a commission of 6% in respect of the New Shares the subject of the Offer that they have committed to underwrite. The commission is payable by the Company in accordance with the Underwriting Agreement. Total commission payable will be \$29,996. The Directors reserve the right to pass on commissions in whole or part to sub-underwriters.

As at the date of this Offer Memorandum, the Directors (and their associates), hold 26,230,000 Shares, comprising approximately 20.99% of the Shares in the Company. The Directors (and their associates), will have an Entitlement to 26,230,000 New Shares under the Offer in their capacity as Eligible Shareholders under the Offer. If there is a Shortfall, then subject to the terms of the Underwriting Agreement, the Directors (and their associates) are obliged to take up the New Shares under the Offer.

As a result of underwriting, if no Eligible Shareholders take up their Entitlements, the Directors (and their associates), the number of shares held by the Directors (and their associates) will increase from 26,230,000 to 151,217,349 and the voting power of the Directors (and their associates) will increase from 20.99% to a maximum of 60.49%.

10. Effect on Control of the Company

The Directors (and their associates) are related parties for the purpose of the Corporations Act. The Directors (and their associates) present relevant interests and changes under several scenarios as set out in the table below which are based on the assumption that the Underwriter's take up their full entitlement of Shares under each scenario.

Event	Shares held by Directors and Associates	Voting power of Directors and Associates
Date of Offer	26,230,000	20.99%
Completion of Entitlements Issue		
Fully Subscribed	52,460,000	20.99%
75% Subscribed	77,149,337	30.86%
50% Subscribed	101,838,675	40.74%
25% Subscribed	126,528,012	50.62%
0% Subscribed	151,217,349	60.49%

The number of Shares held by the Directors (and their associates) and their voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up Entitlements under the Offer. The Underwriting obligation and therefore voting power of the Underwriters will reduce by a corresponding amount for the amount of Entitlements under the Offer taken up by Shareholders.

Further, the Underwriting Agreement provides the Underwriters the right to enter into sub-underwriting agreements to pass on some or all if their obligations to subscribe for the Shortfall under the Underwriting Agreement.

11. Potential Dilution

In addition, Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 50% (as compared to their holdings and number of Shares on issue as at the date of this Offer). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record Date	% at Record Date	Entitlements under the Offer	Holding if Offer not take up	% post Offer
Shareholder 1	10,000,000	8.00%	10,000,000	10,000,000	4.00%
Shareholder 2	5,000,000	4.00%	5,000,000	5,000,000	2.00%
Shareholder 3	1,500,000	1.20%	1,500,000	1,500,000	0.60%
Shareholder 4	400,000	0.32%	400,000	400,000	0.16%
Shareholder 5	50,000	0.04%	50,000	50,000	0.02%

Note:

1. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the Event the Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

12. Issue of New Shares

The Company expects that the New Shares will be issued by no later than 27 July 2015. The issue of New Shares will only be made after permission for their quotation on ASX has been granted.

Underwritten Shares will be issued in accordance with the Underwriting Agreement and, in any event, no later than 15 Business Days after the Closing Date, so as to comply with the exception to Listing Rule 7.1 for shares issued under an underwriting agreement to an underwriter of a pro rata offer of shares.

SECTION 2: PURPOSE OF THE OFFER

Proceeds from the Offer will be applied to the costs of the Offer, the Company's ongoing working capital requirements, consistent with the strategy disclosed to date of reviewing and assessing opportunities to acquire interests in mineral projects within the purview of Middle Island's stated exploration and evaluation strategy. The Directors reserve their discretion in respect of this.

Presently the Company is reviewing multiple opportunities. One of those identified merits serious due diligence (which is under way) as are negotiations for participation in that opportunity. It is stressed that those negotiations are incomplete and there is absolutely no assurance they will materialise in contractual rights giving the Company a beneficial interest therein. Naturally, the market will be kept informed via continuous disclosure. Your directors expect the outcome of the subject negotiations to be known before the Offer Close Date.

The exact allocation of amounts will depend on how much is raised under the Offer and contingencies about which it is not possible to provide clear guidance as to the outcome.

SECTION 3: HOW TO ACCEPT THE OFFER

1. How to take up all or part of your entitlement

To subscribe for New Shares offered to you, please complete the accompanying Application Form according to the instructions on the form for all, or that part of your Entitlement you wish to subscribe for.

You must make payment for the appropriate application monies (at A\$0.004 per New Share subscribed) as provided in paragraph 4 below.

Acceptances will not be valid if they are received after the Closing Date. Please note that all applications, once received, are irrevocable, except as permitted by law.

2. How to apply for Shortfall Shares

If you wish to accept your Entitlement in full and apply for Shortfall Shares, complete the Application Form and also fill in the number of Shortfall Shares you wish to apply for in the space provided on the Application Form. You must make payment for the appropriate application monies (at A\$0.004 per New Share subscribed) as provided in paragraph 4 below.

There is no limit on the number of Shortfall Shares that may be applied for by Eligible Shareholders in excess of their Entitlement. However, Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions and then at the discretion of the Directors and subject to the Underwriting Agreement.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

Notwithstanding the foregoing, any application for full Entitlement and Shortfall Shares together with cleared funds in support received on or before the Offer Close Date will be dealt with as follows (subject to the Offer not being withdrawn):

1. the applicant will be allocated the full Entitlement; and
2. the applicant will be allocated that proportion of Shortfall Shares as is the number of Shortfall Shares applied for by such applicant bears to the totality of Shortfall Shares applied in accordance with this condition.

3. Lapse of Rights

If you decide not to accept all or part of your Entitlement or fail to do so by the Closing Date, your Entitlement will lapse and will form part of the Shortfall.

4. Payment

Payments must be made by 5:00 pm AWST on Friday, 24 July 2015 and must be made in Australian currency and by:

- a) cheque drawn on and payable at any Australian bank;
- b) bank draft drawn on and payable at any Australian bank; or
- c) Electronic Funds Transfer (EFT) direct to the Company.

Application Forms, together with a cheque or bank draft for the appropriate application monies (at A\$0.004 per New Share subscribed) must be sent to the Company at the address shown in the table below so that they reach the Company by no later than 5:00 pm AWST time on Friday, 24 July 2015. Cheques or bank drafts must be made payable to 'Middle Island Resources Limited Share Issue Account' and crossed 'Not Negotiable'. Cash payments will not be accepted and receipts for payment will not be provided. Alternatively, funds may be transferred for the appropriate application monies (at A\$0.004 per New Share subscribed) by EFT to 'Middle Island Resources Limited Share Issue Account', BSB: 086-492 Account Number: 16994-0268 (Swift Code: NATAAU3303M) citing your Sequence Number (as shown on your personalised application form) as the reference information, and enclosing of a copy of the funds transfer confirmation page with the completed Application Form and sending to the address shown in the table below. If you pay by EFT, you may forward a scan of the duly completed Application Form together with the scan of the payment receipt/confirmation to the email address as shown in the table below. It is your responsibility to ensure that funds transferred by EFT are received by the Closing Date.

The Company's share registry is located at:

By delivery Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

By Post Security Transfer Registrars Pty Ltd
PO Box 535
APPLECROSS WA 6953

5. Binding nature of applications

Cooling-off rights do not apply to an investment in New Shares. You cannot, except as permitted by law, withdraw your application for New Shares once it has been received. A completed and lodged Application Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Memorandum and, once lodged, cannot be withdrawn. If the Application Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Application Form is final.

6. Declarations

By completing and returning your Application Form along with your cheques, bank draft or making a payment by EFT, you will be deemed to have:

- (a) represented and warranted that you are an Eligible Shareholder;
- (b) acknowledged that you have fully read and understood both this Offer Memorandum and the Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Offer Memorandum and the Application Form;
- (c) agreed to be bound by the terms of the Offer, the provisions of the Offer Memorandum and the Company's constitution;
- (d) authorised the Company to register you as the holder of the New Shares and Shortfall Shares (if any) allotted to you;
- (e) declared that all of the details and statements in the Application Form are complete and accurate;
- (f) declared that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Application Form;
- (g) acknowledged that once the Company receives your Application Form or any payment of application monies via EFT you may not withdraw your application for funds provided except as allowed by law;
- (h) agreed to apply for and be issued up to the number of New Shares and Shortfall Shares (if any) specified in the Application Form, or for which you have submitted payment of any application monies via EFT, at the issue price of A\$0.004 per New Share;
- (i) authorised the Company, its Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares and any Shortfall Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Application Form;

- (j) declared that you were a registered holder(s) at the Record Date of the Shares indicated in Application Form as being held by you on the Record Date;
- (k) represented and warranted that you are a resident of Australia or New Zealand;
- (l) acknowledged that the information contained in this Offer Memorandum and your Entitlement and Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (m) acknowledged that this Offer Memorandum is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (n) acknowledged that investments in the Company are subject to risk;
- (o) acknowledged that none of the Company or its related bodies corporate, affiliates or directors, officers, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (p) agreed to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date;
- (q) authorised the Company to correct any errors in your Application Form or other form provided by you;
- (r) represented and warranted that the law of any place does not prohibit you from being given this Offer Memorandum and the Application Form, nor does it prohibit you from making an application for New Shares or, if applicable, Shortfall Shares;
- (s) represented and warranted that if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Application Form is resident in Australia or New Zealand, and you have not sent this Offer Memorandum, the Entitlement and Acceptance Form or any information relating to the Offer to any person who is not a resident of Australia and New Zealand.

SECTION 4: SHORTFALL SHARES

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions.

The Directors reserve the right to issue Shortfall Shares to applicants at their absolute discretion, subject to the Underwriting Agreement.

If the Company receives applications for Shortfall Shares that would result in the Offer being oversubscribed then the Company will not accept such oversubscriptions and will reject or scale back applications at its discretion.

Any Shortfall Shares will, in accordance with the Listing Rules, be issued within 3 months after the Closing Date and will be issued at a price that is not less than the issue price of the New Shares under the Offer.

The Company will not issue Shortfall Shares where it is aware that to do so would result in a breach of the Corporations Act, the Listing Rules or any other relevant legislation or law. Eligible Shareholders wishing to apply for Shortfall Shares must consider whether the issue of the Shortfall Shares applied for would breach the Corporations Act or the Listing Rules having regard to their own circumstances.

The Directors reserve the right, subject to the Underwriting Agreement, to reject any application for Shortfall Shares or to allot a lesser number of Shortfall Shares than applied for. Application monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on application monies held and returned.

SECTION 5: UNDERWRITING

Pursuant to the Underwriting Agreements the Underwriters have agreed to fully underwrite the Offer.

Upon completion, the Underwriters will receive an underwriting fee of 6% of the funds raised under the Offer.

The Underwriters may appoint sub-underwriters on terms consistent with the Underwriting Agreements, and any fees payable to the sub-underwriters will be for the account of the Underwriters.

The Company has given warranties, covenants and indemnities in favour of the Underwriters which are usual for agreements of this kind.

Shareholder approval will not be sought for the purposes of Listing Rule 10.11, as the issue of Shortfall Shares to the Underwriters under the Underwriting Agreements will come within Exception 2 of Listing Rule 10.12 (which provides that shareholder approval is not required to issue securities to a related party where the entity receives the securities under an underwriting agreement in relation to a pro-rata issue and the terms of the underwriting were included in the offer documents sent to shareholders).

Termination Events

The Underwriter may, without cost or liability to itself, by notice in writing given to the Company, upon or at any time prior to Completion terminate their obligations under the Underwriting Agreement if:

- **(Indices fall):** Any of the indices operated by S&P in conjunction with ASX at any time after the date of the Underwriting Agreement fall 5% or more below its respective level as at the close of business on the date of the Underwriting Agreement;
- **(Currency):** if at any time after the date of the Underwriting Agreement the value of the Australian Dollar compared to that of the United States Dollar varies by an amount of 5% or more as reported in the Australian Financial Review publication;
- **(Share Price):** if at any time after the date of the Underwriting Agreement the share price of the Company, as quoted on ASX trades below \$0.008 per share; and
- **(Default):** default or breach by any of the Underwriters under the Underwriting Agreement of any terms, condition, covenant or undertaking therein.

SECTION 6: FURTHER INFORMATION

If you have any questions about your entitlement to New Shares, please contact either:

- a) Mr Dennis Wilkins on (08) 9389 2111; or
- b) your stockbroker or professional adviser.

SECTION 7: DEFINED TERMS

In this Offer Memorandum, the following words have the following meanings unless the context requires otherwise:

A\$	Australian Dollars.
Application Form	the personalised entitlement and acceptance form accompanying this Offer Memorandum
Associates	has the meaning as given in the Corporations Act 2001 (Cth)
ASX	Australian Securities Exchange or ASX Limited (ACN 008 624 691), as the context requires.
Board	the board of Directors of the Company.
Business Day	has the meaning given in the Listing Rules.
Closing Date	the last date for accepting the Offer, being 5:00 pm AWST on 24 July 2015 (or such other date determined by the Directors in accordance with the Underwriting Agreement and the Listing Rules).
Company or Middle Island	Middle Island Resources Limited (ACN 142 361 608).
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	the directors of Middle Island Resources Limited.
Eligible Shareholder	a registered holder of Shares with a registered address in Australia or New Zealand at the Record Date.
Entitlement	as defined in paragraph 2 of Section 1.
Excluded Shareholder	a registered holder of Shares on the Record Date with a registered address in a country outside of Australia and New Zealand
Listing Rules	the official listing rules of ASX Limited.
New Share	a Share to be issued pursuant to this Offer Memorandum at A\$0.004 per Share.
Offer	the offer made under this Offer Memorandum of one (1) New Share for every one (1) Share held by a Shareholder on the Record Date.
Offer Memorandum	this memorandum under which the Offer is being made.
Record Date	5:00 pm AWST on Friday, 30 June 2015.
Share	a fully paid ordinary share in the capital of the Company.
Shortfall Shares	means those New Shares forming Entitlements or part of Entitlements not accepted under the Offer.
Underwriters	The Directors.
Underwriting Agreement	the agreements of that name made between the Company and the Underwriters dated 23 June 2015.
AWST	Australian Western Standard Time