



Heron Resources Limited
ASX/TSX Release

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ASX grants Heron waivers from ASX Listing Rule 6.18 to provide anti-dilution rights to Castlelake and Orion

Heron Resources Limited (“Heron” or the “Company”) refers to its announcement on 30 June 2017 in relation to the A\$240 million funding package required for the construction and ramp-up of its 100% Woodlawn Zinc-Copper Project, located in New South Wales, Australia. As announced on 30 June 2017, the funding package includes equity funding from each of Orion Mine Finance Fund II LP (“Orion”) and Castlelake L.P. (**Castlelake**), with the Company entering into subscription agreements with Castlelake and Orion for the issue of Heron shares to raise an aggregate of A\$62 million (**Placements**), subject to various conditions including waivers for ASX Listing Rule 6.18 and shareholder approval (**Subscription Agreements**).

The Subscription Agreements contemplate the establishment of strategic relationships between Orion and the Company, and between Castlelake and the Company, with the Company granting anti-dilution rights to Orion and Castlelake to maintain their percentage holdings in the Company subject to a waiver from ASX.

The Company is pleased to announce that ASX has granted a waiver from ASX Listing Rule 6.18 to enable the Company to grant the anti-dilution rights to Orion and Castlelake.

It should be noted that the anti-dilution rights will only be granted if the Placements complete. The general meeting to seek shareholder approval for the funding package, including the Placements is to be held at 2.00pm (AEDT) on Thursday, 17 August 2017.

A summary of the terms of the waivers for Orion and Castlelake are provided in Annexures 1 and 2 respectively.

A handwritten signature in black ink, appearing to read 'Simon Smith'.

Simon Smith
Company Secretary

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Annexure 1: Terms of the ASX waiver in respect of Orion

Based solely on the information provided, ASX Limited (“ASX”) grants Heron Resources Limited (the “Company”) a waiver from listing rule 6.18 to the extent necessary to permit Orion Mine Finance Fund II LP, a fund managed by Orion Mine Finance GP II L.P, and its related bodies corporate (“Orion”) to maintain, by way of a right to participate in any issue of securities or to subscribe for securities, its percentage interest in the issued share capital of the Company (the “Anti-Dilution Right”) in respect of a diluting event which occurs or is announced following completion of the proposed issue of share to Orion (“Placement”) so that Orion holds up to 17.39% voting power in the Company, on the following conditions

1.1. The Anti-Dilution Right lapses on the earlier of:

- 1.1.1. the date on which Orion ceases to hold in aggregate at least 10% voting power in the Company (other than as a result of shares (or equity securities) to which the Anti-Dilution Right applies and in respect of which Castllake is still entitled to exercise, or has exercised, the Anti-Dilution Right);*
- 1.1.2. the date on which Orion’s voting power in the Company exceeds 25%; or*
- 1.1.3. the strategic relationship between the Company and Orion ceasing or changing in such a way that it effectively ceases.*

1.2. The Anti-Dilution Right may only be transferred to an entity in the wholly owned group of Orion.

1.3. Any securities issued under the Anti-Dilution Right must be issued to Orion for cash consideration that is:

- 1.3.1. no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or*
- 1.3.2. equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).*

1.4. The number of securities that may be issued to Orion under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for Orion to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.

1.5. The Company discloses a summary of the Anti-Dilution Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Anti-Dilution Right.

1.6. The Company immediately releases the terms of the waiver to market.



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Annexure 2: Terms of the ASX waiver in respect of Castllake

Based solely on the information provided, ASX Limited ("ASX") grants Heron Resources Limited (the "Company") a waiver from listing rule 6.18 to the extent necessary to permit Castllake L.P. and its related bodies corporate ("Castllake") to maintain, by way of a right to participate in any issue of securities or to subscribe for securities, its percentage interest in the issued share capital of the Company (the "Anti-Dilution Right") in respect of a diluting event which occurs or is announced following completion of the proposed issue of share to Castllake ("Placement") so that Castllake holds up to 19.89% voting power in the Company, on the following conditions

- 1.1. The Anti-Dilution Right lapses on the earlier of:
 - 1.1.1. the date on which Castllake ceases to hold in aggregate at least 10% voting power in the Company (other than as a result of shares (or equity securities) to which the Anti-Dilution Right applies and in respect of which Orion is still entitled to exercise, or has exercised, the Anti-Dilution Right);*
 - 1.1.2. the date on which Castllake's voting power in the Company exceeds 25%; or*
 - 1.1.3. the strategic relationship between the Company and Castllake ceasing or changing in such a way that it effectively ceases.**
- 1.2. The Anti-Dilution Right may only be transferred to an entity in the wholly owned group of Castllake.*
- 1.3. Any securities issued under the Anti-Dilution Right must be issued to Castllake for cash consideration that is:
 - 1.3.3. no more favourable than cash consideration paid by third parties (in the case of issues of securities to third parties for cash consideration); or*
 - 1.3.4. equivalent in value to non-cash consideration offered by third parties (in the case of issues of securities to third parties for non-cash consideration).**
- 1.4. The number of securities that may be issued to Castllake under the Anti-Dilution Right in the case of any diluting event must not be greater than the number required in order for Castllake to maintain its percentage holding in the issued share capital of the Company immediately before that diluting event.*
- 1.5. The Company discloses a summary of the Anti-Dilution Right to persons who may subscribe for securities under a prospectus, and undertakes to include in each annual report a summary of the Anti-Dilution Right.*
- 1.6. The Company immediately releases the terms of the waiver to market.*