



## Middle Island RESOURCES LIMITED

Middle Island Resources Limited  
ACN 142 361 608

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**Middle Island Resources Ltd**  
ACN 142 361 608  
**ASX code: MDI**  
[www.middleisland.com.au](http://www.middleisland.com.au)

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

**Cash & Liquid Investments**  
\$945,000 (as at 30 June 2019)

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

**Contact:**  
Rick Yeates  
Mob: +61(0)401 694 313  
[rick@middleisland.com.au](mailto:rick@middleisland.com.au)

## ASX Release – 8 October 2019

### Extension of Offer to Shortfall Shares under Alto Metals Ltd Takeover Offer

The Board of Middle Island Resources Limited (ASX:MDI) (**MDI** or the **Company**) refers to its bidder's statement dated 10 April 2019 in connection with its off-market takeover offer (**Offer**) to acquire 100% of the then issued voting shares in Alto Metals Ltd (**AME**).

The 10 April 2019 bidder's statement, as supplemented by the first to sixth supplementary bidder's statements - detailed below, is herein referred to as the **Bidder's Statement**. The Offer (dated 24 April 2019, that being the date the 10 April bidder's statement was dispatched to AME shareholders) in the Bidder's Statement currently closes on 29 November 2019 and seeks to acquire all of AME's issued voting shares for consideration of 6 MDI ordinary fully paid shares for every 1 AME share.

On 13 May 2019, AME issued 56,875,060 AME shares (the **Shortfall Shares**) and 28,437,523 AME options (the **Shortfall Options**) (the Shortfall Shares and the Shortfall Options together referred to as the **Shortfall Securities**) representing the approx. \$2.048m shortfall arising from AME's rights issue offering to raise up to approx. \$2.38m which closed 18 February 2019.

On 23 May 2019, MDI notified the markets, via ASX release, that the issue of the Shortfall Securities had breached (**Condition Breach**) the defeating condition set out in section 9.10(h) of the Bidder's Statement and reserved its rights to allow the Offer to lapse or, on the ground of the Condition Breach, to apply for ASIC consent to withdraw the Offer.

In August 2019, MDI applied to ASIC for modification of the application of certain sections of the Corporations Act to enable MDI to extend the Offer to the Shortfall Shares and any ordinary shares issued, prior to the end of the Offer Period, by AME as a result of the exercise of any of the Shortfall Options (the **ASIC Modification**). ASIC granted the ASIC Modification pursuant to ASIC Instrument 19-0863 on condition that MDI issue a supplementary bidder's statement and publicly announce that it waives the Condition Breach.

The Company confirms that it waives the Condition Breach and that the Offer is extended to include the Shortfall Shares and any AME shares issued prior to the end of the Offer Period as a result of the exercise of any Shortfall Options.



Accordingly, the Company has today:

- (a) given notice under s650D(1) of the Corporations Act that it varies the Offer by extending the Offer to the Shortfall Shares and any shares issued by AME before the end of the Offer Period pursuant to the exercise of any Shortfall Options;
- (b) confirmed that it waives the Condition Breach; and
- (c) lodged its seventh supplementary bidder's statement (**Seventh Supplementary Bidder's Statement**) with the ASIC under s643 of the Corporations Act varying the Offer as set out in (a) and confirming (b) above.

Further details of the Offer are contained in the Seventh Supplementary Bidder's Statement which will be dispatched to AME shareholders. A copy of the Bidder's Statement, a copy of the Target Statement and a copy of the section 650D notice, as lodged with ASIC, will be sent to all Shortfall Shareholders.

A copy of the Seventh Supplementary Bidder's Statement and the section 650D notice as lodged with the ASIC and served on AME are attached.

The Seventh Supplementary Bidder's Statement supplements, and should be read together with, the Bidders Statement. The **Bidder's Statement** is comprised of MDI's 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, the third supplementary bidder's statement dated 21 June 2019, the fourth supplementary bidder's statement dated 27 June 2019, the fifth supplementary bidder's statement dated 26 July 2019 and the sixth supplementary bidder's statement dated 23 September 2019.

For further information about the Bidder's Statement, Seventh Supplementary Bidder's Statement, any aspect of the Offer or MDI, please contact MDI's Company Secretary on +61 (0)8 9389 2111.



**Middle Island**  
RESOURCES LIMITED

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

# Seventh Supplementary Bidder's Statement

## 1 Introduction

This is the seventh supplementary bidder's statement ("**Seventh Supplementary Bidder's Statement**") under section 643 of the *Corporations Act 2001* (Cth) ("**Corporations Act**") 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**"), the Fourth Supplementary Bidder's Statement dated 27 June 2019 ("**Fourth Supplementary Bidder's Statement**"), the Fifth Supplementary Bidder's Statement dated 26 July 2019 ("**Fifth Supplementary Bidder's Statement**") and the Sixth Supplementary Bidder's Statement dated 23 September 2019 ("**Sixth Supplementary Bidder's Statement**") (together the "**Bidder's Statement**").

This Seventh Supplementary Bidder's Statement supplements, and should be read together with, the Bidder's Statement. This Seventh 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 Seventh Supplementary Bidder's Statement.

A copy of this Seventh Supplementary Bidder's Statement was lodged with ASIC on 8 October 2019. Neither ASIC nor any of its officers take any responsibility for the content of this Seventh Supplementary Bidder's Statement.

## 2 Extension of Offer to Shortfall Securities

The Bidder's Statement was lodged with 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 the Third Supplementary Bidder's Statement was lodged with the ASIC on 21 June 2019, the Fourth Supplementary Bidder's Statement was lodged with the ASIC on 27 June 2019, the Fifth Supplementary Bidder's Statement was lodged with the ASIC on 26 July 2019 and the Sixth Supplementary Bidder's Statement was lodged with the ASIC on 23 September 2019.

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

1

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*This is the Seventh Supplementary Bidder's Statement and is intended to be read with the Original 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, the Third Supplementary Bidder's Statement dated 21 June 2019, the Fourth Supplementary Bidder's Statement dated 27 June 2019, the Fifth Supplementary Bidder's Statement dated 26 July 2019 and the Sixth Supplementary Bidder's Statement dated 23 September 2019 issued by Middle Island Resources Limited.*

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.

On 27 June 2019, MDI lodged the Fourth Supplementary Bidder's Statement together with notice under section 650D(1) of the Corporations Act varying 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**").

On 26 July 2019, MDI lodged the Fifth 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 30 September 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 23 September 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 23 September 2019, MDI lodged the Sixth 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 29 November 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 22 November 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 13 May 2019, AME issued 56,875,060 AME Shares (the "**Shortfall Shares**") and 28,437,523 AME Options (the "**Shortfall Options**") pursuant to the shortfall from its rights issue completed on 18 February 2019 (together the "**Shortfall Securities**").

On 18 July 2019, AME issued 16,666,666 AME Shares and 8,333,333 AME Options pursuant to a placement to Windsong Valley Pty Ltd <ATF Wheeler Family AC> (the "**Placement Securities**").

On 23 May 2019, MDI notified the markets via ASX release that the issue of the Shortfall Securities had breached the defeating condition set out in section 9.10(h) of the Original Bidder's Statement and reserved its rights to allow the Offer to lapse or to apply for ASIC consent to withdraw the Offer ("**Condition Breach**").

On 7 August 2019, MDI applied to ASIC for modification of the application of certain sections of the Corporations Act to enable MDI to extend the Offer to the Shortfall Shares and any ordinary

2

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*This is the Seventh Supplementary Bidder's Statement and is intended to be read with the Original 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, the Third Supplementary Bidder's Statement dated 21 June 2019, the Fourth Supplementary Bidder's Statement dated 27 June 2019, the Fifth Supplementary Bidder's Statement dated 26 July 2019 and the Sixth Supplementary Bidder's Statement dated 23 September 2019 issued by Middle Island Resources Limited.*

shares which are issued by AME as a result of the exercise of any of the Shortfall Options (the “**ASIC Modification**”) on the grounds that:

- (a) the Company will not be able to achieve its 50.1% minimum acceptance condition if the Offer is not extended to the Shortfall Shares;
- (b) the granting of the modification of the application of certain sections of the Corporations Act to enable MDI to extend the Offer to the Shortfall Shares and any ordinary shares which are issued by AME as a result of the exercise of any of the Shortfall Options is in accordance with the purposes of Chapter 6 as set out in section 602 - in particular s602(c) - in that granting of the modification will give the holders of the Shortfall Shares a reasonable and equal opportunity to participate in any benefits accruing to the holders of AME Shares under the Offer;
- (c) there are no third parties whose interests would be adversely affected and in fact the holders of the Shortfall Shares (currently with ASX Code AMENA) would have the current suspension of the ability to trade the Shortfall Shares lifted as their shares would be converted into ASX Code AME and be freely tradeable, and
- (d) MDI was aware of the potential for the Shortfall Securities to be issued at the time was the Offer was made.

ASIC pursuant to ASIC Instrument 19-0863 granted the ASIC Modification on 22 August 2019 on the following conditions:

- (a) that MDI issue a supplementary bidder’s statement (which is this Seventh Supplementary Bidder’s Statement); and
- (b) that MDI publicly announce that it waives the Condition Breach.

Accordingly, MDI confirms that it waives the Condition Breach.

MDI now confirms that the Offer is extended to the Shortfall Shares.

The effect of the ASIC granting the ASIC Modification is that the Offer now extends to include the Shortfall Shares and will also extend to any AME Shares issued as a result of the exercise of the Shortfall Options, provided that the AME Shares are issued prior to the end of the Offer Period.

The holders of any Shortfall Shares may apply to MDI to obtain a copy of the Bidder’s Statement (including any or all supplementary bidder’s statements), a copy of the Target Statement and a copy of the s650D notice all as lodged with ASIC up to and including the date of this Seventh Supplementary Bidder’s Statement.

MDI confirms that it is not extending the Offer to the Placement Securities at this time.

### **3 Capital Structure**

The information provided in section 4.3 of the Original Bidder’s Statement, as amended by the Fourth Supplementary 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 or the Placement Securities.

Based on the Increased Consideration and including the Shortfall Shares (which are now the subject of the Offer), the effect of the Offer on MDI’s capital structure will be:

| Securities  | MDI Shares           | MDI Options <sup>3</sup> |
|---|----------------------|--------------------------|
| Current securities on issue <sup>1</sup>                                      | 1,046,852,156        | 378,950,719              |
| MDI Shares issued pursuant to the Offer <sup>2</sup>                          | 1,622,742,690        | -                        |
| MDI Shares issued pursuant to 50% AME Performance Rights vesting <sup>4</sup> | 13,500,000           | -                        |
| <b>Total</b>  | <b>2,683,094,846</b> | <b>378,950,719</b>       |

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 Offer (including the Shortfall Shares but excluding the Placement Securities) and that no AME Convertible Securities or AME Options (including the Shortfall Options) 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 Placement Securities) 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 Placement Securities and, as at the date of this Seventh Supplementary Bidder's Statement, does not intend on extending the Offer to the Placement Securities but reserves the right to do so in the future.

#### 4 Value of the Offer

The Offer 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 (being the day prior to the day the intention to bid was announced) which represents a premium of 93% to the AME closing price on 28 February 2019;
- \$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); and
- \$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 (being 9 April 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.

#### 5 Further Information

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

## 6 Approval of Seventh Supplementary Bidder's Statement

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

Dated: 8 October 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.



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**Rick Yeates**



**Middle Island**  
RESOURCES LIMITED

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

**Notice under section 650D(1) Corporations Act 2001  
Notice of variation of offer - extension of Offer to Shortfall Shares  
dated 8 October 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 Bidder's Statement dated 15 April 2019, the Second Supplementary Bidder's Statement dated 24 May 2019, the Third Supplementary Bidder's Statement dated 21 June 2019, the Fourth Supplementary Bidder's Statement dated 27 June 2019, the Fifth Supplementary Bidder's Statement dated 26 July 2019 and the Sixth Supplementary Bidder's Statement dated 23 September 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.

**Extension of offer period**

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

- (a) pursuant to the relief granted to MDI to modify the application of certain sections of the Corporations Act 2001 (Cth) by Australian Securities and Investments Commission Instrument 19-0863, it varies the Offer by extending the Offer to the 56,875,060 ordinary shares and any ordinary shares which are issued by AME as a result of the exercise of any of the 28,437,523 options over ordinary shares issued by AME on 13 May 2019 (the **Shortfall Shares**); and
- (b) it waives any breach of the defeating conditions contained in the Bidder's Statement as result of the issue of the Shortfall Shares.

**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 8 October 2019. ASIC takes no responsibility for the contents of this notice.

Signed for and on behalf of  
**Middle Island Resources Limited**