

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Heron Resources Limited

ACN/ARSN 068 263 098

1. Details of substantial holder (1)

Name Castlake III, L.P. (**Castlake III**), Castlake IV, L.P. (**Castlake IV**) and each of the related bodies corporate in the Castlake group worldwide (for more details please visit www.castlake.com), including the major subsidiaries and associated companies listed in Annexure A

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 4 July 2017

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	45,856,116	45,856,116	9.95%

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Castlake III	Registered holder of the ordinary securities acquired by virtue of the subscription agreement entered into by Castlake III, Castlake IV and Heron Resources Limited (a copy of which is attached at Annexure B).	22,928,058 ORD
Castlake IV	Registered holder of the ordinary securities acquired by virtue of the subscription agreement entered into by Castlake III, Castlake IV and Heron Resources Limited (a copy of which is attached at Annexure B).	22,928,058 ORD
Castlake III and Castlake IV's related bodies corporate	Entities controlling Castlake III and Castlake IV are deemed to have the same relevant interests as those entities, and other group entities are associates	45,856,116 ORD

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Castlake III	Castlake III	Castlake III	22,928,058 ORD
Castlake IV	Castlake IV	Castlake IV	22,928,058 ORD

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Castlake III	4 July 2017	\$1,604,964.06		22,928,058 ORD
Castlake IV	4 July 2017	\$1,604,964.06		22,928,058 ORD

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

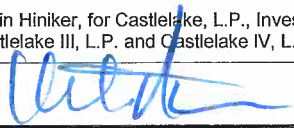
Name and ACN/ARSN (if applicable)	Nature of association
Castlake III and Castlake IV's related bodies corporate	Related bodies corporate of the registered holders of securities listed above

7. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Castlake III	4600 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402 United States of America
Castlake IV	4600 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402 United States of America
Castlake III and Castlake IV's related bodies corporate	4600 Wells Fargo Center 90 South Seventh Street Minneapolis, MN 55402 United States of America

Signature

print name	Kevin Hiniker, for Castlake, L.P., Investment Manager for and on behalf of Castlake III, L.P. and Castlake IV, L.P.	capacity	Vice President
sign here		date	05/07/2017

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

(6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(7) Include details of:

- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
- (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."

(9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure A

This is Annexure A of one page referred to in Form 603 Notice of initial substantial holder by Castllake III, L.P., Castllake IV, L.P. and their related corporate bodies.



Signed:

Name: Kevin Hiniker
Capacity: Vice President for Castllake, L.P., Investment Manager for and on behalf of Castllake III, L.P. and Castllake IV, L.P.
Date: July 5, 2017

Castllake III, L.P. is associated with Castllake III GP, L.P. (its General Partner) and Castllake L.P. (its investment manager).

The following entities are major subsidiaries and associated companies of Castllake III, L.P.:

1. CL III ES USA, LLC;
2. CL III Debt Solutions (Offshore) LLC;
3. CL III Debt Solutions 2 (Offshore) LLC;
4. CL III Investment Holding Company (Offshore) LLC;
5. CL III USA Investment Holding Company LLC;
6. CL III REO USA LLC;
7. CL III Funding Holding Company;
8. HFET REO USA, LLC; and
9. CL III REO (Offshore) LLC.

Castllake IV, L.P. is associated with Castllake IV GP, L.P. (its General Partner) and Castllake L.P. (its investment manager).

The following entities are major subsidiaries and associated companies of Castllake IV, L.P.:

1. CL IV ES USA, LLC;
2. CL IV REO (Offshore) LLC;
3. CL IV REO USA, LLC;
4. CL IV Debt Solutions (Offshore) LLC;
5. CL IV Debt Solutions 2 (Offshore) LLC;
6. CL IV Funding Holding Company LLC;
7. CL IV Investment Holding Company (Offshore) LLC; and
8. CL IV USA Investment Holding Company LLC.

Annexure B

This is Annexure B of 66 pages referred to in Form 603 Notice of initial substantial holder by Castlelake III, L.P., Castlelake IV, L.P. and their related bodies corporate

This Annexure B is a true copy of the original document.

Signed:



Name:

Kevin Hiniker

Capacity:

Vice President for Castlelake, L.P., Investment Manager for and on behalf of Castlelake III, L.P. and Castlelake IV, L.P.

Date:

July 5, 2017

Agreement

Subscription agreement

Castlelake III, L.P. and Castlelake IV, L.P.

Heron Resources Limited

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Subscription agreement

Date ►

Between the parties

Company	Heron Resources Limited ABN 30 068 263 098 of Suite 702, 191 Clarence Street, Sydney, NSW 2000, Australia (Company)
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Subscriber	Castlelake III, L.P. and Castlelake IV, L.P. 4600 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402 (each a Subscriber and together the Subscribers)
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Recitals	The Company has agreed to issue to each Subscriber its T1 Subscription Shares and its T2 Subscription Shares on the terms of this agreement.
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The parties agree as follows:

1 Definitions and interpretation

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

The meanings of the terms used in this document are set out below unless indicated otherwise.

Term	Meaning
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
ASX Condition	the condition precedent in clause 2.1(a) in the case of T1 Completion and the condition precedent in clause 2.2(j) in the case of T2 Completion.
ASX Listing Rules	the official listing rules of the ASX.
ASX Waiver	a waiver by ASX of ASX Listing Rule 6.18 in order to enable the Company to grant and comply with the Participation Right.
Board	the board of directors of the Company, from time to time.
Business Day	a day on which banks are open for business in Perth, Western Australia and Sydney, New South Wales, excluding a Saturday, Sunday or public holiday.
Company Warranties	the representations and warranties set out in Schedule 3.
Completion	completion under T1 Completion or T2 Completion, as the context requires.
Confidentiality Agreement	the confidentiality agreement entered into between Castlelake, L.P. and the Company dated 31 August 2016.

Constitution	the constitution of the Company as amended or varied from time to time.
Control	has the meaning given in section 50AA of the Corporations Act.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Director Shares	any Shares a director of the Company, or their associates, directly or indirectly own or control.
Duty	any stamp, transaction or registration duty or similar charge imposed by any Governmental Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.
Encumbrance	an interest or power: - reserved in or over an interest in any asset; or - created or otherwise arising in or over any interest in any asset under a security agreement, a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of, or having similar commercial effect to, security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to: - any agreement to grant or create any of the above; and - a security interest within the meaning of section 12(1) of the <i>Personal Property Securities Act 2009</i> (Cth).
Equity Offer	an offer by the Company to issue any 'equity securities' (as that term is defined in the ASX Listing Rules) (in this agreement, Equity Securities).
Equity Raising	the offer of new Shares to institutional and retail investors via an institutional placement to raise between the Minimum Equity Raising Amount and the Maximum Equity Raising Amount.
Escrow Agent	FTI Consulting (Australia) Pty Limited.
Escrow Account	has the meaning given to that term in the Escrow Deed.
Escrow Amount	has the meaning given to that term in the Escrow Deed (and for the avoidance of doubt is inclusive of any accrued interest on the Escrow Amount).

Escrow Deed	the Escrow Deed dated the date of this agreement between the Company, each Subscriber, Greenstone, Orion and the Escrow Agent governing the holding of monies advanced by those parties into separate escrow accounts maintained by the Escrow Agent.
Exchange Rate	at any time, the mid-rate which appears on the Bloomberg Screen "AUDUSD" at or about 11:00am Sydney time on that day.
Facility Agreement	the loan facility agreement between Orion, Tarago Operations Pty Ltd (as borrower) and others dated on or about the date of this agreement.
Government Agency	any government or governmental, administrative, monetary, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Greenstone	Greenstone Management (Delaware) LLC in its capacity as general partner of Greenstone HRR Holdings LP and the Greenstone LPs.
Greenstone LPs	each of GEF-PUE,LP, The J Paul Getty Trust, G JBD LLC, G LTP LLC, G ERP LLC and G HSP LLC.
Greenstone LP Subscription Agreements	the agreements documenting the equity subscription by each of the Greenstone LPs as contemplated by this agreement.
Greenstone Shortfall Subscription Shares	the total number of Shares that Greenstone has elected to subscribe for under a shortfall application notice given to the Company in respect of the Shortfall Amount.
Greenstone Subscription Agreement	the subscription agreements between Greenstone and the Company dated on or about the date of this agreement.
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
GST Law	has the same meaning as in the GST Act.
Immediately Available Funds	payment by electronic means of transfer in cleared funds into an account nominated by the Escrow Agent.

Independent Valuer	a person jointly appointed by the parties (acting reasonably) who has at least 10 years' standing as a partner of Ernst & Young, KPMG, Deloitte or PricewaterhouseCoopers (or any successor entities) provided such firm does not audit or advise the Company or each Subscriber or any of their respective Related Corporations and who has specialised knowledge and experience in conducting valuations.
Initial Greenstone Subscription	the Subscription by Greenstone for US\$1,600,041 worth of Shares.
Initial Orion Subscription	the Subscription by Orion for US\$1,480,038 worth of Shares.
Joint Release Notice	has the meaning given to that term in the Escrow Deed.
Key Facility CPs	each of the conditions precedent set out in the following clauses of the Facility Agreement: 1 clause 2.1(a) (except that the 'Officers certificate' must be delivered no more than 2 Business Days before the last condition under clause 2 is satisfied or waived), 2.1(d), 2.1(w), 2.1(l), 2.1(m), 2.1(n) and 2.1(v); 2 clause 2.1(b), other than in respect of the direct deeds for the 'Port Contract', 'Mining Contract' and 'Power Supply Contract' and 'Haulage Contract' (as those terms are defined in the Facility Agreement); and 3 clause 2.1(c), other than in respect of paragraphs 6 and 8 to 13 (inclusive) of the definition of 'Material Documents' (as that term is defined in the Facility Agreement).
Key Stream CPs	each of the conditions precedent set out in clauses 2.9(a) (except that the 'Officers certificate' must be delivered no more than 2 Business Days before the last condition under clause 2 is satisfied or waived), 2.9(b) (other than in respect of the direct deeds for the 'Port Contract', 'Mining Contract' and 'Power Supply Contract' and 'Haulage Contract' (as those terms are defined in the Stream Agreement) and 2.9(d), of the Stream Agreement.
Loss	losses, liabilities, damages, costs, charges and expenses and includes Taxes and Duties.
Marketing Agreement	the agreement dated on or around the date of this agreement between, among others, Orion Merchant Services LLC and Tarago Operations Pty Ltd for the marketing of the lead contained within the lead concentrate produced from the Project.
Material Adverse	An event occurring that has had or is reasonably likely to have a material adverse change in the financial position or performance,

Change	assets, liabilities, profits, losses or prospects, or a dilutive impact on the capital structure, of the Company.
Maximum Equity Raising Amount	\$135,115,656 minus the T1 Subscription Amount, the T2 Subscription Amount, the Initial Greenstone Subscription, the Second Greenstone Subscription (assuming no Shortfall Amount), the amounts subscribed by the Greenstone LPs under the Greenstone LPs Subscription Agreements (assuming no Shortfall Amount), the Initial Orion Subscription, the Second Orion Subscription (assuming no Shortfall Amount), calculated as at the date the bookbuild in respect of the Equity Raising closes.
Minimum Equity Raising Amount	The Maximum Equity Raising Amount less US\$10,000,000.
Nominee	any party nominated by a Subscriber as the purchaser of the Subscription Shares under clause 5.6 or 6.6.
Official List	the official list of the ASX as defined in the ASX Listing Rules as amended from time to time.
Orion	Orion Mine Finance Fund II LP an exempt limited partnership formed under the laws of Bermuda of Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda.
Orion Subscription Agreement	the subscription agreement between Orion and the Company dated on or about the date of this agreement.
Participation Right	the top-up right to be granted by the Company to the Subscribers under clause 9.
Percentage Holding	the Shares held by the Subscribers divided by the total number of issued Shares expressed as a percentage.
Project	has the meaning given to that term under the Facility Agreement.
Project Steering Committee	the committee established by the Company which is responsible for: 1 assessing and reviewing the overall progress; and 2 providing the Board and management of the Company with recommendations and advice in respect of technical, legal, financial, financing, environmental, permitting and stakeholder/social aspects, of the Project and any surrounding prospects or potential exploration or development opportunities that relate to, or are otherwise connected

with, the Project.

Related Corporation of an entity	each company: 1 that is a subsidiary of that entity; 2 of which the entity is a subsidiary; or 3 that is a subsidiary of a company of which the entity is also a subsidiary.
Related Person	in respect of a party or its Related Corporations, each director, officer, employee, advisor, agent, external consultant or representative of that party or Related Corporations.
Reorganisation	any one or more of the following: 1 any distribution of cash or securities by way of a return of capital; 2 any bonus issue; 3 any share split, consolidation or other similar action in respect of the share capital; and 4 any other reorganisation, recapitalisation, reclassification or similar event with respect to share capital.
Second Greenstone Subscription	the subscription by Greenstone for Shares worth: 1 if there is no Shortfall Amount, US\$19,599,959; and 2 if there is a Shortfall Amount, US\$19,599,959 plus an amount equal to the Greenstone Shortfall Subscription Shares multiplied by the Subscription Price.
Second Orion Subscription	The subscription by Orion of the lesser of: 1 if there is no Shortfall Amount, US\$20,219,962 worth of Shares; and 2 if there is a Shortfall Amount, the number of the Shares equal to US\$20,219,962 plus an amount equal to the Orion Shortfall Subscription Shares multiplied by the Subscription Price, unless that number of Shares would exceed the maximum number of ordinary shares that if issued, would result in Orion having a Voting Power in the Company of no more than 19.90% (after the Company has issued the Shares under this agreement, the Equity Raising, the Greenstone LP Subscription Agreements, Orion Subscription Agreement and the Greenstone Subscription Agreement) in which case the Second Orion Subscription is the subscription of that maximum number.
SEDAR	the System for Electronic Document Analysis and Retrieval developed for the thirteen provincial and territorial securities regulatory authorities in Canada.

Share	a fully paid ordinary share in the capital of the Company.
Share Purchase Plan	the share purchase plan to be undertaken by the Company whereby shareholders as at the relevant record date will be offered the opportunity to subscribe for up to \$15,000 of Shares at the Subscription Price to raise up to a maximum of \$5 million.
Shortfall Amount	the amount equal to the Maximum Equity Raising Amount minus the actual gross amount raised under the Equity Raising.
Sole Release Notice	has the meaning given to that term in the Escrow Deed.
Stream Agreement	the purchase and sale agreement (silver) dated on or about the date of this agreement between Tarago Operations Pty Ltd, each party listed in Schedule A to that agreement and OMF Fund II (SO) Ltd.
Subscriber Warranties	the representations and warranties set out in Schedule 4.
Subscription Price	the lower of: 1 \$0.104 per Share; and 2 the lowest price at which Shares are (or will be) issued under the Equity Raising.
Subscription Shares	the T1 Subscription Shares and the T2 Subscription Shares.
T1 Completion	completion of the issue of the T1 Subscription Shares under this agreement.
T1 Completion Date	1 Business Day after the date of this agreement (or such other date as agreed between the parties in writing).
T1 Cut Off Date	30 September 2017.
T1 Subscription Amount	an amount equal to the number of T1 Subscription Shares multiplied by the Subscription Price.
T1 Subscription Shares	with respect to each Subscriber, 22,928,058 Shares.

T2 Completion	completion of the issue of the T2 Subscription Shares under this agreement.
T2 Completion Date	the date to be agreed by the parties as soon as practicable after completion of the bookbuild in relation to the Equity Raising, provided such date is no less than 13 Business Days and no more than 18 Business Days after the last to occur of: 1 the satisfaction or waiver of the conditions in clauses 2.2(a)-2.2(j) (inclusive); 2 Orion's obligation to advance the funds for the Second Orion Subscription, as contemplated under the condition in clause 2.2(d), becoming unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, concurrent completion under this agreement, the Greenstone LP Subscription Agreements, the Greenstone Subscription Agreement and the completion of the Equity Raising); 3 Greenstone's obligation to advance the funds for the Second Greenstone Subscription, as contemplated under the condition in clause 2.2(c), becoming unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, the material adverse change condition in section 2.1(k) of the Greenstone Subscription Agreement, concurrent completion under this agreement, the Greenstone LP Subscription Agreements, the Orion Subscription Agreement and the completion of the Equity Raising), or if no dates is agreed then the date 18 Business Days after the last to occur of the events in paragraphs 1 to 3 above.
T2 Cut Off Date	30 September 2017.
T2 Subscription Amount	an amount equal to the number of T2 Subscription Shares multiplied by the Subscription Price expressed in US\$ as at the date the bookbuild in respect of the Equity Raising closes.
T2 Subscription Shares	with respect to each Subscriber, the number of Shares equal to the lesser of: 1 210,422,630; and 2 the maximum number of ordinary shares that if issued, would result in the Subscribers together having Voting Power in the Company of no more than 19.90% (after the Company has issued the Shares under the Greenstone Subscription Agreement, the Greenstone LP Subscription Agreement, the Orion Subscription Agreement and the Equity Raising).
Tax	any tax, levy, charge, impost, duty, fee, GST, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Governmental Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.

Tax Law	a Law with respect to or imposing any Tax.
TSX	the Toronto Stock Exchange.
TSX Company Manual	the TSX Company Manual, as amended from time to time.
Veolia Cooperation Deed	the co-operation deed dated 29 March 2017 between the Company, Woodlawn Mine Holdings Pty Ltd, Tarago Operations Pty Ltd, TriAusMin Pty Ltd and Veolia Environmental Services (Australia) Pty Ltd.
Voting Power	has the meaning given in section 9 of the Corporations Act.
Warranties	the Company Warranties and the Subscriber Warranties.

1.3 Interpretation

In this agreement:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this agreement;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this agreement have a corresponding meaning;
- (e) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to, this agreement and a reference to this agreement includes any schedule, attachment and exhibit;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) a reference to an agreement other than this agreement includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;

- (k) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding-up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;
- (l) no provision of this agreement will be construed adversely to a party because that party was responsible for the preparation of this agreement or that provision;
- (m) a reference to a body, other than a party to this agreement (including an institute, association or authority), whether statutory or not:
 - (1) that ceases to exist; or
 - (2) whose powers or functions are transferred to another body,
 is a reference to the body that replaces it or that substantially succeeds to its powers or functions;
- (n) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 1.3(a) implies that performance of part of an obligation constitutes performance of the obligation;
- (o) if an act prescribed under this agreement to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (p) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (q) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (r) a reference to \$ is to Australian currency unless denominated otherwise;
- (s) a reference to US\$ is to the lawful currency of the United States of America;
- (t) where an amount is expressed in US\$ it is to be converted into Australian currency at the Exchange Rate for the purpose of any calculations under this agreement as at the date the bookbuild in respect of the Equity Raising closes; and
- (u) a reference to time is a reference to Sydney time.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the preceding Business Day.

1.5 Inclusive expressions

Specifying anything in this agreement after the words 'including', 'includes' or 'for example' or similar expressions does not limit what else is included.

2 Conditions precedent

2.1 Conditions precedent to T1 Completion

The obligations of the parties under clauses 3.1 and 5 are conditional on, and do not become binding unless and until each of the following conditions has been satisfied or waived in accordance with clause 2.6:

- (a) the ASX has not indicated to the Company that it will refuse to grant quotation of the T1 Subscription Shares or otherwise make quotation conditional; and
- (b) no Material Adverse Change has occurred between the date of this agreement and the T1 Completion Date.

2.2 Conditions precedent to T2 Completion

The obligations of the parties under clauses 3.3 and 6 are conditional on, and do not become binding unless and until each of the following conditions has been satisfied or waived in accordance with clause 2.6:

- (a) Foreign Investment Review Board approval:
 - (1) each Subscriber has received a written notice under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), by or on behalf of the Treasurer of the Commonwealth of Australia stating or to the effect that the Commonwealth Government does not object to the issue of the T2 Subscription Shares to each Subscriber, either unconditionally or on terms that do not impose unduly onerous obligations on each Subscriber; or
 - (2) the Treasurer of the Commonwealth of Australia becomes precluded from making an order in relation to the issue of the T2 Subscription Shares to each Subscriber under the *Foreign Acquisitions and Takeovers Act 1975* (Cth); or
 - (3) if an interim order is made under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in respect of the issue of the T2 Subscription Shares to each Subscriber, the subsequent period for making a final order prohibiting the issue of the T2 Subscription Shares to each Subscriber elapses without a final order being made;
- (b) the members of the Company in general meeting have approved by the appropriate majority the issue of the Subscription Shares to each Subscriber, and the issue of Shares under the Equity Raising, the Orion Subscription Agreement, the Greenstone LP Subscription Agreement and the Greenstone Subscription Agreement for all purposes, including (without limitation) for the purposes of Listing Rule 7.1 and in the case of the Shares to be issued to Greenstone and the Greenstone LPs, item 7 of section 611 of the Corporations Act;
- (c) Greenstone's obligation to subscribe for and the Company's obligation to issue the Shares for the and the Second Greenstone Subscription becomes unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, the material adverse change condition in section 2.1(k) of the Greenstone Subscription Agreement, concurrent completion under this agreement, the Greenstone LP Subscription Agreement and, the Orion Subscription Agreement and the completion of the Equity Raising) and is to occur on the T2 Completion Date;

- (d) Orion's obligation to subscribe for and the Company's obligation to issue the Shares under the Orion Subscription Agreement becomes unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, concurrent completion under this agreement, the Greenstone LP Subscription Agreement and, the Greenstone Subscription Agreement and the completion of the Equity Raising) and is to occur on the T2 Completion Date;
- (e) Greenstone LPs obligation to subscribe for and the Company's obligation to issue the Shares under the Greenstone LP Subscription Agreements with each of the Greenstone LPs becomes unconditional (other than with respect to concurrent completion under the Greenstone Subscription Agreement) and is to occur on the T2 Completion Date;
- (f) the Company has received legally binding commitments from investors in a form acceptable to each Subscriber, acting reasonably, to subscribe for such number of new Shares to raise the Minimum Equity Raising Amount under the Equity Raising and all of those commitments are or become unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition and the funds for T2 Completion, the Greenstone LP Subscription Agreements, the Greenstone Subscription Agreement and the Orion Subscription Agreement being deposited into the Escrow Account), with the effect that the issue and payment for those new Shares will occur before T2 Completion;
- (g) in the event of a Shortfall Amount, the Company has received commitments for all of the Shortfall Amount;
- (h) each of the Key Facility CPs is either:
 - (1) satisfied in accordance with the terms of the Facility Agreement as those terms appeared at the date of this agreement; or
 - (2) if those Key Facility CPs have not been or remain to be satisfied or have been waived by Orion, each Subscriber in its discretion waiving the requirement for each such Key Facility CP to be satisfied;
- (i) each Key Stream CPs is either:
 - (1) satisfied in accordance with the terms of the Stream Agreement as those terms appeared at the date of this agreement; or
 - (2) if those Key Facility CPs have not been or remain to be satisfied or have been waived by Orion, each Subscriber in its discretion waiving the requirement for each such Key Stream CPs to be satisfied;
- (j) ASX issues the ASX Waiver on terms that are consistent with the terms of the letter dated 8 February 2017 from ASX;
- (k) the ASX not indicating to the Company that it will refuse to grant quotation of the T2 Subscription Shares or otherwise make quotation conditional; and
- (l) no Material Adverse Change has occurred between the date of this agreement and immediately prior to T2 Completion occurring.

2.3 Best endeavours to satisfy conditions precedent

- (a) The Company must use best endeavours to ensure that the conditions in clause 2.1 are satisfied as expeditiously as possible and in any event on or before the T1 Cut Off Date.

- (b) The Company must use best endeavours to ensure that the conditions in clause 2.2 (other than the condition in clause 2.2(a)) are satisfied as expeditiously as possible after the date of this agreement and in any event on or before the T2 Cut Off Date.
- (c) Each Subscriber must use its best endeavours to ensure that the condition in clause 2.2(a) is satisfied as expeditiously as possible and in any event on or before the T2 Cut Off Date. Each Subscriber agrees that if it determines that the approval outlined in clause 2.2(a) is not required, it will waive that condition after making such determination.
- (d) Each party must provide reasonable assistance to the other as is necessary to satisfy the conditions. To avoid doubt, this clause 2.3(d) does not require the Subscriber to provide any financial assistance.
- (e) Each party must provide all information as may be reasonably requested by the other party in connection with any notices or applications for approvals.
- (f) Each party must co-operate with each other party in approaching the Foreign Investment Review Board for the purposes of satisfying the condition in clause 2.2(a).

2.4 Shareholder approval

Without limiting clause 2.3, in connection with satisfying the condition in clause 2.2(b), the Company will:

- (a) promptly prepare a notice of meeting to seek the approval of the members of the Company for the purposes of the condition in clause 2.2(b), and:
 - (1) the Company will consult in good faith with each Subscriber in relation to the form and content of the notice including providing each Subscriber with a draft of the notice and taking into account each Subscriber's comments prior to providing the draft notice to ASX for its review; and
 - (2) the notice must include:
 - (A) a unanimous recommendation by the Board that members vote in favour of the required resolutions in the absence of a superior proposal; and
 - (B) a statement that each member of the Board intends to vote, or procure the voting of, their Director Shares in favour of the resolutions in the absence of a superior proposal;
- (b) as soon as reasonably practicable after the date of this agreement (and no later than 3 weeks following the date of this agreement), convene a general meeting and dispatch the notice of meeting to its members, so that the meeting can be held by 31 August 2017.

2.5 Notice

Each party must promptly notify the others in writing if it becomes aware that any condition in clause 2.1 or clause 2.2 has been satisfied or has become incapable of being satisfied.

2.6 Waiver

- (a) The conditions in clauses 2.1(b) and 2.2(j) and 2.2(l) are for the benefit of each Subscriber only and may only be waived by the Subscribers in writing (in their sole and absolute discretion). To avoid doubt, the Company cannot waive any conditions expressed to be for the benefit of each Subscriber only, and the Company's consent is not required to waive those conditions.
- (b) The condition in clause 2.1(a) is for the benefit of both parties and may only be waived by both parties in writing.
- (c) The conditions in clause 2.2(a) and 2.2(b) cannot be waived.
- (d) The conditions in clause 2.2(c)-(i) (inclusive) and clause 2.2(k) are for the benefit of both parties and may only be waived by both parties in writing.
- (e) A waiver of a condition:
 - (1) will not be effective unless it is given in writing in relation to a particular condition;
 - (2) may be given unconditionally or on the conditions the party who is entitled to waive the condition considers fit;
 - (3) will only apply to the obligations in relation to which it is expressed to be given unless the party who is entitled to waive the condition states otherwise in writing; and
 - (4) will not preclude the party entitled to waive the condition from refusing to waive a particular condition on another occasion or from requiring the party who is required to satisfy a condition to satisfy conditions that differ from the conditions applying on a prior occasion.

2.7 T1 Cut-Off Date

A party may, by not less than 2 Business Days' notice to the other party, terminate this agreement at any time before T1 Completion if:

- (a) the conditions in clause 2.1 are not satisfied, or waived in accordance with clause 2.6 by the T1 Cut Off Date; or
- (b) the conditions in clause 2.1 become incapable of satisfaction or the parties agree that any of the conditions in clause 2.1 cannot be satisfied.

2.8 T2 Cut Off Date

A party may, by not less than 2 Business Days' notice to the other party, terminate the effect of clauses 2, 3 and 6 of this agreement (for the avoidance of doubt, the clauses can only be terminated together and at the same time and not individually or at different times) at any time after T1 Completion but before T2 Completion if:

- (a) the conditions in clause 2.2 are not satisfied, or waived in accordance with clause 2.6 by the T2 Cut Off Date; or
- (b) the conditions in clause 2.2 become incapable of satisfaction or the parties agree that any of the conditions in clause 2.2 cannot be satisfied.

3 Subscription and issue

3.1 T1 Subscription Shares

On the T1 Completion Date as determined under clause 5, the Company must issue the T1 Subscription Shares, and each Subscriber must subscribe for its T1 Subscription Shares, for the Subscription Price.

3.2 Constitution

On issue of the T1 Subscription Shares, each Subscriber agrees to be bound by the Constitution.

3.3 T2 Subscription Shares

On the T2 Completion, as determined under clause 6, the Company must issue the T2 Subscription Shares, and each Subscriber must subscribe for its T2 Subscription Shares, for the Subscription Price.

3.4 Constitution

On issue of the T2 Subscription Shares, each Subscriber agrees to be bound by the Constitution.

3.5 Rights and ranking

All Subscription Shares issued to each Subscriber will:

- (a) be issued as fully paid;
- (b) be free of Encumbrances; and
- (c) rank equally in all respects with the other ordinary shares on issue in the capital of the Company as at the Completion Date.

4 Company's undertakings

4.1 Restricted actions

Except to the extent contemplated by this agreement, the Greenstone Subscription Agreement, the Greenstone LP Subscription Agreements, the Orion Subscription Agreement, the Facility Agreement or the Stream Agreement, the Company will not, prior to T2 Completion, without each Subscriber's prior written consent:

- (a) dispose of or agree to dispose of any of its right, title or interest in and to any material asset that it may own or to which it may become entitled;
- (b) charge or agree to Encumber the whole or any part of its right, title and interest in and to any material asset that it may own or to which it may become entitled;
- (c) issue, or agree to issue, any marketable securities in its capital or grant any options or rights to take up by way of subscription, conversion or substitution further shares in its capital, whether the shares rank in preference to, equally with or after the Subscription Shares in respect of any right or interest, other

than under the Equity Raising, the Greenstone Subscription Agreement, the Greenstone LP Subscription Agreements and the Orion Subscription Agreement or on exercise of any of the options listed in Schedule 5;

- (d) grant any special voting or other rights that attach to the ordinary issued shares in its capital; or
- (e) carry on any business except a business of a type that is currently being carried on by the Company.

4.2 Quotation on ASX and TSX

- (a) The Company will apply to ASX for official quotation of the Subscription Shares as soon as practicable, and in any event within 2 Business Days after Completion.
- (b) The Company will give to the ASX a notice under section 708A(6) of the Corporations Act by the next trading day on ASX following Completion and such notice must confirm that the Company has not withheld any excluded information for the purposes of section 708A(6)(e), or, if the Company is unable to satisfy the Corporations Act requirements to give such a notice, lodge a prospectus with ASIC on the next Business Day following Completion that qualifies the Subscription Shares for resale under section 708A(11) of the Corporations Act.
- (c) The Company will provide notice to the TSX in accordance with section 602(a) of the TSX Company Manual promptly after entering into this agreement and will use best endeavours to obtain conditional listing approval from the TSX prior to Completion.
- (d) The Company will use best endeavours to provide all outstanding documents and address any other items raised by the TSX in their letter granting conditional listing approval prior to the time period set forth in such letter.

5 T1 Completion

5.1 Time and place

Completion of the issue of the T1 Subscription Shares under this agreement must take place on the T1 Completion Date at **10am Perth time** at the offices of Allion Partners, L9, 863 Hay Street, Perth, Western Australia or at any other place the parties agree.

5.2 Obligations of Company

On or before T1 Completion, the Company must procure that a meeting of directors of the Company is convened and approves subject to T1 Completion the issue of the T1 Subscription Shares to each Subscriber or its Nominee.

5.3 Subscription at T1 Completion

At T1 Completion, each Subscriber must:

- (a) **(subscription)** subscribe for and accept the issue of, or procure that its Nominee subscribes for and accepts the issue of, its T1 Subscription Shares, by means of an application substantially in the form in Schedule 2; and

- (b) **(subscription price)** pay or procure that its Nominee pays, to the Company the T1 Subscription Amount in Immediately Available Funds.

5.4 Issue at T1 Completion

At T1 Completion the Company must:

- (a) **(Subscription Share issue)** issue the T1 Subscription Shares to each Subscriber or its Nominee free from any Encumbrance or other third party rights; and
- (b) **(documentation)** provide the documentation required by clause 5.5(a).

5.5 Documents to be delivered by the Company

- (a) At T1 Completion the Company must give:
 - (1) evidence satisfactory to each Subscriber of the due allotment and issue of the T1 Subscription Shares;
 - (2) a draft of the notice referred to in 4.2(b); and
 - (3) a certificate signed by two directors of the Company certifying satisfaction of the conditions precedent in clause 2.1, that there has been no breach of the Company Warranties and that no right of termination has occurred.
- (b) Within 5 Business Days after T1 Completion, the Company must give each Subscriber, at the election of each Subscriber, a CHESS holding statement or issuer-sponsored holding statement in respect of the T1 Subscription Shares.

5.6 Subscriber Nominee

Each Subscriber may nominate a subsidiary of the relevant Subscriber to subscribe for the T1 Subscription Shares by notifying the Company in writing at least 2 Business Days before the T1 Completion Date, in which case references to the relevant Subscriber in this agreement will be deemed to also include a reference to the Nominee.

5.7 T1 Completion simultaneous

The actions to take place as contemplated by this clause 5 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions;
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) each Subscriber must return to the Company all documents delivered to it under clause 5.5 and the Company must repay to each Subscriber all payments received by it under clause 5.3(b) without prejudice to any other rights any party may have in respect of that failure.

6 T2 Completion

6.1 Time and place

Completion of the issue of the T2 Subscription Shares under this agreement must take place on the T2 Completion Date at **10am Perth time** at the offices of Herbert Smith Freehills, L36, QV1 Building, 250 St Georges Terrace, Perth, Western Australia or at any other time and place the parties agree.

6.2 Obligations of Company

On or before T2 Completion, the Company:

- (a) must, on request in writing, provide information to each Subscriber concerning:
 - (1) Greenstone LPs concurrently subscribing for, or already having subscribed for the new Shares under the Greenstone LP Subscription Agreements;
 - (2) Greenstone concurrently subscribing for, or already having subscribed for the new Shares for the Initial Greenstone Subscription and Second Greenstone Subscription;
 - (3) Orion concurrently subscribing for, or already having subscribed for the new Shares for the Initial Orion Subscription and the Second Orion Subscription; and
 - (4) the Company having completed the Equity Raising (which includes completing the issue of the new Shares applied for under the Equity Raising),

to satisfy each Subscriber, acting reasonably, that concurrent with completion under this agreement (and in the case of the Equity Raising, before T2 Completion under this agreement), completion will occur under the Greenstone LP Subscription Agreement, Greenstone Subscription Agreement, the Orion Subscription Agreement and under the Equity Raising; and
- (b) will procure that a meeting of directors of the Company is convened and approves subject to T2 Completion the issue of the T2 Subscription Shares to each Subscriber or its Nominee.

6.3 Subscription at T2 Completion

Subject to:

- (a) each of the Greenstone LPs, Greenstone and Orion at least 1 Business Day prior to the T2 Completion Date depositing into the Escrow Account their respective subscription amounts, so that the total amount deposited in the Escrow Account by the Greenstone LPs, Greenstone and Orion is equal to the aggregate of the Greenstone LP Subscription, the Initial Greenstone Subscription, the Second Greenstone Subscription, the Initial Orion Subscription and the Second Orion Subscription;
- (b) Greenstone concurrently subscribing for, or already having subscribed for, and the Company issuing, or already having issued, the new Shares for the Initial Greenstone Subscription and Second Greenstone Subscription, and the Company providing evidence of this (in a form satisfactory to each Subscriber acting reasonably);

- (c) Greenstone LPs concurrently subscribing for, or already having subscribed for, and the Company issuing, or already having issued, the new Shares under the Greenstone LP Subscription Agreements, and the Company providing evidence of this (in a form satisfactory to the Subscriber, acting reasonably);
- (d) Orion concurrently subscribing for, or already having subscribed for, and the Company issuing, or already having issued, the new Shares under the for the Initial Orion Subscription and the Second Orion Subscription, and the Company providing evidence of this (in a form satisfactory to each Subscriber acting reasonably);
- (e) the Company having completed the Equity Raising (which includes completing the issue of the new Shares applied for under the Equity Raising and receiving cleared funds for those Shares) and receiving at least the Minimum Equity Raising Amount under the Equity Raising and the Company providing evidence of this (in a form satisfactory to each Subscriber acting reasonably); and
- (f) satisfaction or waiver of the conditions precedent in clauses 2.2(j)-(l) (inclusive), each Subscriber must:
- (g) **(subscription)** at T2 Completion, subscribe for and accept the issue of, or procure that its Nominee subscribes for and accepts the issue of, its T2 Subscription Shares, by means of an application substantially in the form in Schedule 2; and
- (h) **(subscription price)**
 - (1) at least 1 Business Day prior to the T2 Completion Date, pay or procure that its Nominee pays to the Escrow Agent the T2 Subscription Amount in Immediately Available Funds to be held in trust in a separate account to the funds received by the Escrow Agent from Greenstone, the Greenstone LPs and Orion for the benefit of the parties and dealt with in accordance with this agreement and the Escrow Deed; and
 - (2) at T2 Completion, in full and final satisfaction of its obligation to pay the T2 Subscription Amount, deliver to the Escrow Agent a duly signed Sole Release Notice for the Escrow Amount (excluding any accrued interest on the Escrow Amount) and provide a copy of that Sole Release Notice to the Company.

6.4 Issue at T2 Completion

At T2 Completion, and subject to the Escrow Agent confirming that all Sole Release Notices under the Escrow Deed in respect of T2 Completion have been received, the Company must:

- (a) **(Subscription Share issue)** issue the T2 Subscription Shares to each Subscriber or its Nominee free from any Encumbrance or other third party rights; and
- (b) **(documentation)** provide the documentation required by clause 6.5(a).

6.5 Documents to be delivered by the Company

- (a) At T2 Completion the Company must give:
 - (1) evidence satisfactory to each Subscriber of the due allotment and issue of the T2 Subscription Shares;

- (2) a draft of the notice referred to in clause 4.2(b); and
 - (3) a certificate signed by two directors of the Company certifying satisfaction of the conditions precedent in clause 2.1, that there has been no breach of the Company Warranties and that no right of termination has occurred.
- (b) Within 5 Business Days after T2 Completion, the Company must give each Subscriber, at the election of each Subscriber, a CHESS holding statement or issuer-sponsored holding statement in respect of the T2 Subscription Shares.

6.6 Subscriber Nominee

Each Subscriber may nominate a subsidiary of the relevant Subscriber to subscribe for the T2 Subscription Shares by notifying the Company in writing at least 2 Business Days before the T2 Completion Date, in which case references to the relevant Subscriber in this agreement will be deemed to also include a reference to the Nominee.

6.7 T2 Completion simultaneous

The actions to take place as contemplated by this clause 6, by clause 6 of the Greenstone LP Subscription Agreements and by respective clauses 7 of the Greenstone Subscription Agreement and Orion Subscription Agreement and to complete the issue of Shares under the Equity Raising are interdependent and must take place, as nearly as possible, simultaneously (except in the case of the Equity Raising, which is to occur before Completion). If any one of those actions does not take place then without prejudice to any rights available to any party as a consequence:

- (a) there is no obligation on any party to undertake or perform any of the other actions; and
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions
- (c) each Subscriber must return to the Company all documents delivered to it under clause 6.5 and the Company must repay or procure the Escrow Agent to repay (as applicable) to each Subscriber all payments received by it or the Escrow Agent under clause 6.3(h) without prejudice to any other rights any party may have in respect of that failure.

7 Appointment of director

- (a) Subject to the condition in clause 2.2(a), on and from the earlier of:
 - (1) T2 Completion; and
 - (2) the T2 Cut Off Date,
 for so long as the Subscribers' (together with any Related Corporations) combined shareholding in the Company is at least 8.75% (based on the number of voting shares on issue in the Company) the Subscribers (acting jointly) may appoint a nominee director to the Board, and the Company must, on request from the Subscribers, promptly appoint the relevant nominee director, subject to receipt of a consent to act from the relevant nominee director.
- (b) If the Subscribers are no longer entitled to appoint a nominee director under clause 7(a) then if requested by the Company it must procure that any nominee director it has appointed under clause 7(a) resigns.

- (c) The Subscribers will not be entitled to appoint a person as their nominee director under clause 7(a) who the Board (acting reasonably) concludes is not of good character or repute or has inappropriate experience to be a director of a public company in Australia in which case the Company must inform each Subscriber of this fact and ask for an alternative person to act as nominee director. For the purposes of this clause 7(c), Ricardo De Armas is a person acceptable to the Board to be appointed as the Subscribers' nominee director.
- (d) Any nominee director appointed in accordance with this clause 7 must be appointed on the same terms as the other non-executive directors of the Company, including terms of remuneration, cost reimbursement and rights of indemnity, access and insurance.
- (e) The parties acknowledge and agree that any nominee director appointed in accordance with this clause 7 is permitted to disclose the Company's confidential information (excluding information in the public domain and information known to the Subscriber other than due to disclosure by its nominee director) to each Subscriber on the condition that each Subscriber must keep the information secret and confidential and must not divulge or disclose such information, except that the Subscriber may disclose information to the extent required by law or the rules of any securities exchange, provided that the Subscriber consults with the Company regarding the nature, timing and content of the proposed disclosure before making that disclosure.

8 Project Governance representation

- (a) On and from T2 Completion and until completion of the Project (as determined under the Facility Agreement), the Subscribers will have the right for their nominee director (or otherwise to nominate an alternative qualified person who is acceptable to the Company acting reasonably) to participate in the Project Steering Committee or any group tasked from time to time by the Company or any of its Related Corporations with similar review responsibilities to the Project Steering Committee.
- (b) The Company must ensure that any person nominated pursuant to clause 8(a) is entitled to participate by telephone conference in all Project Steering Committee meetings and given access to the same information as any other participant and the Company may allow additional attendees as required.
- (c) The obligations of the Company in clause 8(b) are subject to the Board (acting reasonably) concluding that the nominated person has sufficient experience to participate in the Project Steering Committee. For the purposes of this clause 8(c), Ricardo De Armas is a person acceptable to the Board to participate in the Project Steering Committee.
- (d) If at any time a representative resigns, or is removed and the requirements of clause 8(a) remain fulfilled, the Subscribers may nominate a replacement representative and this clause 8 will continue to apply.
- (e) Each Subscriber's reasonable out of pocket expenses in connection with representation on the Project Steering Committee must be reimbursed by the Company within 30 days after the Company receiving properly documented invoices from the relevant Subscriber.

9 Participation Right

9.1 Participation Right

- (a) This clause 9 will not operate unless and until the Company has obtained from the ASX either:
 - (1) a written confirmation that the rights granted to the Subscribers under clause 9 do not or would not contravene ASX Listing Rule 6.18; or
 - (2) a waiver from ASX Listing Rule 6.18 in respect of the rights granted to the Subscribers under clause 9.
- (b) As soon as practicable after the date of this agreement (and in any event within 5 Business Days of the date of this agreement), the Company must file with ASX an application for approval necessary to satisfy the condition in clause 9.1(a) and must:
 - (1) consult with, and provide information to, each Subscriber concerning the approach by the Company to the ASX and the content of any such application for approval and related material correspondence; and
 - (2) provide each Subscriber with a copy of any notices and applications for approval before lodgement.
- (c) Subject to clause 9.1(d), on and from the T2 Completion Date, and in consideration of the issue of the Subscription Shares and payment of the Subscription Price, each Subscriber will have the right to participate in any Equity Offer by the Company up to the number of Equity Securities required to ensure that the Subscribers' combined Percentage Holding immediately before completion of the Equity Offer is maintained, provided that such participation is for cash consideration that is:
 - (1) no more favourable than cash consideration paid by third parties (in the case of issues of Equity Securities to third parties for cash consideration); or
 - (2) equivalent in value to non-cash consideration offered by third parties (in the case of issues of Equity Securities to third parties for non-cash consideration).
- (d) The Participation Right will not apply in relation to an issue of Equity Securities by the Company:
 - (3) pursuant to a pro-rata entitlement issue or pursuant to any other rights made available to all Shareholders (including each Subscriber);
 - (4) pursuant to any asset acquisition, merger, business combination, tender offer, exchange offer, takeover of scheme of arrangement;
 - (5) under any employee incentive scheme pursuant to ASIC Class Order 14/1000; or
 - (6) to a Related Corporation of each Subscriber.
- (e) The Participation Right is non-transferrable other than to an entity within the wholly owned group of each Subscriber.
- (f) Where clause 9.1(c)(2) applies, the cash-equivalent price is to be calculated by agreement between the parties or in the absence of such agreement by an Independent Valuer. The costs of the Independent Valuer will be borne by the Company and the decision of the Independent Valuer will be final and binding on the parties in the absence of manifest error. The Independent Valuer must be instructed to accept and consider submissions from the Company and each

Subscriber. The Company and each Subscriber must provide all information and assistance that the Independent Valuer reasonably requests.

9.2 Operation of the Participation Right

- (a) The Company must notify each Subscriber in writing of any proposed Equity Offer at least 15 clear Business Days prior to the date for the execution by the Company and participants of legally binding commitments in respect of the Equity Offer (**Issue Notice**).
- (b) To be valid, the Issue Notice must specify the:
 - (1) maximum and minimum number of Equity Securities proposed to be issued (as determined by the Company acting reasonably);
 - (2) maximum and minimum number of Equity Securities that each Subscriber may subscribe for under the Participation Right (as determined by the Company acting reasonably);
 - (3) maximum and minimum subscription price per Equity Security, which must be the same price per Equity Security as the price at which the Equity Securities will be issued by the Company under the Equity Offer (or as determined under clause 9.1);
 - (4) date for the execution by the Company and participants of legally binding commitments in respect of the Equity Offer; and
 - (5) terms and conditions of the Equity Securities proposed to be issued, the full terms of any agreement required to be executed by participants in order to subscribe for those Equity Securities (such as a placement letter or subscription agreement) and all information in relation to the Company and the Equity Offer that has or will be provided to participants in the Equity Offer (such as investor presentations).
- (c) Each Subscriber may no later than 5.00pm on the day that is 2 clear Business Days prior to the date specified in the Issue Notice for execution by the Company and participants of legally binding commitments in respect of the Equity Offer elect to exercise the Participation Right by delivering to the Company a written notice (**Participation Exercise Notice**) confirming the maximum and minimum number of Equity Securities it wishes to subscribe for or whether each Subscriber wishes to take up the number of Equity Securities required to maintain each Subscriber's Percentage Holding immediately before completion of the Equity Offer.
- (d) Each Subscriber may elect to subscribe for some or all of the number of Equity Securities offered to it in the Issue Notice.
- (e) If a Subscriber delivers a valid Participation Exercise Notice to the Company, then the Company must promptly and in any event at least 2 Business Days before the date in clause 9.2(b)(4):
 - (1) provide the relevant Subscriber with the agreement required to be executed by the Subscriber to subscribe for those Equity Securities (including the final subscription price per Equity Security and the number of Equity Securities which the relevant Subscriber may apply for) which must be in a form which is no less favourable to the relevant Subscriber than:
 - (A) the terms specified in the Issue Notice; and

(B) the agreements to be signed by the other participants in the Equity Offer.

and which provides the relevant Subscriber at least 5 Business Days from the date of execution of the agreement to pay the subscription amount to the Company;

- (2) on return by the relevant Subscriber of the documentation referred to in clause 9.2(e)(1), promptly apply for and use its best endeavours to obtain all regulatory and shareholder approvals and complete all other formalities required to issue the Equity Securities to the relevant Subscriber.
- (f) Each Subscriber must return the duly completed and executed agreement referred to in clause 9.2(e)(1), to the Company by no later than the date referred to in clause 9.2(b)(4).
- (g) The Parties acknowledge that circumstances may arise where shareholder approval may be required by law or pursuant to the ASX Listing Rules before Equity Securities in the Company can be issued to each Subscriber under the Participation Right. In these circumstances, the Parties agree that:
 - (1) each Subscriber will be treated in the same manner as other participants in the Equity Offer;
 - (2) to the extent that shareholder approval is required in respect of such issue, the Company is not obliged to issue Equity Securities to each Subscriber pursuant to the Participation Right until that approval has been obtained; and
 - (3) the Company must take all reasonable steps to ensure that shareholder approval is obtained in respect of the issue of Equity Securities to each Subscriber in connection with the Participation Right as soon as possible after the commitment by the relevant Subscriber to participate in the issue (including taking all reasonable steps to procure the Company's non-interested directors unanimously recommend that shareholders vote in favour of the resolution approving the Equity Issue, subject at all times to the directors' fiduciary duties).
- (h) If a Subscriber does not deliver a valid Participation Exercise Notice to the Company within the timeframe required by clause 9.2(c) then the relevant Subscriber is deemed to have waived the operation of the Participation Right in respect of the Equity Offer.
- (i) Unless each Subscriber (acting reasonably) agrees otherwise, the Company must re-comply with the requirements of this clause 9 before proceeding with any Equity Offer if:
 - (1) any of the terms of the documentation referred to in clause 9.2(e)(1) are materially different to that specified in the Issue Notice (with a change in issue price being deemed to be material);
 - (2) the final number of Shares to be issued or the price at which they are to be issued as part of an Equity Offer is outside of the minimum and maximum range specified in the Issue Notice;
 - (3) completed and executed agreements referred to in clause 9.2(e)(1) are not returned to the Company by the participants (other than each Subscriber) on or before the date referred to in clause 9.2(b)(4) (or such later date as may be specified by the Company being not more than 5 Business Days after the date referred to in clause 9.2(b)(4)); or

- (4) binding subscription documents for the Equity Offer contemplated in clause 9.2(a) have not been executed within 20 clear Business Days after the date of deemed waiver of the Participation Right by virtue of clause 9.2(h).
- (j) If the operation of this clause will materially prejudice the Company's ability to successfully proceed with an Equity Offer, then the parties agree to discuss in good faith amendments to its operation to address those issue save that neither party is required to agree to any amendment that would prejudice its own rights, interests or corporate objectives.

9.3 Lapse of Participation Right

The Participation Right will survive T2 Completion and apply for so long as the Subscribers together with any Related Corporations, hold a Percentage Holding of between 10% (or such lesser percentage as the ASX may permit from time to time) and 25% (both inclusive).

10 Exclusivity

- (a) From the date of this agreement until the earlier of the T2 Completion Date and 30 September 2017, the Company must ensure that neither it nor any of its Related Corporations or Related Persons:
 - (1) directly or indirectly solicits, facilitates, encourages, invites or initiates steps with the objective of receiving any offer or proposal or enquiry (or submission or initiation of the foregoing) pursuant to which a person other than each Subscriber or its affiliates, or Greenstone as a result of an issue of new Shares under the Greenstone Subscription Agreement, Greenstone LPs as a result of an issue of new Shares under the Greenstone LP Subscription Agreements or Orion as a result of an issue of new Shares under the Orion Subscription Agreement, or an investor issued new Shares under the Equity Raising would, if the proposal was successfully completed:
 - (A) be issued any equity in the Company (including without limitation, Shares or options over Shares) or any of its Related Corporations or the Company or any of its Related Corporations would raise any debt finance;
 - (B) acquire a material interest in the Company or the Project (including by way of a joint venture, reverse acquisition, takeover or other share or asset acquisition); or
 - (C) frustrate the implementation of the transactions contemplated by this agreement,
 (each an **Alternative Proposal**); or
 - (2) directly or indirectly participates in any negotiations or discussions or provides any information to any person with respect to any inquiry, expression of interest, offer or proposal by any person to make an Alternative Proposal, unless the Alternative Proposal is in respect of a takeover bid, scheme of arrangement or similar arrangement for the acquisition of 100% of the securities in the Company (**Takeover Proposal**) and was not solicited, invited or encouraged in breach of

this clause 10 and the directors of the Company acting reasonably and in good faith determine that:

- (A) the Takeover Proposal is a bona fide third party proposal;
 - (B) the Takeover Proposal is or could reasonably be expected to lead to a proposal capable of acceptance by the Company or its shareholders that is materially superior to the transactions involving each Subscriber, Greenstone and Orion as expressly contemplated by this agreement (having regard to all prevailing circumstances including the value of the proposal, certainty of terms, conditionality, time to execution, identity of the counterparty and time to close of the transaction); and
 - (C) having had regard to written advice from their external legal and financial advisers, not undertaking that act would be likely to constitute a breach of the fiduciary or statutory duties owed by any director or would otherwise be likely to constitute a breach of any applicable law.
- (b) From the date of this agreement until the earlier of the T2 Completion Date and 30 September 2017, the Company must and must cause its Related Corporations and Related Persons to immediately notify each Subscriber if:
 - (7) any approach, enquiry, expression of interest, offer or proposal is made, directly or indirectly to the Company or any of its Related Corporations or Related Persons with respect to an Alternative Proposal, which was solicited or otherwise; or
 - (8) any request is made to the Company or any of its Related Corporations or Related Persons for any information relating to the Company or any of its Related Corporations or their businesses or operations in connection with a current or future Alternative Proposal.

11 Warranties and indemnities

11.1 Company Warranties

The Company gives the Company Warranties to and for the benefit of each Subscriber.

11.2 Subscriber Warranties

Each Subscriber gives the Subscriber Warranties to and for the benefit of the Company.

11.3 Repetition warranties

The Warranties given by the Company and each Subscriber are given:

- (a) in respect of each Warranty which is expressed to be given on a particular date, on that date; and
- (b) in respect of each other Warranty, on the date of this agreement and immediately before T1 Completion and immediately before T2 Completion.

11.4 Survival

The Warranties survive the execution of this agreement, T1 Completion and T2 Completion.

11.5 Reliance

- (a) The Company acknowledges that each Subscriber enters into this agreement in reliance on each Company Warranty.
- (b) Each Subscriber acknowledges that the Company enters into this agreement in reliance on each Subscriber Warranty.

11.6 Independent Warranties

Each Warranty is separate and independent and not limited by reference to any other Warranty or any notice or waiver given by any party in connection with anything in this agreement.

11.7 Investigation

All powers of each Subscriber in connection with the Warranties may be enforced or made whether or not, before entry into this agreement, each Subscriber knew or could have discovered (whether by any investigation made by or on behalf of each Subscriber into the affairs of the Company or otherwise) that any Warranty has not been complied with or is otherwise untrue, incorrect or misleading.

11.8 Future events

The Company must immediately give notice to each Subscriber if anything occurs or arises that results or may result in any of the Warranties being unfulfilled, untrue, incorrect or misleading.

11.9 Indemnity

The Company indemnifies each Subscriber against any Loss suffered or incurred by each Subscriber as a result of a breach of a Company Warranty by the Company.

11.10 Tax

If an amount received by each Subscriber under clause 11.9 or otherwise in respect of any action in respect of any breach of this agreement is treated as assessable or taxable income or an assessable or taxable gain of each Subscriber under any Tax Law, the indemnifying party must pay each Subscriber an additional amount so that, after deducting from the aggregate amount received by each Subscriber under this clause 10 and otherwise in respect of that action, the amount of Tax paid or payable in respect of the amount received, the balance remaining is equal to the amount received by each Subscriber under clauses 11.9 or otherwise in respect of that action.

12 Termination

12.1 Termination by the Subscriber

The Subscribers (acting jointly) may terminate this agreement at any time before T2 Completion by notice in writing to the Company if:

- (a) the Greenstone Subscription Agreement, the Greenstone LP Subscription Agreements, the Orion Subscription Agreement, the Facility Agreement, the Stream Agreement or the Marketing Agreement is terminated;
- (b) Greenstone, the Greenstone LPs, Orion or any of the participants in the Equity Raising default on their settlement obligations on the T2 Completion Date provided that in the case of default by the other participants in the Equity Raising (which to avoid doubt does not include Greenstone, the Greenstone LPs or Orion) the Company is not able to procure an alternative participant or participants for the same amount and on the same terms (including as to timing including settlement before T2 Completion), as the defaulting participant;
- (c) the Veolia Cooperation Deed is materially amended, terminated or otherwise ceases to have full force and effect;
- (d) any of the representations and warranties of the Company under clause 11.1 are not, or cease to be, true and correct;
- (e) there is an Event of Default or Potential Event of Default (as those terms are defined under the Facility Agreement) or there would be an Event of Default or Potential Event of Default, but for any remedy periods;
- (f) an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of the Company;
- (g) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property of the Company;
- (h) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of the Company; or
- (i) the Company materially breaches the agreement, including breach of any of the undertakings in clause 4, breach of a Company Warranty occurring before completion or does not materially fulfil its obligations under this agreement.

12.2 Termination by the Company

The Company may terminate this agreement at any time before T2 Completion by notice in writing to each Subscriber if:

- (a) an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of each Subscriber;
- (b) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property of each Subscriber; or
- (c) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of each Subscriber.

12.3 Effect of Termination

- (a) If this agreement is terminated before T1 Completion under clause 2.7, this clause 12 or clause 17.5(c):
- (1) each party retains the rights it has against the other in respect of any breach of this agreement occurring before termination;
 - (2) each Subscriber must return to the Company all documents and other materials obtained from or on behalf of the Company in accordance with the terms of the Confidentiality Agreement; and
 - (3) the rights and obligations of each party under each of the following clauses and schedules will continue independently from the other obligations of the parties and survive termination of this agreement:
 - (A) clause 1.2 (Definitions and interpretation);
 - (B) clause 6.7 (T2 Completion simultaneous);
 - (C) clause 11.9 (Indemnity);
 - (D) clause 12 (Termination);
 - (E) clause 13 (Confidentiality and announcements);
 - (F) clause 14 (Duties, costs and expenses);
 - (G) clause 15 (GST); and
 - (H) clauses 16 and 17 (Notices and General).
- (b) If this agreement is terminated after T1 Completion under clause 2.8, this clause 12 or clause 17.5(c), then in addition to the matters set out in clause 11.3(a), clause 7 (Appointment of Director) will survive termination.

12.4 No other right to terminate or rescind

No party may terminate or rescind this agreement except as permitted under clauses 2.7, 2.8, this clause 12 or clause 17.5(c).

12.5 Obligation to inform

Each party must immediately notify the other of the occurrence of an event that could reasonably be expected to result in a right to terminate this agreement under either clauses 12.1 or 12.2 arising.

13 Confidentiality and announcements

13.1 Announcement

A party must not make any public announcement relating to this agreement or the transactions contemplated by it, unless the other party has consented to the announcement, including the timing, form and content, unless the announcement would be permitted under an exemption in clause 13.2.

13.2 Confidentiality

- (a) Immediately following the execution of this agreement, the parties must make a joint public announcement regarding entry into this agreement in a form agreed by both parties (each acting reasonably) (**Initial Announcement**).
- (b) The Initial Announcement must include:
 - (1) a unanimous recommendation by the Board that members vote in favour of the required resolutions in the absence of a superior proposal; and
 - (2) a statement that each member of the Board intends to vote, or procure the voting of, their Director Shares in favour of the resolutions in the absence of a superior proposal.
- (c) The parties acknowledge that, subject to clause 13.1 the Confidentiality Agreement remains in force in accordance with its terms after the execution of this agreement.

14 Duty, costs and expenses

14.1 Duties

The Company must pay all Duty in respect of the execution, delivery and performance of this agreement and any agreement, transaction or document entered into or signed under this agreement.

14.2 Costs

The Company must pay all reasonable costs and expenses of each Subscriber (including any legal costs and expenses on a full indemnity basis) in connection with the negotiation, preparation, execution and completion of this agreement and must reimburse each Subscriber for those costs and expenses within 5 Business Days after receipt of a Tax Invoice (if required to be provided under the GST Act).

15 GST

15.1 Definitions

Words used in this clause 15 that have a defined meaning in the GST Law, have the same meaning as in the GST Law unless the context indicates otherwise.

15.2 GST

- (a) Unless expressly included, the consideration for any supply under or in connection with this agreement does not include GST.
- (b) To the extent that any supply made under or in connection with this agreement is a taxable supply (other than any supply made under another agreement that contains a specific provision dealing with GST), the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST) an amount (additional amount) equal to the

amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The recipient must pay the additional amount at the same time as the consideration to which it is referable.

- (c) Whenever an adjustment event occurs in relation to any taxable supply made under or in connection with this agreement:
- (1) the supplier must determine the amount of the GST component of the consideration payable; and
 - (2) if the GST component of that consideration differs from the amount previously paid, the amount of the difference must be paid by, refunded to or credited to the recipient, as applicable.

15.3 Tax invoices

The supplier must issue a Tax Invoice to the recipient of a supply to which clause 15.2 applies no later than 7 days following payment of the GST inclusive consideration for that supply under that clause.

15.4 Reimbursements

If either party is entitled under this agreement to be reimbursed or indemnified by the other party for a cost or expense incurred in connection with this agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is the consideration for a creditable acquisition made by the party being reimbursed or indemnified, or by its representative member.

16 Notices

16.1 Form of Notice

A notice or other communication to a party under this agreement (**Notice**) must be:

- (a) in writing and in English; and
- (b) addressed to that party in accordance with the details nominated in Schedule 1 (or any alternative details nominated to the sending party by Notice).

16.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By pre-paid post to the nominated address	At 9.00am (addressee's time) on the second Business Day after the date of posting
By fax to the nominated fax number	At the time indicated by the sending party's transmission equipment as the time that the fax was sent in its entirety. However, if the recipient party informs the sending party within 4 hours after that time that the fax transmission was illegible or incomplete, then the Notice will not be regarded as given or received. When calculating this 4 hour period, only time within a business hours period is to be included.
By email to the nominated email address	When the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.

16.3 Notice must not be given by electronic communication

A Notice must not be given by electronic means of communication (other than fax and email as permitted in clause 16.2).

17 General

17.1 Governing law and jurisdiction

- (a) This agreement is governed by the law in force in New South Wales.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in New South Wales and courts of appeal from them in respect of any proceedings arising out of or in connection with this agreement. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.

17.2 Invalidity and enforceability

- (a) If any provision of this agreement is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 17.2(a) does not apply where enforcement of the provision of this agreement in accordance with clause 17.2(a) would materially affect the nature or effect of the parties' obligations under this agreement.

17.3 Waiver

No party to this agreement may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 17.3 are set out below.

Term	Meaning
Conduct	includes delay in the exercise of a right.
Right	any right arising under or in connection with this agreement and includes the right to rely on this clause.
Waiver	includes an election between rights and remedies, and conduct that might otherwise give rise to an estoppel.

17.4 Variation

A variation of any term of this agreement must be in writing and signed by the parties.

17.5 Assignment of rights

- (a) Subject to clause 17.5(b), rights arising out of or under this agreement are not assignable by a party without the prior written consent of the other party.
- (b) Each Subscriber may assign its rights under this agreement to an entity under the Control of Castlelake, L.P. (**Transferee**), provided that if the Transferee ceases to be under the Control of Castlelake, L.P., those rights must be transferred back to the relevant Subscriber or to another entity under the Control of Castlelake L.P.
- (c) A breach of clause 17.5(a) by a party entitles the other party to terminate this agreement.
- (d) Clause 17.5(c) does not affect the construction of any other part of this agreement.

17.6 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this agreement and the transactions contemplated by it.

17.7 Entire agreement

This agreement states all the express terms of the agreement between the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings, arrangements and agreements, express or implied in respect of its subject matter.

17.8 No merger

The Warranties, undertakings and indemnities in this agreement will not merge on T1 Completion or T2 Completion.

17.9 No reliance

Neither party has relied on any statement by the other party not expressly included in this agreement.

17.10 Counterparts

- (a) This agreement may be executed in any number of counterparts.
- (b) All counterparts, taken together, constitute one instrument.
- (c) A party may execute this agreement by signing any counterpart.

17.11 Relationship of the parties

- (a) Nothing in this agreement gives a party authority to bind any other party in any way.
- (b) Nothing in this agreement imposes any fiduciary duties on a party in relation to any other party.

17.12 Exercise of discretions

- (a) Unless expressly required by the terms of this agreement, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this agreement.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this agreement. Any conditions must be complied with by the party relying on the consent, approval or waiver.

17.13 Subscribers' rights

Each Subscriber's rights under this agreement are not provided to enable it to directly participate in or control the management of the Company's affairs or the Project, but merely to protect its passive interest as a Company shareholder to maximise its long-term returns on the Shares it holds in the Company.

Schedules

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Schedule 1

Notice details

Company	Heron Resources Limited
Address	Suite 702, 191 Clarence Street, Sydney, NSW 2000, Australia
Attention	Simon Smith
Phone	+61 2 9119 8111
Fax	Not applicable
Email	SSmith@HeronResources.com.au

Subscribers	Castlelake III, L.P. and Castlelake IV, L.P.
Address	4600 Wells Fargo Center, 90 South Seventh Street, Minneapolis, MN 55402
Attention	General Counsel
Fax	Not applicable
Email	notices@castlelake.com

Schedule 2

Application for Subscription Shares

To: The Directors
Heron Resources Limited (**Company**)

[Insert name of applicant], in accordance with and subject to the terms of the Subscription Agreement dated **[insert date]** and made between the Company and Castlake III, L.P. and Castlake IV, L.P. (**Agreement**):

- 1 applies to have issued to it **[insert number]** fully paid ordinary shares in the capital of the Company;
- 2 [encloses payment in the sum of \$**[insert amount]** / has or will deposit with the Escrow Agent (as that term is defined in the Agreement) the sum of \$**[insert amount]**] representing the subscription money payable in respect of the shares in accordance with this Agreement; and
- 3 agrees to hold all shares issued to it on and subject to the provisions of the constitution of the Company from time to time and to be bound by and observe such provisions.

date _____

Signed for
[insert name of applicant]
by its representative

sign here ► _____

Representative

print name _____

Schedule 3

Company Warranties

1.1 Definitions

Account Control Deed	(a) the Operating Account Deed; and (b) each account control deed entered into between one or more Transaction Parties, the Lender, the Purchaser and an ADI in accordance with the Facility Agreement.
Accounting Standards	Generally accepted accounting principles in Australia.
ADI	a retail bank located in Australia which is an authorised deposit taking institution within the meaning of the <i>Banking Act 1959</i> (Cth).
AML Legislation	all applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” laws, whether within Australia or, to the extent applicable to the Transaction Parties, elsewhere, including any regulations, guidelines or orders made under or in respect of those laws.
Anti-Corruption Laws	all laws, rules and regulations of any jurisdiction applicable to any Transaction Party from time to time concerning or relating to bribery or corruption.
Authorisation	(a) any consent, registration, filing, agreement, notice of non-objection, notarisation, certificate, licence, approval, permit, authority or exemption; or (b) in relation to anything which a Government Agency may prohibit or restrict within a specific period, the expiry of that period without intervention or action or notice of intended intervention or action.
Borrower	the ‘Borrower’ under the Facility Agreement, which as at the date of this agreement is Tarago Operations Pty Ltd (ACN 127 810 413).
Completion Longstop Date	30 September 2020.
Consolidated Group	the consolidated group (as defined in the Tax Act) of which the Transaction Parties are or become members

	and the Company is the head company (as defined in the Tax Act).
Construction Earthworks Contract	the contract to be entered into by the Borrower for the earthworks required in connection with the construction of the Project.
Contamination	in respect of any property, the presence of pollution (including noise pollution or water turbidity) or toxic or hazardous substances, including the accumulation of tailings and waste rock: (a) in, on or under the property; or (b) in the ambient air and emanating from the property.
Controller	a controller as defined in section 9 of the Corporations Act.
Contested Taxes	a Tax payable by a Transaction Party where the Transaction Party is contesting its liability to pay that Tax in good faith, and has reasonable grounds to do so.
Direct Deed	(a) the direct deed to be entered into between the Parent, Holdco, the Borrower, Veolia, the Purchaser and the Lender in relation to the Veolia Cooperation Deed; (b) the direct deed to be entered into between the Borrower, the Lender, the Purchaser and Sedgman Pty Limited in relation to the EPC Contract; (c) the direct deed to be entered into between the Borrower, the Lender, the Purchaser and the counterparty to the Construction Earthworks Contract in relation to that Material Document; (d) the direct deed to be entered into between the Borrower, the Lender, the Purchaser and the counterparty to the Haulage Contract in relation to that Material Document; (e) the direct deed to be entered into between the Borrower, the Lender, the Purchaser and Louis Dreyfus Company Metals Suisse SA in relation to the Offtake Agreements; (f) the direct deed to be entered into between the Borrower, the Lender, the Purchaser and the counterparty to the Mining Contract in relation to that Material Document; (g) the direct deed to be entered into between the

Borrower, the Lender, the Purchaser and the counterparty to the Power Supply Contract in relation to that Material Document;

- (h) the direct deed to be entered into between the Borrower, the Lender, the Purchaser and the counterparty to the Port Contract in relation to that Material Document; and
- (i) each side agreement made or to be made between one or more Transaction Parties, the Purchaser, the Lender and the counterparty to a Material Document in relation to that Material Document in accordance with the Facility Agreement.

Environmental Approvals

all Authorisations, consents, approvals, licences, permissions or other authorisations of any kind required by Environmental Law.

Environmental Law

any applicable law of Australia that relates to the protection of the environment or health and safety, including laws concerning land use or the rehabilitation of any land, development, pollution (including water turbidity or noise pollution), waste disposal, toxic and hazardous substances, conservation of natural or cultural resources and resource allocation (including any law of Australia relating to the exploration for, and development or exploitation of, any natural resource).

Environmental Liability

any actual or potential Loss incurred or which may be incurred in connection with:

- (a) the investigation or remediation;
- (b) a claim by any third party;
- (c) any action, order, declaration or notice by a Government Agency under an Environmental Law; or
- (d) any agreement between a Transaction Party and any:
 - owner or occupier of land; or
 - Government Agency;

of or in respect of Contamination.

Finance Documents

- (a) the Facility Agreement;
- (b) the Intercreditor Agreement;
- (c) each Security Document;

- (d) each Direct Deed;
- (e) each Account Control Deed;
- (f) each guarantee assumption agreement;
- (g) each document or agreement entered into or given under any of the above; and
- (h) each other document that the Lender and the Borrower agree in writing to be a Finance Document.

Financial Model means a draft of the 'Financial Model' that is to be provided by the 'Borrower' to the 'Lender' under the Facility Agreement and that has been approved by the Subscriber for the purposes of this agreement from time to time.

Financial Report in relation to an entity, the following financial statements and information in relation to the entity, prepared for its financial half year or financial year:

- (a) a statement of financial performance;
- (b) a statement of financial position; and
- (c) a statement of cashflows,

together with any notes to those documents and any accompanying reports, statements, declarations and other documents or information.

Good Mining Practice the exercise of that degree of skill, care, prudence, operational and financial foresight and operating practice which would reasonably and ordinarily be expected from a skilled and experienced person engaged in the same type of undertaking in Australia as the Transaction Parties under the same or similar circumstances.

Group Structure Diagram the group structure diagram in Schedule 6.

Guarantor Each of:

- (a) Hampton Nickel Pty Limited (ACN 100 180 498);
- (b) Heron Resources Limited (ACN 068 263 098);
- (c) Ochre Resources Pty Limited (ACN 112 833 351);
- (d) Tarago Exploration Pty Ltd (ACN 115 529 112); and
- (e) Woodlawn Mine Holdings Pty Ltd (ACN 612 657 164).

Haulage Contract means a haulage contract to be entered into by the Borrower no later than 30 September 2018 in a form and of substance satisfactory to the Lender with a creditworthy company that has appropriate expertise in

the haulage of mineral concentrates, under which that company is to haul Product from the Project to the port for a cost that is substantially as contemplated in the Financial Model.

Hedging Agreement each interest rate, foreign exchange transaction, equity or equity index option, bond option, commodity swap, commodity option, cap transaction, currency swap transaction, cross-currency swap rate transaction or any other hedge or derivative agreement entered into by a Transaction Party, including any master agreement and any transaction or confirmation under it.

Holdco Woodlawn Mine Holdings Pty Ltd (ACN 612 657 164).

Insolvency Event in relation to any person:

- (a) an order being made, or that person passing a resolution, for the winding up of that person (unless that order is made, or resolution is passed, for the winding up of a Non-Key Guarantor that has been dormant for at least the immediately preceding 6 months and in respect of which the total value of its assets (in aggregate) is less than US\$250,000);
- (b) an application being made to a court for an order for the winding up of that person, unless the application is:
 - i. involuntary and is withdrawn or dismissed within 30 days; or
 - ii. made in respect of a Non-Key Guarantor that has been dormant for at least the immediately preceding 6 months and in respect of which the total value of its assets (in aggregate) is less than US\$250,000;
- (c) an administrator being appointed to that person;
- (d) that person resolving to appoint a Controller or analogous person to that person or any of its property;
- (e) an application being made to a court for an order to appoint a Controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to that person or any of its property, unless the application is involuntary and is stayed, withdrawn or dismissed within 30 days;
- (f) an appointment of the kind referred to in paragraph (e) above being made (whether or not

following a resolution or application);

- (g) the holder of any Encumbrance over its property taking possession of a material part of its property;
- (h) that person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (i) that person:
 - i. suspending payment of its debts, stating that it is unable to pay its debts or being or becoming otherwise insolvent;
 - ii. being taken by applicable law to be (or if a court would be entitled or required to presume that it is) unable to pay its debts or otherwise insolvent; or
 - iii. enters into a compromise or arrangement with, or assignment for the benefit of, any of its members or creditors (unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved in writing by the Lender); or
- (j) anything analogous to or having a substantially similar effect to any of the above happens in relation to that person under the laws of any jurisdiction.

Intellectual Property Rights

all patents, trade marks, service marks, designs, copyright, business names, trade secrets, know how and other intellectual property rights and interests (in each case whether registered under any statute or not).

Intercreditor Agreement

the intercreditor agreement dated on or about the date of this agreement between the Lender, the Purchaser and each Transaction Party.

Key Guarantor

- (a) the Company; or
 - (b) Holdco,
- and **Key Guarantors** means both of them.

Lender

the 'Lender' under the Facility Agreement, which as at the date of this agreement is OMF Fund II (H) Ltd.

Material Adverse Effect

a material adverse effect on:

- (a) the ability of the Transaction Parties (taken as a whole) to perform any payment or other material obligation under any Finance Document or Stream

Document;

- (b) the total value of the Secured Property (disregarding any reduction or depletion of Reserves in the ordinary course of mining as contemplated in the Financial Model);
- (c) the enforceability or priority of a Finance Document or Stream Document or any Encumbrance provided for by a Finance Document or Stream Document;
- (d) the rights of the Lender under a Finance Document or Stream Document; or
- (e) the assets, business, operations, financial condition or prospects of the Transaction Parties (taken as a whole).

Material Documents

- (a) each Stream Document;
- (b) the Marketing Agreement;
- (c) the Veolia Cooperation Deed;
- (d) the EPC Contract;
- (e) the Construction Earthworks Contract;
- (f) the Haulage Contract;
- (g) each Offtake Agreement;
- (h) the Mining Contract;
- (i) the Port Contract;
- (j) the Power Supply Contract;
- (k) each Sales Contract other than a Spot Sales Contract or a Hedging Agreement;
- (l) any agreement entered into by a Transaction Party after the date of this agreement where the aggregate amount of payments to be made, or expenditure to be incurred, by the Transaction Party under that agreement is anticipated to exceed US\$1,500,000 other than:
 - i. any agreement entered into by a Transaction Party with any of its personnel detailing the terms of their employment; or
 - ii. any agreement that the Lender has notified the Borrower in writing is not required to be a Material Document for the

	purposes of this paragraph (l); and
	(m) any agreement entered into by a Transaction Party after the date of this agreement that in the opinion of the Lender (acting reasonably) is material to the development, construction, ramp-up or operation of the Project and which the Lender has notified the Transaction Party in writing to be a Material Document for the purposes of this agreement.
Mineral Rights	(a) the Project Tenements; and (b) each present or future interest from time to time held by or on behalf of the Borrower in any present or future right, lease, licence, claim, permit or other authority which confers or may confer a right to prospect or explore for or mine any metals or minerals in connection with the Project as contemplated in the Financial Model.
Mining Contract	the contract to be entered into by the Borrower for the mining operations at the Project.
Non-Key Guarantor	a Guarantor other than a Key Guarantor.
Offtake Agreements	(a) the copper concentrate off-take contract to be entered into between the Borrower (as Seller) and Louis Dreyfus Company Metals Suisse SA (as Buyer); (b) the lead concentrate off-take contract to be entered into between the Borrower (as Seller) and Louis Dreyfus Company Metals Suisse SA (as Buyer); and (c) the zinc concentrate off-take contract to be entered into between the Borrower (as Seller) and Louis Dreyfus Company Metals Suisse SA (as Buyer).
Operating Account Deed	An account control deed entered into between the Lender, the Purchaser and the Borrower in relation to the cash operating account established and maintained by the Borrower under the Facility Agreement.
Payable Silver	the payable silver contained in the Product as determined in accordance with the Stream Agreement.
Permitted JV Documents	(a) the document entitled 'Tenement Option and Sale Agreement' dated 15 August 2013 between the Company, PLD Corporation Limited (ACN 086 839 992) and Stuart Town Gold Pty Ltd (ACN 152 053 499);

- (b) the document entitled 'Heads of Agreement for Farm-in Joint Venture Agreement' dated 29 March 2011 between Southern Gold Limited (ACN 107 424 519) and the Company;
- (c) the document entitled 'Farm-in and Joint Venture Agreement – Overflow, Girilambone & Eurow' dated 30 May 2016 between the Company, TriAusMin Pty Ltd (ACN 062 002 475), Ochre Resources Pty Ltd (ACN 112 833 351) and Alchemy Resources (NSW) Pty Ltd (ACN 612 498 263); and
- (d) any other agreement entered into by a Transaction Party (other than the Borrower) after the date of this agreement with the prior written consent of the Lender and which the Lender and the relevant Transaction Party agree in writing to be a Permitted JV Document.

Port Contract

the contract to be entered into by the Borrower for the provision of port services in connection with the Project.

Power Supply Contract

a power supply contract entered into by the Borrower no later than 30 June 2018 in a form and of substance satisfactory to the Lender with a creditworthy and substantial company that has appropriate expertise in the supply of power, under which that company is to supply power to the Project in sufficient quantities and for a cost of supply which enables the Project to be developed and operated in accordance with the Financial Model.

Product

the present and future right, title and interest of the Borrower in and to all copper (including copper bearing material and concentrates), zinc (including zinc bearing material and concentrates), lead (including lead bearing material and concentrates), silver (including silver bearing material and concentrates) and other metals and minerals mined, extracted or derived from the Project Area and the Project.

Project

the zinc-copper project known as the Woodlawn Project located approximately 30 kilometres south of Goulburn in New South Wales, Australia comprising the exploration, development, construction and operation of the mine in the Project Area and its associated infrastructure.

Project Area

the area the subject of the Mineral Rights.

Project Assets

all the right, title and interest both present and future of the Borrower which is attributable to the Project and includes all the right, title and interest both present and future of the Borrower in, to, under or derived from:

- (a) the Mineral Rights and all instruments and indicia of title to the Mineral Rights and all other documentation and agreements under which the Borrower derives the right to access the Project Area and conduct mining or exploration for Product;
- (b) the Product;
- (c) the Project Area, including any title to or interest in land in the Project Area now or at a later time held by the Borrower (including the call option land and any access rights in favour of the Borrower under the Veolia Cooperation Deed);
- (d) the Sales Contracts;
- (e) every contract for the use by any third party of any of the assets and property included in the Project;
- (f) Authorisations in relation to the Project;
- (g) the Material Documents and any other contract, agreement, permit, lease, licence, consent, easement, right of way and other rights or interests in land, which in each case relate to the development, operation or maintenance of the Project, or to the mining production, transportation, storage, treatment, processing or marketing of Product;
- (h) all exploration and mining information, documents, maps, reports, records, studies and other written data, including all data stored on magnetic tapes, disks or diskettes or any other computer storage media, relating to geological, geochemical and geophysical work, feasibility studies and other operations conducted with respect to the Project Area or otherwise relating to the Project; and
- (i) all buildings, improvements, structures, systems, fixtures, plant, machinery, tools and other personal property at any time used or intended for use in connection with or incidental to the exploration, mining, storage, transporting and processing of Product, and all facilities and infrastructure (including any treatment or processing plant) associated with the Project.

Project Tenements

- (a) the Special Mining Lease;
- (b) each other tenement held by the Borrower which is required for the construction, development or

	operation of the Project in accordance with the Financial Model;
	(c) each present or future renewal, extension, modification, substitution, amalgamation or variation of any of the mineral rights described above (whether extending over the same or a greater or lesser area); and
	(d) each present or future application for or an interest in any of the above which confers or which, when granted, will confer the same or similar rights in relation to the Project.
Purchaser	The 'Purchaser' under the Stream Agreement, which as at the date of this agreement is OMF Fund II (Li) L.P.
Sales Contract	any contract, agreement or arrangement for the sale, transfer or other disposal of Product, or any contract, agreement or arrangement for any agency for sale, exchange, transfer or other disposal, of Product (and includes, for the avoidance of doubt, each Offtake Agreement, the Stream Agreement and each Hedging Agreement under which Product is sold, transferred or otherwise disposed of).
Sanctions	economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Government Agency in Australia, the US or the member States of the European Union.
Secured Property	the property subject to a Security.
Security	any security created or expressed to be created by a Security Document.
Security Document	(a) the General Security Agreement; (b) the Mining Mortgage; (c) the Property Mortgage; (d) each Collateral Security; (e) each Encumbrance granted by an Additional Guarantor under the Facility Agreement; (f) each Encumbrance granted by an Additional Guarantor under the Stream Agreement; (g) each legal or statutory mortgage granted under the Facility Agreement; (h) each legal or statutory mortgage granted under the Stream Agreement; and (i) each other Finance Document or Stream Document under which an Encumbrance is

	created or expressed to be created in favour of the Lender.
Special Mining Lease	the mining lease comprised in <i>Special (Crown and Private Land) Lease No 20</i> (Act 1969).
Spot Sales Contract	a Sales Contract that records the sale, transfer or other disposal of Product at the then current spot price.
Stream Document	(a) the Stream Agreement; (b) the Intercreditor Agreement; (c) each Security Document; (d) each Direct Deed; (e) each Account Control Deed; (f) each guarantee assumption agreement; (g) each document or agreement entered into or given under any of the above; and (h) each other document that the Purchaser and the Seller agree in writing to be a Stream Document.
Transaction Documents	(a) the Material Documents; and (b) the Finance Documents.
Transaction Party	(a) the Borrower (b) each Guarantor; and (c) any other person that the Borrower and the Lender agree is a Transaction Party.
Veolia	Veolia Environmental Services (Australia) Pty Ltd (ACN 051 316 584).
Veolia Disclosure Letter	the letter dated 15 June 2017 from the Managing Director of the Company to Orion Resource Partners (Aus.) Pty Ltd with the subject line 'Results of water testing from the Woodlawn mine underground workings'.

1.2 Warranties

The Company warrants that:

- (a) **(Capital Structure)**
 - (1) as the date of this agreement, the capital structure of the Company is as set out in Schedule 5; and
 - (2) immediately before T1 Completion, excluding the issue of Shares issued pursuant to the Greenstone Subscription Agreement, the Greenstone LP Subscription Agreements, Shares issued pursuant to the Orion Subscription Agreement, Shares issued pursuant to the Equity Raising and Shares issued pursuant to the

Share Purchase Plan, the capital structure of the Company is as set out in schedule 5.

- (b) **(Ownership)** each Subscriber will acquire at Completion:
 - (1) the full legal and beneficial ownership of its Subscription Shares free and clear of all Encumbrances, subject to registration of the relevant Subscriber in the register of shareholders;
 - (2) its Subscription Shares free of competing rights, including pre-emptive rights or rights of first refusal; and
 - (3) its Subscription Shares that are fully paid and have no money owing in respect of them.
- (c) **(Approvals)**: except for the approvals to be obtained for the purpose of the condition in clause 2.2(a) and (b), there is no restriction on the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares does not need approval from the Company's shareholders under the ASX Listing Rules or Corporations Act.
- (d) **(Official list)**:
 - (1) it has been admitted to and is listed on the Official List;
 - (2) it has not been removed from the Official List and no removal from the Official List has been threatened by the ASX
 - (3) the Shares are quoted on the ASX and have not been suspended from quotation and no suspension has been threatened by the ASX; and
 - (4) the Shares are listed and posted for trading on the TSX and no order has been made by any applicable regulatory body to cease trading of the Shares on the TSX.
- (e) **(Disclosure obligations)** it is in compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules, the TSX Company Manual, applicable Canadian securities laws and the Corporations Act and has disclosed to the ASX and the TSX by news release in Canada, and filed on SEDAR as required by applicable Canadian securities laws, all material information concerning the assets and liabilities, financial position and performance and profits and losses of the Company and its business operations of which the Company is aware, or ought reasonably to be aware.
- (f) **(compliance with Tax Law)** it and its Related Corporations have complied with all obligations imposed on them by any Tax Law or as requested by any Government Agency in respect of a Tax Law.
- (g) **(Tax Returns)** it and its Related Corporations have submitted any necessary information, notices, computations and returns to the relevant Government Agency as required by any Tax Law, that disclose all material facts required to be disclosed under Tax Law and are not misleading in any material particular.
- (h) **(Tax Records)** in all material respects, it and its Related Corporations have maintained proper, adequate and accurate records to enable them to comply with their Tax Law obligations and support any position taken under any Tax Law.
- (i) **(No Tax audit or dispute)** the Company is not aware of any current, pending or threatened Tax or Duty audit or dispute with a Government Agency relating to it or its Related Corporations.
- (j) **(registration)** it is a corporation duly incorporated or registered (or taken to be registered) and validly existing under the Corporations Act;

- (k) (corporate power) it has the corporate power to own its assets and to carry on its business as it is now being conducted;
- (l) (authority) it has power and authority to enter into and perform its obligations under this agreement;
- (m) (authorisations) it has taken all necessary action to authorise the execution, delivery and performance of this agreement;
- (n) (binding obligations) this agreement constitutes legal, valid and binding obligations against it and is enforceable in accordance with its terms;
- (o) (transaction **permitted**) the execution, delivery and performance by it of the Transaction Documents to which it is expressed to be a party will not breach, or result in a contravention of:
 - (1) any law, regulation or Authorisation applicable to it;
 - (2) its constitution or other constituent documents; or
 - (3) any Encumbrance or agreement which is binding on it,
 - (4) and will not result in:
 - (5) the creation or imposition of any Encumbrance on any of its assets other than as permitted under a Finance Document; or
 - (6) the acceleration of the date for payment of any obligation under any agreement which is binding on it;
- (p) (**disclosure**) all information (excluding financial projections) provided to the Subscriber or any of its Related Corporations or affiliates by or on its behalf in relation to it or its Subsidiaries', assets, business or affairs or this agreement was in all material respects correct and not misleading (by omission or otherwise) as at the time it was provided;
- (q) (**financial projections**) the Financial Model and all financial projections provided to the Subscriber or any of its Related Corporations or affiliates by or on its behalf (including under the Financial Model) have been prepared on the basis of recent information and on the basis of reasonable assumptions, in each case as at the time it was provided;
- (r) (**no withholding**) it has not withheld from the Subscriber any information which a reasonable person in the Subscriber's position would consider material to the decision of the Subscriber to enter into this agreement;
- (s) (**financial information**) its most recent Financial Reports or accounts provided to the Lender under clause 8.1 of the Facility Agreement:
 - (1) give a true and fair view of the financial condition and state of its affairs as at the date they were prepared and of the results of its operations for the period they cover; and
 - (2) were prepared in accordance with the Accounting Standards;
- (t) (**no change in affairs**) there has been no change in its or its Subsidiaries state of affairs since the end of the accounting period for their most recent Financial Reports or accounts referred to in Company Warranty 1.2(s) which has had, or is likely to have, a Material Adverse Effect;
- (u) (**Authorisations**) subject to the satisfaction of the conditions in clause 2.1 of this agreement, any Authorisations required in connection with the execution and performance by it and the validity and the enforceability against it of this agreement, and its performance of the transactions contemplated by this agreement, have been obtained and are in full force and effect and there has been no material default by it in the performance of any of the material terms and conditions of those Authorisations;

- (v) **(no Seller Event of Default)** no 'Seller Event of Default' (as that term is defined in the Stream Agreement) has occurred and is continuing which has not been notified to the Purchaser in accordance with the Stream Documents;
- (w) **(no Default or Review Event)** no Default or Review Event has occurred and is continuing which has not been notified to the Lender in accordance with the Finance Documents;
- (x) **(no litigation)** no litigation, arbitration, dispute or administrative proceeding has been commenced, is pending or to its knowledge is threatened, which is reasonably likely to be adversely determined and which if adversely determined will have, or be likely to have, a Material Adverse Effect;
- (y) **(no immunity)** it or its Subsidiaries do not, nor do their assets (including the Project Assets), enjoy immunity from suit or execution;
- (z) **(not a trustee)** it does not enter into this agreement as trustee of any trust or settlement;
- (aa) **(solvency)** no Insolvency Event has occurred in relation to it or any of its Subsidiaries;
- (bb) **(representations true)** each of its representations and warranties contained in this agreement is correct and not misleading when made or repeated;
- (cc) **(intellectual property)** it and each of its Subsidiaries own or has licensed to them on arm's length terms or has available to use all Intellectual Property Rights necessary to carry on their business as it is now being conducted;
- (dd) **(commercial benefit)** the entering into and performance by it of its obligations under this agreement is for its commercial benefit and is in its commercial interests;
- (ee) **(Taxes)**
 - (1) it and its Subsidiaries have paid all Taxes due and payable by them (other than Contested Taxes which are not required to be paid while they are being contested and for which it has set aside sufficient funds to cover those Contested Taxes), and no claims are being asserted against it or any of its Subsidiaries in respect of any Taxes (other than Contested Taxes); and
 - (2) it is a member of the Consolidated Group;
- (ff) **(Group structure)**
 - (1) its only Subsidiaries are listed in the Group Structure Diagram; and
 - (2) the Group Structure Diagram is true and correct in all respects and does not omit any material information or details;
- (gg) **(Permitted JV Documents)**
 - (1) it has given to the Subscriber complete copies of all the Permitted JV Documents entered into as at the date this representation and warranty is made or repeated; and
 - (2) other than as disclosed to the Subscriber, no Permitted JV Document has been amended or varied.
- (hh) **(compliance)**
 - (1) it and each of its Subsidiaries are in compliance with AML Legislation, Anti-Corruption Laws and applicable Sanctions and has not been charged under or in respect of any of them; and
 - (2) to the best of its knowledge, information and belief, having made all due enquiries, each of its and its Subsidiaries' Officers, employees and agents is in compliance with AML Legislation, Anti-Corruption Laws and applicable Sanctions and has not been charged under or in respect of any of them.

Project representations and warranties**(a) (Mineral Rights)**

- (1) the Mineral Rights are legal, valid and continuing and, together with the applicable Authorisations, confer on Tarago Operations Pty Ltd all material rights required to enable it to develop, construct and operate the Project;
- (2) Tarago Operations Pty Ltd is the legal and beneficial holder of the Mineral Rights and no person other than Tarago Operations Pty, has any legal interest in any of the Mineral Rights; and
- (3) Tarago Operations Pty Ltd is in compliance in all material respects with all obligations in connection with the Mineral Rights;

(b) (Project Authorisations)

- (1) the Authorisations necessary or desirable for the construction, development and operation of the Project are in place, except for any which as a matter of law or generally applicable Good Mining Practice cannot or should not reasonably be obtained until shortly before the events to which they relate occur (where those events are not imminent), and it has no reason to believe that those Authorisations which are not presently held will not be obtained at the appropriate time in the future;
- (2) all fees due and payable in connection with the Authorisations referred to in clause 1.2(jj)(i) have been paid;
- (3) Tarago Operations Pty Ltd is in compliance in all material respects with all Authorisations in respect of itself and the Project;
- (4) there has been no material adverse change to the scope or terms of any of the Authorisations referred to in clause 1.2(jj)(i) other than a change which is reflected in the current development or mine plan for the Project which has first been approved by the Purchaser or Lender and all additional or increased costs incurred or to be incurred in connection with that change are reflected in the Financial Model; and
- (5) no Government Agency has sought to have any of the Authorisations referred to in Company Warranty 1.2(jj)(i) revoked or, have the scope or terms of them materially and adversely changed other than a revocation which has first been approved by the Lender or the Purchaser or a change which is reflected in the current development or mine plan for the Project which has first been approved by the Purchaser or the Lender and all additional or increased costs incurred, or to be incurred, in connection with that change are reflected in the Financial Model;

- (c) **(Project operation)** there has been no material change to the development, construction or operation of the Project from that contemplated in the Financial Model, other than a material change which has first been approved by the Lender;

(d) (Material Documents)

- (1) Tarago Operations Pty Ltd has given to the Purchaser complete copies of all the Material Documents (as defined under the Stream Agreement) and to the Lender complete copies of all Material Documents entered into as at the date this representation and warranty is made or repeated, and those documents and agreements are in full force and effect;
- (2) other than as disclosed to the Purchaser or Lender, no Material Document entered into as at the date this representation and warranty is made or repeated has been amended or varied;

- (3) no event has occurred or condition exists which would permit the cancellation, termination, forfeiture or suspension of a Material Document entered into as at the date this representation and warranty is made or repeated by a party other than a Transaction Party, nor is a Transaction Party in breach in a material respect under any such Material Document;
- (4) the Material Documents contain the entire agreement of the parties to them as to the Project and there are no other material contracts, agreements or arrangements entered into by a Transaction Party in connection with the Project (as at the date this representation and warranty is made or repeated); and
- (5) the entry into and performance by it or its Subsidiaries of, and the transactions contemplated by, each Material Document do not and will not conflict with:
 - 1. any law, regulation or Authorisation applicable to it or its Subsidiaries;
 - 2. its or its Subsidiaries constitution or other constituent documents; or
 - 3. any agreement or instrument binding upon it or its Subsidiaries or any of their assets;
- (e) **(Project Completion Date)** it is not aware of any existing act, matter, thing or circumstance which it can reasonably expect will prevent the Project Completion Date occurring on or before the Completion Longstop Date;
- (f) **(environment)**
 - (1) it and Tarago Operations Pty Ltd are in compliance in all material respects with all Environmental Laws and Environmental Approvals, and its HSEC Policy, in respect of themselves and the Project;
 - (2) the construction, development and operation of the Project as contemplated by the Financial Model complies in all material respects with all applicable Environmental Laws and Environmental Approvals;
 - (3) all Environmental Approvals necessary for the construction, development and operation of the Project are in place except for any which as a matter of law or generally applicable Good Mining Practice cannot or should not reasonably be obtained until shortly before the events to which they relate occur (where those events are not imminent), and it has no reason to believe that those Environmental Approvals which are not presently held will not be obtained at the appropriate time in the future;
 - (4) there has been no material adverse change to the scope or terms of any of the Environmental Approvals referred to in Company Warranty 1.2(nn)(iii) other than a change which is reflected in the current development or mine plan for the Project which has first been approved by the Purchaser or Lender and all additional or increased costs incurred, or to be incurred, in connection with that change are reflected in the Financial Model;
 - (5) no Government Agency has sought to have any of the Environmental Approvals referred to in Company Warranty 1.2(nn)(iii) revoked or have the scope or terms of them materially and adversely changed other than a revocation or change which has first been approved by the Purchaser or Lender or a change which is reflected in the current development or mine plan for the Project which has first been approved by the Lender or Purchaser and all additional or increased costs incurred, or to be incurred, in connection with that change are reflected in the Financial Model;
 - (6) there are no Environmental Liabilities affecting the Project or any of its and Tarago Operations Pty Ltd's other assets and, to the best of its knowledge, information

- and belief, having made all due enquiries, there are no potential Environmental Liabilities affecting the Project or any of its or Tarago Operations Pty Ltd's other assets, other than Environmental Liabilities which exist in accordance with, and do not breach, an Environmental Law or Environmental Approval;
- (7) other than as disclosed in the Veolia Disclosure Letter, no person has carried on any activities on the Project Area in a way which is reasonably likely to give rise to any Environmental Liability other than an Environmental Liability which exists in accordance with, and does not breach, an Environmental Law or Environmental Approval;
 - (8) other than as disclosed in the Veolia Disclosure Letter, there is no Contamination in, on or under the Project Area, other than that which is safely stored and exists in accordance with an Environmental Law or an Environmental Approval;
 - (9) the construction, development and operation of the Project will not cause any Contamination other than that which is safely stored and exists in accordance with an Environmental Law or an Environmental Approval; and
 - (10) other than as disclosed in the Veolia Disclosure Letter, there is no Contamination of the Project Area which would entitle any Government Agency to issue any notice or direction requiring the owner or occupier of that land to undertake any remedial work or to require compensation;
- (g) **(security)** Tarago Operations Pty Ltd has implemented security practices and procedures at the Project consistent with Good Mining Practice;
 - (h) **(Royalties)** there are no royalties, production-based payments, Taxes or similar levies on mineral production payable with respect to the Product other than royalties payable to a Government Agency;
 - (i) **(streaming)**
 - (1) there are no mineral streaming agreements or other similar production-based arrangements in relation to the Product (as defined under the Stream Agreement) other than the Stream Agreement; and
 - (2) there are no mineral streaming agreements or other similar production-based arrangements in relation to the Payable Silver (as defined under the Stream Agreement) contained in the Product (as defined under the Stream Agreement) other than the Stream Agreement;
 - (j) **(other business)** Tarago Operations Pty Ltd is not involved in and does not conduct any business other than the Project and activities incidental to the Project; and
 - (k) **(land claims)** other than as disclosed to the Subscriber before the date of this agreement, no caveats (other than those permitted under clause 5.33 of the Stream Agreement or clause 8.33 of the Facility Agreement) material land claims, native title claims, sacred site applications or other claims have been made or lodged in respect of the Project or the Project Assets.

Schedule 4

Subscriber Warranties

Each Subscriber warrants in respect of itself and its Nominee that:

- (a) **(Power and capacity)** it has full power and capacity to enter into and perform its obligations under this agreement.
- (b) **(Corporate Authorisations)** all necessary authorisations for the execution, delivery and performance by the Subscriber and its Nominee of this agreement in accordance with its terms have been obtained or will be obtained prior to Completion.
- (c) **(No legal impediment)** the execution, delivery and performance of this agreement:
 - (1) complies with its constitution or other constituent documents (as applicable); and
 - (2) does not constitute a breach of any law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound and which would prevent it from entering into and performing its obligations under this agreement.
- (d) **(Solvency):**
 - (1) it has not gone, or proposed to go, into liquidation;
 - (2) it has not passed a winding-up resolution or commenced steps for winding-up or dissolution;
 - (3) it has not been presented or threatened with a petition or other process for winding-up or dissolution and, so far as the Subscriber is aware, there are no circumstances justifying a petition or other process;
 - (4) no receiver, receiver and manager, judicial manager, liquidator, administrator, official manager has been appointed, or is threatened or expected to be appointed, over the whole or a substantial part of the undertaking or property of the Subscriber, and, so far as the Subscriber is aware, there are no circumstances justifying such an appointment; or
 - (5) it has not entered into, or taken steps or proposed to enter into, any arrangement, compromise or composition with or assignment of the benefit of its creditors or class of them.
- (e) **(Sophisticated investor):** it is a person to whom an offer and issue of the Subscription Shares can be made without disclosure as a result of sections 708(8) or 708(11) of the Corporations Act.

Schedule 5

Schedule of Capital

415,009,381 fully paid ordinary shares.

25,229,828 options comprising of:

<u>1,000,000</u>	<u>Options to acquire ordinary shares at A\$0.29 expiring 5 March 2018</u>
<u>21,459</u>	<u>Options to acquire ordinary shares at A\$0.12 expiring 23 October 2017</u>
<u>858,369</u>	<u>Options to acquire ordinary shares at A\$0.07 expiring 20 November 2018</u>
<u>20,300,000</u>	<u>Options to acquire ordinary shares at A\$0.072 expiring 4 December 2020</u>
<u>400,000</u>	<u>Options to acquire ordinary shares at A\$0.134 expiring 1 September 2021</u>
<u>2,650,000</u>	<u>Options to acquire ordinary shares at A\$0.11 expiring 1 February 2022</u>

Signing page

Executed as an agreement

Company

Signed by
Heron Resources Limited
in accordance with section 127 of the
Corporations Act

sign here ►



Company Secretary/Director

print name

Simon Smith

sign here ►



Director

print name

Wayne Taylor

Subscribers

Signed for
Castlelake III, L.P.
By: Castlelake III GP, L.P. its
general partner

sign here ►

Authorised Signatory

print name

title

Signing page

Executed as an agreement

Company

Signed by
Heron Resources Limited
in accordance with section 127 of the
Corporations Act

sign here ► _____
Company Secretary/Director

sign here ► _____
Director

print name _____

print name _____

Subscribers

Signed for
Castlelake III, L.P.
By: Castlelake III GP, L.P. its
general partner

sign here ►  _____
Authorised Signatory

print name _____ Kevin Hiniker
Vice President

title _____



HERBERT
SMITH
FREEHILLS

Signing page

Signed for
Castlelake IV, L.P.
By: Castlelake IV GP, L.P. its
general partner

sign here ►

Authorised Signatory

print name

Kevin Hiniker
Vice President

title