

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Heron Resources Limited

ACN/ARSN 068 263 098

1. Details of substantial holder (1)

Name Orion Mine Finance Fund II LP (Orion) and each of the entities listed in Annexure "A" (Orion Group Entity)

ACN/ARSN (if applicable) Not applicable

The holder became a substantial holder on 7 September 2017

2. Details of voting power

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

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	407,894,737	407,894,737	16.88%

3. Details of relevant interests

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

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Orion	Relevant interest under section 608(1)(b) and (c) of the Corporations Act 2001, being a relevant interest arising through Orion having the power to control the exercise of a right to vote attached to the securities and/or to control the exercise of the power to dispose of the securities after acquiring them pursuant to a subscription agreement (a copy of which is attached at Annexure "B").	407,894,737 ordinary shares
Each Orion Group Entity	Relevant interest under section 608(3)(a) and/or section 608(3)(b) of the Corporations Act 2001, being a relevant interest held through a body corporate (Orion) in which the voting power of the relevant Orion Group Entity is more than 20% or which the relevant Orion Group Entity controls.	407,894,737 ordinary shares

4. Details of present registered holders

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

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Orion and each Orion Group Entity	Citicorp Nominees Pty Ltd	Orion	407,894,737 ordinary shares

5. Consideration

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

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Orion and each Orion Group Entity	7 September 2017	A\$28,552,632		407,894,737 ordinary shares

6. Associates

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

Name and ACN/ARSN (if applicable)	Nature of association
Not applicable.	

7. Addresses

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

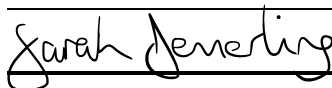
Name	Address
Orion and each Orion Group Entity	Canons Court, 22 Victoria Street, Hamilton, HM 12, Bermuda

Signature

print name Sarah Demerling

capacity Authorized Signatory

sign here



date 7/09/2017

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Annexure “A” – Orion Group Entities

This is Annexure “A” of 1 page referred to in the Form 603 (Notice of Initial Substantial Holder).

Signed: 

Date: 7, September 2017

Orion Group Entities

Entity
Orion Mine Finance GP II Limited as general partner of Orion
Orion Mine Finance GP II LP

Annexure “B” – Subscription Agreement

This is Annexure “B” of 54 pages referred to in the Form 603 (Notice of Initial Substantial Holder).

Signed: Sarah Jenerding

Date: 7, September 2017

Agreement

Execution version

Subscription agreement

Orion Mine Finance Fund II LP

Heron Resources Limited

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Subscription agreement

Date ▶ 29 June 2017

Between the parties

Subscriber	Orion Mine Finance Fund II LP an exempted limited partnership formed under the laws of Bermuda of Canon's Court, 22 Victoria Street, Hamilton HM 12 Bermuda (Subscriber)
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Heron Resources Limited ABN 30 068 263 098 of Suite 702, 191 Clarence Street, Sydney, NSW 2000, Australia (Company)
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Recitals	The Company has agreed to issue the Subscription Shares in the capital of the Company to the Subscriber on the terms of this agreement.
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The parties agree as follows:

1 Definitions and interpretation

1.1 Agreement components

This agreement includes any schedule.

1.2 Definitions

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

Term	Meaning
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited (ACN 008 624 691).
ASX Condition	The condition precedent in clause 2.1(k).
ASX Listing Rules	the official listing rules of the ASX as amended from time to time.
ASX Waiver	a waiver by ASX of ASX Listing Rule 6.18 in order to enable the Company to grant and comply with the Participation Right.
Board	the board of directors of the Company, from time to time.
Business Day	a day on which banks are open for business in Perth, Western Australia and Sydney, New South Wales, excluding a Saturday, Sunday or public holiday.
Castlelake	Castlelake III, L.P. and Castlelake IV, L.P.
Castlelake Subscription Agreement	the agreement documenting the equity subscription by Castlelake as contemplated in this agreement.
Company Warranties	the representations and warranties set out in Schedule 3.

Term	Meaning
Completion	the settlement of the issue of the Subscription Shares under this agreement.
Completion Date	<p>the date to be agreed by the parties as soon as practicable after completion of the bookbuild in relation to the Equity Raising, provided such date is no less than 13 Business Days and no more than 18 Business Days after the last to occur of:</p> <ol style="list-style-type: none"> 1 the satisfaction or waiver of the conditions in clause 2.1(a) to (j) inclusive; 2 Greenstone's obligation to advance the funds for the Second Greenstone Subscription, as contemplated under the condition in clause 2.1(d), becoming unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, the material adverse change condition in section 2.1(k) of the Greenstone Subscription Agreement, concurrent completion under this agreement, the Greenstone LP Subscription Agreements and the Castlake Subscription Agreement and the completion of the Equity Raising); and 3 Castlake's obligation to advance the funds for the Second Castlake Subscription, as contemplated under the condition in clause 2.1(e), becoming unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, the material adverse change condition in section 2.2(l) of the Castlake Subscription Agreement, concurrent completion under this agreement, the Greenstone Subscription Agreement and the Greenstone LP Subscription Agreements and the completion of the Equity Raising), <p>or if no date is agreed, then the date 18 Business Days after the last to occur of the events in paragraphs 1 to 3 above.</p>
Confidentiality Deed	the confidentiality deed entered into between Orion Resource Partners (Aus) Pty Ltd and the Company originally dated 26 June 2015.
Constitution	the constitution of the Company as amended or varied from time to time.
Corporations Act	the <i>Corporations Act 2001</i> (Cth).
Cut-Off Date	30 September 2017.
Director Shares	any Shares a director of the Company, or their associates, directly or indirectly own or control.
Duty	any stamp, transaction or registration duty or similar charge imposed

Term	Meaning
	by any Government Agency and includes any interest, fine, penalty, charge or other amount imposed in respect of any of them, but excludes any Tax.
Encumbrance	<p>any interest or power:</p> <ol style="list-style-type: none"> reserved in or over any interest in any asset including, but not limited to, any retention of title; or created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power, by way of, or having similar commercial effect to, security for payment of a debt, any other monetary obligation or the performance of any other obligation, or any trust or any retention of title and includes, but is not limited to: any agreement to grant or create any of the above; and a security interest within the meaning of section 12(1) of the <i>Personal Property Securities Act 2009</i> (Cth).
Equity Offer	an offer by the Company to issue any 'equity securities' (as that term is defined in the ASX Listing Rules) (in this agreement, Equity Securities).
Equity Raising	the offer of new Shares to institutional and retail investors via an institutional placement to raise between the Minimum Equity Raising Amount and the Maximum Equity Raising Amount.
Equity Shortfall	where the amount raised under the Equity Raising is less than the Maximum Equity Raising Amount.
Escrow Agent	FTI Consulting (Australia) Pty Limited.
Escrow Account	has the meaning given to that term in the Escrow Deed.
Escrow Amount	has the meaning given to that term in the Escrow Deed (and for the avoidance of doubt is inclusive of any accrued interest on the Escrow Amount).
Escrow Deed	the Escrow Deed dated the date of this agreement between the Company, the Subscriber, Greenstone, Castlake and the Escrow Agent governing the holding of monies advanced by those parties into separate escrow accounts maintained by the Escrow Agent.

Term	Meaning
Exchange Rate	on any day, the mid-rate which appears on the Bloomberg Screen "AUDUSD" at or about 11:00am Sydney time on that day.
Facility Agreement	the loan facility agreement between the Subscriber, Tarago Operations Pty Ltd (as borrower) and others dated on or about the date of this agreement.
Government Agency	any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.
Greenstone	Greenstone Management (Delaware) LLC in its capacity as general partner of Greenstone HRR Holdings LP.
Greenstone LPs	each of GEF-PUE, LP, The J Paul Getty Trust, G JBD LLC, G LTP LLC, G ERP LLC and G HSP LLC.
Greenstone LP Subscription	The subscription by each of the Greenstone LPs for in aggregate US\$10,800,000 worth of Shares.
Greenstone LP Subscription Agreements	The agreements documenting the Greenstone LP Subscription by each of the Greenstone LPs as contemplated by this agreement.
Greenstone Shortfall Subscription Application	The total number of Shares that Greenstone and the Greenstone LPs have elected to subscribe for under a shortfall application notice given to the Company in respect of the Shortfall Amount.
Greenstone Shortfall Subscription Shares	the total number of Shares that Greenstone has elected to subscribe for under a shortfall application notice given to the Company in respect of the Shortfall Amount.
Greenstone Subscription Agreement	the agreement documenting the equity subscription by Greenstone as contemplated in this agreement.
Greenstone Waiver	has the meaning given to that term in clause 2.5(d).
GST	goods and services tax or similar value added tax levied or imposed in Australia under the GST Law or otherwise on a supply.

Term	Meaning
GST Act	the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
GST Law	has the same meaning as in the GST Act.
Immediately Available Funds	payment by electronic means of transfer in cleared funds into an account nominated by the Escrow Agent.
Independent Valuer	a person jointly appointed by the parties (acting reasonably) who has at least 10 years' standing as a partner of Ernst & Young, KPMG, Deloitte or PricewaterhouseCoopers (or any successor entities) provided such firm does not audit or advise the Company or the Subscriber or any of their respective Related Corporations and who has specialised knowledge and experience in conducting valuations.
Initial Castlake Subscription	the subscription by Castlake of 45,856,116 Shares.
Initial Completion Date	has the meaning given to that term in clause 2.5(c)(2).
Initial Greenstone Subscription	the subscription by Greenstone for US\$1,600,041 worth of Shares.
Initial Subscription Amount	US\$1,480,038.
Initial Subscription Amount Payment Date	the date that is 13 Business Days after the date of this agreement.
Initial Subscription Shares	the number of fully paid ordinary shares in the capital of the Company equal to the Initial Subscription Amount divided by the Subscription Price rounded up to the nearest whole share.
Joint Release Notice	has the meaning given to that term in the Escrow Deed.
Key Facility CPs	each of the conditions precedent set out in the following clauses of the Facility Agreement: 1 clause 2.1(a) (except that the 'Officers certificate' must be delivered no more than 2 Business Days before the last condition under

Term	Meaning
	<p>clause 2 is satisfied or waived), 2.1(d), 2.1(w), 2.1(l), 2.1(m), 2.1(n) and 2.1(v);</p> <p>2 clause 2.1(b), other than in respect of the direct deeds for the 'Port Contract', 'Mining Contract', 'Power Supply Contract' and 'Haulage Contract' (as those terms are defined in the Facility Agreement); and</p> <p>3 clause 2.1(c), other than in respect of paragraphs 6 and 8 to 13 (inclusive) of the definition of 'Material Documents' (as that term is defined in the Facility Agreement).</p>
Key Stream CPs	each of the conditions precedent set out in clauses 2.9(a) (except that the 'Officers certificate' must be delivered no more than 2 Business Days before the last condition under clause 2 is satisfied or waived), 2.9(b) (other than in respect of the direct deeds for the 'Port Contract', 'Mining Contract', 'Power Supply Contract' and 'Haulage Contract' (as those terms are defined in the Stream Agreement) and 2.9(d), of the Stream Agreement.
Loss	losses, liabilities, damages, costs, charges and expenses and includes Taxes and Duties.
Marketing Agreement	the agreement dated on or around the date of this agreement between, among others, Orion Merchant Services LLC and Tarago Operations Pty Ltd for the marketing of the lead contained within the lead concentrate produced from the Project.
Maximum Equity Raising Amount	\$135,115,656 minus the Initial Subscription Amount, the Second Subscription Amount, the Initial Greenstone Subscription, the Second Greenstone Subscription (assuming no Shortfall Amount), the Greenstone LP Subscription (assuming no Shortfall Amount) and all funds received from the issue of Shares under the Initial Castlake Subscription and the Second Castlake Subscription, calculated as at the date the bookbuild in respect of the Equity Raising closes.
Minimum Equity Raising Amount	the Maximum Equity Raising Amount less US\$10,000,000.
Nominee	any party nominated by the Subscriber as the purchaser of the Subscription Shares under clause 7.6.
Official List	the official list of the ASX as defined in the ASX Listing Rules as amended from time to time.

Term	Meaning
Participation Right	the top-up right to be granted by the Company to the Subscriber under clause 10.
Percentage Holding	the Shares held by the Subscriber divided by the total number of issued Shares expressed as a percentage.
Project	has the meaning given to that term under the Facility Agreement.
Project Steering Committee	<p>the committee established by the Company which is responsible for:</p> <ol style="list-style-type: none"> 1 assessing and reviewing the overall progress; and 2 providing the Board and management of the Company with recommendations and advice in respect of technical, legal, financial, financing, environmental, permitting and stakeholder/social aspects, <p>of the Project and any surrounding prospects or potential exploration or development opportunities that relate to, or are otherwise connected with, the Project.</p>
Related Corporation	<p>in respect of a party, each company:</p> <ol style="list-style-type: none"> 1 that is a subsidiary of that party; 2 of which the party is a subsidiary; or 3 that is a subsidiary of a company of which the party is also a subsidiary.
Related Persons	in respect of a party or its Related Corporations, each director, officer, employee, advisor, agent, external consultant or representative of that party or Related Corporations.
Relevant Initial Subscription Shares	has the meaning given to that term in clause 2.5(c), as adjusted under clauses 2.5(f), 2.5(g) and 2.5(h).
Second Castlake Subscription	<p>The subscription by Castlake for the number of Shares equal to the lesser of:</p> <ol style="list-style-type: none"> 1 420,845,260; and 2 the maximum number of ordinary shares that if issued, would result in Castlake having Voting Power in the Company of no more than 19.90% (after the Company has issued the Shares under the Equity Raising, the Shares under the Initial Castlake Subscription, the Shares under the Initial Greenstone Subscription and Second Greenstone Subscription and the Subscription Shares).

Term	Meaning
Second Greenstone Subscription	The subscription by Greenstone for Shares worth: <ol style="list-style-type: none"> 1 if there is no Shortfall Amount, US\$19,599,959; and 2 if there is a Shortfall Amount, US\$19,599,959 plus an amount equal to the Greenstone Shortfall Subscription Shares multiplied by the Subscription Price.
Second Subscription Shares	the number of fully paid ordinary shares in the capital of the Company equal to the Second Subscription Amount divided by the Subscription Price rounded up to the nearest whole share.
Second Subscription Amount	US\$20,219,962.
SEDAR	the System for Electronic Document Analysis and Retrieval developed for the thirteen provincial and territorial securities regulatory authorities in Canada.
Shares	fully paid ordinary shares in the capital of the Company.
Share Purchase Plan	the share purchase plan to be undertaken by the Company whereby shareholders as at the relevant record date will be offered the opportunity to subscribe for up to \$15,000 of Shares at the Subscription Price to raise up to a maximum of \$5 million.
Shortfall Amount	the amount equal to the Maximum Equity Raising Amount minus the actual gross amount raised under the Equity Raising.
Shortfall Application Notice	has the meaning given to that term in clause 4.
Shortfall Notice	has the meaning given to that term in clause 4.
Shortfall Subscription Shares	has the meaning given to that term in clause 4(c).
Sole Release Notice	has the meaning given to that term in the Escrow Deed.
Stream Agreement	the purchase and sale agreement (silver) dated on or about the date of this agreement between Tarago Operations Pty Ltd, each party listed

Term	Meaning
	in Schedule A to that agreement and OMF Fund II (SO) Ltd.
Subscriber Waiver	has the meaning given to that term in clause 2.5(c).
Subscriber Warranties	the representations and warranties set out in Schedule 4.
Subscription Amount	subject to a maximum amount of US\$21,700,000 (or up to US\$31,700,000 if there is an Equity Shortfall), the amount equal to the Subscription Price multiplied by the Subscription Shares.
Subscription Price	the lower of: <ol style="list-style-type: none"> 1 \$0.104 per Share; and 2 the lowest price at which Shares are (or will be) issued under the Equity Raising.
Subscription Shares	the number of fully paid ordinary shares in the capital of the Company equal to the lesser of: <ol style="list-style-type: none"> 1 the Initial Subscription Shares plus the Total Second Subscription Shares; and 2 the maximum number of ordinary shares that if issued, would result in the Subscriber having Voting Power in the Company of no more than 19.90% (after the Company has issued the Shares under the Equity Raising, the Shares under the Initial Greenstone Subscription and Second Greenstone Subscription, the Shares under the Initial Castllake Subscription and Second Castllake Subscription and if there has been a waiver under clause 2.5(c), the Relevant Initial Subscription Shares).
Tax	any tax, levy, charge, impost, duty, fee, GST, deduction, compulsory loan or withholding, that is assessed, levied, imposed or collected by any Government Agency and includes, but is not limited to any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above, but excludes Duty.
Tax Law	a law with respect to or imposing any Tax or Duty.
Total Second Subscription Amount	an amount equal to the Subscription Amount less the Initial Subscription Amount.
Total Second	the number of fully paid ordinary shares in the Company equal to the

Term	Meaning
Subscription Shares	Second Subscription Shares plus any Shortfall Subscription Shares.
TSX	the Toronto Stock Exchange.
TSX Company Manual	the TSX Company Manual, as amended from time to time.
Veolia Cooperation Deed	the co-operation deed dated 29 March 2017 between the Company, Woodlawn Mine Holdings Pty Ltd, Tarago Operations Pty Ltd, TriAusMin Pty Ltd and Veolia Environmental Services (Australia) Pty Ltd.
Voting Power	has the meaning given in section 9 of the Corporations Act.
Warranties	the Company Warranties and the Subscriber Warranties.

1.3 Interpretation

In this agreement:

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

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

1.4 Business Day

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

1.5 Inclusive expressions

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

2 Conditions precedent to Completion

2.1 Conditions precedent

The obligations of the parties under clauses 5 and 7 are conditional on, and do not become binding unless and until:

- (a) the members of the Company in general meeting have approved by the appropriate majority the issue of the Subscription Shares to the Subscriber, the issue of Shares under the Equity Raising, the Greenstone LP Subscription Agreements, the Greenstone Subscription Agreement and the Castllake Subscription Agreement for all purposes, including (without limitation) for the purposes of Listing Rule 7.1 and in the case of the Shares to be issued to Greenstone and the Greenstone LPs, item 7 of section 611 of the Corporations Act;
- (b) ASX issues the ASX Waiver on terms that are consistent with the terms of the letter dated 29 March 2017 from ASX;
- (c) the Company has issued Shares to Castllake under the Initial Castllake Subscription or Castllake's obligation to subscribe for and the Company's obligation to issue the Shares for the Initial Castllake Subscription becomes unconditional and is to occur on or before the Completion Date;
- (d) Greenstone's obligation to subscribe for and the Company's obligation to issue the Shares for the Initial Greenstone Subscription and the Second Greenstone Subscription becomes unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, the material adverse change condition in section 2.1(k) of the Greenstone Subscription Agreement, concurrent completion under this agreement, the Greenstone LP Subscription Agreements and the Castllake Subscription Agreement and completion of the Equity Raising) and is to occur on the Completion Date;
- (e) Castllake's obligation to subscribe for and the Company's obligation to issue the Shares for the Second Castllake Subscription becomes unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition, the material adverse change condition in section 2.2(l) of the Castllake Subscription Agreement, concurrent completion under this agreement, the Greenstone Subscription Agreement and the Greenstone LP Subscription Agreements and completion of the Equity Raising) and is to occur on the Completion Date;
- (f) Greenstone LPs obligation to subscribe for and the Company's obligation to issue the Shares for the Greenstone LP Subscription to each of the Greenstone LPs becomes unconditional (other than with respect to concurrent completion under the Greenstone Subscription Agreement) and is to occur on the Completion Date;
- (g) the Company has received legally binding commitments from investors in a form acceptable to the Subscriber, acting reasonably, to subscribe for such number of new Shares to raise the Minimum Equity Raising Amount under the Equity Raising and all of those commitments are or become unconditional (other than with respect to satisfaction of any condition precedent equivalent to the ASX Condition and the funds for completion under this agreement, the Greenstone LP Subscription Agreements, the Greenstone Subscription Agreement and the Castllake Subscription Agreement (other than in respect of the Initial Castllake Subscription) being deposited into the Escrow Account), with the effect that the issue and payment for those new Shares will occur before Completion;

- (h) in the event of a Shortfall Amount, the Company has received commitments for all of the Shortfall Amount;
- (i) the Key Facility CPs are satisfied or have been waived by the 'Lender' under the Facility Agreement;
- (j) the Key Stream CPs are satisfied or have been waived by the 'Purchaser' under the Stream Agreement; and
- (k) the ASX not indicating to the Company that it will refuse to grant quotation of the Subscription Shares or otherwise make quotation conditional.

2.2 Best endeavours to satisfy conditions precedent

- (a) The Company must use best endeavours to ensure that the conditions precedent in clause 2.1 are satisfied as expeditiously as possible and in any event on or before the Cut-Off Date.
- (b) Each party must provide reasonable assistance to the other as is necessary to satisfy the conditions. To avoid doubt, this clause 2.2(b) does not require the Subscriber to provide any financial assistance.
- (c) Each party must provide all information as may be reasonably requested by the other party in connection with any notices or applications for approvals.

2.3 Shareholder approval

Without limiting clause 2.2, in connection with satisfying the condition in clause 2.1(a), the Company will:

- (a) promptly prepare a notice of meeting to seek the approval of the members of the Company for the purposes of the condition in clause 2.1(a), and:
 - (1) the Company will consult in good faith with the Subscriber in relation to the form and content of the notice including providing the Subscriber with a draft of the notice and taking into account the Subscriber's comments prior to providing the draft notice to ASX for its review; and
 - (2) the notice must include:
 - (A) a unanimous recommendation by the Board that members vote in favour of the required resolutions in the absence of a superior proposal; and
 - (B) a statement that each member of the Board intends to vote, or procure the voting of, their Director Shares in favour of the resolutions in the absence of a superior proposal;
- (b) as soon as reasonably practicable after the date of this agreement (and no later than 3 weeks following the date of this agreement), convene a general meeting and dispatch the notice of meeting to its members, so that the meeting can be held by 31 August 2017.

2.4 Notice

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

2.5 Waiver

- (a) Subject to clause 2.5(c), the conditions in clauses 2.1(a), 2.1(c), 2.1(d), 2.1(e), 2.1(f), 2.1(g) and 2.1(h) are for the benefit of both parties and may only be waived by both parties in writing.
- (b) The conditions in clauses 2.1(b), 2.1(i), 2.1(j) and 2.1(k) are for the benefit of the Subscriber only and may only be waived by the Subscriber in writing (in its sole and absolute discretion). To avoid doubt, the Company cannot waive any conditions expressed to be for the benefit of the Subscriber only, and the Company's consent is not required to waive those conditions.
- (c) Without limiting clause 2.5(b) but subject to clauses 2.5(f) to 2.5(h), if the Initial Subscription Amount has been deposited into escrow as contemplated under clause 3.1, the Subscriber may at any time prior to satisfaction of the conditions in clause 2.1 elect to waive all of the unsatisfied conditions in clause 2.1 in respect of all or some of the Initial Subscription Shares (to the extent that the Company is able to issue each of those Initial Subscription Shares without shareholder approval save that this condition does not alter the Company's obligation to issue such number of Initial Subscription Shares that it can without contravening the condition) (those Initial Subscription Shares to be referred to in this clause as the **Relevant Initial Subscription Shares**) (**Subscriber Waiver**), in which case:
 - (1) clauses 5 and 7 will become binding in respect of the Relevant Initial Subscription Shares only;
 - (2) Completion of the issue of the Relevant Initial Subscription Shares under clause 7 must occur on the date that is 5 Business Days after the later of the Subscriber Waiver or any Greenstone Waiver (**Initial Completion Date**) and references in clauses 5 and 7 to "Subscription Shares", the "Completion Date", "Completion", "Sole Release Notice" and "Escrow Amount" will be taken to be a reference to the "Relevant Initial Subscription Shares", "Initial Completion Date", "settlement of the issue of the Relevant Initial Subscription Shares under clause 7", "Joint Release Notice" and "so much of the Escrow Amount equal to the Relevant Initial Subscription Shares multiplied by the Subscription Price" respectively;
 - (3) the Company must undertake the actions required under clause 6.2 in respect of the Relevant Initial Subscription Shares and references in that clause to "Subscription Shares" and "Completion" will be taken to be a reference to the "Relevant Initial Subscription Shares" and "settlement of the issue of the Relevant Initial Subscription Shares" respectively;
 - (4) the requirement in clause 7.3 that funds be deposited into the Escrow Account, the completion of the Initial Greenstone Subscription, the Second Greenstone Subscription, the Second Castlake Subscription and the Greenstone LP Subscription occur concurrently, and completion of the Equity Raising occur before Completion, or have already occurred, will not apply;
 - (5) clause 7.3(h)(1) will not apply to the settlement of the issue of the Relevant Initial Subscription Shares under clause 7;
 - (6) the Company will also give the Company Warranties on the Initial Completion Date, other than those Company Warranties expressed to be given on a particular date; and

- (7) if and when Completion of the issue of the remaining Subscription Shares occurs for the purpose of clauses 5, 6.2 and 7 the reference to "Initial Subscription Shares" in the definition of "Subscription Shares" will be taken to be a reference to the "Initial Subscription Shares less the Relevant Initial Subscription Shares".
- (d) If the Company receives a notice from Greenstone under clause 2.5(c) of the Greenstone Subscription Agreement waiving all of the unsatisfied conditions in clause 2.1 of the Greenstone Subscription Agreement with respect to the Initial Subscription Shares (as defined in the Greenstone Subscription Agreement) (**Greenstone Waiver**), the Company will immediately provide a copy of the Greenstone Waiver to the Subscriber. Upon receipt of the Greenstone Waiver, the Subscriber may within 72 hours of receipt, elect to provide a Subscriber Waiver under clause 2.5(c). If the Subscriber does not provide a Subscriber Waiver within the time period set out in this clause, the Subscriber is not permitted to subsequently provide a Subscriber Waiver.
- (e) If the Company receives a Subscriber Waiver before it receives a Greenstone Waiver, the Company will immediately provide a copy of the Subscriber Waiver to Greenstone. If Greenstone does not provide a Greenstone Waiver within 72 hours of being given the Subscriber Waiver by the Company, Greenstone is not permitted to subsequently provide a Greenstone Waiver and the Company must not issue Greenstone any Shares before completion of the Second Greenstone Subscription.
- (f) Subject to clause 2.5(h), if:
- (1) the Subscriber has provided a Subscriber Waiver; and
 - (2) the Company has not received a Greenstone Waiver,
- the number of Initial Subscription Shares to be issued to the Subscriber will be limited to the lower of the number of Initial Subscription Shares in respect of which the Subscriber has given the Subscriber Waiver and the maximum number that the Company is permitted to issue without shareholder approval as at the Initial Completion Date.
- (g) Subject to clause 2.5(h), if:
- (1) the Subscriber has provided a Subscriber Waiver; and
 - (2) the Company has also received a Greenstone Waiver (regardless of whether the Greenstone Waiver was provided before or after the waiver from the Subscriber),
- the number of Initial Subscription Shares to be issued to the Subscriber will be limited to the lower of:
- (3) the number of Initial Subscription Shares in respect of which the Subscriber has given the Subscriber Waiver; and
 - (4) the higher of:
 - (A) the maximum number that the Company is permitted to issue without shareholder approval as at the Initial Completion Date, multiplied by 0.4805; and
 - (B) the maximum number that the Company is permitted to issue without shareholder approval as at the Initial Completion Date less the number of Shares in respect of which the Greenstone Waiver has been given.
- (h) For the purposes of calculating the maximum number of Shares the Company is permitted to issue without shareholder approval under clauses 2.5(f) and 2.5(g),

if the Shares under the Initial Castllake Subscription have not already been issued, the maximum number of Shares is to be calculated assuming that the Shares under the Initial Castllake Subscription have been issued using the Company's placement capacity under ASX Listing Rule 7.1.

- (i) The Company must use the Company's placement capacity under ASX Listing Rule 7.1A for the issue of any new Shares under the Initial Castllake Subscription, under the Initial Greenstone Subscription or for the Initial Subscription Shares, unless the Company is unable to issue Shares under that Listing Rule in which case the Company must use the Company's placement capacity under ASX Listing Rule 7.1.
- (j) A waiver of a condition:
 - (1) will not be effective unless it is given in writing in relation to a particular condition;
 - (2) may be given unconditionally or on the conditions the party who is entitled to waive the condition considers fit;
 - (3) will only apply to the obligations in relation to which it is expressed to be given unless the party who is entitled to waive the condition states otherwise in writing; and
 - (4) will not preclude the party entitled to waive the condition from refusing to waive a particular condition on another occasion or from requiring the party who is required to satisfy a condition to satisfy conditions that differ from the conditions applying on a prior occasion.

2.6 Cut-Off Date

- (a) A party may, by not less than 2 Business Days' notice to the other party, terminate this agreement at any time before Completion if:
 - (1) the conditions in clause 2.1 are not satisfied, or waived in accordance with clause 2.5 by the Cut-Off Date; or
 - (2) the conditions in clause 2.1 become incapable of satisfaction or the parties agree that any of the conditions in clause 2.1 cannot be satisfied.

3 Escrow of Initial Subscription Amount

3.1 Deposit into escrow

- (a) Concurrently with the execution of this agreement, the parties must enter into the Escrow Deed.
- (b) Subject to all parties to the Escrow Deed having executed that deed, the Subscriber must, on the Initial Subscription Amount Payment Date, deposit into escrow with the Escrow Agent the Initial Subscription Amount to be held in trust for the benefit of the parties and dealt with in accordance with this agreement and the Escrow Deed.
- (c) On the Initial Subscription Amount Payment Date the Company must provide a certificate signed by two directors of the Company certifying that there has been no breach of the Company Warranties and that no right of termination of this agreement has occurred.

3.2 Return of Escrow Amount on termination

- (a) If this agreement is terminated for any reason the Subscriber will be entitled to the Escrow Amount and the Company must promptly execute and return any Joint Release Notice provided to it by the Subscriber for the return of the Escrow Amount to the Subscriber or its nominee.
- (b) The Company irrevocably appoints the Subscriber as its true and lawful attorney to execute any Joint Release Notice on its behalf for the purpose of clause 3.2(a).

4 Application for Equity Shortfall

- (a) In the event of a Shortfall Amount, then as soon as practicable on or after the date of this agreement, and in any event within 1 Business Day, the Company must give the Subscriber a written notice specifying the Shortfall Amount (**Shortfall Notice**).
- (b) The Subscriber may by notice in writing to the Company (**Shortfall Application Notice**) within 2 Business Days after the date of this agreement and regardless of whether a Shortfall Notice has been received elect to subscribe for any number of new Shares under the Equity Shortfall at the Subscription Price up to a maximum value (based on the Subscription Price of each Share) of US\$10,000,000.
- (c) The Company has the right to scale back the number of Shares set out in the Shortfall Application Notice (calculated using the Subscription Price) to the higher of that number of Shares equal to:
 - (1) the available Shortfall Amount (capped at US\$10,000,000) minus the Greenstone Shortfall Subscription Application; and;
 - (2) 40% of the available Shortfall Amount,
 (the number of Shares that the Company allocates to the Subscriber from the Shortfall Amount based on its Shortfall Application Notice being the **Shortfall Subscription Shares**).
- (d) To avoid doubt, the number of Shortfall Subscription Shares the Subscriber may be issued will always be subject to the total number of Shares to be issued to the Subscriber, as determined under the definition of 'Subscription Shares'.
- (e) The Subscriber agrees to subscribe for the Shortfall Subscription Shares, notwithstanding that the number of Shortfall Subscription Shares may be less than the number of Shares stated in the Shortfall Application Notice.

5 Subscription and issue

5.1 Subscription Shares

On the Completion Date, the Company must issue, and the Subscriber must, subject to clause 7.3, subscribe for, the Subscription Shares, for the Subscription Price.

5.2 Constitution

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

5.3 Rights and ranking

All Subscription Shares issued to the Subscriber will:

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

6 Company's undertakings

6.1 Restrictions on the Company

Except to the extent contemplated by this agreement, the Facility Agreement or the Stream Agreement, the Company will not, prior to Completion, without the Subscriber's prior written consent:

- (a) dispose of or agree to dispose of any of its right, title or interest in and to any material asset that it may own or to which it may become entitled;
- (b) charge or agree to Encumber the whole or any part of its right, title and interest in and to any material asset that it may own or to which it may become entitled;
- (c) issue, or agree to issue, any marketable securities in its capital or grant any options or rights to take up by way of subscription, conversion or substitution further shares in its capital, whether the shares rank in preference to, equally with or after the Subscription Shares in respect of any right or interest, other than under the Equity Raising, Greenstone LP Subscription, Initial Greenstone Subscription, Second Greenstone Subscription, the Initial Castllake Subscription or the Second Castllake Subscription or on exercise of any of the options listed in Schedule 5;
- (d) grant any special voting or other rights that attach to the ordinary issued shares in its capital; or
- (e) carry on any business except a business of a type that is currently being carried on by the Company.

6.2 Quotation on ASX and TSX

- (a) The Company will apply to ASX for official quotation of the Subscription Shares as soon as practicable, and in any event within 2 Business Days after Completion.
- (b) The Company will give to the ASX a notice under section 708A(6) of the Corporations Act by the next trading day on ASX following Completion and such notice must confirm that the Company has not withheld any excluded information for the purposes of section 708A(6)(e), or, if the Company is unable to satisfy the Corporations Act requirements to give such a notice, lodge a prospectus with ASIC on the next Business Day following Completion that

qualifies the Subscription Shares for resale under section 708A(11) of the Corporations Act.

- (c) The Company will provide notice to the TSX in accordance with section 602(a) of the TSX Company Manual promptly after entering into this agreement and will use best endeavours to obtain conditional listing approval from the TSX prior to Completion.
- (d) The Company will use best endeavours to provide all outstanding documents and address any other items raised by the TSX in their letter granting conditional listing approval prior to the time period set forth in such letter.

7 Completion

7.1 Time and place for Completion

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

7.2 Obligations of Company

On or before Completion, the Company:

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

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

7.3 Subscription at Completion

Subject to:

- (a) each of the Greenstone LPs, Greenstone and Castlake at least 1 Business Day prior to the Completion Date depositing into the Escrow Account their respective subscription amounts (other than in respect the Initial Castlake Subscription), so that the total amount deposited in the Escrow Account by the Greenstone LPs, Greenstone and Castlake is equal to the aggregate of the Greenstone LP Subscription, the Initial Greenstone Subscription, the Second Greenstone Subscription plus the Second Castlake Subscription multiplied by the Subscription Price;
- (b) Greenstone LPs concurrently subscribing for, or already having subscribed for, and the Company issuing, or already having issued, the new Shares for the Greenstone LP Subscription, and the Company providing evidence of this (in a form satisfactory to the Subscriber, acting reasonably);
- (c) Greenstone concurrently subscribing for, or already having subscribed for, and the Company issuing, or already having issued, the new Shares for the Initial Greenstone Subscription and Second Greenstone Subscription, and the Company providing evidence of this (in a form satisfactory to the Subscriber acting reasonably);
- (d) Castlake:
 - (1) having subscribed for, and the Company having issued and received cleared funds for, the new Shares for the Initial Castlake Subscription and the Company providing evidence of this (in a form satisfactory to the Subscriber acting reasonably); and
 - (2) concurrently subscribing for, or already having subscribed for, and the Company issuing, the new Shares for the Second Castlake Subscription, and the Company providing evidence of this (in a form satisfactory to the Subscriber acting reasonably);
- (e) the Company having completed the Equity Raising (which includes completing the issue of the new Shares applied for under the Equity Raising and receiving cleared funds for those Shares) and receiving at least the Minimum Equity Raising Amount under the Equity Raising and the Company providing evidence of this (in a form satisfactory to the Subscriber acting reasonably); and
- (f) satisfaction or waiver of the condition precedent in clause 2.1(k),

the Subscriber must:

- (g) **(subscription)** at Completion subscribe for and accept the issue of, or procure that its Nominee subscribes for and accepts the issue of, the Subscription Shares, by means of an application substantially in the form in Schedule 2; and
- (h) **(subscription price)**
 - (1) at least 1 Business Day prior to the Completion Date, pay or procure that its Nominee pays, to the Escrow Agent the Total Second Subscription Amount in Immediately Available Funds to be held in trust in a separate account to the funds received by the Escrow Agent from Greenstone, the Greenstone LPs and Castlake for the benefit of the parties and dealt with in accordance with this agreement and the Escrow Deed; and
 - (2) at Completion, in full and final satisfaction of its obligation to pay the Subscription Price for the Subscription Shares, deliver to the Escrow

Agent a duly signed Sole Release Notice for the Escrow Amount (excluding any accrued interest on the Escrow Amount) and provide a copy of that Sole Release Notice to the Company.

7.4 Issue at Completion

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

- (a) **(Subscription Share issue)** issue the Subscription Shares to the Subscriber or its Nominee free from any Encumbrance or other third party rights; and
- (b) **(documentation)** provide the documentation required by clause 7.5(a).

7.5 Documents to be delivered by the Company

- (a) At Completion the Company must give:
 - (1) evidence satisfactory to the Subscriber of the due allotment and issue of the Subscription Shares;
 - (2) a draft of the notice referred to in clause 6.2(b); and
 - (3) a certificate signed by two directors of the Company certifying satisfaction of the conditions precedent in clause 2.1, there has been no breach of the Company Warranties and no right of termination has occurred.
- (b) Within 5 Business Days after Completion, the Company must give the Subscriber, at the election of the Subscriber, a CHES holding statement or issuer-sponsored holding statement in respect of the Subscription Shares.

7.6 Subscriber Nominee

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

7.7 Completion simultaneous

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

- (a) there is no obligation on any party to undertake or perform any of the other actions;
- (b) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
- (c) the Subscriber must return to the Company all documents delivered to it under clause 7.5 and the Company must repay or procure the Escrow Agent to repay (as applicable) to the Subscriber all payments received by it or the Escrow

Agent under clause 7.3, without prejudice to any other rights any party may have in respect of that failure.

8 Board representation

- (a) On and from Completion, and for so long as:
 - (1) the Subscriber's (together with any Related Corporations) shareholding in the Company is at least 10% (based on the number of voting shares on issue in the Company); or
 - (2) there are amounts outstanding under the Facility Agreement,
 the Subscriber may appoint a nominee director to the Board, and the Company must, on request from the Subscriber, promptly appoint the relevant nominee director, subject to receipt of a consent to act from the relevant nominee director.
- (b) If the Subscriber is no longer entitled to appoint a nominee director under clause 8(a), then if requested by the Company it must procure that any nominee director it has appointed under clause 8(a) resigns.
- (c) The Subscriber will not be entitled to appoint a person as its nominee director under clause 8(a) who the Board (acting reasonably) concludes is not of good character or repute or has inappropriate experience to be a director of a public company in Australia in which case the Company must inform the Subscriber of this fact and ask for an alternative person to act as nominee director.
- (d) Any nominee director appointed in accordance with this clause 8 must be appointed on the same terms as the other non-executive directors of Company, including terms of remuneration, cost reimbursement and rights of indemnity, access and insurance.
- (e) For so long as the Subscriber is entitled to appoint a nominee director in accordance with this clause 8, the Subscriber will have the same rights to information as the 'Lender' under clause 8.1 of the Facility Agreement and may also obtain that information from its nominee director on the condition that the Subscriber keeps the information confidential on the same terms as those that apply to the 'Lender' under clause 18.1 of the Facility Agreement (with references to 'Finance Documents' in that clause being read as a reference to this agreement).

9 Project Governance representation

- (a) On and from Completion and until completion of the Project (as determined under the Facility Agreement), the Subscriber will have the right for its nominee director (or otherwise to nominate an alternative qualified person who is acceptable to the Company acting reasonably) to participate in the Project Steering Committee or any group tasked from time to time by the Company or any of its Related Corporations with similar review responsibilities to the Project Steering Committee.
- (b) The Company must ensure that any person nominated pursuant to clause 9(a) is entitled to participate by telephone conference in all Project Steering

- Committee meetings and given access to the same information as any other participant and the Company may allow additional attendees as required.
- (c) The obligations on the Company in clause 9(b) are subject to the Board (acting reasonably) concluding that the nominated person has sufficient experience to participate in the Project Steering Committee.
 - (d) If at any time a representative resigns, or is removed and the requirements of clause 9(a) remain fulfilled, the Subscriber may nominate a replacement representative and this clause 9 will continue to apply.
 - (e) The Subscriber's reasonable out of pocket expenses in connection with representation on the Project Steering Committee must be reimbursed by the Company within 30 days after the Company receiving properly documented invoices from the Subscriber.
 - (f) The parties agree that this clause 9 does not limit any rights of the 'Lender' under the Facility Agreement.

10 Participation Right

10.1 Participation Right

- (a) This clause 10 is subject to satisfaction of the condition in clause 2.1(b).
- (b) Subject to clause 10.1(c), on and from the Completion Date, and in consideration of the issue of the Subscription Shares and payment of the Subscription Amount, the Subscriber will have the right to participate in any Equity Offer by the Company up to the number of Equity Securities required to ensure that the Subscriber's Percentage Holding immediately before completion of the Equity Offer is maintained, provided that such participation is for cash consideration that is:
 - (1) no more favourable than cash consideration paid by third parties (in the case of issues of Equity Securities to third parties for cash consideration); or
 - (2) equivalent in value to non-cash consideration offered by third parties (in the case of issues of Equity Securities to third parties for non-cash consideration).
- (c) The Participation Right will not apply in relation to an issue of Equity Securities by the Company:
 - (1) pursuant to a pro-rata entitlement issue or pursuant to any other rights made available to all Shareholders (including the Subscriber);
 - (2) pursuant to any asset acquisition, merger, business combination, tender offer, exchange offer, takeover of scheme of arrangement;
 - (3) under any employee incentive scheme pursuant to ASIC Class Order 14/1000; or
 - (4) to a Related Corporation of the Subscriber.
- (d) The Participation Right is non-transferrable other than to an entity within the wholly owned group of the Subscriber.
- (e) Where clause 10.1(b)(2) applies, the cash-equivalent price is to be calculated by agreement between the parties or in the absence of such agreement by an

Independent Valuer. The costs of the Independent Valuer will be borne by the Company and the decision of the Independent Valuer will be final and binding on the parties in the absence of manifest error. The Independent Valuer must be instructed to accept and consider submissions from the Company and the Subscriber. The Company and the Subscriber must provide all information and assistance that the Independent Valuer reasonably requests.

10.2 Operation of the Participation Right

- (a) The Company must notify the Subscriber in writing of any proposed Equity Offer at least 15 clear Business Days prior to the date for the execution by the Company and participants of legally binding commitments in respect of the Equity Offer (**Issue Notice**).
- (b) To be valid, the Issue Notice must specify the:
 - (1) maximum and minimum number of Equity Securities proposed to be issued (as determined by the Company acting reasonably);
 - (2) maximum and minimum number of Equity Securities that the Subscriber may subscribe for under the Participation Right (as determined by the Company acting reasonably);
 - (3) maximum and minimum subscription price per Equity Security, which must be the same price per Equity Security as the price at which the Equity Securities will be issued by the Company under the Equity Offer (or as determined under clause 10.1);
 - (4) date for the execution by the Company and participants of legally binding commitments in respect of the Equity Offer; and
 - (5) terms and conditions of the Equity Securities proposed to be issued, the full terms of any agreement required to be executed by participants in order to subscribe for those Equity Securities (such as a placement letter or subscription agreement) and all information in relation to the Company and the Equity Offer that has or will be provided to participants in the Equity Offer (such as investor presentations).
- (c) The Subscriber may no later than 5.00pm on the day that is 2 clear Business Days prior to the date specified in the Issue Notice for execution by the Company and participants of legally binding commitments in respect of the Equity Offer elect to exercise the Participation Right by delivering to the Company a written notice (**Participation Exercise Notice**) confirming the maximum and minimum number of Equity Securities it wishes to subscribe for or whether the Subscriber wishes to take up the number of Equity Securities required to maintain the Subscriber's Percentage Holding immediately before completion of the Equity Offer.
- (d) The Subscriber may elect to subscribe for some or all of the number of Equity Securities offered to it in the Issue Notice.
- (e) If the Subscriber delivers a valid Participation Exercise Notice to the Company, then the Company must promptly and in any event at least 2 Business Days before the date in clause 10.2(b)(4):
 - (1) provide the Subscriber with the agreement required to be executed by the Subscriber to subscribe for those Equity Securities (including the final subscription price per Equity Security and the number of Equity Securities to which the Subscriber may apply for) which must be in a form which is no less favourable to the Subscriber than:

- (A) the terms specified in the Issue Notice; and
- (B) the agreements to be signed by the other participants in the Equity Offer,

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

- (2) on return by the Subscriber of the documentation referred to in clause 10.2(e)(1), promptly apply for and use its best endeavours to obtain all regulatory and shareholder approvals and complete all other formalities required to issue the Equity Securities to the Subscriber.
- (f) The Subscriber must return the duly completed and executed agreement referred to in clause 10.2(e)(1) to the Company by no later than the date referred to in clause 10.2(b)(4).
- (g) The Parties acknowledge that circumstances may arise where shareholder approval may be required by law or pursuant to the ASX Listing Rules before Equity Securities in the Company can be issued to the Subscriber under the Participation Right. In these circumstances, the Parties agree that:
 - (1) the Subscriber will be treated in the same manner as other participants in the Equity Offer;
 - (2) to the extent that shareholder approval is required in respect of such issue, the Company is not obliged to issue Equity Securities to the Subscriber pursuant to the Participation Right until that approval has been obtained; and
 - (3) the Company must take all reasonable steps to ensure that shareholder approval is obtained in respect of the issue of Equity Securities to the Subscriber in connection with the Participation Right as soon as possible after the commitment by the Subscriber to participate in the issue (including taking all reasonable steps to procure the Company's non-interested directors unanimously recommend that shareholders vote in favour of the resolution approving the Equity Issue, subject at all times to the directors' fiduciary duties).
- (h) If the Subscriber does not deliver a valid Participation Exercise Notice to the Company within the timeframe required by clause 10.2(c), then the Subscriber is deemed to have waived the operation of the Participation Right in respect of the Equity Offer.
- (i) Unless the Subscriber (acting reasonably) agrees otherwise, the Company must re-comply with the requirements of this clause 10 before proceeding with any Equity Offer if:
 - (1) any of the terms of the documentation referred to in clause 10.2(e)(1) are materially different to that specified in the Issue Notice (with a change in issue price being deemed to be material);
 - (2) the final number of Shares to be issued or the price at which they are to be issued as part of an Equity Offer is outside of the minimum and maximum range specified in the Issue Notice;
 - (3) completed and executed agreements referred to in clause 10.2(e)(1) are not returned to the Company by the participants (other than the Subscriber) on or before the date referred to in clause 10.2(b)(4) (or such later date as may be specified by the Company being not more

- than 5 Business Days after the date referred to in clause 10.2(b)(4)); or
- (4) binding subscription documents for the Equity Offer contemplated in clause 10.2(a) have not been executed within 20 clear Business Days after the date of deemed waiver of the Participation Right by virtue of clause 10.2(h).
- (j) If the operation of this clause will materially prejudice the Company's ability to successfully proceed with an Equity Offer, then the parties agree to discuss in good faith amendments to its operation to address those issue save that neither party is required to agree to any amendment that would prejudice its own rights, interests or corporate objectives.

10.3 Lapse of Participation Right

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

11 Exclusivity

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

this clause 12 and the directors of the Company acting reasonably and in good faith determine that:

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

12 Warranties and indemnities

12.1 Company Warranties

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

12.2 Subscriber Warranties

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

12.3 Repetition warranties

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

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

12.4 Survival

The Warranties survive the execution and Completion of this agreement.

12.5 Reliance

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

12.6 Independent Warranties

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

12.7 Investigation

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

12.8 Future events

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

12.9 Indemnity

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

12.10 Tax

If an amount received by the Subscriber under clause 12.9 or otherwise in respect of any action in respect of any breach of this agreement is treated as assessable or taxable income or an assessable or taxable gain of the Subscriber under any Tax Law, the indemnifying party must pay the Subscriber an additional amount so that, after deducting from the aggregate amount received by the Subscriber under this clause 12.10 and otherwise in respect of that action, the amount of Tax paid or payable in respect of the amount received, the balance remaining is equal to the amount received by the Subscriber under clause 12.9 or otherwise in respect of that action.

13 Termination

13.1 Termination by the Subscriber

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

- (a) Greenstone fails to deposit funds in escrow for the Initial Greenstone Subscription within 13 Business Days after the date of this agreement;
- (b) the Greenstone Subscription Agreement, the Greenstone LP Subscription Agreements, the Castlake Subscription Agreement, Facility Agreement, Streaming Agreement or Marketing Agreement is terminated;
- (c) Greenstone, the Greenstone LPs, Castlake or any of the participants in the Equity Raising default on their settlement obligations on the Completion Date provided that in the case of default by the other participants in the Equity Raising (which to avoid doubt does not include Greenstone, the Greenstone LPs or Castlake) the Company is not able to procure an alternative participant or participants for the same amount and on the same terms (including as to timing including settlement before Completion), as the defaulting participant;
- (d) the Veolia Cooperation Deed is materially amended, terminated or otherwise ceases to have full force and effect;
- (e) any of the representations and warranties of the Company under clause 12.1 are not, or cease to be, true and correct;
- (f) there is an Event of Default or Potential Event of Default (as those terms are defined under the Facility Agreement) or there would be an Event of Default or Potential Event of Default, but for any remedy periods;
- (g) an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of the Company;
- (h) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property of the Company;
- (i) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of the Company; or
- (j) the Company materially breaches this agreement, including breach of any of the undertakings in clause 6, breach of a Company Warranty occurring before Completion or does not materially fulfil its obligations under this agreement.

13.2 Termination by the Company

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

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

- (c) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of the Subscriber.

13.3 Effect of Termination

If this agreement is terminated under clause 2.6 or this clause 13:

- (a) each party retains the rights it has against the other in respect of any breach of this agreement occurring before termination;
- (b) the Subscriber must return to the Company all documents and other materials obtained from or on behalf of the Company in accordance with the terms of the Confidentiality Deed, as if it were a party to that deed; and
- (c) the rights and obligations of each party under each of the following clauses and schedules will continue independently from the other obligations of the parties and survive termination of this agreement:
 - (1) clause 1.2 (Definitions and interpretation);
 - (2) clause 3.2 (Return of Escrow Amount on termination);
 - (3) clause 7.7 (Completion simultaneous);
 - (4) clause 12.9 (Indemnity);
 - (5) clause 13 (Termination);
 - (6) clause 14 (Confidentiality and announcements);
 - (7) clause 15 (Duties, costs and expenses);
 - (8) clause 16 (GST); and
 - (9) clauses 17 and 18 (Notices and General).

13.4 No other right to terminate or rescind

No party may terminate or rescind this agreement except as permitted under clause 2.6 or this clause 13.

13.5 Obligation to inform

Each party must immediately notify the other of the occurrence of an event that could reasonably be expected to result in a right to terminate this agreement under either clauses 13.1 or 13.2 arising.

14 Confidentiality and announcements

14.1 Announcements

A party must not make any public announcement relating to this agreement or the transactions contemplated by it, unless the other party has consented to the announcement, including the timing, form and content, unless the announcement would be permitted under an exemption in clause 14.2.

14.2 Confidentiality

- (a) Immediately following the execution of this agreement, the parties must make a joint public announcement regarding entry into this agreement in a form agreed by both parties (each acting reasonably) (**Initial Announcement**).
- (b) The Initial Announcement must include:
 - (1) a unanimous recommendation by the Board that members vote in favour of the required resolutions in the absence of a superior proposal; and
 - (2) a statement that each member of the Board intends to vote, or procure the voting of, their Director Shares in favour of the resolutions in the absence of a superior proposal.
- (c) Each party (**recipient**) must keep secret and confidential, and must not divulge or disclose any information relating to another party or its business (which is disclosed to the recipient by the other party, its representatives or advisers), this agreement other than to the extent that:
 - (1) the information is in the public domain as at the date of this agreement (or subsequently becomes in the public domain other than by breach of any obligation of confidentiality binding on the recipient);
 - (2) the recipient is required to disclose the information by applicable law or the rules of any recognised stock exchange on which its shares or the shares of any of its related bodies corporate are listed, provided that the recipient has to the extent possible having regard to the required timing of the disclosure consulted with the provider of the information as to the form and content of the disclosure;
 - (3) the disclosure is made by the recipient to its financiers or lawyers, accountants, investment bankers, consultants or other professional advisers to the extent necessary to enable the recipient to properly perform its obligations under this agreement or to conduct their business generally, in which case the recipient must ensure that such persons keep the information secret and confidential and do not divulge or disclose the information to any other person;
 - (4) in respect of the Subscriber, to any limited partner or co-investor or prospective limited partner or co-investor in or with a private equity fund managed by the Subscriber or any associate (as defined in section 318 of the *Income Tax Assessment Act 1936* (Cth)) of the Subscriber, to the extent that disclosure is reasonably relevant to the current investment or future investment decision of that limited partner or co-investor or prospective limited partner or co-investor, and provided the disclosure is made on the basis that the recipient of the information will comply with this clause 14.2 in the same way that the Subscriber is required to do;
 - (5) the disclosure is required for use in legal proceedings regarding this agreement; or
 - (6) the party to whom the information relates has consented in writing before the disclosure (such consent not to be unreasonably withheld or delayed).

15 Duty and costs

15.1 Duties

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

15.2 Costs

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

16 GST

16.1 Definitions

Words used in this clause 16 that have a defined meaning in the GST Law, have the same meaning as in the GST Law unless the context indicates otherwise.

16.2 GST

- (a) Unless expressly included, the consideration for any supply under or in connection with this agreement does not include GST.
- (b) To the extent that any supply made under or in connection with this agreement is a taxable supply (other than any supply made under another agreement that contains a specific provision dealing with GST), the recipient must pay, in addition to the consideration provided under this agreement for that supply (unless it expressly includes GST) an amount (additional amount) equal to the amount of that consideration (or its GST exclusive market value) multiplied by the rate at which GST is imposed in respect of the supply. The recipient must pay the additional amount at the same time as the consideration to which it is referable.
- (c) Whenever an adjustment event occurs in relation to any taxable supply made under or in connection with this agreement:
 - (1) the supplier must determine the amount of the GST component of the consideration payable; and
 - (2) if the GST component of that consideration differs from the amount previously paid, the amount of the difference must be paid by, refunded to or credited to the recipient, as applicable.

16.3 Tax invoices

The supplier must issue a Tax Invoice to the recipient of a supply to which clause 16.2 applies no later than 7 days following payment of the GST inclusive consideration for that supply under that clause.

16.4 Reimbursements

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

17 Notices

17.1 Form of Notice

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

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

17.2 How Notice must be given and when Notice is received

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

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

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

Term	Meaning
waiver	includes an election between rights and remedies, and conduct that might otherwise give rise to an estoppel.

18.4 Variation

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

18.5 Assignment of rights

- (a) Subject to clause 18.5(b), rights arising out of or under this agreement are not assignable by a party without the prior written consent of the other party.
- (b) The Subscriber may assign its rights under clause 8 ('Board representation'), clause 9 ('Project Governance representation') and clause 10 ('Participation Right') to an entity within the wholly owned group of the Subscriber, without the Company's consent provided that before that entity ceases to be within the wholly owned group of the Subscriber, the Subscriber procures that entity to either re-transfer the rights back to the Subscriber or to another entity that is within the wholly owned group of the Subscriber.
- (c) A breach of clause 18.5(a) by a party entitles the other party to terminate this agreement.
- (d) Clause 18.5(b) does not affect the construction of any other part of this agreement.

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

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

18.7 Entire agreement

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

18.8 No merger

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

18.9 No reliance

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

18.10 Counterparts

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

18.11 Relationship of the parties

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

18.12 Exercise of discretions

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

18.13 Subscriber's rights

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

Schedules

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Schedule 1

Notice details

Subscriber	Orion Mine Finance Fund II LP
Address	Canons Court, 22 Victoria Street, Hamilton, HM 12, Bermuda
Attention	General Counsel
Phone	+1 212 596 3467
Fax	+1 646 853 4654
Email	notices@orionresourcepartners.com

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

Schedule 2

Application for Subscription Shares

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

[Insert name of applicant], in accordance with and subject to the terms of the Subscription Agreement dated **[insert date]** and made between the Company and Orion Mine Finance Fund II LP (**Subscriber**) (**Agreement**):

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

date

Signed for
[insert name of applicant]
by its representative

sign here ►

Representative

print name

Schedule 3

Company Warranties

1.1 Definitions

For the purposes of this Schedule 3:

- (a) **Financial Model** means a draft of the 'Financial Model' that is to be provided by the 'Borrower' to the 'Lender' under the Facility Agreement and that has been approved by the Subscriber for the purposes of this agreement from time to time; and
- (b) all other capitalised terms used in this Schedule 3 have the same meaning as in the Facility Agreement, unless defined in this agreement.

1.2 Warranties

The Company warrants that:

- (a) **(Capital Structure):**
 - (1) as the date of this agreement, the capital structure of the Company is as set out in Schedule 5; and
 - (2) on the Initial Subscription Payment Date and immediately before Completion, excluding the issue of any Initial Subscription Shares, Shares issued pursuant to the Greenstone LP Subscription Agreements and the Greenstone Subscription Agreement, Shares issued pursuant to the Castllake Subscription Agreement, Shares issued pursuant to the Equity Raising and Shares issued pursuant to the Share Purchase Plan, the capital structure of the Company is as set out in Schedule 5;
- (b) **(Ownership)** the Subscriber will acquire at Completion:
 - (1) the full legal and beneficial ownership of the Subscription Shares free and clear of all Encumbrances, subject to registration of the Subscriber in the register of shareholders;
 - (2) the Subscription Shares free of competing rights, including pre-emptive rights or rights of first refusal; and
 - (3) the Subscription Shares that are fully paid and have no money owing in respect of them;
- (c) **(Approvals):** except for the approvals to be obtained for the purpose of the condition in clause 2.1(a), there is no restriction on the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares does not need approval from the Company's shareholders under the ASX Listing Rules or Corporations Act;
- (d) **(Official list):**
 - (1) it has been admitted to and is listed on the Official List;

- (2) it has not been removed from the Official List and no removal from the Official List has been threatened by the ASX;
 - (3) the Shares are quoted on the ASX and have not been suspended from quotation and no suspension has been threatened by the ASX; and
 - (4) the Shares are listed and posted for trading on the TSX and no order has been made by any applicable regulatory body to cease trading of the Shares on the TSX;
- (e) **(Disclosure obligations)** it is in compliance with its periodic and continuous disclosure obligations under the ASX Listing Rules, the TSX Company Manual, applicable Canadian securities laws and the Corporations Act and has disclosed to the ASX and the TSX by news release in Canada, and filed on SEDAR as required by applicable Canadian securities laws, all material information concerning the assets and liabilities, financial position and performance and profits and losses of the Company and its business operations of which the Company is aware, or ought reasonably to be aware;
- (f) **(compliance with Tax Law)** it and its Related Corporations have complied with all obligations imposed on them by any Tax Law or as requested by any Government Agency in respect of a Tax Law;
- (g) **(Tax Returns)** it and its Related Corporations have submitted any necessary information, notices, computations and returns to the relevant Government Agency as required by any Tax Law, that disclose all material facts required to be disclosed under Tax Law and are not misleading in any material particular;
- (h) **(Tax Records)** in all material respects, it and its Related Corporations have maintained proper, adequate and accurate records to enable them to comply with their Tax Law obligations and support any position taken under any Tax Law;
- (i) **(No Tax audit or dispute)** the Company is not aware of any current, pending or threatened Tax or Duty audit or dispute with a Government Agency relating to it or its Related Corporations;
- (j) **(registration)** it is a corporation duly incorporated or registered (or taken to be registered) and validly existing under the Corporations Act;
- (k) **(corporate power)** it has the corporate power to own its assets and to carry on its business as it is now being conducted;
- (l) **(authority)** it has power and authority to enter into and perform its obligations under this agreement;
- (m) **(authorisations)** it has taken all necessary action to authorise the execution, delivery and performance of this agreement;
- (n) **(binding obligations)** this agreement constitutes legal, valid and binding obligations against it and is enforceable in accordance with its terms;
- (o) **(transaction permitted)** the execution, delivery and performance by it of the Transaction Documents to which it is expressed to be a party will not breach, or result in a contravention of:
- (1) any law, regulation or Authorisation applicable to it;
 - (2) its Constitution or other constituent documents; or
 - (3) any Encumbrance or agreement which is binding on it,
- and will not result in:

- (4) the creation or imposition of any Encumbrance on any of its assets other than as permitted under a Finance Document; or
- (5) the acceleration of the date for payment of any obligation under any agreement which is binding on it;
- (p) **(disclosure)** all information (excluding financial projections) provided to the Subscriber, the Lender, the Purchaser or any of their Related Corporations or affiliates by or on its behalf in relation to it or its Subsidiaries', assets, business or affairs or this agreement was in all material respects correct and not misleading (by omission or otherwise) as at the time it was provided;
- (q) **(financial projections)** the Financial Model and all financial projections provided to the Subscriber, the Lender, the Purchaser or any of their Related Corporations or affiliates by or on its behalf (including under the Financial Model) have been prepared on the basis of recent information and on the basis of reasonable assumptions, in each case as at the time it was provided;
- (r) **(no withholding)** it has not withheld from the Subscriber any information which a reasonable person in the Subscriber's position would consider material to the decision of the Subscriber to enter into this agreement;
- (s) **(financial information)** its most recent Financial Reports or accounts provided to the 'Lender' under clause 8.1 of the Facility Agreement:
 - (1) give a true and fair view of the financial condition and state of its affairs as at the date they were prepared and of the results of its operations for the period they cover; and
 - (2) were prepared in accordance with the Accounting Standards;
- (t) **(no change in affairs)** there has been no change in its or its Subsidiaries state of affairs since the end of the accounting period for their most recent Financial Reports or accounts referred to in Company Warranty 1.2(s) which has had, or is likely to have, a Material Adverse Effect (as defined under both the Stream Agreement and Facility Agreement);
- (u) **(Authorisations)** subject to the satisfaction of the conditions in clause 2.1 of this agreement, any Authorisations required in connection with the execution and performance by it and the validity and the enforceability against it of this agreement, and its performance of the transactions contemplated by this agreement, have been obtained and are in full force and effect and there has been no material default by it in the performance of any of the material terms and conditions of those Authorisations;
- (v) **(no Seller Event of Default)** no 'Seller Event of Default' (as defined in the Stream Agreement) has occurred and is continuing which has not been notified to Purchaser in accordance with the Stream Documents;
- (w) **(no Default or Review Event)** no Default or Review Event has occurred and is continuing which has not been notified to 'Lender' in accordance with the Finance Documents;
- (x) **(no litigation)** no litigation, arbitration, dispute or administrative proceeding has been commenced, is pending or to its knowledge is threatened, which is reasonably likely to be adversely determined and which if adversely determined will have, or be likely to have, a Material Adverse Effect (as that term is defined under both the Facility Agreement and Stream Agreement);
- (y) **(no immunity)** it or its Subsidiaries do not, nor do their assets (including the Project Assets), enjoy immunity from suit or execution;

- (z) **(not a trustee)** it does not enter into this agreement as trustee of any trust or settlement;
- (aa) **(solvency)** no Insolvency Event has occurred in relation to it or any of its Subsidiaries;
- (bb) **(representations true)** each of its representations and warranties contained in this agreement is correct and not misleading when made or repeated;
- (cc) **(intellectual property)** it and each of its Subsidiaries own or has licensed to them on arm's length terms or has available to use all Intellectual Property Rights necessary to carry on their business as it is now being conducted;
- (dd) **(commercial benefit)** the entering into and performance by it of its obligations under this agreement is for its commercial benefit and is in its commercial interests;
- (ee) **(Taxes)**
 - (1) it and its Subsidiaries have paid all Taxes due and payable by them (other than Contested Taxes which are not required to be paid while they are being contested and for which it has set aside sufficient funds to cover those Contested Taxes), and no claims are being asserted against it or any of its Subsidiaries in respect of any Taxes (other than Contested Taxes); and
 - (2) it is a member of the Consolidated Group;
- (ff) **(Group structure)**
 - (1) its only Subsidiaries are listed in the Group Structure Diagram; and
 - (2) the Group Structure Diagram is true and correct in all respects and does not omit any material information or details;
- (gg) **(Permitted JV Documents)**
 - (1) it has given to the Subscriber complete copies of all the Permitted JV Documents entered into as at the date this representation and warranty is made or repeated; and
 - (2) other than as disclosed to the Subscriber, no Permitted JV Document has been amended or varied; and
- (hh) **(compliance)**
 - (1) it and each of its Subsidiaries are in compliance with AML Legislation, Anti-Corruption Laws and applicable Sanctions and has not been charged under or in respect of any of them; and
 - (2) to the best of its knowledge, information and belief, having made all due enquiries, each of its and its Subsidiaries' Officers, employees and agents is in compliance with AML Legislation, Anti-Corruption Laws and applicable Sanctions and has not been charged under or in respect of any of them.

Project representations and warranties

- (ii) **(Mineral Rights)**
 - (1) the Mineral Rights are legal, valid and continuing and, together with the applicable Authorisations, confer on Tarago Operations Pty Ltd all material rights required to enable it to develop, construct and operate the Project;

- (2) Tarago Operations Pty Ltd is the legal and beneficial holder of the Mineral Rights and no person other than Tarago Operations Pty, has any legal interest in any of the Mineral Rights; and
- (3) Tarago Operations Pty Ltd is in compliance in all material respects with all obligations in connection with the Mineral Rights;

(jj) **(Project Authorisations)**

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

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

(ll) **(Material Documents)**

- (1) Tarago Operations Pty Ltd has given to the Purchaser complete copies of all the Material Documents (as defined under the Stream Agreement) and to the Lender complete copies of all Material Documents entered into as at the date this representation and warranty is made or repeated, and those documents and agreements are in full force and effect;
- (2) other than as disclosed to the Purchaser or Lender, no Material Document (as defined under both the Facility Agreement and Stream Agreement) entered into as at the date this representation and warranty is made or repeated has been amended or varied;
- (3) no event has occurred or condition exists which would permit the cancellation, termination, forfeiture or suspension of a Material Document (as defined under both the Facility Agreement and Stream Agreement) entered into as at the date this representation and warranty is made or repeated by a party other than a Transaction Party, nor is a

- Transaction Party in breach in a material respect under any such Material Document;
- (4) the Material Documents (as defined under both the Facility Agreement and Stream Agreement) contain the entire agreement of the parties to them as to the Project and there are no other material contracts, agreements or arrangements entered into by a Transaction Party in connection with the Project (as at the date this representation and warranty is made or repeated); and
 - (5) the entry into and performance by it or its Subsidiaries of, and the transactions contemplated by, each Material Document (as defined under both the Facility Agreement and Stream Agreement) do not and will not conflict with:
 - (A) any law, regulation or Authorisation applicable to it or its Subsidiaries;
 - (B) its or its Subsidiaries constitution or other constituent documents; or
 - (C) any agreement or instrument binding upon it or its Subsidiaries or any of their assets;
- (mm) **(Project Completion Date)** it is not aware of any existing act, matter, thing or circumstance which it can reasonably expect will prevent the Project Completion Date occurring on or before the Completion Longstop Date;
- (nn) **(environment)**
- (1) it and Tarago Operations Pty Ltd are in compliance in all material respects with all Environmental Laws and Environmental Approvals, and its HSEC Policy, in respect of themselves and the Project;
 - (2) the construction, development and operation of the Project as contemplated by the Financial Model complies in all material respects with all applicable Environmental Laws and Environmental Approvals;
 - (3) all Environmental Approvals necessary for the construction, development and operation of the Project are in place except for any which as a matter of law or generally applicable Good Mining Practice cannot or should not reasonably be obtained until shortly before the events to which they relate occur (where those events are not imminent), and it has no reason to believe that those Environmental Approvals which are not presently held will not be obtained at the appropriate time in the future;
 - (4) there has been no material adverse change to the scope or terms of any of the Environmental Approvals referred to in Company Warranty 1.2(nn)(3) other than a change which is reflected in the current development or mine plan for the Project which has first been approved by the Purchaser or Lender and all additional or increased costs incurred, or to be incurred, in connection with that change are reflected in the Financial Model;
 - (5) no Government Agency has sought to have any of the Environmental Approvals referred to in Company Warranty 1.2(nn)(3) revoked or have the scope or terms of them materially and adversely changed other than a revocation or change which has first been approved by the Purchaser or Lender or a change which is reflected in the current development or mine plan for the Project which has first been approved by the Lender or

Purchaser and all additional or increased costs incurred, or to be incurred, in connection with that change are reflected in the Financial Model;

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

Subscriber Warranties

The Subscriber warrants in respect of itself and any Nominee that:

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

Schedule 5

Schedule of Capital

415,009,381 fully paid ordinary shares.

25,229,828 options comprising of:

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

Executed as an agreement

Subscriber

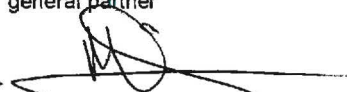
Signed for
Orion Mine Finance Fund II L.P.

By: Orion Mine Finance GP II L.P., its
general partner

By: Orion Mine Finance GP II Limited, its
general partner


in the presence of

sign here ►



Authorised Signatory

sign here ►



Witness

print name

MELAWIE SIMONS

print name

Anne Bennett-Smith

Company

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

sign here ►

Company Secretary/Director

sign here ►

Director

print name

print name

Signing page

Executed as an agreement

Subscriber

Signed for
Orion Mine Finance Fund II L.P.
By: Orion Mine Finance GP II L.P., its
general partner
By: Orion Mine Finance GP II Limited, its
general partner

in the presence of

sign here ►

Authorised Signatory

sign here ►

Witness


print name

print name

Company

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

sign here ►



Company Secretary/Director

sign here ►



Director

print name

Simon Smith

print name

Wayne Taylor