

ASX Announcement

7 November 2023

ASX: MDI

DESPATCH OF RENOUNCEABLE RIGHTS ISSUE PROSPECTUSES

Middle Island Resources Limited (**MDI** or the **Company**) is pleased to advise that the Company has despatched the prospectuses together with personalised entitlement and acceptance forms for the renounceable rights issue (**Offer**).

Under the Offer, for every two (2) shares held, eligible shareholders (being shareholders with an Australian or New Zealand address on the register as at 6 November 2023 (**Record Date**)) will be entitled (**Entitlement**) to subscribe for one (1) New Share (**New Share**). With every New Share issued, shareholders will receive one (1) free attaching unlisted option (**Option**). Each Option will be exercisable at \$0.015 and have a term of 18 months from issue. The Company reserves the right to list the Options on the ASX.

The original Prospectus as lodged with ASIC and ASX on 31 October 2023 and the Supplementary Prospectus lodged with ASIC and ASX on 6 November 2023 are attached.

Shareholders are reminded that the Offer closes 17 November 2023 (unless otherwise extended).

The Company also advises that notifications have been sent to ineligible shareholders pursuant to ASX Listing Rule 7.7.1(b).

Authorised for release by Rudolf Tieleman, Company Secretary

Contacts: +61 (8) 9322 1430 info@middleisland.com.au

Website: www.middleisland.com.au

Dear Shareholder

I am writing to you with regards to the rights issue recently announced by our Company, Middle Island Resources Limited (the **Company**).

For every 2 shares owned, you will be offered 1 right to buy a share at 1.5c with 1 free attached option that has a conversion (strike) price of 1.5c for a duration of 18 months.

The board took the decision to raise a minimum of \$1,000,000 via a rights issue with the view that all shareholders have the opportunity to participate rather than be diluted without choice, by a placement of shares. The market has, in our view, poorly priced the value that our Company has, and this indeed has been true for many of the listed small/micro-cap companies on the Exchange. As disclosed in our September quarterly report, the Company has \$2.26M in cash reserves but the board would like to be positioned as disclosed in the prospectus, to have adequate funding to drill targets on its Northern Territory exploration projects at Barkly.

The Company has engaged Mahe Capital to manage the rights issue as they have a long and successful track record in doing these transactions AND because Mahe themselves identified Middle Island as being a very attractive opportunity in the space of mineral exploration given our management, land holding and prospects for copper and associated metals. This rights issue process shall also be an opportunity to bring a spotlight onto the Company's prospects for not only our incumbent shareholders but also for the new shareholders who see fit to buy our shares on market.

Proposed Timetable*

The current proposed timetable for the Entitlement Issue is set out below. The dates are indicative only and the Company reserves the right to vary the dates subject to the *Corporations Act 2001* (Cth), the Listing Rules of the ASX (**Listing Rules**) and other applicable law.

Announcement of the Entitlement Offer	31 October 2023
Date of this prospectus (and date of lodgement with ASIC and ASX)	31 October 2023
"Ex" Date – Rights trading commences on a deferred settlement basis	3 November 2023
Record Date (at 5.00pm AWST)	6 November 2023
Prospectus and Entitlement and Acceptance Form dispatched to Eligible Shareholders	7 November 2023
Rights trading ends	10 November 2023
Securities quoted on deferred settlement basis from market open	13 November 2023
Entitlement Offer Closing date (at 5:00pm AWST)	17 November 2023
Announcement of results of Entitlement Offer	22 November 2023
Issue of New Shares under the Entitlement Offer	24 November 2023
Anticipated date of despatch of holding statements for New Securities	27 November 2023
Anticipated trading of New Shares on ASX commences	27 November 2023

**The Directors may extend the Closing Date by giving at least three Business Days' notice to the ASX prior to the Closing Date. As such, the date from which the Shares commence trading on the ASX may vary.*

Whilst acknowledging the risk associated with this type of investment, we are in the exploration game, and the board encourages you to consider taking up your rights on the following basis:

1. We have endeavoured to price the issue as an opportunity rather than a burden, so that our shareholders can participate in our upcoming exploration programs - monies raised will assist in providing the Company with funding to drill targets located on the Company's Northern Territory exploration projects at Barkly;
2. We have a world class CEO whose last success, using a very measured approach to copper exploration, identified a mine in Queensland, east from our NT prospects;
3. Our exploration landholding has the potential to host significant copper and associated metals deposits; and
4. Copper is a key and in-demand global metal - regardless of the market machinations.

This rights issue, as qualified by the prospectus being sent to you, is also an opportunity for shareholders to subscribe for more shares than their rights allow, if there is in fact a shortfall in subscriptions.

The board would like to also make this an opportunity to gather shareholders contact details so we can in fact better engage with you. In that regard, we strongly request that your current contact details be advised to our share registry by emailing them at **hello@automic.com.au**.

For further information please contact the company secretary, Rudolf Tieleman by email at rudolf@middleisland.com.au or our share registry, Automic Group on 1300 288 664 (Australia), or +61 2 8072 1400 (international).

Yours sincerely,

Peter Thomas

Chairman



Middle Island
RESOURCES LIMITED

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ACN 142 361 608

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ASX Code: **MDI**

PROSPECTUS

For a pro rata renounceable rights issue of fully paid ordinary shares on the basis of one share offered for every two (2) fully paid ordinary shares held at the Record Date, with \$0.015 (1.5 cents) to pay on application for each share, raising up to approximately \$1,054,937 (before the expenses of the Offer).

Each subscriber shall be entitled to be issued with one (1) free attaching Option for every one (1) fully paid ordinary shares issued under this Offer. These Options will be exercisable at \$0.015 each, on or before a date which is eighteen (18) months from their date of issue. The issue date is expected to be the same date on which the fully paid ordinary shares, the subject of this Offer, are issued.

The Board reserves to right to accept oversubscriptions for up to 33,333,333 fully paid ordinary shares together, with up to 33,333,333 free attaching Options.

The minimum subscription amount is \$1,000,000, and the maximum subscription amount, including oversubscriptions, is \$1,554,937.

The Offer is not underwritten.

INDICATIVE TIMETABLE*

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* Subject to the Timetable Proviso described in section 5.2 of this prospectus.

IMPORTANT INFORMATION

Definitions & interpretation – Definitions (usually with the first letter capitalised) appear both throughout the body of this prospectus (refer bolded terms) as well as in the section headed “Definitions”.

Speculative investment, read the whole prospectus & take advice – the Company considers that an investment in the securities being offered under this Offer is highly speculative, such that an investment in the Company is not appropriate for an investor who would not be able to bear a loss of some or all of the investment. Investors should also have a sufficient level of financial literacy and resources (either alone or in conjunction with an appropriate adviser) to understand and appreciate the risks of investing in the securities being offered as an asset class generally and the more specific risks of investing in an Australian listed mining exploration company.

Distribution of complete and unaltered copy of this prospectus – If you provide a copy of this prospectus to another person you should only do so if you ensure that it is in a complete and unaltered form failing which you may be guilty of a criminal offence.

Jurisdiction of Offer – If you are an Overseas Applicant or if this prospectus has been or is intended to be provided, dispatched to, or accessed electronically outside Australia, please refer to section 5.5. No action has been taken by the Company to ensure the offer of securities under this prospectus is compliant in any jurisdiction other than Australia.

DETAILS OF THE OFFER

1.1 Amount to be raised

This prospectus relates to: (i) the offer (**Offer**) to issue New Shares at \$0.015 each (plus a free attaching option as detailed hereunder) pursuant to a pro rata renounceable rights issue on the basis of one (1) New Share (**New Share**) for every two (2) Fully Paid Shares held at the Record Date; (ii) the distribution of any shortfall arising therefrom; (iii) and the possible acceptance of oversubscriptions for up to 33,333,333 fully paid ordinary shares together with up to 33,333,333 free attaching Options.

As at the date of this prospectus, and assuming no additional Shares are issued before the Record Date, and no oversubscriptions are accepted, approximately 70,329,111 New Shares will be issued pursuant to the Offer if it is fully subscribed, raising approximately \$1,054,937 (before the expenses of the Offer).

Each subscriber shall be entitled to be issued with one (1) free attaching Option (**New Option**) for every one (1) fully paid ordinary share issued under this Offer. These Options will be issued on the terms and conditions detailed in Annexure A, and be exercisable at \$0.015 each, on or before the date which is eighteen (18) months from their issue, being the same date on which the fully paid ordinary shares, the subject of this Offer, are issued.

Collectively, each bundle of a New Share and attaching New Option is herein sometimes referred to as **New Securities**.

If any Entitlements are not taken up, the New Securities comprising the shortfall (**Shortfall**) may be placed by the Directors in their absolute discretion and such placement will form part of the Offer and be taken into account in determining whether the minimum subscription has been received.

1.2 Stock exchange listing

The Company will, within approximately 5 business days after issue, apply for the New Shares issued pursuant to the Offer to be quoted on ASX. The Board reserves to right, in its sole discretion, to list the New Options on ASX at any time but has no intention to do so at the date of the Prospectus.

1.3 Minimum subscription

The Offer is subject to a minimum (**Minimum**) of 66,666,668 fully paid ordinary shares together with up to 66,666,668 free attaching Options being applied for pursuant to the Offer to raise at least \$1,000,000 before any New Securities will be issued. See section 1.8 regarding underwriting of the Offer.

1.4 Oversubscriptions

The Board reserves to right to accept subscriptions (**Oversubscriptions**) for up to 33,333,333 New Securities in addition to those applied for pursuant to the Offer as of Entitlement.

1.5 Acting on your Entitlement

The quantum of your Entitlement is indicated on the *Entitlement and Acceptance Form* accompanying this prospectus. As a holder of Shares at the Record Date, you may participate in the Offer (or not, as you choose) as follows:

- a) accept your Entitlement in whole or in part (if in part, you will receive no benefit from the part of your Entitlement not accepted (unless you choose to, and do sell those Entitlements on ASX)) by:

- i) complying with the instructions on the personalised *Entitlement and Acceptance Form* and forwarding the completed form, together with payment for the amount due in respect of New Securities applied for;

1.4 or

- ii) paying the amount due in respect of New Securities applied for, calculated at \$0.015 per New Share, by BPAY®,

1.5 in accordance with the instructions set out on the *Entitlement and Acceptance Form* (unless alternative arrangements are made and agreed to by the Company) so that it is received by the Company's Share Registrar no later than the Closing Date (note: your financial institution may have cut off times for the processing of BPAY payments); or

- b) sell or transfer any of your Entitlements as trading of the Entitlements on ASX will be facilitated; or
- c) do nothing, in which case you will receive no benefit from your Entitlement.

1.6 Issue of Securities

Subject to the: (i) minimum subscription being received; and (ii) applicable laws; and (iii) the Listing Rules; and (iv) validly accepted Entitlements, the Company will, in its absolute discretion, accept and/or reject any application in whole or in part.

If, and to the extent your application is accepted, the Company will issue New Securities and dispatch either an issuer sponsored holding statement or a CHESS statement (together with any excess/rejected application monies) to you as soon as practicable after the Closing Date (required under the Listing Rules to be within 5 business days of the Closing Date unless ASX agrees otherwise). **It is your responsibility to ascertain your allocation (if any).**

1.7 Application monies

Application monies will be held in trust in a separate bank account on behalf of applicants until the New Securities offered under this prospectus are issued. If your application is rejected in whole or in part, the amount tendered in respect of New Securities that are not issued pursuant to your application will be repaid to you, without interest.

The banking of application monies does not constitute either processing or acceptance of your application.

1.8 Underwriting and Lead Manager

The Offer is not presently underwritten however Mahe Capital Pty Ltd (**Lead Manager** or **Mahe Capital**) has agreed to act as Lead Manager to the Offer upon the terms of a mandate agreement with the Company dated 22 October 2023.

Subject to the Minimum being raised pursuant to this Offer and in consideration of the services being offered, the Company will pay Mahe Capital:

1. a Lead Manager Fee of \$40,000;
2. a management fee of 1% of the total amount raised;
3. a placement fee of 5% of any shortfall placed to subscribers procured by Mahe Capital (thus excluding payment of such a fee on funds raised from any shareholder, noting that Shareholders may apply for Shortfall Securities and their applications will, subject to the discretion of your Directors, be given priority);
4. a placement fee of 5% of any amount placed to subscribers for oversubscriptions procured by Mahe Capital (thus again, excluding any shareholder in respect of which the Board is yet to determine its policy as to any priority as to distribution thus reserving to the Board to determine the ultimate amounts and to whom any such distribution will be made in its unfettered discretion); and
5. issue Mahe Capital with one (1) option for every one dollar (\$1) raised. These options will have the same terms as those offered under this Offer.

The Lead Manager reserves the right to subscribe for the Lead Manager's fee and the management fee in scrip under the Offer, subject to there being sufficient Shortfall.

PURPOSE AND EFFECT OF OFFER

2.1 Purpose of the Offer

The primary purpose of the Offer is to restore MDI's cash position to in excess of \$3m before MDI drills targets located on the Company's Northern Territory exploration projects at Barkly. It is intended that the funds raised will primarily be

used for that drilling but if the circumstances, in the view of the Board, present as appropriate, they will also be allocated to assess, and if applicable, acquire further projects and for working capital purposes.

The Company reserves the right to raise additional equity capital at any time.

2.2 Effect on financial position

On the basis that the Minimum under the Offer is subscribed, and if no further Shares are issued prior to the Record Date, the Company's cash reserves, contributed equity, total assets and net assets will increase by approximately \$926,111, which is the minimum amount that must be raised pursuant to the Offer (\$1,000,000) less the estimated cash expenses of the Offer (\$73,889) detailed in the table below.

On the basis that the Offer is fully oversubscribed and oversubscriptions accepted to the maximum amount provided for in this Prospectus, and if no further Shares are issued prior to the Record Date, the Company's cash reserves, contributed equity, total assets and net assets will increase by approximately \$1,473,558, which is the amount that would be raised pursuant to the Offer (\$1,554,937) less the estimated cash expenses of the Offer (\$81,379) detailed in the table below.

	Minimum	Fully and Oversubscribed
ASIC Fees	\$3,206	\$3,206
ASX Fees	\$5,683	\$7,624
Lead Manager Fee – refer Section 1.8	\$50,000	\$55,549
Legal Fees	\$8,000	\$8,000
Printing and Distribution	\$2,000	\$2,000
Miscellaneous (estimated)	\$5,000	\$5,000
Total	\$73,889	\$81,379

If the Lead Manager does not place any shortfall or oversubscriptions, and exercises its right to subscribe selected fees for scrip under the Offer, the estimated cash expenses would decrease by up to \$55K but the net amount raised would remain unchanged.

As the Offer is subject to the Minimum, the aforementioned effect on the Company's cash reserves, contributed equity, total assets and net assets will not eventuate unless the Minimum is raised.

If Mahe procures any applications, the lead manager's fee will increase by a factor of 5% of the amount procured. On this basis, if Mahe procured the full amount subscribed (which is not likely but serves to draw a comparison), its fee would be an additional:

Cost scenario if minimum subscription received	\$50,000
Cost scenario if fully oversubscribed	\$77,747

This would have a corresponding net decrease effect on the Company's cash reserves, contributed equity, total assets and net assets.

2.3 Pro forma statement of financial position

The Company's latest audited consolidated balance sheet (as at 30 June 2023) is set out on page 22 of its Annual Financial Report for the year ended 30 June 2023. The following pro forma statements of financial position assume that the Minimum subscriptions under the Offer are received, and reflect the effect on the Company's cash reserves, contributed equity, total assets and net assets described above.

	Historical Audited Consolidated Financial Report as at 30 June 2023 (\$)	Pro-Forma Effect of Offer if Minimum Raised Using Audited Consolidated Financial Report as at 30 June 2023 as a base (\$)	Pro-Forma Effect of Offer if Offer Fully Oversubscribed Using Audited Consolidated Financial Reports as at 30 June 2023 as a base (\$)
Current Assets			
Cash and cash equivalents	2,659,333	3,585,444	4,132,890
Trade and other receivables	68,756	68,756	68,756
Financial assets	117,231	117,231	117,231
Total Current Assets	2,845,320	3,771,431	4,318,877
Non-Current Assets			
Plant and equipment	46,577	46,577	46,577
Financial assets	1,085,000	1,085,000	1,085,000
Total Non-Current Assets	1,131,577	1,131,577	1,131,577
TOTAL ASSETS	3,976,897	4,903,008	5,450,454
Current Liabilities			
Trade and other payables	92,514	92,514	92,514
Employee benefit obligations	14,464	14,464	14,464
Total Current Liabilities	106,978	106,978	106,978
TOTAL LIABILITIES	106,978	106,978	106,978
NET ASSETS	3,869,919	4,796,030	5,343,476
Equity			
Contributed equity	48,611,091	49,537,202	50,084,648
Accumulated losses	(44,741,172)	(44,741,172)	(44,741,172)
TOTAL EQUITY	3,869,919	4,796,030	5,343,476

2.4 Effect on capital structure

The capital structure of the Company following Completion of the Offer is summarised below.

	Number of Shares	
	Minimum Subscriptions	Fully Oversubscribed
Fully paid ordinary Shares (ASX:MDI) currently on issue	140,658,222	140,658,222
Shares on issue upon Completion of the Offer	207,324,889	244,320,666

	Number of Options	
Options to acquire Shares currently on issue	Nil	Nil
Options on issue upon Completion of the Offer Comprised:		
Subscribers to this Offer	66,666,667	103,662,444
Lead Manager	66,666,667	103,662,444
Total	133,333,334	207,324,888

2.5 Effect on control

If all Shareholders take up their Entitlements in full, the Offer is not expected to have a material effect on the control of the Company.

The Company, in consultation with the Lead Manager, will ensure that the Offer (including the equitable dispersion of any Shortfall Securities or Oversubscriptions) complies with the provisions of Chapter 6 of the *Corporations Act 2001* (Cth) and is otherwise consistent with the policy guidelines contained in ASIC Regulatory Guide 6 and Takeovers Panel Guidance Note 17.

If Eligible Shareholders do not take up, or partially take up their Entitlements under the Offer, then their percentage shareholding in the Company will be diluted by New Shares issued under the Offer. The following table sets out the effect of that possible dilution.

	Dilution of Shareholding	Dilution if the Options issued are then all exercised
If the Minimum subscriptions under the Offer are subscribed	32%	59%
If the Offer is fully subscribed (with no oversubscriptions)	42%	69%
If Oversubscriptions under the Offer are fully subscribed	33%	60%

INTERESTS, FEES AND BENEFITS

3.1 General

Other than as set out below or as is disclosed elsewhere in this prospectus, no: (a) director of the Company; or (b) person named in this prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this prospectus; or (c) promoter of the Company; or (d) underwriter to, or Australian financial services licensee named in this prospectus as an Australian financial services licensee involved in, the offer of securities under this prospectus; has or had within 2 years before lodgement of this prospectus with ASIC any interest in: (i) the formation or promotion of the Company; or (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of securities under this prospectus; or (iii) the offer of securities under this prospectus; and no amounts have been paid or agreed to be paid and no amounts have been given or agreed to be given to any of those persons as an inducement to become or to qualify as a director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of securities under this prospectus.

3.2 Directors holdings

As at the date of this prospectus the relevant interests of each Director in the securities of the Company were as follows:¹

Director	Shares – Fully Paid
Mr P Thomas	3,290,327
Mr B Marwood	184,477
Mr B Stewart	2,200,000

1. The table shows those securities held directly and indirectly.

3.3 Director fees and benefits

Mr Thomas currently receives annual director fees of \$60,274, plus statutory superannuation entitlements. Mr Marwood currently receives annual director fees of \$40,000 plus statutory superannuation entitlements. Mr Stewart receives annual director fees of \$40,000 plus an at will monthly remuneration of \$6,667 for special exertion as approved by the board for temporary services rendered over and above those expected of a non-executive director.

3.4 Details of remuneration

Details of the remuneration of the Directors of the Company for each of the years ended 30 June 2023 and 30 June 2022 respectively are set out in the following table.

Short-Term Salary and Fees	Post- Employment Superannuation	Special Exertion Payments ⁽¹⁾	Total
\$	\$	\$	\$

Directors:

Peter Thomas

2023	60,274	6,329	-	66,603
2022	60,274	6,027	150,000	216,301

Brad Marwood

2023	116,581	11,541	-	128,122
2022	103,228	-	50,000	153,228

Bruce Stewart

2023	40,000	-	60,000	100,000
2022	38,333	-	50,000	88,333

3.5 Interests of other named persons

Mahe Capital Pty Ltd will be paid fees for acting as Lead Manager as detailed in Section 1.8.

CONSTITUTION AND TERMS OF SECURITIES

4.1 Constitution and rights attaching to New Shares

All New Shares to be issued pursuant to this prospectus will be issued as New Shares in the capital of the Company and will rank equally with existing Fully Paid Shares currently on issue.

Further details of the rights and obligations attaching to Shares are set out in the Company's Constitution, which can be obtained from the Company's website (<https://middleisland.com.au>) or its registered office at no cost, or from ASIC.

A constitution has the effect of a contract between the Company and each member, between the Company and each Director and company secretary, and between a member and each other member under which each of those persons agrees to observe and perform the provisions of the constitution as far as those provisions apply to that person. A company's constitution can only be altered by a special resolution (being a resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution).

The Constitution deals with such matters as the rights conferred and obligations imposed by shares, issues of shares, transfer of shares, alterations of share capital, share buy-backs, disposal of small shareholdings (being parcels of shareholdings with a market value less than that an amount prescribed under the Listing Rules - \$500 as at the date of this prospectus), variation of class rights, meetings of shareholders, voting, polls, appointment and removal of Directors, remuneration of Directors, dividends, winding up and the Listing Rules.

ADDITIONAL INFORMATION AND DISCLAIMERS

5.1 Transaction specific prospectus

This prospectus has been prepared in accordance with the special content rules for continuously quoted securities in section 713 of the Corporations Act, which sets out an alternative general disclosure test for an offer of continuously quoted securities or options to acquire such securities. The alternative disclosure test allows the issue of a prospectus

with a specified limited content (compared to a “full disclosure” prospectus), commonly referred to as a “transaction-specific” prospectus. To qualify as “continuously quoted securities” the securities must, amongst other matters, be securities of a “disclosing entity” for the purposes of the Corporations Act. In preparing this prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers.

5.2 Timetable Proviso

Other than the date of this prospectus and any historical dates or time periods prior to the date of this prospectus, the date(s) mentioned in this prospectus is(are) indicative only. Further, notwithstanding any provision of this prospectus and to the fullest extent permitted by law and the Listing Rules, the Company may, from time to time and without giving any notice, abridge or further abridge, extend or further extend any period or vary or further vary any date or time period referred to in this prospectus to such earlier or later date or for such period as the Directors thinks fit whether or not the date to be varied has passed or the period to be extended has expired.

5.3 Document available for inspection

As a “disclosing entity”, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

Any person has the right to obtain a copy of the following documents and the Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the application period for this prospectus:

- a) the annual financial report of the Company for the year ended 30 June 2023; and
- b) all documents used to notify ASX of the information relating to the Company under the Listing Rules since the lodgement of the financial report referred to in (a) above. Prior to the date of this prospectus, there were no such documents.

5.4 Consents

Mahe Capital Pty Ltd has given and has not, prior to the lodgement of this prospectus with ASIC, withdrawn its written consent to be named in this prospectus as Lead Manager of the Offer in the form and context in which it appears.

Other than as disclosed above or elsewhere in this prospectus, Mahe Capital Pty Ltd has not been involved in the preparation, or authorised or caused the issue, of this prospectus and, to the maximum extent permitted by law:

- a) expressly disclaims and takes no responsibility for any part of (or any matter included in or omitted from) this prospectus;
- b) makes no representation or warranty (either expressly or impliedly) with respect to the completeness or accuracy of information contained in this prospectus;
- c) disclaims liability to any person in respect of any statement included in or omitted from this prospectus.

5.5 Overseas Applicants and distribution

This prospectus does not constitute an offer or invitation:

- a) in any jurisdiction where, or to any person to whom, it would be unlawful to issue this prospectus; or
- b) to any person to whom, it would not be lawful to make such an offer or invitation.

Where this prospectus is received or accessed in any such jurisdiction or by any such person, it is provided for information purposes only. No action has been taken to register or qualify the New Securities, or the Offer, or otherwise to permit the public offering of the New Securities, in any jurisdiction outside Australia.

The distribution of this prospectus within jurisdictions outside Australia may be restricted by law and persons into whose possession this prospectus comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. It is the responsibility of any Overseas Applicant to ensure compliance with all laws of any country relevant to his or her application, or country of receipt of this prospectus, and to obtain all necessary approvals so that they may legally subscribe for (and be issued) securities pursuant to the Offer.

In making an application you represent and warrant for the Company’s benefit and for the benefit of the Company’s officers, employees, agents and advisers (and, to the maximum extent permitted by law, indemnify the Company, and the Company’s officers, employees, agents and advisers for any loss or damage caused if such representation or warranty proves to be inaccurate) that there has been no breach of any law by reason of that application being made, that all necessary approvals and consents to the making of that application have been obtained and that the Company may legally offer and issue securities to the applicant pursuant to this prospectus. Overseas Applicants must consult

with their professional advisors as to whether any formalities need to be observed (either by themselves or the Company) to enable them to subscribe for the securities being offered pursuant to this prospectus.

Specifically, in New Zealand, the New Shares are not being offered or sold to the public other than to existing Shareholders with registered addresses in New Zealand and to whom the Offer is being made in reliance on relevant securities legislation. This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand), although the Company reserves the right to do so.

5.6 Privacy Act

By completing an application form accompanying this prospectus, you will be providing personal information to the Company (and its Share Registrar). The *Privacy Act 1988* (Cth) governs the use of your personal information and sets out principles governing the ways in which organisations should treat that information. The personal information to be collected on an application form accompanying this prospectus will be used to evaluate applications for New Securities and, if your application is successful, to administer your security holdings, provide services to you and otherwise effect appropriate administration for security holders. If the Company is obliged to do so by law, personal information will also be passed on to other parties.

In making an application, you agree that the Company may use the information provided on your application form for the purposes here disclosed and may disclose it for those purposes to the Company's Share Registrar, related bodies corporate, agents, contractors, employees, servants, and third party service providers, including without limitation, mailing houses, professional advisers, ASX, other Shareholders and regulatory authorities.

The Corporations Act requires the Company to include information about security holders (including name, address and details of securities held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a security holder. Information contained in the Company's public register is also used to facilitate distribution payments and corporate communications (including financial results, annual reports and other information that the Company may elect to utilise to communicate with its security holders) and compliance by the Company for legal and regulatory requirements. For instance, in certain circumstances details of security holder's names and holdings must be disclosed by the Company in its annual reports.

An applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under the law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

5.7 ASIC and ASX take no responsibility

ASIC and ASX take no responsibility for the contents of this prospectus, a copy of which has been lodged with ASIC.

5.8 Prospectus Expiry Date

No securities will be issued on the basis of this prospectus after its expiry date, being 13 months after the date of this prospectus.

Directors' Authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.



Mr Peter Thomas

Chairman

For and on behalf of

Middle Island Resources Limited

Date: 31 October 2023

DEFINITIONS

In this prospectus, unless the context otherwise requires:

“A\$” and **“\$”** means Australian dollars, unless otherwise stated.

“ASIC” means Australian Securities and Investments Commission.

“ASX” means ASX Limited (ACN 008 624 691).

“AWST” means Australian Western Standard Time, Perth, Australia.

“Board” of Directors of the Company as constituted from time to time

“Closing Date” means 5:00pm AWST on 17 November 2023, subject to the Timetable Proviso.

“Company” or **“Middle Island Resources”** or **“MDI”** means Middle Island Resources Limited (ABN 70 142 361 608).

“Completion of the Offer” means the issue of any securities offered pursuant to this prospectus.

“Constitution” means the constitution of the Company.

“Corporations Act” means the Corporations Act 2001 (Cth).

“Director” means a director of the Company.

“Eligible Shareholder” means a holder of a Share registered as a Shareholder on the Record Date.

“Entitlement” means the entitlement of an Eligible Shareholder of Shares to New Securities under the Offer. Fractional entitlements will be rounded up to the nearest whole number.

“Fully Paid Share” means a fully paid ordinary share in the capital of the Company.

“Lead Manager” or **“Mahe Capital Pty Ltd”** means Mahe Capital Pty Ltd (ABN 91 634 087 684, AFSL 517246), a corporation registered in Australia.

“Listing Rules” means the official listing rules of ASX, as amended or waived by ASX from time to time.

“New Options” means the Options more particularly described in section 1.1.

“New Securities” means the New Shares and the attaching New Options being offered pursuant to this prospectus.

“Overseas Applicant” means a person applying for securities pursuant to the Offer from outside Australia or New Zealand.

“Offer” means the invitation to apply for New Securities as described in section 1.1.

“Record Date” means 6 November 2023, subject to the Timetable Proviso.

“Share Registrar” means Automic Pty Ltd.

“Share” means a Fully Paid Share.

“Shareholder” means a holder of Shares in the capital of the Company.

“Shortfall” means the shortfall as described in section 1.1.

“Timetable Proviso” means the proviso regarding dates and time periods as described in section 5.2.

ANNEXURE A - SUBSCRIBER AND LEAD MANAGER OPTIONS

The Options are issued on the following terms (“**Terms**”):

1. Each Option may be exercised by giving notice in that regard together with payment of the amount of \$0.015 (1.5 cents) (**Exercise Price**).
2. Each Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in Middle Island Resources Limited ACN 142 361 608 (**Company**) upon the payment of the Exercise Price.
3. The Options will lapse at 5:00 pm (Perth, Western Australia time) on the date which will be 18 months (for clarity, 547 days), after the date of issue of the Options, which expiry date is expected to be on or about 23 May 2025 (**Expiry Date**).
4. The Options are transferable at any time in accordance with the Corporations Act 2001 and any applicable rules of ASX.
5. The Options carry no right to participate in new issues of securities unless the Options are exercised before the record date for determining entitlements to the relevant new issue.
6. The Options do not confer the right to a change in exercise price or the number of securities over which the Option can be exercised except in the event of a bonus issue of Shares being made pro rata to Shareholders (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue.
7. Options can only be exercised in parcels of not less than 1,000,000, except where the total Options held by the holder is less than 1,000,000 (in which case, only all Options held by the holder may be exercised and the costs of filing with ASX in connection with the exercise is to be borne up front by the Optionholder). An exercise of only some Options shall not affect the rights of the Option holder to the balance of the Options held by it PROVIDED THAT if the remaining number be less than 1,000,000 those Options shall ipso facto lapse. The Company shall not be obliged to issue Shares in response to an exercise of Options more frequently than once per calendar quarter. The Company may waive or otherwise permit exceptions to this clause or any part of it on a case-by-case basis or at large as it determines in its unfettered discretion.
8. Subject to clause 9, the Options shall be exercisable at any time during the period (**Exercise Period**) ending on the Expiry Date by: (a) 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 accompanied by cleared funds for the subscription monies for the Shares; or (b) such other form and method as may be approved by the Company from time to time. The Notice and cleared funds must be received by the Company during the Exercise Period.
9. If the Company enters into an agreement to underwrite the exercise of the Options and any Options remain unexercised at the Expiry Date, then the holder of those unexercised Options immediately, unconditionally and irrevocably appoints the Company as the Optionholder's agent to transfer (for no consideration to that holder) the unexercised Options to the relevant underwriter and, despite clause 9, that underwriter is entitled to exercise the unexercised Options within 14 calendar days (or such fewer days as the Company may determine in its absolute discretion) of the Expiry Date.
10. Subject to clauses 7 and 9, the Company shall endeavour to allot the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Options.
11. The Company reserves the right to, but does not commit to, apply for quotation of the Options on ASX.
12. Any rights of approval, rejection, waiver or other discretion vested in the Company under these Terms may be exercised or not by the board of directors of the Company as it sees fit, with or without reasons, conditions or limitations.
13. For so long as the Company is admitted to the official list of ASX, the following provisions apply and override the above provisions:
 - a. Notwithstanding anything contained in these Terms, if the ASX listing rules (**Listing Rules**) prohibit an act being done, the act must not be done.
 - b. Nothing contained in these Terms prevents an act being done that the Listing Rules require to be done.
 - c. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
 - d. If the Listing Rules require these Terms to contain a provision and they do not contain such a provision, these Terms are deemed to contain that provision.
 - e. If the Listing Rules require these Terms not to contain a provision and it contains such a provision, these Terms are deemed not to contain that provision.

If any provision of these Terms is or becomes inconsistent with the Listing Rules, these Terms are deemed not to contain that provision to the extent and for the duration of that inconsistency.



Middle Island

RESOURCES LIMITED

(ABN 70 142 361 608)

ASX Code: **MDI**

SUPPLEMENTARY PROSPECTUS

Important information

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 31 October 2023 (**Prospectus**) issued by Middle Island Resources Limited (ACN 142 361 608) (**Middle Island or Company**).

This Supplementary Prospectus is dated 3 November 2023 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than the changes set out in this Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus will have the same meaning in this Supplementary Prospectus.

The Company has issued both a printed and electronic version of this Supplementary Prospectus and the Prospectus. Electronic versions may be accessed at www.middleisland.com.au.

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you are in any doubt as to the contents of this Supplementary Prospectus or the Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

BACKGROUND

By this Supplementary Prospectus, the Company makes amendments to the Prospectus by:

1. decreasing the stated number of options that may be issued to the lead manager, and
2. adding in the details of a document available for inspection.

This Supplementary Prospectus should be read together with the Prospectus.

SUPPLEMENTARY PROSPECTUS

Reasons for this Supplementary Prospectus

The purpose of this Supplementary Prospectus is to correct (by decreasing) the stated number of options that may be issued to the lead manager, and (ii) adding in the details of a document available for inspection.

Amended Disclosure 1

Section 2.4 – Effect on capital structure is amended by replacing the table of Options in the original Prospectus with the following table:

	Number of Options	
Options to acquire Shares currently on issue	Nil	Nil
Options on issue upon Completion of the Offer Comprised:		
Subscribers to this Offer	66,666,667	103,662,444
Lead Manager	1,000,000	1,554,937
Total	67,666,667	105,217,381

Section 2.5 – Effect on control is amended by replacing the disclosure in the original Prospectus re Dilution if the Options issued are all exercised with the immediately following text and table:

If Eligible Shareholders do not take up, or partially take up their Entitlements under the Offer, and the minimum subscription is received, then their percentage shareholding in the Company will be diluted by New Shares issued under the Prospectus. The following table sets out a non-exhaustive reflection of possible scenarios arising from that possible dilution.

	Dilution of Shareholding if no Entitlements taken up	Dilution if the Options issued are then all exercised
If only the Minimum subscriptions under the Offer are subscribed	32%	49%
If the Offer is fully subscribed (with no oversubscriptions)	42%	60%
If the Offer is fully subscribed and oversubscriptions under the Offer are fully subscribed	33%	50%

Amended Disclosure 2

The following text is inserted as a replacement Section 5.3 in the Prospectus:

5.3 Document available for inspection

As a “disclosing entity”, the Company is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Company may be obtained from or inspected at an office of ASIC.

Any person has the right to obtain a copy of the following documents and the Company will provide a copy of each of the following documents, free of charge, to any person who asks for it during the application period for this prospectus:

- the annual financial report of the Company for the year ended 30 June 2023; and
- all documents used to notify ASX of the information relating to the Company under the Listing Rules since the lodgement of the financial report referred to in (a) above.

The following continuous disclosure notices given by the Company to notify ASX of information relating to the Company after 29 September 2023 (being the date of lodgement of the most recent Annual Report referred to in paragraph (a)) and the date of issue of this Prospectus. These notices are listed below:

Date	Description of announcement
30 October 2023	Quarterly Activities/Appendix 5B Cash Flow Report

DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors. In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent prior to lodgement.

Signed for and on behalf of the Company on 6 November 2023

A handwritten signature in black ink, appearing to be 'P. Thomas', written over a horizontal line.

Peter Thomas

Chairman

Middle Island Resources Limited