

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

HERON RESOURCES LIMITED

ABN

30 068 263 098

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Fully paid ordinary shares (New Shares). |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 57,584,627 New Shares pursuant to the institutional component of the accelerated non-renounceable entitlement offer (Institutional Entitlement Offer) described in the ASX Announcement lodged with ASX on 4 October 2019 (Entitlement Offer).

Approximately 119,412,220 New Shares are expected to be issued under the retail component of the Entitlement Offer (subject to reconciliation of shareholder entitlements and rounding). |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)</p>	<p>New Shares to be issued on the same terms as all existing fully paid ordinary shares.</p>
<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes.</p>
<p>5 Issue price or consideration</p>	<p>A\$0.20 per New Share issued under the Institutional Entitlement Offer.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Part of a broader funding package to advance the Woodlawn Project to cash flow positive operations described in the ASX Announcement lodged with ASX on 4 October 2019.</p> <p>This issue represents the completion of the Institutional Entitlement Offer component of the Entitlement Offer.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>No.</p>

+ See chapter 19 for defined terms.

6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of +securities issued without security holder approval under rule 7.1	N/A
6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	57,584,627
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer to Appendix 1.
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	The issue date is 15 October 2019.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		299,251,539	Fully paid ordinary shares
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the ⁺ securities in section 2 if applicable)	Number	⁺ Class
		1,650,000	Options exercisable at A\$0. 72 and expiring 4 December 2020
		265,000	Options exercisable at A\$1.10 and expiring 1 February 2022
		2,895,000	Performance Rights vesting on 30 June 2020
		2,021,667	Performance Rights vesting on 30 June 2021
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	As per Company policy for all ordinary shares.	

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

11	Is security holder approval required?	No.
12	Is the issue renounceable or non-renounceable?	Non-renounceable (ANREO).
13	Ratio in which the +securities will be offered	0.7324 New Shares for every 1 ordinary share held at the record date for the Entitlement Offer.
14	+Class of +securities to which the offer relates	Fully paid ordinary shares.
15	+Record date to determine entitlements	5:00pm (AEDT) on 8 October 2019.
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No, but the Company reserves the right to aggregate holding held by associated shareholders for the purpose of calculating entitlements.
17	Policy for deciding entitlements in relation to fractions	Fractions arising in the calculation of entitlements will be rounded up to the nearest whole number of shares.
18	Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	For the Entitlement Offer, all countries other than Australia, New Zealand and the United States of America (to the extent that those security holders are US institutional accredited investors).
19	Closing date for receipt of acceptances or renunciations	The closing date under the retail component of the Entitlement Offer is scheduled for 22 October 2019.

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

20	Names of any underwriters	CL V Investment Solutions LLC and Greenstone Management (Delaware) II LLC in its capacity as a general partner of Greenstone Resources II (Australia) Holdings L.P (the Underwriters).
21	Amount of any underwriting fee or commission	The Company has agreed to pay the Underwriters an underwriting fee of 4% of the underwritten amount (being \$10.9 million, which amount excludes any entitlements not taken up by the Underwriters (or their affiliates) under the Entitlement Offer).
22	Names of any brokers to the issue	Patersons Securities Limited and Nascent Capital Partners Pty Ltd (the JLMs).
23	Fee or commission payable to the broker to the issue	The Company will pay the JLMs a fee equal to 6% of the gross amount raised pursuant to the shortfall offer. All selling fees (including broker stamping fees) payable to third parties will be met from this fee by the JLMs. In addition, the Company will pay to the JLMs a facilitation fee of \$125,000 plus GST on completion of the Shortfall Offer.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	As noted above.
25	If the issue is contingent on security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	A prospectus was lodged on 4 October 2019 and was despatched with personalised entitlement and acceptance forms to shareholders on 11 October 2019.
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Notices were sent on 4 October 2019.

+ See chapter 19 for defined terms.

28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Issue date	<p>The issue date under the institutional component of the Entitlement Offer is scheduled for 15 October 2019.</p> <p>The issue date under the retail component of the Entitlement Offer is scheduled for 29 October 2019.</p>

⁺ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of +securities
(tick one)

(a) +Securities described in Part 1

(b) All other +securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought

39 +Class of +securities for which quotation is sought

+ See chapter 19 for defined terms.

<p>40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>N/A</p>
--	------------

<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>	<p>N/A</p>
---	------------

<p>42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="padding: 2px 5px;">Number</th> <th style="padding: 2px 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center; padding: 5px;">N/A</td> <td style="text-align: center; padding: 5px;">N/A</td> </tr> </tbody> </table>	Number	+Class	N/A	N/A
Number	+Class				
N/A	N/A				

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:

Company secretary

Date: 14 October 2019

Print name: Simon Smith.....

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	241,666,912
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	57,584,627
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil
“A”	299,251,539

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	44,887,730
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	2,000,000 Shares agreed to be issued to Sedgman in accordance with the settlement announced on 4 October 2019
“C”	2,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	44,887,730
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	2,000,000
Total [“A” x 0.15] – “C”	42,887,730 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	N/A
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	N/A
“E”	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	N/A
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	N/A
Total ["A" x 0.10] – "E"	N/A <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.