

12 August 2021

**HERON RESOURCES LIMITED ACN 068 263 098
AND ITS SUBSIDIARIES AS LISTED IN SCHEDULE 1
(TOGETHER "THE GROUP")
(ALL ADMINISTRATORS APPOINTED)**

Dear creditors

I refer to my appointment as administrator of Heron Resources Limited (administrators appointed) and its subsidiaries (together, the Group) on 16 July 2021.

COURT APPLICATION

I write to notify you that we will today commence proceedings in the New South Wales Supreme Court seeking the following orders:

- **Funding approval orders:** Approving the entry into a funding agreement with OMF Fund II (H) Ltd ("Orion") involving the provision by Orion of up to US\$3.55 million in funding, secured against the assets of the companies in the Group ("Orion Loan"). The funds will be borrowed by Tarago Operations Pty Limited ("TOP"). There will be a separate intercompany loan between TOP and the other companies in the group where the funds loaned to TOP can be on-lent to be used in the administrations of the other Group companies. The Orion Loan is primarily for the purpose of funding the ongoing care and maintenance operations at the Woodlawn Mine, the forthcoming sale and recapitalisation process which the administrators will shortly commence seeking expressions of interest in acquiring or recapitalising the Heron Group ("EOI Process"), and to fund the costs and expenses of the administrations of the Group.
- **Convening period extension orders:** Extending the convening period of the administration to 16 November 2021. This is primarily to enable the EOI Process to be completed, with a view to:
 - maximising the chances of the Group, or as much as possible of its business, continuing in existence; or

FTI Consulting (Australia) Pty Limited
ABN 49 160 397 811 | ACN 160 397 811 | AFSL Authorised Representative # 001269325
Level 22, 1 Macquarie Place | Sydney NSW 2000 | Australia
Postal Address | «Firm_Postal_Address_RP» | Royal Exchange NSW 1225 | Australia
+61 02 8247 8000 telephone | fticonsulting.com

Liability limited by a scheme approved under Professional Standards Legislation.

- if it is not possible for the Group or its business to continue in existence, result in a better return for the Group's creditors than would result from an immediate winding up of the Group.

A copy of the originating process in relation to the proceedings is attached for your reference.

If the Court does not grant the funding approval orders, I will not be in a position to utilise the Orion Loan and will not be in a position to continue the care and maintenance program at the Woodlawn Mine for the entire period of the planned sales and/or recapitalisation process, or to fund the EOI Process itself. If the Court does not grant the convening period extension orders, there will not be sufficient time in the administration to conduct the planned EOI Process. As a consequence, there is a material risk that in those circumstances, there would be a substantially worse outcome for creditors as a whole.

THE ADMINISTRATORS' VIEW

The administrators consider that both the funding approval orders and the convening period extension orders are necessary and are in the best interests of the Group's creditors. The administrators' counsel will be making submissions along those lines at the hearing before his Honour Justice Black at 10am on Friday 13 August 2021. Creditors are welcome to attend the hearing which is public. The hearing can be accessed by telephone, simply by dialling (02) 8759 0882.

QUERIES

If creditors have any questions about this, the administrations or any aspect of the Group's operations please contact Jonathan Hayim on (02) 8247 8000 or by email at Jonathan.hayim@fticonsulting.com.

Yours faithfully



Christopher Hill

Joint and Several Administrator

SCHEDULE 1
SCHEDULE OF COMPANIES

Company Name	ACN
Heron Resources Limited (Administrators Appointed)	068 263 098
Hampton Nickel Pty Limited (Administrators Appointed)	100 180 498
Ochre Resources Pty Limited (Administrators Appointed)	112 833 351
Tarago Exploration Pty Ltd (Administrators Appointed)	115 529 112
Tarago Operations Pty Ltd (Administrators Appointed)	127 810 413
Woodlawn Mine Holdings Pty Ltd (Administrators Appointed)	612 657 164

IN THE SUPREME COURT OF NEW SOUTH WALES

No

of 2021

DIVISION: EQUITY

LIST: CORPORATIONS

REGISTRY: SYDNEY

IN THE MATTER OF **HERON RESOURCES LIMITED (ADMINISTRATORS APPOINTED) & ORS**

ACN: **068 263 098**

**CHRISTOPHER CLARKE HILL, DAVID PETER MCGRATH AND MICHAEL JOSEPH RYAN IN
THEIR CAPACITY AS JOINT AND SEVERAL ADMINISTRATORS OF HERON RESOURCES
LIMITED (ACN 068 263 098) (ADMINISTRATORS APPOINTED)**

(AND THE COMPANIES LISTED IN SCHEDULE 1)

Plaintiffs

ORIGINATING PROCESS

A. DETAILS OF APPLICATION

This application is made under sections 439A(6) and 447A of the *Corporations Act 2001* (Cth) (the **Act**), and sections 80-55(5)(b) and 90-15 of the *Insolvency Practice Schedule (Corporations)* set out in Schedule 2 of the Act (**IPS**).

The Plaintiffs seek relief in relation to Heron Resources Limited ACN 068 263 098 (**Heron Resources**) and each of the companies listed in Schedule 1 (**Heron Subsidiaries**), (each a **Company**, and together with Heron Resources, **the Companies**).

On the facts stated in the supporting affidavit of Christopher Clarke Hill sworn 12 August 2021 (**Affidavit**), the Plaintiffs apply for the following relief:

- 1 An order that the Originating Process be made returnable *instanter*.

Extension of Convening Period

- 2 An order pursuant to section 439A(6) of the Act that the convening period within which the plaintiffs must convene the second meeting of creditors of the Companies section 439A of the Act (**Second Meeting**) be extended from 16 August 2021 to 16 November 2021.
- 3 An order pursuant to section 447A(1) of the Act that Part 5.3A of the Act is to operate such that the Second Meeting may be held at any time during, or within five business days after the end of, the convening period as extended by paragraph 2 above, notwithstanding the provisions of section 439A(2) of the Act.

Funding Agreement

- 4 An order pursuant to section 90-15 of the IPS that the plaintiffs (in their capacity as administrators of Tarago Operations Pty Ltd ACN 127 810 413 (**Tarago**)) are justified in causing Tarago to borrow loan monies not exceeding the sum of US\$3.55 million from OMF Fund II (H) Ltd (**Funder**) pursuant to the funding agreement substantially in the form described in the Affidavit (**Funding Agreement**).
- 5 An order pursuant to section 447A(1) of the Act that Part 5.3A of the Act is to operate so that if the indemnity of the plaintiffs (in their capacity as administrators of Tarago) under section 443D of the Act out of the property of Tarago is insufficient to satisfy any debt or liability incurred by the plaintiffs (in their capacity as administrators of Tarago) in respect of the Funding Agreement, then the plaintiffs will not be personally liable to repay any such debt or liability to the extent of that insufficiency.
- 6 An order pursuant to section 447A(1) of the Act that Part 5.3A of the Act is to operate so that the indemnity of the plaintiffs (in their capacity as administrators of Tarago) under section 443D of the Act out of the property of Tarago is to cover all debts and liabilities incurred by Tarago in respect of the Funding Agreement.

Intercompany Loan Agreement

- 7 An order pursuant to section 447A(1) of the Act that Part 5.3A of the Act is to operate so that if the indemnity of the plaintiffs (in their capacity as administrators of each Company) under section 443D of the Act out of the property of each Company is insufficient to satisfy any debt or liability incurred by the plaintiffs (in their capacity as administrators of each Company) in respect of the intercompany loan agreement substantially in the form described in the Affidavit (**Intercompany Loan Agreement**), then the plaintiffs will not be personally liable to repay any such debt or liability to the extent of that insufficiency.
- 8 An order pursuant to section 447A(1) of the Act that Part 5.3A of the Act is to operate so that the indemnity of the plaintiffs (in their capacity as administrators of each Company) under section 443D of the Act out of the property of each Company is to cover all debts and liabilities incurred by each Company in respect of the Intercompany Loan Agreement .

COI

- 9 Subject to Orders 10 and 11 below, pursuant to sections 80-55(5)(b) and 90-15 of the IPS, leave be granted to OMF Fund II (H) Ltd (**Orion 1**) and National Pump & Energy Pty Ltd (**NPE**), which are members of the committee of inspection of Tarago Operations Pty Ltd (ACN 127 810 413) (administrators appointed) (**Committee**), to derive a profit or advantage from the external administration of each of the Companies.
- 10 No leave be granted for Orion 1 or NPE to receive any gift or remuneration from the external administration of any of the Companies by reason of their position as a member of the Committee.

- 11 Pursuant to section 447A of the Act and section 90-15 of the IPS, the plaintiffs are to:
- (a) keep a schedule noting each agreement entered into by the plaintiffs on behalf of any of the Companies with Orion 1 or NPE or any related entity of Orion 1 or NPE (**Agreements with Committee Members**);
 - (b) provide an update to the Committee, at each meeting of the Committee, as to each of the Agreements with Committee Members that the plaintiffs have entered into on behalf of any of the Companies; and
 - (c) include, as a section in a report to creditors of the Companies pursuant to section 75-225 of the *Insolvency Practice Rules (Corporations) 2016* (Cth) (**IPR**), a list of the Agreements with Committee Members and a summary of the key terms of each such agreement.

Liberty to apply

- 12 Liberty to apply on 3 business days' notice for an order discharging or varying any of Orders 2 to 8 above granted to the following:
- (a) any person who can demonstrate sufficient interest (including any creditor of the Companies) for the purpose of modifying or discharging any orders made pursuant to Orders 2 to 8 above; and
 - (b) the plaintiffs, for the purpose of seeking any further extension of the convening period.

Service and Notices

- 13 An order that the plaintiffs, within five business days of the making these orders, are to take all reasonable steps to give notice of the orders to the Companies' creditors (including the persons claiming to be creditors), by means of a circular:
- (a) to be sent by email to creditors for whom the plaintiffs have a current email address; and
 - (b) to be sent by ordinary post to creditors for whom the plaintiffs lack a current email address but have postal address.
- 14 An order pursuant to section 447A(1) of the Act that Part 5.3A of the Act is to operate such that the requirement on the plaintiffs to issue notices under sections 75-225(1) and 75-15 of the IPR be modified such that notice of the Second Meeting will be validly given to any creditors by, not less than five business days prior to the date of the proposed meeting:
- (a) giving such notice electronically by email sent to the email address of any creditor (including persons claiming to be creditors) of the Companies for whom or which the plaintiffs hold an email address;
 - (b) sending such notice to the postal address or facsimile number, or otherwise as provided for by the Act or the IPR, to any creditors not being a creditor referred to in

sub-paragraph (a) and for whom or which the plaintiffs are aware of a postal address or facsimile number; and

- (c) causing such notice to be published in *The Insolvency Notices* website located at: <https://insolvencynotices.asic.gov.au/>.

Other

- 15 The plaintiffs' costs of and incidental to this application be costs and expenses in the administration of each of the Companies and be paid out of the assets of each of the Companies.
- 16 A direction that Orders 1 to 15 of this Originating Process be entered forthwith.
- 17 Any other order that the Court deems fit.

Date: 12 August 2021

.....
 Timothy Michael Klineberg
 Lawyer for the plaintiffs
 King & Wood Mallesons

This application will be heard via telephone by the Supreme Court of New South Wales at the Law Courts Building, Queens Square, Sydney at 10:00am on Friday, 13 August 2021.

B. NOTICE TO DEFENDANT(S)

There are no defendants to this application.

C. APPLICATION FOR WINDING UP ON GROUND OF INSOLVENCY

Not applicable.

D. FILING

Date of filing: 12 August 2021

Registrar

This originating process is filed by Timothy Michael Klineberg for the plaintiffs.

E. SERVICE

The plaintiffs' address for service is

King & Wood Mallesons
 Level 61 Governor Phillip Tower
 1 Farrer Place
 Sydney NSW 2000
gavin.rakoczy@au.kwm.com

It is not intended to serve a copy of this originating process on any person.

SCHEDULE 1

	Name	ACN
1	Hampton Nickel Pty Ltd	100 180 498
2	Ochre Resources Pty Limited	112 833 351
3	Tarago Exploration Pty Ltd	115 529 112
4	Tarago Operations Pty Ltd	127 810 413
5	Woodlawn Mine Holdings Pty Ltd	612 657 164