



Middle Island
RESOURCES LIMITED

Middle Island Resources Limited
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14 November 2019

Mr Chris Hesford
Geologist Listings Compliance (Perth)
ASX Limited
Level 40 Central Park
PERTH WA 6000

By email: chrishesford@asx.com.au and tradinghaltspert@asx.com.au

Dear Chris

APPENDIX 5B QUERY - MIDDLE ISLAND RESOURCES LIMITED

Middle Island Resources Limited ("Company") (ASX: MDI) refers to your letter dated 12 November 2019 ("Letter") in relation to the Company's Quarterly Cashflow Report in the form of Appendix 5B for the period ended 30 September 2019 ("Appendix 5B").

In accordance with the request made in the letter, set out below are the Company's responses:

1. ***Does MDI expect that it will continue to have negative operating cash flows for the time being and, if not, why not?***

Response: The Company, being an exploration company, expects that it will have negative operating cash flows for the time being.

2. ***Has MDI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?***

Response: The Company is currently considering several funding alternatives. The Company continues to discuss its longer-term funding options with a number of parties. The Company has a reasonable expectation that additional funds will be secured in order to allow the Company to continue its operations.

3. ***Does MDI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?***

Response: Refer response to Question 2 above. In the event the Company is successful in raising additional funds, this will enable the Company to continue operations. However, if funds are not received from current endeavours the Company will be required to accelerate discussions regarding the re-financing of the Company.



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4. ***Please provide any other information that MDI considers may be relevant to ASX forming an opinion on whether MDI is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).***

Response: Refer response to Question 2 above. In relation to Listing Rule 12.2, the adequacy of the Company's financial position is dependent upon the success of future fund raising activities. Re-financing and project proposals are being considered in order to provide the Company with ongoing operational certainty.

5. ***Please confirm that MDI is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.***

Response: The Company confirms, to the best of its knowledge, that it is in compliance with Listing Rule 3.1.

6. ***Please confirm that MDI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MDI with delegated authority from the board to respond to ASX on disclosure matters.***

Response: I confirm the responses to the questions above have been authorised and approved by an officer of MDI with delegated authority from the board to respond to ASX on disclosure matters.

Should you have any queries or require clarification please call me on (08) 9389 2111 or 0417 945 049.

Yours faithfully

Dennis Wilkins
Company Secretary



12 November 2019

Mr Dennis Wilkins

Company Secretary
Middle Island Resources Limited
Suite 2, 11 Ventnor Avenue
WEST PERTH WA 6005

By email: dennis@dwcorporate.com

Dear Mr Wilkins

Middle Island Resources Limited ("MDI"): Appendix 5B Query

I refer to MDI's Appendix 5B quarterly report for the period ended 30 September 2019 lodged with ASX Market Announcements Platform on 31 October 2019 (the "Appendix 5B").

ASX notes that MDI has reported:

- negative net operating cash flows for the quarter of \$430,000;
- cash at the end of the quarter of \$350,000; and,
- estimated cash outflows for the next quarter of \$406,000.

It is possible to conclude, based on the information in the Appendix 5B that if MDI were to continue to expend cash at the rate indicated by the Appendix 5B, MDI may not have sufficient cash to continue funding its operations. In view of that, ASX asks MDI to respond separately to each of the following questions and requests for information:

1. Does MDI expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MDI taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MDI expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that MDI considers may be relevant to ASX forming an opinion on whether MDI is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that MDI is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that MDI's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MDI with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm AWST on Thursday 14 November 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MDI's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MDI's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at chris.hesford@asx.com.au and to tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to MDI's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MDI's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MDI's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

Chris Hesford
Geologist Listings Compliance (Perth)
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E chris.hesford@asx.com.au