



Middle Island

RESOURCES LIMITED

Middle Island Resources Ltd
ACN 142 361 608
ASX code: MDI
www.middleisleland.com.au

Capital Structure:
1,047 million ordinary shares
378,950,719 unlisted options

Cash & Liquid Investments
\$1.42 million (as of 31 March 2019)

Directors & Management:
Peter Thomas
Non-Executive Chair
Rick Yeates
Managing Director
Beau Nicholls
Non-Executive Director
Dennis Wilkins
Company Secretary

Contact:
Rick Yeates
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ASX Release – 27 June 2019

Increased consideration for Takeover Offer – 6 MDI Shares for every 1 AME Share

The Board of Middle Island Resources Limited (ASX:MDI) ("**MDI**" or the "**Company**") refers to its bidder's statement dated 10 April 2019, the first supplementary bidder's statement dated 15 April 2019, the second supplementary bidder's statement dated 24 May 2019 and the third supplementary bidder's statement dated 21 June 2019 ("**Bidder's Statement**") in connection with the Company's off-market takeover offer to acquire 100% of the issued voting shares in Alto Metals Ltd ("**AME**") that it does not already own ("**Offer**"). The Offer is dated 24 April 2019 (being the same date the Bidder's Statement was dispatched to AME shareholders).

The Company advises that it has varied the Offer by increasing the consideration under the Offer from 5 MDI shares for every 1 AME share to 6 AME shares for every 1 AME share.

Accordingly, the Company has today:

- (a) given notice under s650D(1) of the Corporations Act that it varies the Offer by increasing the consideration under the Offer from 5 MDI shares for every 1 AME share to 6 AME shares for every 1 AME share; and
- (b) lodged its fourth supplementary bidder's statement ("**Fourth Supplementary Bidder's Statement**") with ASIC under s643 of the Corporations Act varying the Offer as set out in (a) above.

Further details of the Offer are contained in the Fourth Supplementary Bidder's Statement which will be dispatched to AME shareholders tomorrow.

A copy of the Fourth Supplementary Bidder's Statement and the above notice as lodged with ASIC and served on AME are attached.

The Fourth Supplementary Bidder's Statement supplements, and should be read together with, the Bidder's Statement. For further information about the Bidder's Statement, Fourth Supplementary Bidder's Statement or the Offer, please contact MDI's Company Secretary on +61 (0)8 9389 2111.

**Middle Island Resources Limited
(ACN 142 361 608)**

**Notice under section 650D(1) Corporations Act 2001
Notice of variation of offer - Variation of Consideration
dated 27 June 2019**

To: Australian Securities and Investments Commission ("**ASIC**");

Australian Stock Exchange ("**ASX**")

Alto Metals Ltd ACN 159 819 173 ("**AME**"); and

each person to whom an offer was made pursuant to the Bidder's Statement dated 10 April 2019, the First Supplementary Bidders Statement dated 15 April 2019, the Second Supplementary Bidders Statement dated 24 May 2019 and the Third Supplementary Bidders Statement dated 21 June 2019 issued by Middle Island Resources Limited ACN 142 361 608 ("**Bidder's Statement**" and "**MDI**") in relation to MDI's off-market takeover offer dated 24 April 2019 ("**Offer**") for all of the ordinary shares in AME that MDI does not already own.

Variation of Offer Consideration

MDI gives notice under section 650D(1) of the *Corporations Act 2001* (Cth) that:

- (a) it varies the Offer by increasing the consideration offered under the Offer from 5 MDI Shares for every 1 AME Share to 6 MDI Shares for every 1 AME Share; and
- (b) accordingly, the Offer is varied by replacing all references to "5 MDI Shares" with "6 MDI Shares" in each place in the Bidder's Statement in which it appears, including the Acceptance Form.

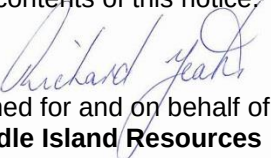
Pursuant to section 650B(2) of the *Corporations Act 2001* (Cth), the increased consideration will apply to all AME Shareholders who accept MDI's Offer, including those AME shareholders who have already accepted the Offer as at the date of this notice.

Approval of Notice

This notice has been approved by a unanimous resolution passed by all the directors of MDI.

Lodgment with ASIC

A copy of this notice was lodged with ASIC on 27 June 2019. ASIC takes no responsibility for the contents of this notice.



Signed for and on behalf of
Middle Island Resources Limited



Middle Island
RESOURCES LIMITED

Middle Island Resources Ltd
(ACN 142 361 608)

Fourth Supplementary Bidder's Statement

1 Introduction

This is the Fourth supplementary bidder's statement ("**Fourth Supplementary Bidder's Statement**") under section 643 of the *Corporations Act 2001* (Cth) issued by Middle Island Resources Limited ACN 142 361 608 ("**MDI**"), in connection with MDI's off-market takeover offer dated 24 April 2019 ("**Offer**") to acquire all of your ordinary shares in Alto Metals Ltd ACN 159 819 173 ("**AME**") contained in MDI's bidder's statement dated 10 April 2019 ("**Original Bidder's Statement**"), the First Supplementary Bidder's Statement dated 15 April 2019 dispatched to AME shareholders on 24 April 2019 ("**First Supplementary Bidder's Statement**"), the Second Supplementary Bidder's Statement dated 24 May 2019 ("**Second Supplementary Bidder's Statement**") and the Third Supplementary Bidder's Statement dated 21 June 2019 ("**Third Supplementary Bidder's Statement**") (together the "**Bidder's Statement**").

This Fourth Supplementary Bidder's Statement supplements, and should be read together with, the Bidder's Statement. This Fourth Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

Unless the context requires otherwise, terms defined in the Bidder's Statement have the same meaning in this Fourth Supplementary Bidder's Statement.

A copy of this Fourth Supplementary Bidder's Statement was lodged with the ASIC on 27 June 2019. Neither ASIC nor any of its officers take any responsibility for the content of this Fourth Supplementary Bidder's Statement.

2 Variation of Offer Consideration

The Bidder's Statement was lodged with the ASIC on 10 April 2019, the First Supplementary Bidder's Statement was lodged with the ASIC on 15 April 2019, the Second Supplementary Bidder's Statement was lodged with the ASIC on 24 May 2019 and the Third Supplementary Bidder's Statement was lodged with the ASIC on 21 June 2019.

The Bidder's Statement noted that the Offer and any contract resulting from acceptance of the Offer is subject to the Conditions.

The Offer was to remain open for acceptance during the period commencing on the date of the Offer (being 24 April 2019) and ending at 5:00pm (WST) on the later of:

- (a) 31 May 2019; or
- (b) any date to which the Offer Period is extended, in accordance with the Corporations Act.

On 24 May 2019, MDI lodged the Second Supplementary Bidder's Statement together with notices under section 650D(1) of the Corporations Act extending the closing date of the Offer until 5:00pm (WST) on 28 June 2019 and section 630(2) of the Corporations Act extending the date for giving a notice on the status of the Conditions as required by section 630(1) of the Corporations Act to 21 June 2019, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended again.

On 21 June 2019, MDI lodged the Third Supplementary Bidder's Statement together with notices under section 650D(1) of the Corporations Act extending the closing date of the Offer until 5:00pm (WST) on 2 August 2019 and section 630(2) of the Corporations Act extending the date for giving a notice on the status of the Conditions as required by section 630(1) of the Corporations Act to 26 July 2019, subject to variation in accordance with section 630(2) of the Corporations Act in the event that the Offer Period is extended again.

MDI gives notice in accordance with section 650D(1) of the Corporations Act that it varies the Offer by altering the consideration under the Offer from 5 MDI Shares for every 1 AME Share to 6 MDI Shares for every 1 AME Share ("**Increased Consideration**"). All references in the Bidder's Statement to the consideration under the Offer are varied accordingly. A copy of the notice under section 650D of the Corporations Act is attached as Annexure A.

The Increased Consideration values AME Shares at:

- \$0.054 per AME Share, based on the last trading price of \$0.009 per MDI Share on 28 February 2019 which represents a premium of 93% to the AME closing price on 28 February 2019 (the day prior to the day the intention to bid was announced);
- \$0.045185 each, based on the 30 day VWAP of \$0.007531 for MDI Shares up to and including the Last Practicable Date (being 9 April 2019) which represents a premium of 61% to the AME closing price on 28 February 2019 (the last Trading Day prior to the Announcement Date);
- \$0.048 each, based on the last trading price of \$0.008 per MDI Share on the Last Practicable Date which represents a premium of 41% to the AME closing price of \$0.034 on the Last Practicable Date; and
- \$0.024 each, based on the last trading price of \$0.004 per MDI Share on 26 June 2019 (being the trading day prior to the date of this Fourth Supplementary Bidder's Statement) which represents a discount of 20% to the AME closing price of \$0.03 on 26 June 2019.

As MDI Shares are listed on the ASX, the market price of MDI Shares can fall as well as rise and may be subject to varied and unpredictable influences. Accordingly, there is no guarantee that the MDI Shares offered will trade at or above pre-Offer or prevailing market prices. According to the perfectly informed market hypothesis, the current prices of AME Shares and MDI Shares factor in the impact of the Bidder's Statement. Movements in the AME and MDI share prices from and subsequent to the Announcement Date may be interpreted as the market saying MDI is offering too much for each AME Share as MDI's Share price has been marked down relative to AME's. An additional material change since the Announcement Date is the placement of the Shortfall Shares, with AME Shares trading lower since that placement was announced.

In accordance with section 650B(2) of the Corporations Act, AME Shareholders who have already accepted the Offer do not need to take any further action as they are automatically entitled to receive the Increased Consideration of 6 MDI Shares for every 1 AME Share that they have accepted.

3 Capital Structure

The information provided in section 4.3 of the Original Bidder's Statement regarding the effect of the Offer on the capital structure of MDI does not take into account AME issuing the shortfall shares pursuant to the completion of its rights issue (as announced on 13 May 2019) ("**Shortfall Shares**") or the Increased Consideration.

Based on the Increased Consideration but excluding the Shortfall Shares (which are not the subject of the Offer), the effect of the Offer on MDI's capital structure will be:

Securities	MDI Shares	MDI Options ³
Current securities on issue ¹	1,046,852,156	378,950,719
MDI Shares issued pursuant to the Offer ²	1,281,492,330	-
MDI Shares issued pursuant to 50% AME Performance Rights vesting ⁴	11,250,000	-
Total	2,339,594,486	378,950,719

Notes:

1. Assumes that MDI does not issue any other MDI Shares and no MDI Options convert into MDI Shares.
2. Assumes that MDI acquires all of AME's Shares the subject of the original Offer (in other words, excluding the Shortfall Shares) and that no AME Convertible Securities convert into AME Shares during the Offer Period.
3. The 378,950,719 MDI Options on issue are comprised of:
 - (a) 30,000,000 options exercisable at \$0.03 on or before 8 November 2021; and
 - (b) 348,950,719 options exercisable at \$0.008 on or before 31 January 2022.
4. Assumes that AME does not issue any other AME Shares (aside from the Shortfall Shares) and no AME Options convert into AME Shares and only 50% of the Performance Rights vest. See section 3.5 of the Original Bidder's Statement for further details.

MDI has not extended the Offer to the Shortfall Shares and, as at the date of this Fourth Supplementary Bidder's Statement, does not intend to extend the Offer to the Shortfall Shares.

4 Further Information

If you have any questions about the Bidder's Statement, the Fourth Supplementary Bidder's Statement or the Offer, please contact MDI's Company Secretary on +618 9389 2111, or your professional financial adviser.

5 Approval of Fourth Supplementary Bidder's Statement

This Fourth Supplementary Bidder's Statement has been approved by a unanimous resolution passed by all the directors of MDI.

Dated: 27 June 2019.

SIGNED for and on behalf of Middle Island Resources Limited by Rick Yeates being a director of Middle Island Resources Limited who is authorised to sign by a resolution passed by the directors of Middle Island Resources Limited.



Rick Yeates

Annexure A

Middle Island Resources Limited (ACN 142 361 608)

Notice under section 650D(1) Corporations Act 2001 Notice of variation of offer - Variation of Consideration dated 27 June 2019

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Australian Stock Exchange ("ASX")

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Pursuant to section 650B(2) of the *Corporations Act 2001* (Cth), the increased consideration will apply to all AME Shareholders who accept MDI's Offer, including those AME shareholders who have already accepted the Offer as at the date of this notice.

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