



UPDATE ON SPIN-OFF OF ARDEA RESOURCES LIMITED

Heron Resources Limited (**Heron**) provides the following update on the restructure and de-merger of its non-Woodlawn asset portfolio in New South Wales and Western Australia, with a focus on gold and nickel, through the listing on ASX of its wholly owned subsidiary, Ardea Resources Limited (**Ardea**) (**Spin-Off**).

Details of the Spin-Off are set out in Heron's notice of meeting announced 29 August 2016 (**Notice of Meeting**).

Amended Record Date

Following consultation with ASX the record date to determine entitlements under the Spin-Off will now be 6 October 2016 (**Record Date**).

The Spin-Off is subject to certain other conditions being satisfied (as detailed in the Notice of Meeting) and a decision whether to proceed with the Spin-Off is expected to be made in October 2016.

Treatment of foreign shareholder entitlements

As stated in the Notice of Meeting and so as to comply with relevant local laws where they reside, Heron Shareholders on the Record Date with an address outside Australia (**Ineligible Shareholders**) will have their pro-rata entitlement of Ardea Shares sold by the Lead Manager through a share sale facility (**Sale Facility**) and the net proceeds paid to the Ineligible Shareholder, with the timing of the sale to coincide with a public offer of Ardea Shares and a market for Ardea Shares being established on ASX.

Euroz Securities Limited (**Lead Manager**) will be appointed as Heron's nominee in relation to the Sale Facility.

Shareholders with a registered address outside Australia have the following options under the Sale Facility:

1. **Retain their Ardea Shares** – Ineligible Shareholders who wish to retain their Ardea Shares will need to complete and return a Share Retention Form (which will be sent to all Ineligible Shareholders after the Record Date) to Heron's share registry. In this case, their Ardea Shares will be transferred to these shareholders at no cost through the Sale Facility, subject to the holder warranting that the transfer complies with all applicable laws.
2. **Have their Ardea Shares sold** – the Lead Manager will attempt to sell Ardea Shares for which Ineligible Shareholders do not choose Option 1 above (and instead do nothing), and account to these Ineligible Shareholders (or their intermediary, such as an investment dealer, bank or other financial institution, where an Ineligible Shareholder's Heron shares are held by the intermediary) for the net proceeds.

The Lead Manager, as Heron's nominee, will attempt to sell Ardea Shares under the Sale Facility either:

1. in conjunction with a public offer by Ardea as part of its listing on ASX at \$0.20 per Ardea Share (**Public Offer**), in which case the sale price under the Sale Facility will be \$0.20 per Share; or
2. following Ardea's listing on ASX, as soon as reasonably practicable at such prices and on such other terms as the Lead Manager determines in its absolute discretion (acting in good faith and with the objective of seeking to achieve the best price reasonably obtainable having regard to



Heron Resources Limited

ASX/TSX Release

29 September 2016

factors such as the prevailing market conditions), and at the risk of the Ineligible Shareholder, provided that:

- (a) Ardea Shares sold off-market are sold at a price that is no less than \$0.20, being the price at which Ardea Shares will be offered under the Public Offer; and
- (b) Ardea Shares sold on-market are sold in the ordinary course of trading on ASX.

In addition, the Lead Manager will use reasonable endeavours to ensure that the price at which it sells Ardea Shares (whether on or off-market) is consistent with an orderly market and ordinary commercial practice. The Lead Manager, subject to the above, will have absolute and sole discretion to determine the timing and price at which the Ardea Shares may be sold and the manner of any such sale. There is no guarantee that the Lead Manager will be able to sell the Shares of Ineligible Shareholders on ASX or at all.

Sale proceeds will be calculated on an average basis so that all Ineligible Shareholders will receive the same price for each Ardea Share sold on their behalf, subject to rounding down to the nearest whole Australian cent.

If the Ardea Shares under the Sale Facility are sold on-market, the sale price of these Ardea Shares and, therefore, the sale proceeds to be received by each Ineligible Shareholder, cannot be guaranteed, as the market price of Ardea Shares will fluctuate over time. Shareholders will be able to obtain information on the market price of Ardea Shares on the ASX's website (www.asx.com.au) following Ardea's listing on ASX.

The sale proceeds (less 1% brokerage fee of the value of the Ardea Shares sold), if any, will be remitted to each Ineligible Shareholder by:

- (a) direct credit to the nominated bank account as notified to Heron's share register; or
- (b) where an account has not been provided, by cheque sent by mail to the Ineligible Shareholder's address as shown on Heron's share register,

and in any event no later than eight weeks following Ardea's listing on ASX.

Both the Company and the Lead Manager take no responsibility for the outcome of the sale of Ineligible Shareholders' Ardea Shares or the inability to sell such shares.

The Company will write to Ineligible Shareholders shortly after the Record Date and ask them how they would like to proceed under the Sale Facility, and secure bank account details if that is the shareholder's preference.

Please contact the Company Secretary, Mr Simon Smith on telephone +61 2 9119 8111 or email to heron@heronresources.com.au if you have any queries regarding the Spin Off.