

ASX ANNOUNCEMENT - 24 June 2015

Entitlement Offer Cleansing Notice

under section 708AA(2)(f) Corporations Act (Notice)

Middle Island Resources Limited (**MDI**) has announced today that it will undertake a non-renounceable entitlement offer of 124,987,349 fully paid ordinary MDI shares to its shareholders (**Issue**) on the basis of an entitlement to subscribe for 1 ordinary MDI share (**New Share**) for every 1 ordinary MDI share held at the Record Date, being 30 June 2015, with each such share being issued at an issue price of \$0.004 to raise approximately \$500,000 (before costs). (**Offer**)

The Company states that it will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the *Corporations Act 2001* (**Corporations Act**) as notionally modified by ASIC Class Order 08/35 (**CO08/35**).

Further details regarding the Offer are set out in the Offer Memorandum lodged with ASX.

For the purposes of section 708AA(7) Corporations Act, MDI advises:

- (a) the New Shares will be offered for issue without disclosure under Chapter 6D of the Corporations Act as notionally modified by CO 08/35;
- (b) this Notice is given under section 708AA(2)(f) Corporations Act as notionally modified by CO 08/35;
- (c) as at the date of this Notice, MDI has complied with the provisions of:
 - (i) Chapter 2M Corporations Act as they apply to MDI; and
 - (ii) section 674 Corporations Act,
- (d) as at the date of this Notice, there is no excluded information of the type referred to in section 708AA(8) and 708AA(9) Corporations Act as notionally modified by CO 08/35; and
- (e) information regarding the potential effect of the issue of New Shares pursuant to the Offer on the control of MDI, and the consequences of that effect is set out below.

The Directors (and their associates) have confirmed that they have agreed to fully underwrite the Offer. Further details regarding the Offer are set out in the Offer Memorandum.

Effect of the Offer on control

It is not possible to predict the effect of the Offer on the control of MDI. There are a number of possible outcomes that may arise which will, largely, depend on the extent to which Eligible Shareholders take up their rights (**Rights**). If all Eligible Shareholders take up their Rights, each Eligible Shareholder's percentage ownership interest (and voting power) in MDI will remain the same with no effect on the control of MDI.

To the extent that any Eligible Shareholder fails to take up their Rights, that Eligible Shareholder's percentage holdings in MDI will be diluted by those other Eligible Shareholders who take up some, all, or more than their Rights.

If no Eligible Shareholders (other than the Underwriters) take up their Rights (which the board considers unlikely), and the Underwriters subscribe for all the New Shares (which the board considers unlikely as they expect to secure some or all shortfall to be sub-underwritten) the Directors (and their associates) will increase their voting power to approximately 60.49%% (up from 20.99%).

Yours sincerely

Rick Yeates
Managing Director