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INTO THE UNITED STATES, OR TO US PERSONS



**Heron Resources Limited**

**ACN 068 263 098**

## **PROSPECTUS**

**An accelerated non-renounceable entitlement offer to Eligible Shareholders of up to approximately 176,996,850 New Shares at an issue price of \$0.20 per New Share on the basis of 0.7324 New Shares for every 1 Existing Share held, to raise up to approximately \$35.4 million before costs**

**This offer is underwritten by CL V Investment Solutions LLC (Castlake V) (an affiliate of Castlake, L.P) and Greenstone Management (Delaware) II LLC in its capacity as a general partner of Greenstone Resources II (Australia) Holdings L.P. (Greenstone) for an aggregate amount of \$10.9 million. Refer to Section 7.2(a) of this Prospectus for details regarding the terms of the Underwriting Agreements.**

**Retail Entitlement Offer closes at 5.00pm (AEDT) on 22 October 2019 (unless extended).**

**Valid applications must be received before that time.**

### **Important Notice**

This document is important and should be read in its entirety (including the 'Risk Factors' in **Section 6**) before deciding whether to apply for New Shares. If after reading this Prospectus you have any questions about the New Shares being offered under this Prospectus, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares offered by this Prospectus should be considered speculative.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

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## IMPORTANT NOTICE

### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Prospectus relates to the 0.7324 for 1 Retail Entitlement Offer of New Shares by Heron Resources Limited ACN 068 263 098 (**Prospectus**).

#### Lodgement and quotation

This Prospectus is dated 4 October 2019 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

ASIC, ASX and its officers respectively take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Company has applied to ASX for quotation of the New Shares on ASX.

No securities may be issued on the basis of this Prospectus later than 13 months after the Lodgement Date.

No exposure period applies to the Entitlement Offer.

#### Continuously Quoted Securities

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a Prospectus for an initial public offering.

## Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor. It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In considering the prospects of the Company, you should consider the risks that could affect the financial performance or position of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risks that should be considered by prospective investors are set out in Section 6. There may be risk factors in addition to these that should be considered in the light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the New Shares.

No person is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in this Prospectus. You should rely only on information contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or the directors of the Company (**Directors**).

Your right to acquire New Shares under the Retail Entitlement Offer is not transferrable. Eligible Retail Shareholders should carefully read and follow the instructions in Section 3 and on the back of the accompanying personalised Entitlement and Acceptance Form (as defined below) when making the decision whether to accept your Entitlement (and apply for Shortfall Shares).

## Obtaining a copy of this Prospectus

A copy of this Prospectus can be downloaded from the website of the Company at [www.heronresources.com.au](http://www.heronresources.com.au). If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. You may obtain a hard copy of this Prospectus free of charge by contacting the Company or by calling the Share Registry on 1300 288 664 (from within Australia) or +61 2 9698 5414 (from outside of Australia) from 8.30am to 5.30pm (AEST or AEDT as the case may be), Monday to Friday during the Retail Entitlement Offer period.

The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

Other than as otherwise stated in this Prospectus, no document or information included on the Company's website is incorporated by reference into this Prospectus.

## Statements of past performance

Past performance and pro forma financial information included in this Prospectus is given for illustrative purposes only and should not be relied upon as (and is not) an indication of the Company's views on its future financial performance or

condition. Investors should note that past performance, including past Share price performance, of the Company cannot be relied upon as an indicator of (and provides no guidance as to) the Company's future performance including future Share price performance. The historical information included in this Prospectus is, or is based on, information that has previously been released to the market.

Investors should also be aware that certain financial data included in this Prospectus may be '*non-IFRS financial information*' under Regulatory Guide 230 Disclosing non-IFRS financial information published by ASIC. The Company believes this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. The non-IFRS financial information do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information and ratios (if any) included in this Prospectus.

#### **Financial information and forward-looking statements**

Section 4 sets out the financial information referred to in the Prospectus. All dollar values are in Australian dollars unless noted otherwise (\$ or A\$) and financial data is presented as at 30 June 2019 unless stated otherwise. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

In preparing the Prospectus, the Company has assumed an exchange rate of US\$0.678:A\$1. Any reference to \$A with regards to the Underwriting, Convertible Notes or financial information referred to in this Prospectus is predicated upon this exchange rate unless stated otherwise.

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Lodgement Date, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 6 of this Prospectus.

#### **No cooling-off period**

No cooling off rights apply to Applications submitted under the Retail Entitlement Offer.

#### **Defined terms and time**

Capitalised terms and abbreviations used in this Prospectus have the meanings given to them in the Glossary. Unless otherwise stated or implied, references to times in this Prospectus are to New South Wales, Australia time.

#### **Disclaimer**

Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

As set out in Section 3.13, it is expected that the New Shares will be quoted on ASX. The Company and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade New Shares before receiving their holding statements.

#### **Foreign Jurisdictions**

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the securities or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia, New Zealand, or the United States (to the extent such persons are an investor as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act of 1933 (**US Accredited Investors**)).

The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### **New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the *Financial Markets Conduct Act 2013* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### **United States**

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the U.S. Securities Act and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws, including, under certain circumstances, to a limited number of institutional "accredited investors", as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act.

#### **Privacy**

By filling out the personalised Entitlement and Acceptance Form to apply for New Shares (and Shortfall Shares, if applicable) you are providing personal information to the Company through the Company's securities registry, Automic Pty Ltd, which is

contracted by the Company to manage Applications. The Company, and the Share Registry on its behalf, may collect, hold and use that personal information in order to process your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. If you do not provide the information requested in the personalised Entitlement and Acceptance Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy. The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- (a) the Share Registry for ongoing administration of the register of members;
- (b) printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- (c) market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- (d) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Company's issued securities and for associated actions.

The information contained in the Company's register of members must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register of members is also used to facilitate dividend payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its members) and compliance by the Company with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the corporate directory set out on the last page of this Prospectus.

### **Enquiries**

Before making a decision about investing in the Retail Entitlement Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs.

If you are in any doubt as to how to deal with any of the matters raised in this Prospectus, you should consult with your broker, or legal, financial or other professional adviser without delay. Should you have any questions about the Offer or how to accept the Offer, please call the Company Secretary, Mr Simon Smith who can be contacted on +61 2 9119 8111.

If you have misplaced your Entitlement and Acceptance Form and would like a replacement form, please call the applicable number above. Alternatively, if you have the Securityholder Reference Number or Holder Identification Number for your holding(s), you can download a replacement form from the Share Registry's secure website at [www.automicgroup.com.au](http://www.automicgroup.com.au).

To view annual reports, shareholder and other information about the Company, announcements, background information on the Heron's operations and historical information, visit the Company's website at [www.heronresources.com.au](http://www.heronresources.com.au).

### **Website**

## KEY ENTITLEMENT OFFER DATES

Event	Date
Announcement of Entitlement Offer	4 October 2019
Lodgement of Prospectus with ASIC and released to ASX	4 October 2019
Conduct Institutional Entitlement Offer	4 October 2019 - 7 October 2019
Announcement of results of Institutional Entitlement Offer	8 October 2019
Company Suspension lifted	8 October 2019
Record Date for the Entitlement Offer	5:00pm on 8 October 2019
Despatch of Prospectus and Entitlement and Acceptance Form and announcement that despatch completed	11 October 2019
Retail Entitlement Offer opens	11 October 2019
Settlement of Institutional Entitlement Offer	14 October 2019
Issue of New Shares under the Institutional Entitlement Offer and normal trading of the New Shares expected to commence on ASX	15 October 2019
Retail Entitlement Offer closes	5.00pm on 22 October 2019
Shortfall Offer closes	7.00pm on 23 October 2019
Announcement of results under Retail Entitlement Offer	25 October 2019
Settlement of Retail Entitlement Offer	7:00pm on 28 October 2019
Issue of New Shares under the Retail Entitlement Offer	29 October 2019
Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX	30 October 2019

Dates and times in this Prospectus are indicative only and subject to change. All times and dates refer to AEST prior to 6 October 2019. Following 6 October 2019 all times and dates refer to AEDT. The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer without prior notice, including extending the Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Entitlement Offer without prior notice. Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. The commencement of quotation of New Shares is subject to confirmation from ASX.

Eligible Retail Shareholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Retail Entitlement Offer opens. You cannot, in most circumstances, withdraw the application once it has been accepted. No cooling-off rights apply to the Retail Entitlement Offer.

### Enquiries

If you have any questions, please call the Company Secretary, Mr Simon Smith who can be contacted on +61 2 9119 8111 at any time between 8.30am to 5.30pm (AEST or AEDT as the case may be) Monday to Friday during the Retail Entitlement Offer period. If you are in any doubt as to whether you should participate in the Retail Entitlement Offer you should consult your stockbroker, accountant, solicitor or other professional adviser.

## CHAIRMAN'S LETTER

4 October 2019

Dear Shareholder,

On behalf of Heron Resources Limited (**Heron**), I invite you to participate in a 0.7324:1 accelerated non-renounceable entitlement offer of New Shares in the Company at an Offer Price of A\$0.20 per New Share (**Entitlement Offer**).

This Entitlement Offer is part of a larger \$91 million package of recapitalisation measures for Heron. Due to delays in construction and commissioning, alongside some early processing issues, Heron has suffered a working capital shortfall, and requires additional funding to complete the Woodlawn Zinc-Copper Project (**Woodlawn Project**). Importantly, the challenges Heron faces are financial in nature, and reviews have found that the technical fundamentals of Woodlawn remain robust. The Woodlawn Project is now ramping up and starting to produce concentrates to commercial specification.

In short, the issues faced at the Woodlawn Project are driven by a lack of funding, not fundamental technical, processing or geological issues.

The Company is confident that the package of measures we have negotiated and announced will allow Heron to complete the Woodlawn Project and see the project through to cash flow positive operations.

In addition to the Entitlement Offer to raise approximately \$35.4 million, the Funding Package also includes the issue of convertible notes to the Company's major shareholders to raise an addition US\$35 million (A\$51.6 million) and a restructure of the secured financing which involves a US\$3 million (A\$4.4 million) zinc by-product stream (together, the **Debt Package**). Heron notes the Debt Package was the only financing package available to Heron that provided the funds required that suited its working capital requirements.

Each component of the Debt Package is subject to a number of conditions precedent including FIRB approval, shareholder approval and completion of the Entitlement Offer to raise the full \$35.4 million and are inter-conditional upon each other to ensure that the full \$91 million is raised. Shareholders should note that if the Debt Package does not proceed, the Woodlawn Project will not be fully financed to completion and opening and there would be material uncertainty regarding whether the Company would continue as a going concern.

Our senior lender and major shareholders also support this view, committing additional funding and agreeing to restructure the debt repayment schedule so that it matches the revised cash flow profile. The full package of measures is detailed further in this Prospectus.

The Company is aware that many shareholders will be disappointed with the impact the start-up delays have had on the Company's balance sheet, and the Board shares this disappointment. This Funding Package offers shareholders the best way forward in light of these difficulties, including the ability to participate in future upside at the Woodlawn Project. In the absence of the Entitlement Offer, Heron forecasts it will run out of unrestricted cash by the end of October 2019.

The Offer Price represents a discount of approximately 47% to the closing price of ordinary shares in the Company (**Shares**) on ASX on 15 August 2019 (being the last day Shares were traded on ASX before suspension on 16 August 2019).

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer will be completed on 14 October 2019 and is expected to raise gross proceeds of approximately A\$11.5 million. The Retail Entitlement Offer is expected to raise gross proceeds of A\$23.9 million. The gross proceeds of the Entitlement Offer, expected to be approximately A\$35.4 million (before costs), will be used to provide additional financial support in connection with the ongoing ramp-up of Woodlawn Project to nameplate

capacity, repay a portion of the outstanding loan under the loan facility provided by Orion, provide working capital, and to pay the costs of the Entitlement Offer.<sup>1</sup>

This Prospectus relates to the Retail Entitlement Offer and the New Shares to be issued under it. The Offer Price of A\$0.20 per New Share under the Retail Entitlement Offer is the same issue price paid by institutional investors under the Institutional Entitlement Offer. New Shares issued under either component of the Entitlement Offer will rank equally with Existing Shares.

The Company's three largest shareholders in Castllake, Greenstone and Orion (or their respective associates) have all conditionally committed to take up, or procure subscriptions for, all of the New Shares the subject of their respective Entitlements. Further, the balance of the New Shares to be issued pursuant to the Entitlement Offer is being underwritten by Castllake V and Greenstone (**Underwriters**)<sup>2</sup> to the extent of \$10.9 million. The overall effect of these arrangements is that the Company will raise the full amount of \$35.4 million under the Entitlement Offer.

### Details of your Entitlement

Under the Retail Entitlement Offer, you are invited to subscribe for New Shares on the basis of 0.7324 New Shares for every 1 Existing Share held at 5.00pm (AEDT) on 8 October 2019 (**Record Date**). The Retail Entitlement Offer will be made to all Shareholders with registered addresses in Australia, New Zealand or the United States (to the extent such persons are US Accredited Investors) on the Record Date.

Entitlements are non-renounceable. This means the rights to subscribe for New Shares under the Retail Entitlement Offer are not transferable and there will be no trading of rights on the ASX. Shareholders who choose not to take up their Entitlement receive no value in respect of their Entitlements and their shareholding in the Company will be diluted.

Eligible Retail Shareholders may also apply for Shortfall Shares at the Offer Price in excess of their Entitlement. Shortfall Shares will only be allocated to Eligible Retail Shareholders if available and otherwise in accordance with **Section 3.8** of the Prospectus. The Company may elect to scale-back applications for Shortfall Shares in consultation with the Joint Lead Managers, Patersons and Nascent.

### Further information

Further information on the Retail Entitlement Offer and Heron's business is detailed in this Prospectus. You should read the entirety of this Prospectus carefully before deciding whether to participate in the Entitlement Offer. An investment in the Company and the New Shares, is speculative and subject to a range of risks, which are more fully detailed in Section 6. If any of these risks or other material risks eventuate, it will likely have a material adverse impact on the Company's future financial performance and position.

On behalf of the Directors and Management of Heron, I invite you to consider this investment opportunity and thank you for your ongoing support.

Yours sincerely



**Stephen Dennis**  
Chairman

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<sup>1</sup> Shareholders should note that the Company intends to immediately allocate an aggregate of A\$6 million raised from the Institutional Entitlement Offer towards repayment of a portion of the outstanding loan with Orion (including payment of accrued interest associated with that loan). Accordingly, upon completion of the Entitlement Offer, the Company expects that it will have approximately A\$29.4 million in cash to be used towards the ongoing ramp-up of the Woodlawn Project to nameplate capacity, general working capital and costs of the Entitlement Offer. For further details, please refer to **Section 4.1**.

<sup>2</sup> Refer to a summary of the conditions to the underwriting in Section 7.2(a).

## 1. INVESTMENT OVERVIEW

The purpose of this Section 1 is to give Shareholders an investment overview that helps them make an informed investment decision by highlighting key information. It is an introduction to the Entitlement Offer and is not intended to replace the other sections of this Prospectus, which Shareholders should read in full.

Topic	Summary	For more information
<b>The Company and its business model</b>		
Who is the issuer of the New Shares?	Heron Resources Limited ACN 068 263 098	
What is the Company's business?	<p>Heron Resources is engaged in the exploration and development of base and precious metal deposits in Australia.</p> <p>Heron's primary focus is on its 100% owned, Woodlawn Zinc-Copper Project (<b>Woodlawn Project</b>) located 250km southwest of Sydney, New South Wales, Australia.</p> <p>In addition, the Company holds a significant, base and precious metal tenement holding regional to the Woodlawn Project.</p>	Section 2.1
What is the Company's strategy?	The Company's immediate strategy is focused on the completion, opening and continuing operation of the Woodlawn Project. Once plant ramp-up is completed, and the Company has established stable positive cash flow, Heron will seek to recommence activities over the attractive tenement package held by the Company, targeting further upside through conversion of underground resources to reserves, potential extensions to existing VMS lenses, and the possibility of near mine discoveries.	Section 2.4
What is the status of the Woodlawn Project?	<p>Following the delay in completing construction, plant ramp-up is now proceeding to a revised schedule with the project now starting to produce marketable base metal concentrates.</p> <p>A review confirms that the technical and operational basis for the project remains sound and retains an attractive production profile notwithstanding previous construction delays.</p>	Section 2.3
Will the Woodlawn Project be fully financed to completion and opening?	The Company is conducting the Entitlement Offer as part of a broader A\$91 million Funding Package in order to raise the additional funding required to see the Woodlawn Project through to project completion and opening. The balance of the Funding Package includes the issue of Convertible Notes and a restructure to the Debt Package, as further described in Section 2.1, both of which are subject to a number of conditions precedent including FIRB approval, shareholder approval and conditions to ensure that each of the three components to the Funding Package proceeds to raise the full A\$91 million. If the Convertible Note issue or the restructure to	Section 2



Topic	Summary	For more information
	<p>the Debt Package does not proceed, the Woodlawn Project will not be fully financed to completion and opening and there would be material uncertainty regarding whether the Company would continue as a going concern.</p> <p>For further information please refer to the ASX announcement titled “A\$91 million Funding Package for Woodlawn” dated 4 October 2019 and the investor presentation lodged on the same day.</p>	
How much is the Company seeking to raise under the broader recapitalisation?	As announced on 4 October 2019, the Company is seeking to raise approximately A\$91.4 million through a funding package comprising the Entitlement Offer (A\$35.4 million), the Convertible Notes (A\$51.6 million) and the additional Stream (A\$4.4 million).	Section 2.2
Are the components of the funding package inter-related?	Yes. The Entitlement Offer is part of a broader A\$91 million funding package which is required to see the Woodlawn Project through to project completion and opening. The balance of the funding package includes the issue of Convertible Notes and a restructure to the Debt Package, as further described in Section 2.1, both of which are subject to a number of conditions precedent including conditions to ensure that each of the three components to the funding package proceeds to raise the full A\$91 million.	Section 2.2
<b>The Entitlement Offer and the New Shares</b>		
What is the Entitlement Offer?	<p>The Entitlement Offer which consists of:</p> <p>(a) an Institutional Entitlement Offer; and</p> <p>(b) a Retail Entitlement Offer;</p> <p>is an accelerated non-renounceable pro rata offer of New Shares in the Company.</p> <p>Under the Retail Entitlement Offer, Eligible Retail Shareholders will be given an Entitlement to subscribe for 0.7324 New Shares for every 1 Share held as at the Record Date of 5.00pm (AEST) on 8 October 2019.</p> <p>Eligible Retail Shareholders can also apply for Shortfall Shares in excess of their Entitlement.</p>	Section 3.1
What is the purpose of the Entitlement Offer?	The purpose of the Entitlement Offer is primarily to provide equity funding for the ongoing development and ramp-up of the Woodlawn Project, as part of the broader funding package to be undertaken by the Company.	Section 4.1
How much is the Company seeking to raise under the Entitlement Offer?	<p>The Company is seeking to raise approximately A\$35.4 million under the Entitlement Offer, of which:</p> <p>(a) approximately A\$11.5 million will be raised under the Institutional Entitlement Offer; and</p> <p>(b) approximately A\$23.9 million will be raised under the Retail Entitlement Offer.</p> <p>The Company intends to immediately apply approximately A\$6 million of the funds raised under the Institutional Entitlement Offer towards repayment of a portion of the outstanding loan with Orion (including payment of accrued interest associated with that loan).</p>	Section 4.1

Topic	Summary	For more information
	Accordingly, upon completion of the Entitlement Offer, the Company expects that it will have approximately A\$29.4 million in cash to be used towards the ongoing development of the Woodlawn Project, general working capital and costs of the Entitlement Offer.	
Who can participate in the Retail Entitlement Offer?	Eligible Retail Shareholders, being Shareholders on the Record Date with a registered address in Australia, New Zealand or the United States (to the extent such persons are US Accredited Investors) may participate in the Retail Entitlement Offer.	Section 3.10
What is my Entitlement?	Your Entitlement is the right granted to you under the Retail Entitlement Offer to subscribe for 0.7324 New Shares at the Offer Price for every 1 Share you hold as at the Record Date. Your Entitlement will be noted on your personalised Entitlement and Acceptance Form.	Section 3.2
What can I do with my Entitlement?	As an Eligible Retail Shareholder, you may do any one of the following: (a) subscribe for all or part of your Entitlement; (b) apply for Shortfall Shares; or (c) do nothing, and allow all or part of your Entitlement to lapse.	Section 5.1
What happens if I take up only part of my Entitlement or if I do nothing?	The Retail Entitlement Offer will lapse in respect of those New Shares which are not acquired by Eligible Retail Shareholders.  Eligible Retail Shareholders will not receive any proceeds in respect of any part of their Entitlement that they do not take-up.  New Shares of an equivalent number to Entitlements not taken up under the Retail Entitlement Offer, may be allocated to other Eligible Retail Shareholders who have applied for Shortfall Shares in excess of their Entitlement, to other investors who have applied for Shortfall Shares under the Shortfall Offer or otherwise to the Underwriters.	Sections 3.7 and 5.3
Can I apply for New Shares in excess of my Entitlement?	Yes, you can apply for Shortfall Shares in excess of your Entitlement. However, there is no guarantee you will receive the amount of Shortfall Shares applied for, if any. The Shortfall Shares, if any, will be allocated by the Directors, in their absolute discretion, having regard to the allocation policy summarised in <b>Section 3.8</b> .	Sections 3.7 and 3.8
Will my shareholding in Heron be diluted?	Eligible Retail Shareholders who choose not to take up their Entitlements will receive no benefit and their shareholding in Heron will be diluted as a result.	Section 4.5(d)
How much will I pay per New Share?	\$0.20 per New Share (i.e. the Offer Price).	Section 3.1
Can I sell or transfer my Entitlement	The Retail Entitlement Offer is non-renounceable. This means that the Entitlements of Eligible Retail Shareholders to subscribe for New Shares under this	Section 3.6

Topic	Summary	For more information
under the Retail Entitlement Offer?	Prospectus are not transferable and there will be no trading of rights on ASX.	
How do I accept the Retail Entitlement Offer?	<p>If you are within Australia or New Zealand and you have an account with an Australian financial institution that supports BPAY payments, you may pay your Application Monies via BPAY.</p> <p>Alternatively, you may complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.</p>	Section 5.2
Can I withdraw my Application?	To the extent permitted by law, Applications are irrevocable.	Section 3.15
Is the Entitlement Offer underwritten?	Yes. The Company's three largest shareholders in Castlake, Greenstone and Orion (or their respective associates) have all conditionally committed to take up, or procure subscriptions for, all of the New Shares the subject of their respective Entitlements. Further, the balance of the New Shares to be issued pursuant to the Entitlement Offer is being underwritten by Castlake V (an affiliate of Castlake) and Greenstone up to an aggregate amount of \$10.9 million. The overall effect of these arrangements is that the Company will raise the full amount of \$35.4 million under the Entitlement Offer.	Sections 3.8, 4.4 and 7.2(a)
Are the major Shareholders supporting the Entitlement Offer?	<p>The Entitlement Offer is fully supported by Heron's major shareholders, Castlake, Greenstone and Orion.</p> <p>Orion has conditionally committed to take up its Entitlement in full. In addition, Greenstone and Castlake have each conditionally committed to take up their respective Entitlements either under the Entitlement Offer or via their underwriting obligations.</p> <p>Castlake, Greenstone and Orion have each separately agreed to subscribe for Convertible Notes and Orion has agreed to restructure its facilities as part of the overall funding package.</p>	Sections 4.4 and 4.5(c)
What are the key terms of the New Shares?	<p>The New Shares are fully paid ordinary shares in the equity capital of the Company.</p> <p>New Shares will rank equally in all respects with existing Shares on issue from their issue date.</p>	Section 7.6
What is the effect of the Entitlement Offer on the Company?	<p>The maximum number of New Shares that will be issued under the Entitlement Offer is approximately 176,996,850 New Shares, representing 73.2% of the issued share capital of the Company as at the Lodgement Date.</p> <p>The effect of the Entitlement Offer on the control and financial position of the Company is set out in Section 4.</p>	Section 4
Is the Entitlement Offer subject to Shareholder approval?	No, shareholder approval is not required for the Entitlement Offer. However, the Company is seeking shareholder approval for the Debt Package as part of the broader funding package.	

Topic	Summary	For more information
<b>Debt facilities</b>		
Does the Company have any debt facilities?	<p>Yes.</p> <p>As part of the construction funding secured for the Woodlawn Project in 2017, Heron secured a senior debt facility provided by Orion. As at 30 June 2019, Heron had total borrowings of A\$132.9 million. Upon completion of the funding package (including the Entitlement Offer), the total borrowings will be reduced to A\$177.2 million, including the Convertible Notes.</p>	Section 2.1
<b>Key risks</b>		
What are the key risks associated with New Shares and the Company?	<p>An investment in the New Shares or the Company is subject to significant risk. Some of the 'key risks' are summarised below.</p>	Section 6
	<p><b>Mining risks</b></p> <p>The Company is in the ramp up phase of production at its Woodlawn Project and as such is exposed to normal risks and uncertainties, such as the Woodlawn Project failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, potential equipment breakdown, failures and operational errors. In addition, there will be operating losses which need to be funded as the Project ramps up to nameplate capacity. There is a risk that the Company may need to raise additional funds via equity raisings or financing facilities to fund ongoing operating and capital expenditure if the Woodlawn Project fails to reach commercial and name plate production in a timely manner.</p> <p>The Woodlawn Project's operations rely on a number of key contracts for the provision of mining, haulage, port and handling services. The ability of the Company to operate efficiently will depend on the performance of counterparties with whom the Company has contracted to fulfil their obligations under the relevant agreements.</p> <p>The timely and cost-effective operation of the Company's mining activities are dependent on the adequate and timely supply of fuel, chemicals and other critical supplies and spares. If the Company is unable to procure the requisite quantities of fuel, chemicals and other critical supplies and spares in time and at an acceptable price or if there are significant disruptions to those supplies, the performance of the Company's business and results of operations could be materially and adversely affected.</p>	Section 6.2(a)
	<p><b>Metal prices and Exchange Rates</b></p> <p>Changes in base and precious metal prices may impact on the cashflows and profitability of Heron. Low base and precious metal prices may have a materially adverse effect on Heron's cash flows, profitability and share price. A significant portion of Heron's revenue is denominated in US currency and movements in currency exchange rates may affect cash flows, profitability, costs and revenue. It is not possible to accurately predict future movements in metal prices and/or exchange rates.</p>	Section 6.2(b)

Topic	Summary	For more information
	<p><b>Operating risks</b></p> <p>In common with other enterprises in the minerals and mining industry, Heron's mineral exploration, development and mining and processing activities, including the delivery of supplies and consumables and the transportation of products are subject to conditions beyond Heron's control that can result in difficulties in ramp-up and operating plant and equipment, mechanical failure or plant breakdown or reduce production and sales and/or increase costs. These conditions include (but are not limited to): changes in legislative requirements; market conditions; government policies; exchange rates; abnormal or severe weather or climatic conditions; natural disasters; unexpected maintenance or technical problems; key equipment failures; industrial disruption; and variations in existing and new geological conditions (including underground workings).</p>	Section 6.2(c)
	<p><b>Proceeds may not provide sufficient funding</b></p> <p>The Company has restructured the Debt Package to reduce the quantum of debt by A\$14.75 million (US\$10 million). There remains the possibility that this reduction of debt, together with the funds to be raised under the Entitlement Offer and Convertible Note issue, will not be sufficient to execute its strategy as announced to ASX on 4 October 2019.</p> <p>Under these circumstances, neither the Company nor the Directors can provide any assurance that if further funding is required, such funding can be raised on terms favourable to the Company (or at all). Additional equity funding will dilute existing Shareholders.</p> <p>If the Company is unable to obtain additional funding as required, the Company may be required to delay or indefinitely postpone exploration, development or production on the Company's projects and/or reduce the scope of its operations.</p>	Section 6.3(a)
	<p><b>Convertible Notes risk</b></p> <p>The issue of the Convertible Notes as part of the Debt Package is conditional upon Shareholders approving the issue under the Corporations Act and the ASX Listing Rules. The Company intends to hold a general meeting seeking approval for the issue of the Convertible Notes in December 2019. If Shareholder approval is not obtained at this general meeting, the Company will be unable to issue the Convertible Notes and raise sufficient funds to execute its strategy as announced to ASX on 4 October 2019 and there would be material uncertainty regarding whether the Company would continue as a going concern. There can be no assurance that Shareholders will approve the issue of the Convertible Notes.</p> <p>If Shareholder approval is received and the Convertible Notes are issued, the Company will be subject to certain undertakings and requirements under the Convertible Notes.</p>	Section 6.3(b)

Topic	Summary	For more information
	<p>Failure of the Company to comply with the arrangements could lead to the amounts outstanding under the Convertible Notes becoming immediately repayable.</p> <p><b><i>Future capital requirements</i></b></p> <p>Whilst the Entitlement Offer and the Debt Package are expected to leave the Company adequately financed, the Company may require further financing to continue to operate in the future if for example, it fails to meet its mining schedule or there is otherwise a material departure from the Company's anticipated performance. Any additional equity financing that the Company may undertake in the future may dilute existing shareholdings. Further debt financing, if available, may also involve restrictions on financing and operation activities.</p> <p><b><i>Going concern</i></b></p> <p>The Company's annual financial report for the financial year ended 30 June 2019 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business. However, it includes a note at page 59 regarding the basis of preparation of its financial statements on a going concern basis, despite its net current liability position.</p> <p><b><i>Compliance with finance facility terms</i></b></p> <p>In addition, under the Debt Package (including the current stream arrangements), Orion has security over the Company's assets and a parent company guarantee. On 30 September 2019, the Company announced that it has executed a waiver letter with Orion which has the effect of waiving any non-compliance issues arising under the existing debt documents to the extent necessary to permit the implementation of the Entitlement Offer and the Debt Package restructure, subject to certain conditions being met. However, failure of the Company to comply with the waiver conditions could lead to the amounts outstanding under the finance facility and the deposit under the stream arrangements becoming immediately repayable and failing repayment, Orion enforcing its security over the Company's assets.</p> <p><b><i>Risk of Shareholder dilution</i></b></p> <p>If Eligible Shareholders elect not to take up their Entitlement or only take up part of their Entitlement, they will be subject to substantial dilution as a result of the issue of Shares under the Entitlement Offer. In addition, Ineligible Retail Shareholders will be subject to substantial dilution under the Entitlement Offer.</p> <p>Further, as noted in Section 7.2(d), the Company has entered into convertible note agreements, pursuant to which it has agreed, subject to certain conditions precedent, to issue convertible notes with an aggregate face value of US\$35 million (A\$51.6 million). Conversion of the convertible notes (together with all capitalised interest amounts and fees) into Shares will result in substantial dilution to Shareholders.</p>	<p>Section 6.3(c)</p> <p>Section 6.3(d)</p> <p>Section 6.3(e)</p> <p>Section 6.3(g)</p>



Topic	Summary	For more information
	<p><b>Capital and operating costs</b></p> <p>Heron's capital and operating costs estimates are based on the best available information at the time. Any significant unforeseen increases in the capital and operating costs associated with the operation of the Woodlawn Project would impact Heron's future cash flow and profitability. Capital and operating costs for the development of major projects in Australia have increased in recent years due to higher raw material prices as well as increased labour and contractor costs.</p>	Section 6.2(d)
	<p><b>Resource and reserve estimates</b></p> <p>Heron has made estimates of its resources and reserves based on relevant reporting codes, where required, and judgments based on knowledge, skills and industry experience. However, there is no guarantee that estimates will prove to be accurate. Actual mining results may materially differ from forecasts and estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and metal prices.</p>	Section 6.2(d)
<b>General</b>		
Who do I contact if I have queries?	<p>Any queries regarding the Retail Entitlement Offer should be directed to Mr Simon Smith, Company Secretary on +61 2 9119 8111.</p> <p>Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (from outside Australia) at any time from 8.30am to 5.30pm (AEST or AEDT as the case may be) Monday to Friday.</p> <p>You can also contact your stockbroker or professional adviser with any queries in relation to the Retail Entitlement Offer.</p>	

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## 2. BACKGROUND TO AND REASONS FOR THE ENTITLEMENT OFFER

### 2.1 Background

Construction of the Woodlawn Project by Sedgman Pty Limited (**Sedgman**) was completed seven months behind schedule, which when combined with a slower than planned ramp-up, has created an identified funding deficit of A\$91 million.

Heron's major shareholders, Greenstone, Castlake, Orion are prepared to support the required funding, conditional on (among other things) a settlement over the previously announced dispute with Sedgman. To satisfy this condition and provide certainty as to its working capital requirements, Heron has reached a \$15 million settlement with Sedgman, with \$2 million to be paid in Shares, and \$13 million in deferred cash consideration. The Shares will be issued at \$0.20 per share (equal to the Entitlement Offer) and will be subject to an escrow period of two years. A payment schedule for the \$13 million in cash has been agreed with Sedgman, with 4 equal payments of \$2.5 million to be made on or before 30 June 2021, 30 September 2021, 31 December 2021 and 31 March 2022 and a final \$3 million payment to be made on or before 30 June 2022. Sedgman will continue to be responsible for defects related to the EPC Contract during each 12 month period following handover of each of the three separable portions within the project scope.

### 2.2 Proposed funding package

In order to fund the identified working capital shortfall to see the Woodlawn Project through to project completion and opening, Heron is undertaking the Entitlement Offer to raise A\$35.4 million, as part of a broader \$91 million funding package (**Funding Package**), the balance of which comprises:

- (a) a US\$35m (A\$51.6 million) convertible note subscription to be provided by Castlake, the Greenstone Parties and Orion (**Convertible Note**); and
- (b) a restructure of the secured financing, involving:
  - (i) an extension of the maturity date to the existing US\$60 million loan by 12 months from 31 December 2022 to 31 December 2023 (and a repayment profile adjusted to match the revised cashflow profile and extended tenor); and
  - (ii) a US\$3 million (A\$4.4 million) zinc by-product stream, with Heron to deliver silver ounces based on payable zinc tonnage at an agreed zinc-silver conversion ratio,

(together, the **Debt Package**).

Heron notes the Debt Package was the only financing package available to Heron that provided the funds required that suited its working capital requirements. In the absence of the Entitlement Offer, Heron forecasts it will run out of unrestricted cash by the end of October 2019.

The Company notes that each of the above components to the Debt Package is subject to a number of conditions precedent, including shareholder approval and completion of the Entitlement Offer to raise the full \$35.4 million and are inter-conditional upon each other component proceeding to ensure that the full \$91 million is raised. The Company intends to seek shareholder approval at a planned general meeting in December 2019.

If shareholder approval is not obtained or the Entitlement Offer does not complete, the Debt Package will not proceed and the Woodlawn Project will not be fully funded to project completion and opening and there would be material uncertainty regarding whether the Company would continue as a going concern.

### 2.3 Woodlawn

- (a) Operations update



Following the significant delay in completing the process plant construction, plant ramp-up is now proceeding to a revised schedule with Woodlawn now starting to produce marketable base metal concentrates.

The Company has undertaken a review which has confirmed the technical and operational basis for the Woodlawn Project remains sound, with the expected attractive production profile at the time of financing intact, although delayed.

Part of the proceeds of the Funding Package will also go towards further plant rectification and improvement works to support the attainment of designed recoveries and nameplate production capacity at Woodlawn.

(b) Fundraising

The Company is conducting the Entitlement Offer as part of the broader \$91 million Funding Package (which includes the Debt Package) in order to raise the additional funding required to proceed with the ongoing development and ramp-up of the Woodlawn Project.

See **Section 4.1** for further information, including the Company's intended use of funds arising from the Entitlement Offer.

As noted in **Section 2.2** above, each component of the Debt Package is subject to a number of conditions precedent including shareholder approval and completion of the Entitlement Offer to raise the full \$35.4 million and are inter-conditional upon each other to ensure that the full \$91 million is raised. Shareholders should note that if the Debt Package does not proceed, the Woodlawn Project will not be fully financed to completion and opening and there would be material uncertainty regarding whether the Company would continue as a going concern.

## **2.4 Strategy and opportunity**

The Company's immediate strategy is focused on the completion, opening and operation of the Woodlawn Project. Once plant ramp-up is completed, and the Company has established stable positive cash flows, Heron will seek to recommence activities over the attractive tenement package held by the Company, targeting further upside through conversion of underground resources to reserves, potential extensions to existing VMS lenses, and the possibility of near mine discoveries.

For further information please refer to the ASX announcement of the Entitlement Offer and the investor presentation lodged with ASX on 4 October 2019.

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### **3. DETAILS OF THE ENTITLEMENT OFFER**

#### **3.1 The Institutional Entitlement Offer**

As announced on 4 October 2019, the Company will conduct the Institutional Entitlement Offer during the period set out in the 'Key Entitlement Offer Dates' set out on page 4 of this Prospectus and the Shares offered under the Institutional Entitlement Offer are expected to be issued on 14 October 2019.

#### **3.2 The Retail Entitlement Offer**

Eligible Retail Shareholders are being offered the opportunity to subscribe for all or part of their Entitlement, being 0.7324 New Shares for every 1 existing Share held at 5.00pm (AEST) on 8 October 2019 (**Record Date**), at the Offer Price of \$0.20 per New Share, under the Retail Entitlement Offer and are being sent this Prospectus with a personalised Entitlement and Acceptance Form. Further details regarding Eligible Retail Shareholders are set out in Section 3.10.

If you are an Eligible Retail Shareholder that has received this Prospectus, the number of New Shares to which you are entitled (your Entitlement) is shown on the accompanying Entitlement and Acceptance Form. If you have more than one registered holding of Existing Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued pursuant to the Retail Entitlement Offer will be fully paid and will rank equally with existing Shares on issue.

Please consider the Retail Entitlement Offer in the light of your particular investment objectives and circumstances.

Please consult with your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer.

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of Heron, including possible loss of income and principal invested. Heron does not guarantee any particular rate of return or the performance of Heron, nor does it guarantee the repayment of capital from Heron or any particular tax treatment.

#### **3.3 The Cleansing Offer**

As announced on the ASX on 4 October 2019, the Company has entered into a settlement deed with Sedgman (**Settlement Deed**), pursuant to which the Company has agreed to issue 10,000,000 Shares to Sedgman as part of the settlement arrangements post Record Date. Accordingly, Sedgman is not entitled to participate in the Retail Entitlement Offer. A summary of the key terms of the Settlement Deed is set out in Section 7.2(f).

Accordingly, in addition to the Entitlement Offer, this Prospectus includes an offer of one New Share (**Cleansing Offer**), which shall remain open until the Closing Date. The Company does not currently intend to issue New Shares under the Cleansing Offer and will therefore not provide an application form for the Cleansing Offer.

The purpose of the Cleansing Offer is to remove any trading restrictions that may have attached to the Shares issued under the Settlement Deed.

#### **3.4 Fractional Entitlements**

Fractional Entitlements will be rounded up to the nearest whole number of New Shares. For this purpose, holdings in the same name are aggregated for calculation of Entitlements, to the extent permitted by the ASX Listing Rules. If the Company considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Shareholders for the purpose of calculating Entitlements, to the extent permitted by the ASX Listing Rules.

### 3.5 Acceptances

The Retail Entitlement Offer may be accepted in whole or in part prior to 5.00pm (AEDT) on 22 October 2019, subject to the rights of the Company to extend the Retail Entitlement Offer period or close the Retail Entitlement Offer early.

Instructions for accepting your Entitlement are set out in Section 5 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

### 3.6 No Rights Trading

The Retail Entitlement Offer is non-renounceable. This means that the Entitlements of Eligible Retail Shareholders to subscribe for New Shares under this Prospectus are not transferable and there will be no trading of Entitlements on ASX. Eligible Retail Shareholders who choose not to take up their Entitlements will receive no benefit and their shareholding in the Company will be diluted as a result.

### 3.7 Shortfall Offer

A shortfall will arise if the Applications received for New Shares under the Entitlement Offer are less than the number of New Shares offered (**Shortfall Shares**).

The Directors reserve the right, subject to the requirements of the ASX Listing Rules and the Corporations Act, to place any Shortfall Shares remaining after the satisfaction of Castlelake and Greenstone's obligations to underwrite the take up of all New Shares the subject of their respective Entitlements and any applications for New Shares by Eligible Shareholders at their discretion (**Shortfall Offer**).

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open until 7.00pm (AEDT) on 23 October 2019, unless otherwise extended by the Company.

The issue price for each New Share to be issued under the Shortfall Offer will be not less than 20 cents, being the price at which New Shares are being offered under the Offer.

The Shortfall Shares to be issued under the Shortfall Offer will be issued on the same terms as the New Shares issued under the Entitlement Offer.

The Company has appointed Patersons Securities Limited (**Patersons**) and Nascent Capital Partners Pty Ltd (**Nascent**) as joint lead managers to the Shortfall Offer (**JLMs**) pursuant to a mandate letter (**Mandate Letter**), under which the JLMs will seek to place Shortfall Shares to investors on a reasonable endeavours basis. Investors who the Company or the JLMs invite to participate in the Shortfall Offer will need to follow the procedures advised to them by the Company for applications under the Shortfall Offer. For further details regarding the Mandate Letter, please refer to Section 7.2(b).

In addition, Eligible Retail Shareholders may also apply for Shortfall Shares in addition to their Entitlements and their Applications will be given priority over Applications received from other investors. For further details, including the Company's allocation policy in relation to the Shortfall Shares applied for by Eligible Shareholders, please refer to Section 3.8.

If the Company does not place the Shortfall Shares under the Shortfall Offer, the Shortfall Shares will be issued to the Underwriters in accordance with the Underwriting Agreements.

### 3.8 Applying for Shortfall Shares

Eligible Retail Shareholders may, in addition to their Entitlement, also apply for Shortfall Shares regardless of the size of their present holding.

Any Entitlements not taken up may become available as Shortfall Shares which may be placed by the Company. It is possible that there will be few or no Shortfall Shares available for issue, depending on the level of take up of Entitlements by Shareholders.

It is an express term of the Retail Entitlement Offer that applicants for Shortfall Shares will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for, if so allocated. If a lesser number of Shortfall Shares is allocated to them than applied for, excess application money will be refunded without interest. The Company reserves the right to scale back any applications for Shortfall Shares in consultation with the JLMs.

The Directors do not intend to refuse an application for Shortfall Shares from Eligible Shareholders other than in circumstances where the Entitlement Offer is oversubscribed or where acceptance may result in a breach of the Corporations Act. If the number of Shortfall Shares applied for by Eligible Shareholders exceeds the total Shortfall, priority will be given to the Underwriters with respect to any Shortfall Shares attributed to their (or any of their associates') Entitlements to give effect to their commitments under the Underwriting Agreements to ensure the take up of all New Shares the subject of their respective Entitlements. Thereafter Eligible Retail Shareholders who hold less than a marketable parcel of Shares (that is, Shares with a value of less than \$500 (which based on the Offer Price represents 2,500 Shares)) and have applied for Shortfall Shares will be allocated Shortfall Shares to "top up" their shareholding to a marketable parcel of Shares worth \$500. After the "top up" allocation is exhausted, the Shortfall Shares will be allocated among applying Eligible Shareholders proportionally. Accordingly, there is also no guarantee that in the event Shortfall Shares are available for issue, Eligible Retail Shareholders will receive all Shortfall Shares applied for.

### **3.9 Shareholder commitments and underwriting**

The Company's three largest shareholders in Castlake, Greenstone and Orion (or their respective associates) have all conditionally committed to take up, or procure subscriptions for, all of the New Shares the subject of their respective Entitlements.

Further, Castlake V and Greenstone have each agreed to underwrite subscriptions for any residual Shortfall Shares that are not applied for by Eligible Shareholders or otherwise placed under the Shortfall Offer (up to an aggregate amount of \$10.9 million) on the basis of 31.9% being allocated to Castlake V and the remaining 68.1% being allocated to Greenstone. The overall effect of these arrangements is that the Company will raise the full amount of \$35.4 million under the Entitlement Offer.

A summary of the key terms and conditions of the Underwriting Agreements between the Company and each of Castlake V and Greenstone is set out in **Section 7.2(a)**. In addition, a summary of the key terms and conditions of the Commitment Letters is set out in **Section 7.2(b)**.

### **3.10 Eligible Retail Shareholders**

The Retail Entitlement Offer is only available to Eligible Retail Shareholders, who are those holders of Shares who:

- (a) are registered as a holder of Shares as at the Record Date;
- (b) have an address on the Heron share register in Australia, New Zealand or the United States (to the extent that they are US Accredited Investors) as at the Record Date;
- (c) to the extent that they are not US Accredited Investors, are not in the United States and are not a person in the United States or acting for the account or benefit of US Persons, to that extent;
- (d) did not receive an offer (other than as nominee) under the Institutional Entitlement Offer and were not treated as an ineligible institutional Shareholder under the Institutional Entitlement Offer; and
- (e) are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

Retail Shareholders who do not satisfy each of these criteria (other than those who received an offer under the Institutional Entitlement Offer) are Ineligible Retail Shareholders.

Heron may (in its absolute discretion) extend the Retail Entitlement Offer to any Shareholder in other foreign jurisdictions (subject to compliance with applicable laws).

Heron, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder and is therefore able to participate in the Retail Entitlement Offer, or an Ineligible Retail Shareholder and is therefore unable to participate in the Retail Entitlement Offer. Heron disclaims all liability to the maximum extent permitted by law in

respect of any determination as to whether a Shareholder is an Eligible Retail Shareholder or an Ineligible Retail Shareholder.

By returning a completed Entitlement and Acceptance Form or making a payment by BPAY, you will be taken to have represented and warranted that you satisfy each of the criteria listed above. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Heron may (in their absolute discretion) extend the Retail Entitlement Offer to any institutional Shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

### **3.11 Nominees**

The Retail Entitlement Offer is only being made to Eligible Retail Shareholders. Heron is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares (e.g. for the purposes of determining whether any such persons may participate in the Retail Entitlement Offer).

Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person that is in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be in the United States.

Heron assumes no obligation to advise you on any foreign laws.

### **3.12 Ineligible Foreign Shareholders**

The Company has decided that it is unreasonable to make offers under the Retail Entitlement Offer to investors who are holders of Shares and who are in the United States or have registered addresses outside Australia New Zealand or the United States (to the extent that they are US Accredited Investors) (**Ineligible Foreign Shareholders**), having regard to the number of such holders in those places and the number and value of New Shares that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

Accordingly, Ineligible Foreign Shareholders are not eligible to participate in the Retail Entitlement Offer. Instead, the Company has obtained approval from ASIC to appoint Patersons as nominee for the purposes of section 615 of the Corporations Act (**Nominee**) to sell Entitlements which would otherwise have been available to Ineligible Foreign Shareholders had they been eligible to participate in the Entitlement Offer.

The appointment of the Nominee will also permit Eligible Shareholders to subscribe for New Shares (to the maximum extent of their full Entitlement) under the Entitlement Offer and for the Underwriters to underwrite the Entitlement Offer to the extent agreed, even if to do so would result in such persons acquiring a relevant interest that increases their voting power in the Company from below 20% to above (on a post-Entitlement Offer basis).

The nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) the Company will transfer to the Nominee the Entitlements that Ineligible Foreign Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Ineligible Shareholder Shares**) and grants the Nominee the sole and exclusive right to sell the Ineligible Shareholder Shares;
- (b) the Nominee will sell the Ineligible Shareholder Shares at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the subsequent sale of the Ineligible Shareholder Shares (after deducting the costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Foreign Shareholders for whose benefit the Entitlements are sold in proportion to their shareholdings as at the Record Date.

The Nominee does not guarantee that it will be able to sell the Ineligible Shareholder Shares by a given time or at any given price. Further, if net proceeds of any sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may, retained by the Company. Accordingly, there is a possibility that Ineligible Foreign Shareholders may receive no net proceeds if the costs of the sale of the Ineligible Shareholder Shares and the distribution of the proceeds are greater than the sale proceeds. The Company and the Nominee will not be held liable for a failure to obtain any net proceeds, or for the sale of any the Ineligible Shareholder Shares at any particular price or the timing of such sale.

As consideration for appointment as Nominee, the Company has agreed to pay the greater of a brokerage fee of 1.5% on the total gross dollar value of all Ineligible Shareholder Shares sold by the Nominee or a minimum of \$2,500 (exclusive of GST).

### **3.13 ASX quotation and trading**

The Company will apply for quotation of the New Shares on ASX within seven days of the Lodgement Date. While the Company is not aware of any reason why quotation would be denied, there is no assurance that the Application will be granted. If quotation is not granted, New Shares under the Retail Entitlement Offer will not be issued and Application Monies will be refunded to Applicants without interest.

The fact that ASX may grant quotation of the New Shares is not to be taken in any way as an indication of the merits of the Company, or the New Shares issued under the Entitlement Offer.

It is expected that the quotation and trading of New Shares issued under the Retail Entitlement Offer will commence on or about 30 October 2019 (on a normal settlement basis).

Confirmation of issue of New Shares is expected to be sent in accordance with ASX Listing Rules. It is the responsibility of each Applicant to confirm their holding before trading in New Shares. Any Applicant who sells New Shares before receiving their confirmation of issue will do so at their own risk. The Company and the Share Registry disclaim all liability in tort (including negligence), statute or otherwise, to any person who trades in New Shares before receiving their confirmation of issue, whether on the basis of a confirmation of issue provided by the Company or the Share Registry, or otherwise.

### **3.14 CHESS**

The New Shares will participate from the date of commencement of quotation in the Clearing House Electronic Sub-register System (**CHESS**), operated by ASX Settlement Pty Limited. These securities must be held in uncertificated form (i.e. no certificate will be issued) on the CHESS sub-register under sponsorship of a sponsoring participant (usually a broker) or on the issuer- sponsored sub-register. Arrangements can be made at any subsequent time following quotation to convert your holdings from the issuer-sponsored sub-register to the CHESS sub- register under sponsorship of a sponsoring participant or vice versa, by contacting your sponsoring participant.

### **3.15 No withdrawal or cooling-off rights**

You cannot withdraw your Application once it has been accepted. Cooling-off rights do not apply to an investment in New Shares.

Heron reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Shares to Eligible Retail Shareholders, in which case Heron will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

### **3.16 Taxation**

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions for potential Applicants.

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the

Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for New Shares under this Prospectus.

This section is a general summary of the Australian income tax and CGT implications of the Entitlement Offer for certain Eligible Retail Shareholders. The comments in this section are general in nature and are based on the Australian tax legislation and administrative practice in force as at the date of this Prospectus.

The taxation implications of the Entitlement Offer will vary depending on your particular circumstances. Accordingly, you should seek and rely upon the professional advice of your own taxation or financial adviser before determining the particular taxation treatment that will apply to you.

Neither Heron nor any of its officers, employees, or agents, nor its taxation and other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences.

Specifically, the comments only apply to Eligible Retail Shareholders who:

- are Australian residents for income tax purposes;
- will hold their existing Shares (and will hold New Shares and Entitlements) on capital account and not as revenue assets, trading stock or as assets used in carrying on a business;
- are not subject to the taxation of financial arrangements rules;
- did not acquire their existing shares under any employee share scheme; and
- did not acquire the entitlement in a way other than because they are an Eligible Retail Shareholder.

(a) *Issue of Entitlements*

The issue of an Entitlement to Australian resident Eligible Retail Shareholders should not, of itself, result in an amount being included in your assessable income or constitute a capital gain on the basis that the Entitlement is issued because of your ownership of an existing Share.

(b) *Sale of Entitlements*

Entitlements are not tradeable on the ASX nor are they able to be transferred to a third party.

(c) *Entitlements not taken up*

An Eligible Retail Shareholder's Entitlements may lapse by the Eligible Retail Shareholder not taking them up through inaction, but Eligible Retail Shareholders may otherwise not dispose of their Entitlements. In circumstances where the Entitlements lapse, the Eligible Retail Shareholders will not acquire any New Shares under the Entitlement Offer and will not have any taxation consequences as a result of the Entitlements they receive.

(d) *Taking up of Entitlements*

The exercise or taking up of your Entitlements for Australian resident Eligible Retail Shareholders should not, of itself, result in any amount being included in your assessable income.

If you take up all or part of your Entitlement you will acquire New Shares with a cost base for CGT purposes equal to the Offer Price payable by you and including certain incidental costs that you may incur in acquiring the New Shares.

New Shares will be taken to have been acquired on the day you exercise your Entitlements for the purposes of the CGT discount discussed below.

(e) *Dividends on New Shares as a result of taking up your Entitlements*

Any future dividends or other distributions made in respect of New Shares should generally be subject to the same income tax treatment as dividends or other distributions made on your existing Shares held in the same circumstances.

(f) *Disposal of New Shares*

The disposal of New Shares in the Company will be a CGT event. A Shareholder will make a capital gain where the proceeds it receives upon the sale of the New Shares is greater than the cost base of the New Shares, or a capital loss where the capital proceeds are less than the reduced cost base of the New Shares. The capital proceeds received on sale of the New Shares should broadly be equal to the money received in respect of the disposal. Each New Share's cost base is generally the amount paid to acquire the New Share plus any transaction/incidental costs. The net capital gain is included in the assessable income of the Shareholder.

Where the Shareholder is an individual, complying superannuation fund, trust or, in certain circumstances, a life insurance company, a CGT discount may be available to reduce the assessable capital gain arising on disposal of New Shares. This discount is only available if the New Shares are owned by the Shareholder for at least 12 months prior to disposal. The CGT discount applicable for individuals and trusts is 50% and 33 1/3% for complying superannuation funds and, in certain circumstances, life insurance companies. Any current year or carry-forward capital losses should offset the capital gain first, before the CGT discount can be applied. The CGT discount is not generally available to Shareholders that are companies.

**3.17 Stamp duty**

No stamp duty should generally be payable in respect of the issue, sale or taking up of Entitlements, or the acquisition of New Shares.

**3.18 Enquiries**

Any queries regarding the Retail Entitlement Offer should be directed to Mr Simon Smith, Company Secretary on +61 2 9119 8111.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry, on 1300 288 664 (within Australia) or +61 2 9698 5414 (from outside Australia) at any time from 8.30am to 5.30pm (AEST or AEDT as the case may be) Monday to Friday.

You can also contact your stockbroker or professional adviser with any queries in relation to the Retail Entitlement Offer.



#### 4. PURPOSE AND EFFECT OF THE ENTITLEMENT OFFER

##### 4.1 Purpose of the Entitlement Offer and use of proceeds

The purpose of the Entitlement Offer is to raise approximately A\$35.4 million under the Entitlement Offer (with approximately A\$11.5 million of that amount being raised under the Institutional Entitlement Offer with the balance of a further approximately A\$23.9 being raised under the Retail Entitlement Offer) before fees and costs of the Entitlement Offer. As at 30 September 2019, the Company had a cash reserve of approximately A\$9.6 million.

The Directors intend to apply the proceeds of the Entitlement Offer together with its existing cash reserves towards the following in accordance with the table set out below:

- (a) the ongoing development and ramp-up of the Woodlawn Project;
- (b) loan repayment and interest payment under the loan facility arrangements with Orion;
- (c) additional working capital; and
- (d) to fund expenses of the Entitlement Offer – including legal costs, lead manager and underwriting costs, marketing and other administrative expenses (including, ASX, ASIC and Share Registry fees).

The proceeds from the Entitlement Offer do not meet the complete funding amount required by Heron to satisfy the identified working capital shortfall. The additional proceeds from the Debt Package (for which certain terms require shareholder approval) will allow the Company to complete the construction and commission of the Woodlawn Project. In the absence of these funds, there is material uncertainty regarding whether the Company would continue as a going concern. For further information, please refer to **Section 2.2**.

The table below assumes that no Options are exercised before the Record Date:

Source of funds	Amount (A\$)	% of funds
Cash reserve (as at 30 September 2019)	A\$9,635,000	21.39%
Gross proceeds from the Entitlement Offer	A\$35,400,000	78.61%
<b>TOTAL</b>	<b>A\$45,035,000</b>	<b>100%</b>

Use of funds	Amount (A\$)	% of funds raised
Partial repayment of loan facility <sup>1</sup>	A\$3,358,000 <sup>2</sup>	7.46%
Interest payment <sup>1</sup>	A\$2,617,000 <sup>2</sup>	5.81%
Plant rectification and improvement works	A\$3,450,000	7.66%
Underground capital works	A\$6,470,000	14.37%
Underground mining working capital	A\$8,216,000	18.24%
Processing working capital	A\$4,803,000	10.67%
Minimum liquidity buffer	A\$10,000,000	22.20%
General working capital <sup>3</sup>	A\$4,187,000	9.30%
Expenses of the Entitlement Offer <sup>4</sup>	A\$1,934,000	4.29%
<b>TOTAL</b>	<b>A\$45,035,000</b>	<b>100%</b>

**Notes:**

1. Please refer to **Sections 2.2** and **7.2(e)** for further information regarding the repayment arrangements agreed between the Company and Orion.

2. On the assumption of an exchange rate of AUD/USD of 0.678.
3. General working capital costs may include costs associated with general costs associated with the management and operation of the business including administration expenses, management salaries, directors' fees, rent and other associated costs.
4. Please refer to **Section 7.8** for further details regarding the expected costs of the Entitlement Offer.

The above table is a statement of the Board's current intentions as at the Lodgement Date. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

## 4.2 Historical and pro forma financial position

Set out below is a summary of the Company's audited consolidated statement of financial position as at 30 June 2019 together with an unaudited pro forma statement of financial position as at 30 June 2019 giving effect to the Entitlement Offer (together the **Financial Information**).

The Financial Information is presented in an abbreviated form and does not contain all of the disclosures that are usually provided in the Company's annual report (**Annual Report**) prepared in accordance with the applicable accounting standards and therefore cannot be expected to provide as full an understanding of the financial position of the Company as a statement of financial position in the Annual Report.

The pro forma statement below is indicative only and is not intended to be a statement of the Company's current or future financial position.

			A. Post Entitlement Offer			B. Post Convertible Note & Stream		
	30-06-2019 Audited	Pro Forma Adjustments 1	Pro Forma Adjustments 2	30-06-2019 Pro Forma	Pro Forma Adjustments 3	30-06-2019 Pro Forma		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
ASSETS								
Cash assets	31,465	(21,829) <sup>1</sup>	30,107 <sup>2</sup>	39,743	44,656 <sup>7</sup>	84,399		
Restricted Cash	7,777	-	-	7,777	-	7,777		
Trade and other receivables	3,398	-	-	3,398	-	3,398		
Investments and other assets	2,343	-	-	2,343	-	2,343		
Property, plant and equipment	11,962	-	-	11,962	-	11,962		
Mine Property	242,849	21,829 <sup>1</sup>	-	264,678	-	264,678		
<b>Total Assets</b>	<b>299,794</b>	<b>-</b>	<b>30,107</b>	<b>329,901</b>	<b>44,656</b>	<b>374,557</b>		
LIABILITIES								
Trade and other payables	6,060	-	-	6,060	-	6,060		
Provisions	31,924	-	(2,000) <sup>3</sup>	29,924	-	29,924		
Existing Borrowings	132,910	-	(3,358) <sup>4</sup>	129,552	(9,482) <sup>8, 9</sup>	120,070		
Zinc linked stream	-	-	-	-	4,425 <sup>10</sup>	4,425		
Convertible note	-	-	-	-	52,655 <sup>11, 12</sup>	52,655		
<b>Total Liabilities</b>	<b>170,894</b>	<b>-</b>	<b>(5,358)</b>	<b>165,536</b>	<b>47,598</b>	<b>213,134</b>		
<b>Net Assets</b>	<b>128,900</b>	<b>-</b>	<b>35,465</b>	<b>164,365</b>	<b>(2,942)</b>	<b>161,423</b>		
EQUITY								
Contributed equity	259,742	-	37,399 <sup>3, 5</sup>	297,141	-	297,141		
Option reserve	2,857	-	-	2,857	-	2,857		
Accumulated losses	(133,699)	-	-	(133,699)	(2,942) <sup>9, 12</sup>	(136,641)		

Equity raising fees	-	-	(1,934)	6	(1,934)	-	(1,934)
<b>Total Equity</b>	<b>128,900</b>	<b>-</b>	<b>35,465</b>	<b>164,365</b>	<b>(2,942)</b>	<b>161,423</b>	

### Assumptions and adjustments for pro forma statement of financial position

The Pro-Forma Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 30 June 2019 and the close of the Retail Entitlement Offer.

1. Cash expended between 30 June 2019 and 30 September 2019, which has been capitalised into Mine Property.
2. Proceeds from Entitlement Offer, less associated costs. See Section 4.1 for more information.
3. 10 million shares issued at A\$0.20 per share to Sedgman.
4. Partial repayment of Orion debt facility. See **Section 7.2(e)** for more information.
5. 177 million New Shares issued at A\$0.20 per Share under the Entitlement Offer. See **Section 3** for more information.
6. Costs associated with the Entitlement Offer. See **Section 7.8** for more information.
7. Proceeds from Convertible Notes and Stream proceeds. See **Sections 7.2(d)** and **7.2(e)** for more information.
8. Partial repayment of Orion debt facility via the issue of the Convertible Notes and Stream proceeds.
9. US\$1.3 million debt restructuring fee, capitalised onto loan balance. See **Section 7.2(e)** for more information.
10. US\$3 million zinc linked stream. See **Sections 2.2** and **7.2(e)** for more information.
11. US\$35 million Convertible Notes. See **Sections 2.2** and **7.2(d)** for more information.
12. US\$0.7 million drawdown fee, capitalised onto Convertible Note loan balance. See **Sections 2.2** and **7.2(d)** for more information.

### 4.3 Capital structure

A table setting out the effect of the Entitlement Offer on the capital structure of the Company is set out below:

Event	Number of Shares	%
Shares on issue as at the Lodgement Date	241,666,912	56.38%
Shares to be issued under the Institutional Entitlement Offer	57,584,627	13.43%
Shares to be issued under the Settlement Deed <sup>1</sup>	10,000,000	2.33%
Shares to be issued under the Retail Entitlement Offer	119,412,220	27.86%
<b>TOTAL ISSUED SHARES</b>	<b>428,663,759</b>	<b>100%</b>

**Notes:**

1. Shares to be issued under the Settlement Deed will occur after the Record Date. Accordingly, the issue of these Shares will not affect the number of Shares to be offered under the Entitlement Offer.

Event	Number of Options	%
Unlisted Options exercisable at \$0.72 on or before 4 December 2020	1,650,000	86.16%
Unlisted Options exercisable at \$1.10 on or before 1 February 2022	265,000	13.84%
<b>TOTAL ISSUED UNLISTED OPTIONS</b>	<b>1,915,000</b>	<b>100%</b>

Performance Rights vesting on 30 June 2020 subject to TSR-based vesting conditions	2,895,000	58.88%
Performance Rights vesting on 30 June 2021 subject to TSR-based vesting conditions	2,021,667	41.12%
<b>TOTAL ISSUED PERFORMANCE RIGHTS</b>	<b>4,916,661</b>	<b>100%</b>

#### 4.4 Details of substantial holders

Based on publicly available information as at 3 October 2019, those persons which (together with their associates) have voting power in 5% or more of the Shares on issue are set out below:

Shareholder	Shares	%
Greenstone Management (Delaware) LLC and Greenstone Parties	65,563,542	27.13%
Castlelake (III, IV and V) LP	61,170,152	25.31%
Orion Mine Finance	40,789,474	16.88%
<b>Total Shares on currently on issue</b>	<b>241,666,912</b>	<b>69.32%</b>

Orion has conditionally committed to take up their respective Entitlements under the Entitlement Offer in full. In addition, each of Greenstone and Castlelake have each conditionally committed to take up their respective Entitlements either under the Entitlement Offer or via their underwriting obligations, which will be allocated to them in priority to the Shortfall Offer (and no underwriting fee will be charged on those amounts).

Greenstone and Castlelake V have also agreed to underwrite subscriptions for any residual Shortfall Shares that are not applied for by Eligible Shareholders or otherwise placed under the Shortfall Offer on the basis of 31.9% being allocated to Castlelake V and the remaining 68.1% being allocated to Greenstone. The overall effect of these arrangements is that the Company will raise the full amount of A\$35.4 million under the Entitlement Offer. A summary of the Underwriting Agreements and the Commitment Letters are set out in **Sections 7.2(a)** and **7.2(b)**, respectively, and the effect of the Underwriting Agreements on control of the Company is set out in **Section 4.5(c)** below.

In the event all Entitlements are accepted, there will be no change to the substantial holders on completion of the Entitlement Offer.

#### 4.5 Effect on the Control of the Company

##### (a) Entitlement Offer

Assuming no existing Options are exercised prior to the Record Date, the maximum number of New Shares which will be issued pursuant to the Entitlement Offer is approximately 176,996,850. This equates to approximately 73.2% of all the issued Shares in the Company as at the Lodgement Date and approximately 42.3% of all issued Shares following completion of the Entitlement Offer but excluding the Shares to be issued under the Settlement Deed and the expanded issued capital base of the Company post conversion of the Convertible Notes.

The potential effect the Offer will have on the control of the Company's undiluted share capital will depend on the extent to which Shareholders take up their Entitlements under the Entitlement Offer.

If all Shareholders take up their Entitlements in full, the Entitlement Offer will have no effect on the control of the Company.

##### (b) Convertible Note Agreements

As noted in **Sections 2.2 and 7.2(d)**, the Company has entered into convertible note agreements with each of its major shareholders, Castlelake, certain

Greenstone Parties and Orion, pursuant to which the Company has agreed, subject to certain conditions precedent including the Company obtaining all necessary shareholder approvals, to issue convertible notes with an aggregate face value of US\$35 million (**Convertible Notes**). The Convertible Notes are to be convertible into Shares at a conversion price of \$0.25 on or before 31 December 2024.

If all Convertible Notes were to be converted at the exchange rate of US\$0.678:A\$1, the maximum number of Shares which may be issued upon conversion of the Convertible Notes is 450,341,438 Shares. This equates to approximately 105.1% of all the issued Shares in the Company following completion of the Entitlement Offer (including the Shares to be issued under the Settlement Deed). However, as the exchange rates are likely to fluctuate over the time that the Convertible Notes may remain on issue, the Company proposes to seek shareholder approval on the basis of applying an exchange rate of US\$0.50:A\$1<sup>3</sup> which would result in the issue of 610,662,990 Shares equating to approximately 142.46% of all the issued Shares in the Company following completion of the Entitlement Offer (including the Shares to be issued under the Settlement Deed).

(c) Substantial holders (including the Underwriters) and control of the Company

Orion has conditionally committed to take up their respective Entitlements under the Entitlement Offer in full. In addition, each of Greenstone and Castlelake have each conditionally committed to take up, or procure the take up of, their respective Entitlements.

As noted in **Section 3.9**, Castlelake V and Greenstone have also agreed to underwrite subscriptions for any residual Shortfall Shares that are not applied for by Eligible Shareholders or otherwise placed under the Shortfall Offer on the basis of 31.9% being allocated to Castlelake and the remaining 68.1% being allocated to Greenstone. A summary of the Underwriting Agreements and the Commitment Letters are set out in **Sections 7.2(a)** and **7.2(b)**, respectively.

Castlelake currently has a relevant interest in 61,170,152 Shares, equating to a voting power in the Company of 25.31%. Greenstone, together with its associates, currently has a relevant interest in 65,563,546 Shares, equating to a voting power in the Company of 27.13%. Therefore, the Entitlement Offer may have an impact on the control of the Company.

The Directors of the Company consider, having regard to all available options, that entry into the Underwriting Agreements provides the Company with the highest degree of certainty in the time available that the Entitlement Offer will be successful.

It is a general rule under section 606 of the Corporations Act that a person cannot acquire a relevant interest in issued voting shares in a company if because of the transaction in relation to securities, a person's voting power in the company increases from 20% or below to more than 20%, or from a starting point that is above 20% and below 90%.

There are exceptions to that prohibition, including an acquisition pursuant to a rights issue (if the conditions of item 10A of section 611 of the Corporations Act inserted by ASIC Corporations (Takeovers – Accelerate Right issues) Instrument 2015/1069 are satisfied) or an acquisition that results from the issue of securities under a disclosure document to an underwriter provided the disclosure document discloses the effect that the acquisition would have on the person's voting power in the company. The Entitlement Offer has been structured, and appropriate disclosure under this Prospectus have been made, so as to permit the availability of these exceptions.

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<sup>3</sup> Being the exchange rate ratio denominated as the upper limit under the Convertible Notes. For further information see Section 7.2(d).

The potential effect that the issue of the New Shares under the Entitlement Offer will have on the control of the Company is as described below (which takes into account the Shares to be issued under the Settlement Deed). The actual effect on control will depend on the level of subscription by Eligible Shareholders pursuant to the Entitlement Offer and Shortfall Offer.

Event	Castlelake		Greenstone Parties		Orion		Total
	Shares	Voting power	Shares	Voting power	Shares	Voting power	Shares
Date of Prospectus	61,170,152	25.31%	65,563,546	27.13%	40,789,474	16.88%	241,666,912
<b>Entitlement Offer<sup>1</sup></b>							
Fully subscribed	105,971,172	24.72%	113,582,288	26.50%	70,663,685	16.48%	428,663,759
75% subscribed by non-substantial holders	110,300,644	25.73%	122,828,534	28.65%	70,663,685	16.48%	428,663,759
50% subscribed by non-substantial holders	114,630,117	26.74%	132,074,780	30.81%	70,663,685	16.48%	428,663,759
0% subscribed by non-substantial holders	123,289,061	28.76%	150,567,273	35.12%	70,663,685	16.48%	428,663,759
<b>Convertible Notes</b>							
Conversion of Convertible Notes <sup>2</sup>	305,021,148	34.70% <sup>3</sup>	326,928,534	37.19% <sup>4</sup>	108,608,901	12.36%	879,005,197 <sup>5</sup>

**Notes:**

- For each scenario in relation to the Entitlement Offer, the following assumptions have been made:
  - The Company's current capital structure (as outlined in Section 4.3) does not change (i.e. excluding the expanded issued capital base post conversion of the Convertible Notes); and
  - No persons other than Castlelake and Greenstone takes up New Shares under the Shortfall Offer.
- Assumes conversion of all Convertible Notes issued under the Convertible Note Agreements on an exchange ratio of US\$0.678:A\$1. Assumes Entitlement Offer is fully subscribed.
- Assuming no other holders of Convertible Notes convert any of their Convertible Notes, Castlelake's voting power will increase up to 51.4% on conversion of all of its Convertible Notes at an exchange ratio of US\$0.678:A\$1. The Company notes that Castlelake's Convertible Note Agreement provides for a maximum voting power of 56.3%, which is based on an exchange ratio of US\$0.50:A\$1. Please refer to Section 7.2(d) for further information.
- Assuming no other holders of Convertible Notes converts any of their Convertible Notes, Greenstone's voting power will increase up to 56.7% on conversion of all of its Convertible Notes at an exchange ratio of US\$0.678:A\$1. The Company notes that Greenstone's Convertible Note Agreement provides for a maximum voting power of 61.3%, which is based on an exchange ratio of US\$0.50:A\$1. Please refer to Section 7.2(d) for further information.
- Assuming no other holders of Convertible Notes converts any of their Convertible Notes, Orion's voting power will increase up to 23.3% on conversion of all of its Convertible Notes at an exchange ratio of US\$0.678:A\$1. The Company notes that Orion's Convertible Note Agreement provides for a maximum voting power of 25.4%, which is based on an exchange ratio of US\$0.50:A\$1. Please refer to **Section 7.2(d)** for further information.

The number of Shares held by each of the substantial shareholders of the Company and their respective voting power in the tables above show the potential effect of their participation in the Entitlement Offer and in the case of Castlelake and Greenstone, their underwriting of the Entitlement Offer. However, it is considered unlikely that no Shareholders, other than Castlelake, Greenstone and Orion will take up Entitlements under the Entitlement Offer. The underwriting obligation and therefore voting power of Castlelake V and Greenstone will reduce by a

corresponding amount for the amount of Entitlements taken up under the Entitlement Offer by investors.

In order to mitigate the potential effects of the underwriting arrangements, the Company has included alongside the Retail Entitlement Offer, a Shortfall Offer pursuant to **Section 3.7**. Priority under the Shortfall Offer will be given to Eligible Shareholders who apply for Shortfall Shares in excess of their Entitlements in accordance with **Section 3.8**. In addition, the Company has appointed Patersons and Nascent as the JLMs, for the purposes of obtaining commitments from non-Shareholder investors to subscribe for New Shares pursuant to the Shortfall Offer on a reasonable endeavours basis in the event that the total Shortfall exceeds the number of Shortfall Shares applied for by Eligible Shareholders after Castlelake and Greenstone have satisfied their obligations to underwrite the take up of all New Shares the subject of their respective Entitlements. For further details regarding the appointment of the JLMs, please refer to the summary of the Mandate Letter in **Section 7.2(b)**.

(d) Dilution

Shareholders should also be aware that if they do not participate in the Entitlement Offer, their holdings will be diluted by approximately 42.3% (as compared to their holdings on issue as at the Lodgement Date) excluding the impact of conversion of the Convertible Notes.

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding at Record Date	% at Record Date	Entitlements	Holdings if Entitlement not taken up	% post offer
Shareholder 1	2,416,670	1%	1,769,968	2,416,670	0.58%
Shareholder 2	4,833,339	2%	3,539,937	4,833,339	1.15%
Shareholder 3	7,250,008	3%	5,309,905	7,250,008	1.73%
Shareholder 4	9,666,677	4%	7,079,874	9,666,677	2.31%
Shareholder 5	24,166,692	10%	17,699,685	24,166,692	5.77%
<b>Total Shares on Issue</b>	<b>241,666,912</b>	<b>100%</b>	<b>176,996,847</b>	<b>418,663,759</b>	<b>57.72%</b>

(e) About Greenstone

Greenstone Australia LP is a Delaware limited partnership that was formed for the purposes of undertaking Greenstone's investments in certain opportunities within Australia.

Greenstone Australia LP's general partner is Greenstone Management (Delaware) II LLC, a Delaware incorporated company which in turn is a wholly-owned subsidiary and thus controlled by Greenstone Management II Limited, a company incorporated in Guernsey. The powers of Greenstone Management II Limited are exercised by its board with the directors being Mark Sawyer, Michael Haworth, Matt Horton and Gavin Hayman. Accordingly no one director controls the decision making of Greenstone Management II Limited. The general partner has exclusive responsibility for the management and conduct of the business of Greenstone Australia LP. The limited partners in Greenstone Australia LP are passive investors and cannot take any part in the management or control of the business. Limited partners do not have a general power to vote (other than in very limited circumstances) and no one limited partner holds more than 20% of Greenstone Australia LP.



Greenstone is a parallel fund to Greenstone HRR LP, the Greenstone fund that, together with the Greenstone Parties currently holds voting power to approximately 27.1% in the Company.

Whilst Greenstone Australia LP has a similar structure to Greenstone HRR LLP, it is a separate fund. Despite some commonality in the limited partners of each fund, there are also differences in the limited partner composition with each fund being operated in accordance with its own investment objectives for the benefit of its limited partners.

To provide the Company with certainty that the entitlements of the Greenstone Parties will be taken up in full, Greenstone has agreed to conditionally underwrite the entitlements of the Greenstone Parties (to the extent that those parties do not take up their entitlements in full). Greenstone has also agreed to partially underwrite the shortfall up to an additional amount of \$7,396,997 to the extent there remains a shortfall after the dispersion mechanisms referenced in **Section 3.7** above with Castlake V underwriting the remaining amount of \$3,463,578. Pursuant to the underwriting agreement, Greenstone may appoint sub-underwriters (including limited partners of Greenstone) to subscribe for some or all of any Shortfall Shares.

The potential impact of these underwriting arrangements on the voting power of the Greenstone Parties and its associates is set out in **Section 4.5(c)**. Whilst Greenstone does not have any agreement, arrangement or understanding with any of the Greenstone Parties regarding how they will act in the future in respect to the Company, Greenstone considers itself associated with the Greenstone Parties in respect of the Company for the purposes of the various transactions comprising the refinancing activities described in this Prospectus. For this reason, the combined voting power has been provided for the purpose of demonstrating the potential control impact of the refinancing.

Further information concerning Greenstone and the Greenstone Parties can be found at <https://www.greenstoneresources.com/> as well as in section 4 of the Explanatory Statement attached to the Company's Notice of Meeting dated 17 July 2017 (a copy of which was released to ASX and can be found under the Company's ASX code "HRR" at [www.asx.com.au](http://www.asx.com.au)).

(f) About Castlake

Castlake is a global private investment firm managing private funds with more than \$15.3b in assets (as of June 30 2019) on behalf of its limited partners. The Castlake team is comprised of more than 170 professionals across its offices in Minneapolis, Dallas, Dublin, London and Singapore.

The Castlake team has significant experience working with capital and operating partners in debt, equity and alternative financing structures. Castlake works with various entities to develop financing strategies and structures for the projects and companies in which it invests on behalf of its funds. As a result, Castlake has developed relationships with a network of capital providers and often seeks to leverage those relationships to achieve financing solutions for its investments. Castlake also has access to a wide network of contacts in the mining industry as well as brokers and financial advisors focused in the mining sector.

Investment professionals at Castlake have significant experience investing in projects involving the development of mining sector assets. Castlake's investment approach includes investments with terms that enable the firm to actively engage with management in the decision-making process. A tenet of the firm's investment philosophy is a focus on developing long-term, collaborative relationships with asset managers that utilize the firm's skills, specialized expertise and global network to add value to projects and effectuate their success.

To provide the Company with certainty that the entitlements of Castlake will be taken up in full, Castlake V has agreed to conditionally underwrite the entitlements of Castlake (to the extent that those parties do not take up their entitlements in full). Castlake has also agreed to partially underwrite the shortfall up to an



additional amount of \$3,463,578 to the extent there remains a shortfall after the dispersion mechanisms referenced in **Section 3.7** above with Greenstone underwriting the remaining amount of \$7,396,997.

The potential impact of these underwriting arrangements on the voting power of Castlake and its associates is set out in **Section 4.5(c)**.

Further information concerning Castlake can be found at:  
<https://www.castlake.com>.

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## 5. ACTIONS REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS

### 5.1 Options available to you

If you are an Eligible Retail Shareholder, you may take any one of the following options:

Option	Action
<b>Take up all of your Entitlement</b>	If you take up and pay for all of your Entitlement in accordance with the instructions below, before the close of the Retail Entitlement Offer, you will be issued your New Shares on 29 October 2019.
<b>Do nothing</b>	<p>If you do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything.</p> <p>You will receive no benefit or New Shares and your Entitlement will be dealt with in accordance with <b>Section 3.7</b>.</p>

### 5.2 How to apply

If you decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Shortfall Shares in excess of your Entitlement, please:

- (a) pay your Application Monies via BPAY; or
- (b) complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on the personalised Entitlement and Acceptance Form.

Heron will treat you as applying for as many New Shares as your payment will pay for in full up to your full Entitlement. Amounts received by Heron in excess of your full Entitlement (**Excess Amount**), will be treated as an application for as many Shortfall Shares as your Excess Amount will pay for in full, subject to any scale-back that Heron may determine to implement in its absolute discretion in respect of Shortfall Shares.

To participate in the Retail Entitlement Offer, your payment must be received no later than the close of the Retail Entitlement Offer, being 5.00pm (AEDT) on 22 October 2019.

Eligible Retail Shareholders who wish to pay via cheque, bank draft or money order will need to:

- (a) mail their completed personalised Entitlement and Acceptance Form together with Application Monies to:

**Heron Resources Limited**  
c/ Automic Pty Ltd  
GPO Box 5193  
Sydney NSW 2000; or

- (b) deliver their completed personalised Entitlement and Acceptance Form together with Application Monies by hand to:

**Heron Resources Limited**  
c/ Automic Pty Ltd  
Level 5, 126 Philip Street  
Sydney NSW 2000

Such Eligible Retail Shareholders will need to ensure that this is received by the Company by no later than the close of the Retail Entitlement Offer, being 5.00pm (AEDT) on 22 October 2019. Entitlement and Acceptance Forms and Application Monies will not be accepted at Heron's corporate offices, or other offices of the Share Registry.

### 5.3 Entitlements not taken up

If you are an Eligible Retail Shareholder and do not wish to accept all (or part) of your Entitlement, you are not obliged to do anything. You will receive no benefit or New Shares and your Entitlement will be dealt with in accordance with **Section 3.7**.

If you wish to receive a benefit, you must take action to accept your Entitlement in accordance with the instructions above and on the back of the accompanying Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

## **5.4 Payment methods**

### **(a) Payment by BPAY**

BPAY is also available for electronic payment. Applicants wishing to pay by BPAY should complete the online Entitlement and Acceptance Form accompanying the electronic version of this Prospectus which is available via a link at <https://investor.automic.com.au/#/home> and follow the instructions on the online Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number (**CRN**)).

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Entitlement and Acceptance Form. If you do not use the correct CRN your Application will not be recognised as valid. It is your responsibility to ensure that payments are received by 4.00pm (AEDT) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions or building societies. The Company accepts no responsibility for any failure to receive application monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

### **(b) Payment by cheque, bank draft or money order**

Should you choose to pay by cheque, bank draft or money order it is your responsibility to ensure that your payment is received by the Share Registry by no later than 5.00pm (AEDT) on 22 October 2019. Cash payments will not be accepted. Receipts for payment will not be issued.

## **5.5 Confirmation of your Application and managing your holding**

You may access information on your holding, including your Record Date balance and the issue of New Shares or Shortfall Shares from this Entitlement Offer, and manage the standing instructions the Share Registry records on your holding on the share registry website [www.automicgroup.com.au](http://www.automicgroup.com.au). To access the share registry you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements and you will need to pass the security challenge on the site. To log into [www.automicgroup.com.au](http://www.automicgroup.com.au) the Shareholder will need to use the user name and password that they have already established. If they do not have one they can contact the registry by phone fax or mail to update details but identification processes will need to be gone through.

## **5.6 Entitlement and Acceptance Form is binding**

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

## **5.7 Warranties made on acceptance of the Entitlement Offer**

- (a) By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY you will be deemed to have acknowledged,

represented and warranted that you, and each person on whose account you are acting:

- (i) acknowledge that you have fully read and understood both this Prospectus and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Prospectus and the Entitlement and Acceptance Form;
- (ii) acknowledge that the determination of eligibility of investors for the purposes of the Entitlement Offer is determined by the Company (in their discretion) taking into account a number of matters, including legal and regulatory requirements and logistical and registry constraints;
- (iii) agree to be bound by the terms of the Entitlement Offer, the provisions of this Prospectus and the Constitution;
- (iv) authorise Heron to register you as the holder(s) of New Shares issued to you;
- (v) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (vi) declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (vii) acknowledge that once Heron receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or funds provided except as allowed by law;
- (viii) agree to apply for and be issued with up to the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, including, in each case, any Shortfall Shares, at the Offer Price per share;
- (ix) authorise Heron and the Share Registry and any of their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your Entitlement and Acceptance Form;
- (x) declare that you were the registered holder(s) at the Record Date of the Shares indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- (xi) acknowledge that the information contained in this Prospectus and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances.
- (xii) acknowledge that this Prospectus and your Entitlement and Acceptance Form is not a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (xiii) acknowledge that you have read and understood risks set out in **Section 6** and that investments in Heron are subject to a high degree of risk;
- (xiv) acknowledge that none of Heron or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of Heron, nor do they guarantee the repayment of capital;
- (xv) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;

- (xvi) authorise Heron to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
  - (xvii) represent and warrant (for the benefit of Heron and their respective related bodies corporate and affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and that you are not an eligible institutional Shareholder under the Institutional Entitlement Offer;
  - (xviii) represent and warrant that the law of any place does not prohibit you from being given this Prospectus and the Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares (or Shortfall Shares); and
  - (xix) represent and warrant that your acceptance of the Entitlement Offer does not breach any laws in a jurisdiction outside Australia, New Zealand or the United States (to the extent that they are US Accredited Investors).
- (b) By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Retail Shareholder (as defined in **Section 3.10**) or otherwise eligible to participate in the Entitlement Offer and:
- (i) you are an institutional “accredited investor” within the meaning of Rule 501(a) (1), (2), (3) or (7) of Regulation D under the U.S. Securities Act;
  - (ii) you are acquiring the New Shares for your own account (or for the account of a trust or other entity that it owns or controls) with the present intention of holding the New Shares for the purpose of investment and not with the intention of selling the Shares in a public distribution in violation of the U.S. federal securities laws or any applicable state securities laws;
  - (iii) you understand that:
    - (A) no U.S. federal or state securities commission has recommended nor considered the merits of any investment in the New Shares;
    - (B) the New Shares have not been registered under the U.S. Securities Act or the securities laws of any state; and
    - (C) the New Shares cannot be transferred or resold unless they are (i) registered under the U.S. Securities Act; (ii) transferred or sold in a transaction exempt from registration under the U.S. Securities Act and applicable state securities laws; or (iii) sold outside the United States in compliance with Regulation S under the U.S. Securities Act, including in regular way transactions on the ASX if neither it nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with a person in the United States;
  - (iv) you confirm that:
    - (A) you are knowledgeable in relation to the business of the Company and capable of evaluating the merits and risks of its investment in the New Shares, including income tax consequences of acquiring, owning and disposing of the New Shares;
    - (B) has been afforded access to information about the New Shares, the Company's financial condition, results of operations, business, property, management and prospects sufficient to enable it to invest in the New Shares (including financial reports and other information that the Company has filed with the ASX);

- (C) understands that the acquisition of the New Shares involves financial risks; and
- (D) is able to bear the economic risk of its investment in the New Shares for an indefinite period of time; and
- (v) you understand that the New Shares will constitute "restricted securities" within the meaning of Rule 144 under the U.S. Securities Act and, for so long as they remain restricted securities, such New Shares may not be deposited in any unrestricted American Depositary Receipt facility of the Company.

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## 6. RISK FACTORS

### 6.1 Introduction

This **Section 6** outlines some of the potential risks associated with an investment in the Company.

The Group's business is subject to risks, specific to its business activities, the jurisdictions within which it operates and of a more general nature. Each of the risks set out below, if they eventuate, could have a material adverse impact on the Group's business and prospects, financial condition, results of operation, cash flows and on the value of the Company's Shares. While the Board endeavours to manage these risks to prevent adverse outcomes, many of the circumstances giving rise to these risks are beyond the control of the Company, its Directors and its Management.

Investors should note that the risks outlined in this **Section 6** are not exhaustive and are not the only risks associated with an investment in the Company, now or in the future. Additional risks that the Company is unaware of or that it currently considers to be immaterial may also potentially have a material adverse impact on the Group's business, financial condition and the value of its Shares. All or part of an investment in the Shares may be lost.

An investment in the Company should be considered speculative. Before deciding whether to invest in the Company, you should read the entire Prospectus and satisfy yourself that you have a sufficient understanding of these potential risks and should consider whether an investment in the Company is suitable for you having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of the Prospectus or are in any doubt as to whether to invest in the Company, you should seek independent professional advice from your stockbroker, accountant, lawyer or other professional adviser.

### 6.2 Risks related to the Group's existing business and its current projects

#### (a) Mining risks

The Company is in the ramp up phase of production at its Woodlawn Project and as such is exposed to normal risks and uncertainties, such as the Woodlawn Project failing to perform as expected, having higher than expected operating costs, having lower than expected customer revenues, potential equipment breakdown, failures and operational errors. In addition, there will be operating losses which need to be funded as the Project ramps up to nameplate capacity. There is a risk that the Company may need to raise additional funds via equity raisings or financing facilities to fund ongoing operating and capital expenditure if the Woodlawn Project fails to reach commercial and name plate production in a timely manner.

The Woodlawn Project's operations rely on a number of key contracts for the provision of mining, haulage, port and handling services. The ability of the Company to operate efficiently will depend on the performance of counterparties with whom the Company has contracted to fulfil their obligations under the relevant agreements.

The timely and cost-effective operation of the Company's mining activities are dependent on the adequate and timely supply of fuel, chemicals and other critical supplies and spares. If the Company is unable to procure the requisite quantities of fuel, chemicals and other critical supplies and spares in time and at an acceptable price or if there are significant disruptions to those supplies, the performance of the Company's business and results of operations could be materially and adversely affected.

#### (b) Metal prices and exchange rates

Changes in base and precious metal prices may impact on the cashflows and profitability of Heron. Low base and precious metal prices may have a materially adverse effect on Heron's cash flows, profitability and share price. A significant portion of Heron's revenue and expenditure are denominated in US currency and movements in currency exchange rates may affect cash flows, profitability, costs

and revenue. It is not possible to accurately predict future movements in metal prices and/or exchange rates.

(c) Operating risks

In common with other enterprises in the minerals and mining industry, Heron's mineral exploration, development and mining and processing activities, including the delivery of supplies and consumables and the transportation of products are subject to conditions beyond Heron's control that can result in difficulties in ramp-up and operating plant and equipment, mechanical failure or plant breakdown or reduce production and sales and/or increase costs. These conditions include but are not limited to: changes in legislative requirements; market conditions; government policies; exchange rates; abnormal or severe weather or climatic conditions; natural disasters; unexpected maintenance or technical problems; key equipment failures; industrial disruption; and variations in existing and new geological conditions (including underground workings). The occurrence of operating risks leading to the curtailment, delay or cancellation of the Company's operations may result in the Company incurring significant financial costs. This may have a material adverse effect on the profitability of the Company and ultimately the value of the company and its securities. An inability to secure ongoing supply of such goods and services at prices assumed within production targets could potentially impact the results of Heron's operations, and in a worst case scenario, result in the shutdown of an operation.

(d) Capital and operating costs

Heron's capital and operating cost estimates are based on the best available information at the time. Any significant unforeseen increases in the capital and operating costs of the Woodlawn Project would impact Heron's future cash flow and profitability. Capital and operating costs for the development of major projects in Australia have increased in recent years due to higher raw material prices as well as increased labour and contractor costs.

(e) Resource and reserve estimates

Heron has made estimates of its resources and reserves based on relevant reporting codes, where required, and judgments based on knowledge, skills and industry experience. However, there is no guarantee that estimates will prove to be accurate. Actual mining results may materially differ from forecasts and estimates due to further findings and results not previously known or fluctuations in operating costs, exchange rates and metal prices.

(f) Production estimates

Actual future production may vary materially from targets and projections of future production for a variety of reasons. There is greater risk that actual production will vary from estimates of production made for properties under exploration or not yet in production or from operations that are to be expanded.

(g) Reliance on key personnel

The responsibility of overseeing day to day exploration, development and the strategic management of Heron is concentrated amongst a small number of key employees. While it is not currently anticipated, one or any number of these key employees may cease employment with Heron. The loss of any such key employees of Heron could have the potential to have a detrimental impact on Heron until the skills that are lost are adequately replaced.

As announced on 18 September 2019, the Company is currently running a process to recruit a new CEO. Difficulties in attracting and retaining such staff may have an adverse effect on the performance of the Company.



(h) Demand for skilled labour

In the mining industry, the need for technical staff is crucial. The Company is continually seeking to recruit additional technical staff to ensure the on-going development of the Woodlawn Project through to production.

(i) Customer and off-take risk

Heron expects to generate its revenue from the sale of concentrates to customers under off-take and other agreements. There is potential that Heron will not receive payments for the sale of its concentrates if a customer becomes insolvent or fails to provide payment in accordance with its agreement with Heron.

(j) Occupational health and safety

Heron manages certain risks associated with the occupational health and safety of its employees. Heron takes out insurance to cover these risks within certain parameters, however it is possible for injuries and/or incidents to occur which may result in expenses in excess of the amount insured or provided for with a resultant impact on Heron's earnings.

(k) Industrial disputes

Industrial disputes may arise from claims for higher wages and/or better working conditions in the industry in which Heron operates. This could disrupt operations and impact on earnings.

(l) Competition

Heron faces competition in its business. To the extent that there are new entrants or changes in strategy by existing competitors or mine owners, Heron may lose market share with consequent adverse effects upon operating and financial performance.

(m) Environmental risks

Extensive national environmental laws and regulations in Australia affect the operations of Heron. The laws and regulations set various standards which regulate certain aspects of health and environmental quality, provide penalties or other remedies for any violation of standards and, in certain circumstances, impose obligations to undertake remedial action in current locations where operations are conducted. There is a risk that significant damages or penalties might be imposed on Heron, including for certain discharges into the environment, effects on employees, sub-contractors or customers, or as clean up costs. If significant damages or penalties are imposed on Heron this may have a material adverse effect on the Company.

(n) Land and resource tenure

Heron may lose title to, or interests in, its tenements if the conditions to which those tenements are subject are not satisfied or if insufficient funds are available to meet expenditure commitments. Both the conduct of operations and the steps involved in acquiring interests involve compliance with numerous procedures and formalities. It is not always possible to comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance. In some cases, failure to follow such requirements or obtain relevant evidence may call into question the validity of the actions taken.

Further, it is possible that tenements in which Heron has an interest in may be subject to a native title claim. If native title rights do exist in respect of a tenement, the ability of Heron to gain access to that tenement may be adversely affected.

(o) Insurance and uninsured risks

The business of Heron is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins,

changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of Heron or others, delays in mining, monetary losses and possible legal liability.

Although Heron maintains insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations and insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The occurrence of an event that is not covered, or fully covered, by insurance could have a material adverse effect on the business, financial condition and results of Heron.

(p) Potential acquisitions

As part of its business strategy, Heron may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transactions would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

### **6.3 Risks related to the Company, the Offer and an investment in the Shares**

(a) Proceeds from refinancing may not provide sufficient funding

As noted in **Section 2.1**, the Company has restructured the Debt Package to reduce the quantum of debt by A\$14.75 million (US\$10 million). There remains the possibility that this reduction of debt, together with the funds to be raised under the Entitlement Offer and Convertible Note issue, will not be sufficient to execute its strategy as announced to ASX on 4 October 2019.

Under these circumstances, neither the Company nor the Directors can provide any assurance that if further funding is required, such funding can be raised on terms favourable to the Company (or at all). Additional equity funding will dilute existing Shareholders.

If the Company is unable to obtain additional funding as required, the Company may be required to delay or indefinitely postpone exploration, development or production on the Company's projects and/or reduce the scope of its operations. There would also be material uncertainty regarding whether the Company would continue as a going concern.

(b) Convertible Notes

The issue of the Convertible Notes as part of the Debt Package is conditional upon Shareholders approving the issue under the Corporations Act and the ASX Listing Rules. The Company intends to hold a general meeting seeking approval for the issue of the Convertible Notes in December 2019. If Shareholder approval is not obtained at this general meeting, the Company will be unable to issue the Convertible Notes and raise sufficient funds to execute its strategy as announced to ASX on 4 October 2019. There can be no assurance that Shareholders will approve the issue of the Convertible Notes.

If Shareholder approval is received and the Convertible Notes are issued, the Company will be subject to certain undertakings and requirements under the Convertible Notes. Failure of the Company to comply with the arrangements could lead to the amounts outstanding under the Convertible Notes becoming immediately repayable.

(c) Future capital requirements

Whilst the Entitlement Offer and the Debt Package are expected to leave the Company well positioned, the Company may require further financing to continue to operate in the future if for example, it fails to meet its mining schedule or there is otherwise a material departure from the Company's stated production or cost guidance. Any additional equity financing that the Company may undertake in the

future may dilute existing shareholdings. Further debt financing, if available, may also involve restrictions on financing and operation activities.

(d) Going concern

The Company's annual financial report for the financial year ended 30 June 2019 has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and discharge of liabilities in the normal course of business. However, it includes a note at page 59 regarding the basis of preparation of its financial statements on a going concern basis, despite its net current liability position. The report states that:

*“Under the senior debt and silver stream lending arrangements the Group must maintain a minimum forecast cash balance of not less than \$15m. Due to the extent of the delays in commissioning Woodlawn, the Group identified that the aforementioned covenant was not met when preparing the cash flow forecast as at 30 June 2019. As a result, all amounts owing under the senior debt and silver stream lending arrangements have been classified as current liabilities as at 30 June 2019. This indicates a material uncertainty related to the Group's ability to continue as a going concern.*

*As noted in the Company's ASX release dated 30 August 2018, the Company is engaged with its major shareholders and senior debt provider with the objective of finalising a finance package which will address the Company's working capital requirements, provide the additional funding necessary to complete commercialisation of Woodlawn and defer payments otherwise due under the senior debt and silver stream arrangements. As noted in the announcement, the senior debt provider agreed to a standstill arrangement until 27 September 2019 and this standstill was subsequently extended until 11 October 2019 in order to allow for finalisation of the finance package. As at the date of this report, the negotiations with the major shareholders and senior debt provider are well advanced and the Group expects to make an announcement on a finance package in early October 2019.*

*As a result of the advanced stage of negotiations on the finance package and the expectation that it will be finalised under the terms currently being contemplated, the Directors are of the opinion that the Group can continue as a going concern and therefore realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.”*

In the event that the Company does not complete on all aspects of the Entitlement Offer and the Debt Package (including the Convertible Note issue), there would be material uncertainty regarding whether the Company would continue as a going concern.

(e) Compliance with finance facility terms

Under the Debt Package (including the current streaming arrangements), Orion (though its affiliates) has security over the Company's assets and a parent company guarantee. On 30 September 2019, the Company announced that it has executed a waiver letter with Orion which has the effect of waiving any non-compliance issues arising under the existing debt documents to the extent necessary to permit the implementation of the Entitlement Offer and the Debt Package restructure, subject to certain conditions being met. However, failure of the Company to comply with the waiver conditions could lead to the amounts outstanding under the finance facility and the deposit under the stream arrangements becoming immediately repayable and failing repayment, Orion enforcing its security over the Company's assets. For further details regarding the waiver letter, please refer to **Section 7.2(e)**.

(f) Underwriting risk

Heron has entered into underwriting agreements with Greenstone and Castlelake V, each of whom have agreed to underwrite the Entitlement Offer up to an aggregate value of \$10.9 million, subject to certain terms and conditions (please refer to **Section 7.2(a)** for further details). If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the underwriting agreement. Termination of the underwriting agreement could result in the Company not raising the anticipated amount of proceeds which means that the conditions to the Debt Package will not be met. This will have an adverse effect on Heron's business, cash flow, financial condition and operations.

(g) Risk of Shareholder dilution

If Eligible Shareholders elect not to take up their Entitlement or only take up part of their Entitlement, they will be subject to substantial dilution as a result of the issue of Shares under the Entitlement Offer. In addition, Ineligible Retail Shareholders will be subject to substantial dilution under the Entitlement Offer.

Further, as noted in **Section 7.2(d)**, the Company has entered into convertible note agreements, pursuant to which it has agreed, subject to certain conditions precedent, to issue convertible notes with an aggregate face value of US\$35 million. Conversion of the convertible notes (together with all capitalised interest amounts and fees) into Shares will result in substantial dilution to Shareholders.

It is not possible to predict what the value of the Company's Shares will be following completion of the Entitlement Offer or conversion of the Convertible Notes and the Directors do not make any representation as to such matters. The last trading price of Shares on the ASX prior to the Lodgement Date is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.

(h) Economic risk

General economic conditions in Australia and internationally, movements in interest, inflation and currency exchange rates, variations in commodity prices, the global security situation and the possibility of terrorist disturbances, changes in government regulation, policy or legislation, changes which may occur to the taxation of companies as a result of changes in Australian and foreign taxation laws and changes to dividend imputation in Australia may have an adverse effect on the Company's production activities, as well as on its ability to fund those activities.

(i) Market conditions

The market price of New Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(j) Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the New Shares regardless of the Company's performance.

(k) Liquidity risk

There may be relatively few buyers or sellers of securities on ASX at any given time. This may affect the volatility of the market price of the securities and the prevailing market price at which Shareholders are able to sell their Shares.

This may result in Shareholders receiving a market price for their Shares that is less or more than the price paid under the Offer.

(l) Stock market fluctuations

There are risks associated with any investment in a company listed on the ASX. The value of Shares may rise above or below the current Share price depending on the financial and operating performance of Heron and external factors over which Heron and the Directors have no control. These external factors include:

- (i) economic conditions in Australia and overseas which may have a negative impact on equity capital markets;
- (ii) changing investor sentiment in the local and international stock markets;
- (iii) changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- (iv) developments and general conditions in the markets in which Heron proposes to operate and which may impact on the future value and pricing of shares.

There can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares, as there may be relatively few, if any, potential buyers or sellers of the Shares on ASX at any time. It should also be noted that there is no guarantee that the New Shares will trade at or above the Placement Price.

(m) Regulatory risk, government policy and taxation

Heron is exposed to any changes in the regulatory conditions under which it operates in Australia. Such regulatory changes can include, for instance, changes in:

- (i) taxation laws and policies;
- (ii) royalty laws and policies;
- (iii) accounting laws, policies, standards and practices;
- (iv) environmental laws and regulations that may impact upon the operations and processes of Heron; and
- (v) employment laws and regulations, including laws and regulations relating to occupational health and safety.

Although the activities of the Company, including its mining, exploration and development activities, are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could have a material adverse effect on the Company such as to limit or curtail production or development. Amendments to current laws and regulations governing operations and activities of mining and milling or more stringent implementation thereof could have a substantial adverse impact on the Company.

(n) Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially and adversely affect the financial performance of the Company and the value of the securities offered under this Prospectus. Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Prospectus.

(o) Changes in general economic conditions

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic and business conditions that are outside its control, including long-term inflation rates, exchange rate movements, interest rate movements and movements in the general market for ASX and internationally listed securities. A prolonged deterioration in general economic conditions, for example a decrease in consumer and business demand which may impact the demand for the Group's business, may have a material adverse impact on the financial performance, financial position, cash flows, dividends, growth prospects and share price of the Company.

**6.4 Other risks**

The future viability of and profitability of the Company is also dependent on a number of other factors which affect the performance of all industries, and not just mineral exploration and mining. These include, but are not limited to:

- (a) default by a party to any contract to which the Company is, or may become, a party;
- (b) insolvency or other managerial failure by any of the contractors used by the Company in its activities;
- (c) industrial disputation by the Company's workforce or that of its contractors;
- (d) litigation;
- (e) natural disasters and extreme weather conditions; and
- (f) acts of war and terrorism or the outbreak or escalation of international hostilities and tensions.

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## **7. ADDITIONAL INFORMATION**

### **7.1 Continuous Disclosure Obligations**

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class as Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus, and options over such continuously quoted securities. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the relevant Closing Date:
  - (i) the most recent annual financial statements of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year report of the Company lodged with ASIC after the lodgement of the annual financial report in (i) above and before the lodgement of this Prospectus; and
  - (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

All requests for copies of the above documents should be addressed to:

The Company Secretary

Suite 2, Level 8,  
309 Kent Street  
Sydney 2000  
New South Wales, Australia

The Company has lodged the following price sensitive announcements with ASX since the lodgement of the annual financial report for the financial year ended 30 June 2019:

Date	Description of Announcement
4 October 2019	Woodlawn Funding Package
4 October 2019	Investor Presentation

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website: [www.heronresources.com.au](http://www.heronresources.com.au).

## 7.2 Material Contracts

### (a) Underwriting Agreements

The Underwriters have agreed to underwrite the Shortfall Offer up to an aggregate value of approximately \$10.9 million (**Underwritten Amount**), to be allocated between the Underwriters on the basis of 31.9% being allocated to Castlake V and the remaining 68.1% being allocated to Greenstone. In addition, the Underwriters have agreed to underwrite any Entitlements not taken up by their respective associates under the Entitlement Offer in priority to the Shortfall Offer (**Underwriters' Shortfall**).

In consideration for the Underwriter's obligations, the Company has agreed to pay the Underwriters an underwriting fee of 4% of the Underwritten Amount (which excludes any amounts required by the Underwriters to subscribe for the Underwriters' Shortfall as part of their underwriting obligations).

The obligations of the Underwriters to underwrite the Entitlement Offer, other than their commitment to underwrite the Underwriters' Shortfall, is subject to certain events of termination. Each Underwriter may terminate its obligations to underwrite the Entitlement Offer (to the extent that such obligations do not impact its commitment to underwrite the Underwriters' Shortfall) under their respective Underwriting Agreement at any time before completion of the Entitlement Offer if:

- (i) (**Underwriting Agreement**) the Underwriting Agreements are breached by any party to those agreements or it is terminated, revoked, rescinded, avoided, amended, varied, superseded or replaced in any way without the prior written consent of the Underwriters;
- (ii) (**Convertible Note Agreements**) the Company is in breach of any of its obligations under the Convertible Note Agreements, or a Convertible Note Agreement to which the Company is a party to is terminated, revoked, rescinded, avoided, amended, varied, superseded or replaced in any way without the prior written consent of the Underwriters;
- (iii) (**Debt Restructure Documents**) the Orion debt restructure documents (as defined in the Underwriting Agreements) are breached by any party to those documents or any of the debt restructure documents is terminated,



revoked, rescinded, avoided, amended, varied, superseded or replaced in any way without the prior written consent of the Underwriters;

- (iv) **(Debt Facility)** a debt facility is breached in a material respect by any party to the agreement or it is revoked, rescinded, avoided, amended (including by way of any standstill arrangements), varied, superseded or replaced in any way, the lender under a debt facility seeks to enforce any security granted in connection with, or accelerate or otherwise require repayment of any amounts under, the debt facility or an event of default or potential event of default (however defined) occurs under a debt facility, in each case without the prior written consent of the Underwriters;
- (v) **(Entitlement Offer materials)** a statement contained in the Entitlement Offer materials is or becomes false, misleading or deceptive (including by omission) or likely to mislead or deceive or the Entitlement Offer materials omit any information they are required to contain or there are no reasonable grounds for the making of any statement in the Entitlement Offer materials relating to future matters;
- (vi) **(listing)** ASX announces or informs the Company (including verbally) that the Company will be removed from the official list or that Shares will be delisted or suspended from quotation by ASX for any reason;
- (vii) **(notification)** any of the following notifications are made:
  - (A) an application is made by ASIC or another person for an order under Part 9.5 of the Corporations Act, or to any other Government Agency, in relation to the Entitlement Offer materials or the Entitlement Offer; or
  - (B) ASIC or any other Government Agency commences or gives notice of an intention to hold, any investigation, proceedings or hearing in relation to the Entitlement Offer or any of the Entitlement Offer materials or prosecutes or commences proceedings against or gives notice of an intention to prosecute or commence proceedings against the Company,and in either case:
  - (A) where the Government Agency is the Takeovers Panel, the application is not withdrawn or the Takeovers Panel has not declined to conduct proceedings or declined to make a declaration of unacceptable circumstances within ten Business Days of the date of the application or by the settlement of the Retail Entitlement Offer; or
  - (B) where the Government Agency is not the Takeovers Panel, such application, notice or proceeding becomes public or is not withdrawn within two Business Days after it is made or by the settlement of the Retail Entitlement Offer;
- (viii) **(Authorisation):**
  - (A) \*any authorisation which is material to anything referred to in the Prospectus is repealed, revoked, or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriters; or
  - (B) any authorisation (including pursuant to the requirements of the *Foreign Acquisitions and Takeovers Act 1975 (Cth)*) which is required to be obtained to permit the Underwriter to comply with its obligations under this document is not obtained on terms acceptable to the Underwriter, or any Government Agency commences or gives notice of an intention to hold any investigation, inquiry, proceedings or hearing into, or prosecutes or commences proceedings against or gives notice of an

intention to prosecute or commence proceedings against, the Underwriter in relation to any transaction the subject of the Underwriting Agreements;

- (ix) **(quotation)** ASX announces or informs the Company (including verbally) that unconditional approval (or approval subject to customary listing conditions) by the ASX for official quotation of the New Shares will be refused, or not granted by the settlement of the Retail Entitlement Offer or, if granted, such approval is withdrawn on or before that date;
- (x) **(unable to issue New Shares)** the Company is prevented from allotting and issuing the New Shares in accordance with the Underwriting Agreements and the timetable for the Entitlement Offer;
- (xi) **\*(Timetable)**
  - (A) subject to (B) below, any event specified in the timetable is delayed by the Company for more than three Business Days without the prior written consent of the Underwriters; or
  - (B) the dates for settlement and issue of the Retail Entitlement Offer in the timetable are delayed by the Company, in any way, without the prior written consent of the Underwriters;
- (xii) **(ASIC or ASX action)** the Entitlement Offer is prevented from proceeding (without amendment on terms acceptable to the Underwriter) by reason of applicable laws, orders made by ASIC, ASX or any other government agency or court of competent jurisdiction; or investigations initiated by either ASIC or ASX into the conduct of the Company;
- (xiii) **(withdrawal of consent)** consents to be named in the Prospectus are withdrawn or not given;
- (xiv) **(supplementary prospectus)**: a supplementary or replacement prospectus is required and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriters may reasonably require or without the prior written agreement of the Underwriters;
- (xv) **(Certificate)** any certificate which is required to be delivered by the Company under the Underwriting Agreements is not delivered when required or is untrue, incorrect or misleading in a material respect;
- (xvi) **(suspension of debt payments)** except as except as fully and fairly disclosed to the Underwriters prior to the date of the Underwriting Agreements, the Company (or any of its Subsidiaries) is unable to or states that it is unable to pay its debts as and when they fall due or fails to comply with a statutory demand;
- (xvii) **(insolvency)** the Company enters into any one of a number of states of insolvency;
- (xviii) **\*(judgment against the Company)** a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within 7 days;
- (xix) **(conduct)** the Company or any of its directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity whether or not in connection with the Entitlement Offer;
- (xx) **(adverse change)** after the date of the Underwriting Agreements, there is a material adverse change, or any one or more matters, events or circumstances occurs, is announced or disclosed or becomes known to the Underwriters (whether or not it becomes public) which individually or when aggregated with any other such matters, events or circumstances is likely to give rise to a material adverse change, in the financial position or performance, shareholder's equity, profits, losses, results, condition,

operations or prospects of the Group taken as a whole, or is likely to have a materially adverse effect on the marketing, settlement or outcome of the Entitlement Offer;

- (xxi) **\*(litigation)** litigation, arbitration, administrative or industrial proceedings are after the date of this document commenced or threatened against the Company, other than any claims foreshadowed in the Prospectus, or due diligence program or otherwise disclosed during the due diligence investigations;
- (xxii) **\*(breach of obligations)** the Company is in breach of any terms and conditions of the Underwriting Agreements;
- (xxiii) **\*(breach of representations)** any of the representations or warranties made or given by the Company in the Underwriting Agreements is or becomes incorrect, untrue or misleading;
- (xxiv) **\*(information supplied to Underwriters)** the information supplied by or on behalf of the Company to the Underwriters including as part of the due diligence program is, or the results of the due diligence investigations are false, misleading or deceptive;
- (xxv) **\*(Prescribed Occurrence)** a prescribed occurrence (as defined in the Underwriting Agreements) occurs;
- (xxvi) **\*(contravention of law)** a contravention by any Group Member of the Corporations Act, its Constitution, any of the ASX Listing Rules, any other applicable law or regulation (as amended or varied) or order or request made by or on behalf of ASIC, ASX or any Government Agency;
- (xxvii) **(compliance)** any aspect of the Entitlement Offer does not comply with the Corporations Act, the Listing Rules or any other applicable law or regulation, or requires an approval or other authorisation that has not been obtained at the date of the Underwriting Agreements.

The termination events market with an \* are qualified and require an Underwriter to hold the reasonable opinion that the event:

- (i) has had, or could be expected to have, individually or in aggregate a material adverse effect on:
  - (A) the financial position or performance, shareholder's equity, profits, losses, results, condition, operations or prospects of the Company or a Subsidiary either individually or taken as a whole; or
  - (B) the success or outcome of the Entitlement Offer, the market price of New Shares or the Shares or the ability of the Underwriter to market, promote or settle the Entitlement Offer (including matters likely to have an effect on a decision of an investor to invest in New Shares or Shares);
- (ii) leads (or is, in the Underwriter's opinion, reasonably likely to lead) to the Underwriter's obligations under this document becoming materially more onerous than those which exist at the date of this document;
- (iii) has had, or could be expected to have, individually or in aggregate a material adverse effect on the tax position of:
  - (A) the Company or its Subsidiaries either individually or taken as a whole; or
  - (B) an Australian resident shareholder of the Company; or
- (iv) leads (or is, in the Underwriter's opinion, reasonably likely to lead) to:

- (A) a material liability for the Underwriter (when assessed in the context of the fees payable to the Underwriter under this document); or
- (B) the contravention, or involvement in a contravention of, or a liability under the Corporations Act or any other applicable law.

This Underwriting Agreements also contain a number of representations and warranties from the Company and the Underwriters that are considered standard for agreements of this type.

(b) Commitment letters

Each of Castllake IV, L.P., Castllake V and Orion have entered into commitment letters with the Company, pursuant to which those Shareholders have committed, subject to certain conditions precedent and termination rights, to take up their full Entitlement under the Institutional Entitlement Offer as follows:

- (i) Castllake IV, L.P. has committed to take up 17,090,605 New Shares, representing a total subscription amount of A\$3,418,121;
- (ii) Castllake V has committed to take up 10,619,811 New Shares, representing a total subscription amount of A\$2,123,962; and
- (iii) Orion has committed to take up 29,874,211 New Shares, representing a total subscription amount of A\$5,974,842.

The above commitments will automatically terminate if:

- (i) any of the Underwriting Agreements are terminated;
- (ii) in the case of Orion, if Castllake's Commitment Letter is terminated;
- (iii) in the case of Castllake, if Orion's Commitment Letter is terminated;
- (iv) the Orion Waivers (the terms of which are summarised in **Section 7.2(e)(iii)**) cease to have effect;
- (v) the Entitlement Offer is withdrawn;
- (vi) in the case of Orion, if Castllake defaults on its obligations under its Commitment Letter; or
- (vii) in the case of Castllake, if Orion defaults on its obligations under its Commitment Letter.

(c) Mandate Letter

The Company has entered into an offer management mandate with Patersons and Nascent (**JLMs**), who have agreed to manage the Entitlement Offer and the Shortfall Offer on certain terms and conditions, including:

- (i) to assist in the management of the marketing process for the Retail Entitlement Offer to encourage Eligible Shareholders to subscribe for their Entitlements; and
- (ii) to use reasonable endeavours to establish and facilitate demand for Shortfall Shares not subscribed for during the Entitlement Offer period (excluding any Shortfall Shares attributable to the Underwriter's respective entitlements under the Offer).

Customary with these types of agreements:

- (i) the Company will pay the JLMs a fee equal to 6% of the gross amount raised pursuant to the Shortfall Offer. All selling fees payable to third parties will be met from this fee by the JLMs. In addition, the Company will pay to the JLMs a facilitation fee of \$125,000 plus GST on completion of the Shortfall Offer (**Facilitation Fee**);
- (ii) the Company has given certain representations warranties and undertakings in connection with the Entitlement Offer;

- (iii) the Company has agreed, subject to certain carve outs, to indemnify the JLMs, their affiliates and related bodies corporate, and their directors, officers, partners, employees and agents (or any of their affiliates or related bodies corporate) against all claims, demands, expenses and liabilities arising out of or in connection with the Entitlement Offer; and
- (iv) the JLMs may terminate the Mandate Letter at any time prior to the allotment of any securities pursuant to the Entitlement Offer and be released from their obligations under it or on the occurrence of certain events, including but not limited to where:
  - (A) any event which, in the opinion of the JLMs, has a material adverse effect on proceeding with the Entitlement Offer;
  - (B) S&P/ASX 200 Index falls by 7.5% or more below its level at market close on the business day immediately prior to the date of the Mandate Letter for more than 2 consecutive business days;
  - (C) any of the presentation materials is or becomes false, misleading or deceptive or the offer documents omit any information they are required to contain pursuant to the Corporations Act or other applicable law;
  - (D) there is a public announcement of a proposal which does or is likely to have the practical effect of prohibiting or regulating commercial banking activities in Australia or stock markets;
  - (E) the Company is removed from the official list of the ASX, its Shares are suspended from quotation on ASX, or approval for quotation of the New Shares is not given by ASX;
  - (F) ASIC or any government agency commences or issues, or threatens to commence or issue, a proceeding, hearing or investigation in relation to the Entitlement Offer or against the Company or any of its directors in their capacity as a director of the Company;
  - (G) there is an adverse change in the assets, liabilities, financial position or prospects of the Company as disclosed publicly other than the costs incurred by the Company in relation to the proposed Debt Package; or
  - (H) any of the representations or warranties given by the Company in the Mandate Letter are or become materially untrue.

If the Mandate Letter is terminated by the JLMs in accordance with their termination rights, the Facilitation Fee and any accrued expenses will be payable to the JLMs as a termination fee.

(d) **Convertible Note Agreements**

The Company has entered into Convertible Note Agreements with each of Castlelake, certain Greenstone Parties and Orion (**Con Note Investors**) broadly on the same commercial terms. As noted in **Section 6.3(b)**, the subscription for the Convertible Notes is conditional on, amongst other things, Castlelake and Orion obtaining FIRB approval, the Company obtaining Shareholder approval as well as each of the Con Note Investors complying with their respective obligations under their respective Convertible Note Agreement, the Underwriting Agreements and the Commitment Letters (where applicable).

A summary of the key terms and conditions of the Convertible Note Agreements is set out in the table below.

Face value of each Convertible Note	Each Convertible Note will be issued at face value, being US\$1.00.
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Use of funds	The Company must apply the total amount subscribed for the Convertible Notes towards loan repayment and interest payment under the loan facility arrangements with Orion, funding the development, construction and operation of the Woodlawn Project, financing and transaction costs and general corporate and working capital.
Maturity Date	Each Convertible Note has a maturity date of 31 December 2024.
Interest	3-month USD LIBOR (subject to a minimum 2.5%) plus 12.5%.
Structuring Fee	2% of the aggregate subscription amount under the Convertible Notes by the Noteholder, to be capitalised.
Redemption	Noteholders are only entitled to require redemption of the Convertible Notes where an event of default occur or any of the other Co-investor has the right to require redemption of, or does redeem, its Convertible Notes under the respective Convertible Note Agreement.
Mandatory redemption	On the Maturity Date, the Noteholder must require the Company to redeem all Convertible Notes that have not otherwise been redeemed or converted.
Conversion	Noteholder may elect to convert some or all of the Convertible Notes at any time after the date of issue of the relevant Convertible Note and prior to the Maturity Date.
Conversion Shares	<p>The Conversion Shares will be calculated based on:</p> <ul style="list-style-type: none"> <li>(a) the total amount outstanding in respect of each Convertible Note (including all accrued and capitalised interest and the relevant portion of the capitalised Structuring Fee);</li> <li>(b) divided by the USD:AUD exchange rate as at the date of the conversion notice; and</li> <li>(c) divided by the conversion price of \$0.25.</li> </ul>
Obligation to seek further Shareholder approval	<p>If the conversion of the Convertible Notes results in the Noteholder acquiring a voting power in the Company in excess of the maximum voting power approved by Shareholders under section 611 item 7 of the Corporations Act, and the Noteholder is unable to rely on the “creep” provisions in the Corporations Act, then the Company is obliged to seek additional Shareholder approval for the conversion of the Convertible Notes (<b>Additional Shareholder Approval</b>) and until such time as that Additional Shareholder Approval is obtained, any conversion rights will be subject to shareholder approval. If Additional Shareholder Approval is sought but not obtained, the Noteholder may redeem any excess Convertible Note.</p>

Ranking	<p>Until conversion, the Convertible Notes rank equally in all respects with each other and without any preference among themselves.</p> <p>The Shares to be issued on conversion will rank equally in all respects with all other Shares on issue.</p>
Security	The Convertible Notes are unsecured.
Reconstructions and reorganisations	If there is a reorganisation of the issued share capital of the Company, the Noteholders may require the number of Convertible Notes to be adjusted as appropriate and consistent with the reorganisation to ensure that the proportion which the Shares to be issued on conversion after the reorganisation or bonus issue has occurred in relation to the total Shares on issue, is the same as it would have been had the reorganisation or bonus issue not occurred.
Events of default	<p>The Convertible Note agreements include typical events of default, including the following:</p> <ul style="list-style-type: none"> <li>(a) the Company (or any of its subsidiaries) materially breaching any law, regulation or ASX Listing Rule;</li> <li>(b) a representation or warranty or statement of the Company (or its subsidiaries) made under the transaction documents being incorrect or misleading in any material respect and is not remedied within 10 Business Days;</li> <li>(c) the Company (or any of its subsidiaries) failing to pay any financial indebtedness when due or becomes due and payable, or capable of being declared so, before the schedule date for payment;</li> <li>(d) any event of default under the Co-investor Convertible Note agreements or an event of default under any underwriting agreements;</li> <li>(e) the insolvency or winding up of the Company (or any of its subsidiaries) or a receiver or controller being appointed to or taking possession of the assets of the Company (or any of its subsidiaries)</li> <li>(f) the Company is suspended from trading on ASX for more than 10 consecutive trading days during any 12 month period; or</li> <li>(g) any event which, in the opinion of the Noteholder, has a material adverse effect.</li> </ul>
Covenants	<p>The Convertible Note agreements includes typical covenants from the Company, including requiring that the Company and its subsidiaries (without the prior consent of the Noteholder):</p> <ul style="list-style-type: none"> <li>(a) do not deal with, sell or dispose of or part with possession of any of its assets as permitted under the existing Loan facility with Orion;</li> <li>(b) do not create, permit, suffer to exist or agree to any interest or encumbrance over any of its assets other</li> </ul>

than as permitted under the existing Loan facility with Orion;

- (c) do not incur financial indebtedness, advance any loan or provide any financial accommodation to or in favour of any person other than as permitted under the existing Loan facility with Orion;
- (d) must not make or declare any distribution other than as permitted under the existing Loan facility with Orion;
- (e) do not enter into any transaction that is not on arm's length terms in the ordinary course of ordinary business; and
- (f) ensure that no substantial change is made to the existing core business and operation of base and precious metal mining and exploration, evaluation and development.

Quotation                      The Convertible Notes will not be quoted on ASX. However, the Company will apply for the New Shares issued on the conversion of the Convertible Notes to be quoted on ASX.

Transferability                The Convertible Notes are transferable to a third party by written notice to the Company.

(e)      Debt Restructure Agreements and Orion Waivers

Orion and the Company have entered into debt restructuring agreements to amend the existing loan facility and stream arrangements (**Debt Restructure Agreements**), the key terms of which are set out in the Company's Notice of Meeting dated 17 July 2017 (a copy of which was released to ASX and can be found under the Company's ASX code "HRR" at [www.asx.com.au](http://www.asx.com.au)).

The Debt Restructure Agreements have amended the existing loan facility and stream arrangements on the following basis.

(i)      *Loan facility*

Orion has agreed to:

- (A)      extend the repayment schedule for the loan facility such that the facility is not required to be fully repaid until 31 December 2023;
- (B)      defer the 30 September 2019 interest payment, until completion of the Entitlement Offer;
- (C)      defer the existing cash sweep provisions in the loan facility until 31 March 2021;
- (D)      reduce the Company's obligation to maintain a cash balance of not less than \$15 million at all times to \$10 million; and
- (E)      delete certain shareholding caps under the existing loan facility and the delisting of the Company as an event of default.

As consideration for restructuring the loan facility, the Company has agreed to a restructuring fee of 2% of the principal outstanding at the Lodgement Date which is to be capitalised onto the loan balance.

(ii)     *Stream arrangements*

Orion has agreed to provide an additional US\$3 million under the amended stream arrangements as a further prepayment to the Company on the following basis:



- (A) the streaming rights under the existing stream arrangements will be extended to include payable zinc from the Woodlawn Project, calculated by reference to the following zinc stream rate:
  - (1) 0.30% of zinc until the delivery of 140 tonnes; then
  - (2) 1.15% of zinc until the delivery of 910 tonnes; then
  - (3) 2.25% of zinc until the delivery of 4200 tonnes; then
  - (4) 0.75% of zinc for remaining life of mine;
- (B) the price applicable to the payable zinc is to be calculated in reference to the equivalent silver ounces, to be calculated based on a conversion ratio of 170.2 silver ounces per metric tonne of zinc; and
- (C) the security and guarantee provisions under the existing arrangements will be extended to the additional US\$3 million prepayment amount.

(iii) *Orion Waivers*

Orion has also provided waivers under the existing stream arrangements and loan facility for any non-compliance issues arising under the existing debt documents to the extent necessary to permit the implementation of the Entitlement Offer and the Debt Package.

Orion has granted waivers under the existing stream arrangements and loan facility on the basis that the following conditions are met:

- (A) the Entitlement Offer is not abandoned before it is scheduled to be completed and raises at least \$35.4 million by 14 November 2019;
- (B) the Company calls or schedules a general meeting for all Shareholder approvals required in relation to the Debt Package by 19 November 2019, and holds the general meeting by 16 December 2019; and
- (C) Greenstone and Castlake do not abandon, cancel, terminate or decide not to proceed with any of their commitments with regards to the Entitlement Offer and Convertible Notes; and
- (D) there is no material deviation of the economic terms from the terms of the Entitlement Offer, the Convertible Notes or arrangements as agreed to between the Company and Orion.

(f) **Settlement Deed**

As announced on 4 October 2019, the Company, its subsidiary Tarago Operations Pty Ltd (ACN 127 810 413) (**TOP**) and Sedgman (**Sedgman**) entered into an Deed of Settlement and Release (**Deed**) which settles claims arising out of the Engineer, Procure & Construct Contract entered into between TOP and Sedgman on 2 May 2017 (**Contract**) and the Deed of Amendment dated 7 August 2017 in connection with the Woodlawn Zinc-Copper Project. The key terms of the Deed are as follows:

- (i) (**Adjustment to Contract Sum**): The parties acknowledge and agree that the Contract Sum (as defined in the Contract) is increased by \$13,000,000 to the amount of \$121,812,800.14 (exclusive of GST).

The adjustment of the Contract Sum is in full and final satisfaction of all claims that Sedgman has under or in respect of the Contract.

Any failure by TOP to pay all or part of the unpaid balance of the Contract Sum when due will attract interest at the rate of 12% per annum (compounded monthly).

- (ii) **(Share Issue)**: Heron will issue 10,000,000 Shares to Sedgman (or its nominee), which Shares will be issued after the Record Date and subject to a 2 year voluntary escrow period **(Escrow Period)**.
- (iii) **(Project Steering Committee Representative)**: During the Escrow Period, Sedgman is entitled to have a representative attend the Project Steering Committee meetings for the Woodlawn Project at its own cost.
- (iv) **(Releases)**: Subject to certain exclusions, each of TOP and Sedgman releases and forever discharges the other and their respective associates from all claims arising out of or in connection with the Contract.
- (v) **(Guarantee)**: Heron irrevocably and unconditionally guarantees to Sedgman the performance by TOP of its obligations under the Contract and the Deed.

### 7.3 Orion anti-dilution right

As announced on 17 August 2017, Orion has an anti-dilution right in respect of its shareholding in the Company (**Anti-Dilution Right**). A summary of the terms of the Anti-Dilution Right is as follows:

- (a) Where the Company proposes to undertake any capital raising by way of the issue of equity securities, the Company must at the same time as undertaking the issue, grant Orion the right to subscribe for such number and type of securities as to ensure that Orion can maintain the same percentage interest in the capital of the Company as it held prior to the issue, on terms that are the same or equivalent to those attaching to the issue.
- (b) Any equity securities offered under the Anti-Dilution Right will be for cash consideration that is:
  - (i) equivalent to the cash consideration paid by third parties (in the case of issues of equity securities to third parties for cash consideration); or
  - (ii) equivalent in value to the non-cash consideration offered by third parties (in the case of issues of equity securities to third parties for non-cash consideration).
- (c) The Anti-Dilution Right will not apply in relation to an issue of equity securities by the Company:
  - (i) pursuant to a pro-rata entitlement issue or pursuant to any other rights made available to all Shareholders (including Orion);
  - (ii) pursuant to any asset acquisition, merger, business combination, tender offer, exchange offer, takeover of scheme of arrangement;
  - (iii) under any employee incentive scheme pursuant to ASIC Class Order 03/184 or 14/1000; or
  - (iv) to a related body corporate of Orion.
- (d) The Anti-Dilution Right may only be transferred to a related body corporate of Orion.
- (e) The issue of equity securities pursuant to the exercise by Orion of the Anti-Dilution Right is subject to Orion's relevant interest in the Shares of the Company being between 10% and 25%.

### 7.4 Market Prices of Existing Shares on ASX

During the three months immediately preceding the Prospectus Date, the highest and lowest market sale price of the Existing Shares and the last market sale price on the date before the

Prospectus Date of Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, are set out below:

	3 months high	3 months low	Last Market Sale Price
Share Price	0.858	0.380	0.380
Date	12 July 2019	15 August 2019	15 August 2019

## 7.5 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of New Shares pursuant to this Prospectus; or
- (c) the offer of New Shares pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or offer of New Shares pursuant to this Prospectus.

Directors' direct and indirect interests in securities of the Company at the Prospectus Date are:

Director	Shares	Options	Performance Rights
Stephen Dennis	179,429	100,000 <sup>1</sup>	115,000
Borden Putnam III	Nil	100,000 <sup>1</sup>	90,000
Fiona Robertson	71,429	100,000 <sup>1</sup>	90,000
Mark Sawyer	Nil <sup>2</sup>	100,000 <sup>1</sup>	90,000
Ricardo De Armas	Nil	Nil	90,000
Peter Rozenauers	Nil	Nil	90,000
Ian Pattinson	51,429	Nil	90,000

**Notes:**

<sup>1</sup> Options expiring 4 December 2020 exercisable at \$0.72.

<sup>2</sup> Mr Sawyer is Greenstone's nominated representative on the Board and is currently one of four directors or Greenstone Management Limited and Greenstone Management II Limited, which entities are the sole shareholder of the general partners of Greenstone HRR LP and Greenstone Australia LP which form part of the Greenstone Parties. The Greenstone Parties have combined voting power of 27.13% of Heron. Given Greenstone's involvement in the transactions contemplated by this Prospectus, the Company immediately put in place appropriate corporate governance arrangements that did not involve interested directors of which Mr Sawyer was one.

The Directors may be paid such remuneration as is from time to time determined by the Company in general meeting and all travelling, hotel and other expenses properly incurred by them in attending at and returning from meetings of the directors or any committee of the directors or general meetings of the Company or otherwise in connection with the business of the Company. The Directors remuneration is deemed to accrue from day to day and the remuneration (other than a managing director or other executive director) shall be a fixed sum and not a commission or calculated on a percentage of profits or turnover.

A Director may be paid a fee or other amounts (i.e. non-cash performance incentives such as options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable

travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The Directors' remuneration for the 2018 and 2019 financial years, together with the anticipated remuneration of the Directors for the current financial year are set out in the table below:

Director	Remuneration for FY2018	Remuneration for FY2019	Current financial year
Stephen Dennis	\$98,550	\$113,333	\$113,333
Borden Putnam III	\$76,650	\$86,650	\$86,650
Fiona Robertson	\$76,650	\$93,075	\$93,075
Mark Sawyer	\$76,650	\$76,650	\$82,125
Ricardo De Armas	\$57,487	\$76,650	\$76,650
Peter Rozenauers <sup>1</sup>	\$42,075	\$53,044	\$76,650
Ian Pattinson	\$44,713	\$81,650	\$82,125

**Notes:** The figures in the table above excludes share-based payments relating to performance shares granted.

<sup>1</sup> Fees have been paid to Simulus Pty Ltd for representation on the Woodlawn Project steering committee in lieu of payments to Mr Rozenauers

## 7.6 Rights and liabilities attaching to Shares

The following is a summary of the more significant rights attaching to Shares under the Constitution. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights attaching to Shares are set out in the Constitution, which is available for review by Shareholders at the Company's website [www.heronresources.com.au](http://www.heronresources.com.au) and at the office of the Company during normal business hours. A copy of the Constitution can also be sent to Shareholders upon request to the Company Secretary, Mr Simon Smith who can be contacted on +61 2 9119 8111.

### (a) General Meeting

Each member is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be sent to members under the Company's Constitution, the Corporations Act or the ASX Listing Rules.

### (b) Voting

Subject to any rights or restrictions for the time being attached to any class or classes of shares whether by the terms of their issue, the Constitution, the Corporations Act or the ASX Listing Rules, at a general meeting of the Company every holder of fully paid ordinary shares present in person or by a representative, proxy or attorney has one vote on a show of hands and every such holder present in person or by a representative, proxy or attorney has one vote per Share on a poll. A person who holds an ordinary Share which is not fully paid up is entitled, on a poll, to a fraction of a vote equal to the proportion which the amount paid bears to the total issue price of the share. A member is not entitled to vote unless all calls and other sums presently payable by the member in respect of shares in the Company have been paid. Where there are two or more joint holders of the Share and more than one of them is present at a meeting and tenders a vote in respect of the Share (whether in person or by proxy or attorney), the Company will count only the vote cast by the member whose name appears before the other(s) in the Company's register of members.

(c) Issues of Further Shares

The Directors may, on behalf of the Company, issue, grant options over or otherwise dispose of unissued shares to any person on the terms, with the rights, and at the times that the Directors decide. However, the Directors must act in accordance with the restrictions imposed by the Company's Constitution, the ASX Listing Rules, the Corporations Act and any rights for the time being attached to the shares in special classes of shares.

(d) Variation of Rights

At present, the Company has on issue one class of shares only, namely ordinary shares. The rights attached to the shares in any class may be altered only by a special resolution of the Company and a special resolution passed at a separate meeting of the holders of the issued shares of the affected class, or with the written consent of the holders of at least three quarters of the issued shares of the affected class.

(e) Transfer of Shares

Subject to the Company's Constitution, the Corporations Act, the ASX Settlement Operating Rules and the ASX Listing Rules, ordinary shares are freely transferable. The shares may be transferred by a proper transfer effected in accordance with ASX Settlement Operating Rules, by any other method of transferring or dealing introduced by ASX and as otherwise permitted by the Corporations Act or by a written instrument of transfer in any usual form or in any other form approved by the Directors that is permitted by the Corporations Act.

The Company may decline to register a transfer of shares in the circumstances described in the Company's Constitution and where permitted to do so under the ASX Listing Rules. If the Company declines to register a transfer, the Company must give the lodging party written notice of the refusal and the reasons for refusal. The Directors must decline to register a transfer of shares when required by law, by the ASX Listing Rules or by the ASX Settlement Operating Rules.

(f) Partly Paid Shares

The Directors may, subject to compliance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, issue partly paid shares upon which amounts are or may become payable at a future time(s) in satisfaction of all or part of the unpaid issue price.

(g) Dividends

Subject to the Corporations Act, the ASX Listing Rules, the Company's Constitution and the rights of any person entitled to shares with special rights to dividend, the Directors may determine that a dividend is payable. The Company in general meeting may declare a dividend if the Directors have recommended a dividend and a dividend shall not exceed the amount recommended by the Directors. The Directors may authorise the payment to the members of such interim dividends as appear to the Directors to be justified by the Company's profits and for that purpose may declare such interim dividends. Subject to the rights of members entitled to shares with special rights as to dividend (if any), all dividends in respect of shares (including ordinary shares) are to be declared and paid proportionally to the amount paid up or credited as paid up on the shares.

(h) Winding Up

Subject to the rights of holders of shares with special rights in a winding up, if the Company is wound up, members (including holders of ordinary shares) will be entitled to participate in any surplus assets of the Company in proportion to the shares held by them respectively irrespective of the amount paid up or credited as paid up on the shares.

(i) Dividend Plans

The Directors may establish and maintain dividend plans under which (among other things) a member may elect that dividends payable by the Company be reinvested by way of subscription for shares in the Company or a member may elect to forego any dividends that may be payable on all or some of the shares held by that member and to receive instead some other entitlement, including the issue of shares.

(j) Directors

The Company's Constitution states that the minimum number of Directors is three.

(k) Powers of the Board

The Directors have power to manage the business of the Company and may exercise that power to the exclusion of the members, except as otherwise required by the Corporations Act, any other law, the ASX Listing Rules or the Company's Constitution.

## 7.7 Interests and Consents of Experts and Advisers

The following parties have given (and not before the date of this document withdrawn) their consent to be named in this document in the form and context in which they are named:

- CL V Investment Solutions LLC, in the capacity of underwriter to the Entitlement Offer;
- Greenstone Management (Delaware) II LLC in its capacity as a general partner of Greenstone Resources II (Australia) Holdings L.P., in the capacity of underwriter to the Entitlement Offer;
- Patersons Securities Limited, in the capacity of a JLM to the Shortfall Offer;
- Nascent Capital Partners Pty Ltd, in the capacity of a JLM to the Shortfall Offer; and
- Allion Partners Pty Ltd, in its capacity as legal adviser to the Company.

Each of Castlelake V, Greenstone, Patersons Securities Limited, Nascent Capital Partners Pty Ltd and Allion Partners Pty Ltd has not:

- authorised or caused the issue of this Prospectus;
- made any express or implied representation or warranty in relation to the Company, this Prospectus or the Entitlement Offer;
- made, or purported to have made, any statement in this Prospectus or on which a statement in this Prospectus is based except as set out in this Section; or
- assumed the responsibility for any part of this Prospectus except as set out in this Section and to the maximum extent permitted by law, expressly disclaims responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

Other than as set out below or elsewhere in this Prospectus, all persons named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation of or distribution of this Prospectus do not have, and have not had in the two years before the Lodgement Date, any interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the offer of securities pursuant to this Prospectus; or
- the offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any of those persons for services provided by those persons in connection with the formation or promotion of the Company or the offer of securities pursuant to this Prospectus.

Greenstone and Castlelake V are acting as underwriters for the Entitlement Offer and for this is entitled to be paid the fees set out in **Section 7.2(a)**.

Patersons Securities Limited and Nascent Capital Partners Pty Ltd are acting as JLMs to the Shortfall Offer and for this is entitled to be paid the fees set out in **Section 7.2(c)**.

Allion Partners Pty Ltd is entitled to be paid \$265,000 (exclusive of GST) for advice and assistance in relation to certain aspects of this Prospectus, assisting the Company in relation to its due diligence regime and enquiries and in relation to application for quotation of the New Shares on ASX. In addition, Allion Partners Pty Ltd will be entitled to receive further fees at standard rates in connection with completion of the Entitlement Offer and the Debt Package. Allion Partners has been paid \$103,000 (exclusive of GST) for the provision of professional services to the Company in the two years prior to the Lodgement Date.

References to Ernst & Young appear for information purposes only. Ernst & Young has not been involved in, authorised or caused the issue of this Prospectus.

References to Automic Pty Ltd appear for information purposes only. Automic Pty Ltd has not been involved in, authorised or caused the issue of this Prospectus.

## 7.8 Estimated expenses of the Entitlement Offer

The estimated expenses of the Entitlement Offer (assuming full subscription) are expected to comprise the following estimated costs, exclusive of GST.

Expenses	Amount (A\$)
ASIC fees	\$7,000
ASX fees	\$42,000
Legal fees	\$1,241,600
Underwriter, JLMs and Nominee fees	\$561,900
Share Registry fees (including printing and distribution expenses)	\$50,000
<b>TOTAL</b>	<b>\$1,900,000</b>

## 7.9 Litigation

As at the Prospectus Date, other than as disclosed elsewhere under this Prospectus, the Company is not currently involved in any material legal proceedings.

## 7.10 Privacy Act

If you complete an Application, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your New Shares in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules. You should note that if you do not provide the information required on the Application the Company may not be able to accept or process your Application.

## 7.11 Information availability

Eligible Retail Shareholders in Australia, can obtain a copy of this Prospectus during the Retail Entitlement Offer period by calling the Share Registry on 1300 288 664 (within Australia) or

+61 2 9698 5414 (from outside Australia) at any time from 8.30am to 5.30pm (AEST or AEDT as the case may be) Monday to Friday.

A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry. Neither this Prospectus nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons that are in the United States or otherwise distributed in the United States.



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**8. DIRECTORS AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

A handwritten signature in black ink, appearing to read 'S. Dennis', is positioned above a horizontal line.

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Stephen Dennis

**Non-Executive Chairman**

**For and on behalf of Heron Resources Limited**

## GLOSSARY

Term	Meaning
<b>AEDT</b>	Australian Eastern Daylight Time.
<b>AEST</b>	Australian Eastern Standard Time.
<b>Applicant</b>	An Eligible Retail Shareholder who validly applies for New Shares (and, if applicable, Shortfall Shares) under the Retail Entitlement Offer in accordance with the Prospectus.
<b>Application</b>	An application made on a personalised Entitlement and Acceptance Form to apply for New Shares (and, if applicable, Shortfall Shares) under the Retail Entitlement Offer in accordance with this Prospectus.
<b>Application Monies</b>	The money received from Eligible Shareholders in respect of their Application.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX or Australian Securities Exchange</b>	ASX Limited (ABN 98 008 624 691), or the financial market operated by it, as the context requires.
<b>ASX Listing Rules</b>	The official listing rules of ASX, as amended or waived from time to time.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement, and to the extent they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited (ABN 48 001 314 503).
<b>AUD, A\$, \$ or Australian dollar or cent</b>	The lawful currency of the Commonwealth of Australia cent in Australian Accounting Standards.
<b>Australian Accounting Standards</b>	Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board and Urgent Issues Group Interpretations.
<b>Board</b>	The board of directors of the Company from time to time.
<b>Castlake</b>	Castlake III, L.P., Castlake IV, L.P. and/or Castlake V (as the context requires).
<b>Castlake V</b>	CL V Investment Solutions LLC.
<b>CHESS</b>	Clearing House Electronic Subregister System operated in accordance with the Corporations Act.
<b>Closing Date</b>	The date the Retail Entitlement Offer closes, being 5.00pm (AEDT) on 22 October 2019.
<b>Company or Heron</b>	Heron Resources Limited ACN 068 263 098
<b>Constitution</b>	The constitution of the Company
<b>Corporations Act</b>	<i>Corporations Act 2001</i> (Cth)
<b>CRN</b>	Customer Reference Number.
<b>Debt Package</b>	Has the meaning given to that term in <b>Section 2.2</b> .
<b>Director or Directors</b>	A member of the board of directors of the Company from time to time.
<b>Eligible Retail Shareholders</b>	Has the meaning given to that term in <b>Section 3.10</b> .
<b>Entitlement</b>	The number of New Shares that an Eligible Retail Shareholder is entitled to apply for under the Retail Entitlement Offer, as determined

Term	Meaning
	by the number of Shares held by that Eligible Retail Shareholder on the Record Date.
<b>Entitlement and Acceptance Form</b>	The relevant personalised form accompanying this Prospectus which Eligible Retail Shareholders may use to apply for New Shares (and, if applicable, Shortfall Shares).
<b>Entitlement Offer</b>	The accelerated non-renounceable entitlement offer of New Shares in the Company in the ratio of 0.7324 New Shares for 1 Share held on the Record Date.
<b>Existing Share</b>	A fully paid ordinary share in the capital of the Company on issue as at the Record Date.
<b>Expiry Date</b>	4 November 2020, being the date which is 13 months after the Lodgement Date, after which date no New Shares (or Shortfall Shares, if applicable) will be issued under this Prospectus.
<b>Financial Information</b>	Has the meaning given in <b>Section 4.2</b> .
<b>Greenstone</b>	Greenstone Management (Delaware) II LLC in its capacity as a general partner of Greenstone Resources II (Australia) Holdings L.P..
<b>Greenstone Australia LP</b>	Greenstone Resources II (Australia) Holdings Limited Partnership.
<b>Greenstone HRR LP</b>	Greenstone HRR Holdings Limited Partnership (acting through its general partner Greenstone Management (Delaware) LLC).
<b>Greenstone Parties</b>	Means Greenstone, Greenstone HRR LP and various of its limited partners that hold Shares directly in the Company being those parties listed in the substantial shareholders notice released to ASX on 7 September 2017 as well as described in section 4 of the Explanatory Statement attached to the Company's Notice of Meeting dated 17 July 2017 (a copy of which was released to ASX and can be found under the Company's ASX code "HRR" at <a href="http://www.asx.com.au">www.asx.com.au</a> ).
<b>Group</b>	Heron and its subsidiaries.
<b>GST</b>	Goods and services or similar tax imposed in Australia.
<b>HIN</b>	Holder Identification Number.
<b>IFRS</b>	International Financial Reporting Standards.
<b>Ineligible Foreign Shareholders</b>	Shareholders who are holders of Shares and who are in the United States or have registered addresses outside Australia, New Zealand or the United States (to the extent that they are US Accredited Investors).
<b>Ineligible Retail Shareholders</b>	Has the meaning given to that term in <b>Section 3.10</b> .
<b>Ineligible Shareholder Shares</b>	Has the meaning given to that term in <b>Section 3.13</b> .
<b>Institutional Entitlement Offer</b>	The institutional component of the Entitlement Offer.
<b>JLMs</b>	Patersons Securities Limited (ABN 69 008 896 311) and Nascent Capital Partners Pty Ltd (ABN 24 154 848 469).
<b>Lodgement Date</b>	4 October 2019, being the date this Prospectus is lodged with ASIC.
<b>Management</b>	Senior management of the Company.

Term	Meaning
<b>New Share or New Shares</b>	The fully paid ordinary shares in the Company offered under either component of the Entitlement Offer which will rank equally with existing Shares from the date of issue.
<b>Nominee</b>	Patersons Securities Limited (ABN 69 008 896 311).
<b>Offer Price</b>	The price payable for a New Share (or Shortfall Share, if applicable) under the Retail Entitlement Offer, being A\$0.20 per New Share.
<b>Orion</b>	Orion Mine Finance Fund II LP., OMF Fund II (H) Ltd or OMF Fund II (Li) Ltd (as the context requires).
<b>Orion Waivers</b>	The waiver letters provided by Orion, as summarised in <b>Section 7.2(e)(iii)</b> .
<b>Project or Woodlawn Project</b>	The Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales.
<b>Prospectus</b>	This prospectus dated 4 October 2019 prepared by the Company in accordance with the special content rules under section 713 of the Corporations Act in respect of the Retail Entitlement Offer.
<b>Record Date</b>	The record date for the Retail Entitlement Offer, being 5.00pm (AEST) on 8 October 2019.
<b>Renouncing Shareholders</b>	All Eligible Retail Shareholders who do not take up some or all of their Entitlement.
<b>Retail Entitlement Offer</b>	The retail component of the Entitlement Offer.
<b>Section</b>	A section of this Prospectus.
<b>Sedgman</b>	Sedgman Pty Limited (ACN 088 471 667).
<b>Share</b>	A fully paid ordinary share in the Company.
<b>Shareholder</b>	The registered holder of a Share.
<b>Shareholding</b>	The number and value of Share(s) held in the Company.
<b>Share Registry</b>	Automic Pty Ltd (ABN 27 152 260 814).
<b>Shortfall Offer</b>	Has the meaning given to that term in <b>Section 3.7</b> .
<b>Shortfall Shares</b>	Has the meaning given to that term in <b>Section 3.7</b> .
<b>SRN</b>	Security Reference Number.
<b>Underwriters</b>	Castlake and Greenstone.
<b>Underwriting Agreements</b>	Means the agreement between the Company and each of Castlake and Greenstone, as summarised at <b>Section 7.2(a)</b> .
<b>US Accredited Investors</b>	Persons are an investor as defined in Rule 501(a)(1), (2), (3) or (7) under the U.S. Securities Act.
<b>US Person</b>	Has the meaning given to that term in Regulation S under the U.S. Securities Act.
<b>U.S. Securities Act</b>	<i>United States Securities Act of 1933</i> , as amended.
<b>VWAP</b>	Has the meaning set out in the ASX Listing Rules.

## CORPORATE DIRECTORY

### Directors

Stephen Dennis (Chairman (Non-Executive))  
Borden Putnam III (Director (Non-Executive))  
Fiona Robertson (Director (Non-Executive))  
Mark Sawyer (Director (Non-Executive))  
Richard De Armas (Director (Non-Executive))  
Peter Rozenauers (Director (Non-Executive))  
Ian Pattinson (Director (Non-Executive))

### Company Secretary

Simon Smith

### Registered office

Heron Resources Limited  
Suite 2, Level 8,  
309 Kent Street  
Sydney 2000  
New South Wales, Australia

### Heron Resources Limited Investor Information Phone

Phone: +61 2 9119 8111

Email: [heron@heronresources.com.au](mailto:heron@heronresources.com.au)

### Website

[www.heronresources.com.au](http://www.heronresources.com.au)

### Stock exchange listing

Heron's Shares are listed on ASX (code 'HRR')

### ACN

068 263 098

### Underwriters\*

CL V Investment Solutions LLC  
4600 Wells Fargo Center  
90 South Seventh Street  
Minneapolis, 55402 USA

Greenstone Management (Delaware) II LLC in its capacity as a general partner of Greenstone Resources II (Australia) Holdings L.P.  
c/o The Corporation Trust Company, Corporation Trust Center  
1209 Orange Street, Wilmington, New Castle County  
Delaware 19081, USA

### JLMs

Patersons Securities Limited  
Level 23 Exchange Tower  
2 The Esplanade  
Perth WA 6000

Nascent Capital Partners Pty Ltd  
Level 2, 55 Carrington Street  
Nedlands WA 6009

### Auditor\*

Ernst & Young  
200 George Street  
Sydney NSW 2000

### Legal adviser

Allion Partners Pty Ltd  
Level 9, 863 Hay Street  
Perth WA 6000

### Share Registry\*

Automic Pty Ltd  
Level 5, 126 Philip Street  
Sydney NSW 2000

### Offer information line

Australia 1300 288 664

International +61 2 9698 5414

Open 8.30am to 5.30pm (AEST or AEDT as the case may be) Monday to Friday (during the Retail Entitlement Offer period)

\*This entity has not been involved in the preparation of this Prospectus and has not consented to being named in the Prospectus. Its name is included for information purposes only.