

18 February 2021

ASX ANNOUNCEMENT

CONVENING OF CREDITORS MEETING TO CONSIDER A DOCA PROPOSAL FROM DEVELOP GLOBAL LIMITED (ASX:DVP)

The Administrators of Heron Resources Limited (administrators appointed) (“Heron” or the “Company”) announce that they have convened a meeting of creditors to be held on Friday 25 February 2022 (“Meeting of Creditors”), to consider a Deed of Company Arrangement (“DOCA”) proposed by Develop Global Limited (“Develop”) to effect a restructure and recapitalisation of Heron and its subsidiaries as listed in Schedule 1 (all administrators appointed) (“Subsidiaries”, collectively “the Group”).

Details of the DOCA proposal

The DOCA proposal features, among other things:

- The transfer of 100% of the shares in Heron Resources to Develop (or its nominee), subject to the satisfaction or waiver of a number of conditions precedent, including leave of the Court pursuant to section 444GA(1)(b) of the Corporations Act 2001 (*Cth*) (“Act”);
- Payments to be made to OMF Fund II (H) Ltd (“Orion”), Nomad Royalty Company Limited and Castllake L.P. affiliates (collectively, the “Secured Creditors”) to facilitate the release of their security over the assets of Heron and the Subsidiaries, pursuant to bilateral Cooperation Deeds entered into between the Secured Creditors and Develop (“Cooperation Deeds”); and
- The contribution of a fund by Develop (“Proponent’s Contribution”) and establishment of a Creditors Trust to facilitate a return to any terminated employees, unsecured creditors and Orion. The Administrators are the proposed trustees of the Creditors Trust.

The Proponent’s Contribution must be paid by Develop to the Deed Administrators in cash within 5 business days of execution of the DOCA. The Deed Administrators will hold the Proponent’s Contribution in escrow pending satisfaction of all conditions precedent under the DOCA, at which point it will be settled in the Creditors Trust.

Payments to the Secured Creditors comprising a combination of cash, shares in Develop and deferred contingent consideration will be made in accordance with the Cooperation Deeds.

Should the DOCA be approved at the Meeting of Creditors and subsequently effectuated, upon effectuation:

- Develop will obtain a 100% shareholding in Heron and control over the Subsidiaries, including Tarago Operations Pty Ltd (“TOP”), which is the operating entity for the Woodlawn Project and holds the majority of assets relating to the mine, employs all operational personnel and is the primary contracting entity for major contracts relating to the mine;

FTI Consulting (Australia) Pty Limited

ABN 49 160 397 811 | ACN 160 397 811 | AFSL Authorised Representative # 001269325

Level 22, Gateway | 1 Macquarie Place | Sydney NSW 2000 | Australia

Postal Address | PO Box R367 | Sydney NSW 1225 | Australia

+61 2 8247 8000 telephone | +61 2 8247 8099 fax | fticonsulting.com

- The administration of Heron and the Subsidiaries will end and the entities will come under the control of new directors, to be appointed by Develop, on a solvent basis; and
- All unsecured claims against Heron and the Subsidiaries will be extinguished and released, in exchange for a right granted to those creditors to claim against and participate in a distribution from the Creditors Trust. Claims against the Creditors Trust will be subject to adjudication by the trustees of the Creditors Trust.

Conditions to effectuation of the DOCA

As noted above, the DOCA is subject to approval at the forthcoming Meeting of Creditors. If creditors approve the DOCA at that meeting, the remaining conditions to effectuation will be:

- Execution of the DOCA and Creditors Trust by the Administrators and Develop;
- The Deed Administrators receiving the Proponent's Contribution;
- The Deed Administrators obtaining leave of the Court to transfer the shares in Heron to Develop (or its Nominee) pursuant to section 444GA(1)(b) of the Act ("444GA Order");
- ASIC granting relief under section 606 of the Act in relation to the transfer of the shares in Heron Resources in accordance with the 444GA Order;
- The granting of ministerial consent, where required, for the effective change in control of any tenements which may occur as a result of the transfer of Heron shares to Develop; and
- Documents giving effect to the release of the Secured Creditors' security interest and the release of Orion's administration funding having been executed and held by the Deed Administrators in escrow, to be released upon or just prior to effectuation.

The sunset date for satisfaction of these conditions is 31 May 2022, unless extended by mutual agreement.

About Develop

Develop is an ASX listed company based in Perth, Western Australian. DEVELOP is focussed on developing, and helping others to develop, operations which produce future-facing metals in tier-one locations. DEVELOP's primary asset is the Sulphur Springs copper-zinc-silver project in the Pilbara region of Western Australia.

Further information with respect to Develop's intentions in relation to the Woodlawn project can be found in Develop's ASX announcement and investor presentation, both dated 17 February 2022.

Notice of Second Meeting of Creditors

Pursuant to section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*, the Administrators issued their report to creditors ("Report") on 17 February 2022 ahead of the Meeting of Creditors to decide the future of the Group.

In the Report, the Administrators express that, in their opinion it is in the creditors' interest for the Group to execute the DOCA proposed by Develop. Further information about the administration of

the Group, activities and investigations undertaken by the Administrators since their appointment and the DOCA, amongst other things, is available in the Report.

A copy of the Report is available for download for creditors, employees, shareholders and their advisors from the FTI Consulting Creditors Portal at <https://www.fticonsulting.com/creditors/heron-resources-limited-and-its-subsidiaries>.

Details of the Meeting of Creditors are as follows:

Date: Friday, 25 February 2022

Time: 11AM (AEDT)

Location: These meetings will be held by electronic means only and there will be no physical meeting place available. Creditors wishing to attend the meeting should refer to the instructions provided in the Report.

At the Meeting of Creditors, creditors will be asked to make a decision on the future of the Group, including by voting on a resolution regarding the execution of the DOCA.

Impact on Heron Shareholders

The Administrators will make a further announcement providing information in relation to the impact of the DOCA on Heron's shareholders, following the Meeting of Creditors.

Approved for release by Christopher Clarke Hill, Michael Joseph Ryan and David Peter McGrath, Administrators, FTI Consulting.

Contact details

For all further enquiries please contact:

Media enquiries

Stuart Carson

Stuart.carson@fticonsulting.com

Creditor & Shareholder enquiries

Jonathan Hayim

Jonathan.hayim@fticonsulting.com

SCHEDULE 1
SCHEDULE OF COMPANIES

Company Name	ACN
Heron Resources Limited (Administrators Appointed)	068 263 098
Hampton Nickel Pty Limited (Administrators Appointed)	100 180 498
Ochre Resources Pty Limited (Administrators Appointed)	112 833 351
Tarago Exploration Pty Ltd (Administrators Appointed)	115 529 112
Tarago Operations Pty Ltd (Administrators Appointed)	127 810 413
Woodlawn Mine Holdings Pty Ltd (Administrators Appointed)	612 657 164