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\$35.4 MILLION UNDERWRITTEN ACCELERATED NON-RENOUNCEABLE RIGHTS ISSUE

Heron Resources Limited (ASX:HRR “Heron” or the “Company”) today confirms the Company has secured a A\$91 million funding package that will allow Heron to move the Woodlawn Zinc-Copper Project (**Woodlawn**) to Project Completion and see it through to cash flow positive operations.

The A\$91m package consists of:

- (a) a A\$35m non-renounceable entitlement offer of new shares (at A\$0.20 per share), with an accelerated component to provide early funding (**Entitlement Offer**);
- (b) a US\$35 million (A\$52 million¹) convertible note provided by funds managed by Castlake, L.P. (**Castlake**), Greenstone Resources LP (**Greenstone**) and Orion Mine Finance Group (**Orion**);
- (c) a US\$3 million (A\$4 million¹) stream over zinc by-product; and
- (d) an extension to the maturity date of the existing US\$60 million loan (senior secured) by 12 months from 31 December 2022 to 31 December 2023 (and repayment profile adjusted to match revised cashflow profile and extended tenor).

Under the terms of the Entitlement Offer, existing shareholders of the Company will be entitled to subscribe for 0.7324 new shares, for an issue price of \$0.20 per share, for every 1 share held as at 5.00pm (AEDT time) on 8 October 2019 (**Record Date**).

The Entitlement Offer comprises two components:

- (a) an institutional offer, where certain institutional investors will be invited to apply for their pro rata entitlement (**Institutional Offer**); and
- (b) a retail offer where eligible retail shareholders will be invited to apply for their pro rata entitlement (**Retail Offer**).

The Company will use the funds raised under the Entitlement Offer to provide additional financial support in connection with the ongoing ramp-up of the Woodlawn Project to nameplate capacity, repay a portion of the outstanding loan under the loan facility provided by Orion Mine Finance Fund II LP, provide working capital and to pay the costs of the Entitlement Offer.

The Entitlement Offer is underwritten by funds managed by Castlake and Greenstone) for an aggregate amount of A\$10.9 million. In addition, each of the Castlake funds, Greenstone and Orion have provided commitments to take up their Entitlements in full, either under the Entitlement Offer or (in the case of a Castlake fund and Greenstone) via further underwriting obligations.

The closing date for the Retail Offer is 22 October 2019.

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

- (a) are registered as a holder of Shares as at the Record Date;
- (b) have an address on the Company’s share register in Australia, New Zealand or the United States (to the extent that they are US Accredited Investors) as at the Record Date;

¹ Assumes exchange rate of 0.678 AUDUSD.



- (c) to the extent that they are not US Accredited Investors, are not in the United States and are not a person in the United States or acting for the account or benefit of US Persons, to that extent;
- (d) did not receive an offer (other than as nominee) under the Institutional Offer and were not treated as an ineligible institutional Shareholder under the Institutional Offer; and
- (e) are eligible under all applicable laws to receive an offer under the Retail Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification.

Retail shareholders who do not satisfy each of these criteria (other than those who received an offer under the Institutional Offer) are ineligible retail shareholders. Patersons Securities Limited (**Patersons**) and Nascent Capital Partners Pty Ltd are engaged as Joint Lead Managers to place and facilitate demand for, on a reasonable endeavours basis, shortfall shares to other investors who apply for shares under the Shortfall Offer, which is a separate offer to accompany the Entitlement Offer. Eligible shareholders are also invited to apply for shortfall shares in excess of their entitlement and will be given priority over applications from other investors. Patersons are also engaged to act as s615 nominee on behalf of foreign ineligible shareholders.

The Retail Offer will be made to Eligible Retail Shareholders under a Prospectus, which sets out the material information in relation to the Entitlement Offer.

The Prospectus has been lodged with ASIC and ASX and is available on the Company's website at (www.heronresources.com.au) and the Company's registered office at Level 8, 309 Kent Street, Sydney, NSW, 2000. The Prospectus, together with an entitlement and acceptance form ("Entitlement and Acceptance Form"), will also be mailed to all eligible retail shareholders in accordance with the timetable below.

Any person considering acquiring shares under the Retail Offer should read the Prospectus carefully. Applications for shares under the Retail Offer may only be made using the Entitlement and Acceptance Form to be attached to, or accompanying the Prospectus. Shares will only be issued on the basis of an Entitlement and Acceptance Form issued together with the Prospectus.

The following timetable is indicative only. Subject to the Corporations Act and Listing Rules, the Company reserves the right to vary the dates and times in connection with the Entitlement Offer, including the closing date, without prior notice.

| EVENT | TIME / DATE ² |
|--|--------------------------|
| Announcement of Entitlement Offer | 4 October 2019 |
| Lodgement of Prospectus with ASIC and released to ASX | 4 October 2019 |
| Conduct Institutional Entitlement Offer | 4-7 October 2019 |
| Announcement of results of Institutional Entitlement Offer | 8 October 2019 |
| Company Suspension lifted | 8 October 2019 |
| Record Date for the Entitlement Offer | 5:00pm on 8 October 2019 |

² All times and dates refer to AEST prior to 6 October 2019. Following 6 October 2019 all times and dates refer to AEDT.



Heron Resources Limited

ASX Release

4 October 2019

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| Despatch of Prospectus and Entitlement and Acceptance Form and announcement that despatch completed | 11 October 2019 |
| Retail Entitlement Offer opens | 11 October 2019 |
| Settlement of Institutional Entitlement Offer | 14 October 2019 |
| Issue of New Shares under the Institutional Entitlement Offer and normal trading of the New Shares expected to commence on ASX | 15 October 2019 |
| Retail Entitlement Offer closes | 5.00pm on 22 October 2019 |
| Announcement of results under Retail Entitlement Offer | 25 October 2019 |
| Settlement of Retail Entitlement Offer | 7:00pm on 28 October 2019 |
| Issue of New Shares under the Retail Entitlement Offer | 29 October 2019 |
| Normal trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX | 30 October 2019 |

For and on behalf of the Board

Stephen Dennis

Chairman

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