

19 July 2021

## INITIAL INFORMATION FOR CREDITORS AND SUPPLIERS

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

The purpose of this document is to provide you with information about the Voluntary Administration of the Companies and your rights as a creditor.

## APPOINTMENT OF VOLUNTARY ADMINISTRATORS

Michael Ryan, Christopher Hill and I, David McGrath, of this office were appointed as Joint and Several Administrators of the Companies on 16 July 2021 by a resolution of the Companies' directors.

A copy of our Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") is **attached**. The DIRRI assists you to understand any relevant relationships that we have, and any indemnities or upfront payments that have been provided to us. We have considered each relationship and it is our opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect our independence.

## VOLUNTARY ADMINISTRATION

Voluntary Administration is a process under the law which allows companies unable to pay their debts, or likely to become unable to pay their debts to appoint an independent, qualified person (called a Voluntary Administrator) to take control of the Companies and its operations. This process allows breathing space to work out the best outcome for all stakeholders. The creditors will determine if each Company:

- a) Be returned to the directors;
- b) Be placed into liquidation; or
- c) Enter into a Deed of Company Arrangement.

#### FTI Consulting (Australia) Pty Limited

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*Liability limited by a scheme approved under Professional Standards Legislation.*

According to the Companies' records, you may be a creditor of the Companies.

## WHAT HAPPENS TO YOUR DEBT?

All creditors of the Company are now creditors in the voluntary administration. As a creditor, you have certain rights, although your debt will be dealt with in the voluntary administration. Further information regarding your rights as a creditor is **enclosed** with this circular.

It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the company into liquidation or act on a personal guarantee. Please refer to Important statements for all creditors and suppliers **attached**.

If you have leased the company property, have a retention of title claim or hold a Personal Property Security in relation to the company, please contact my staff as soon as possible. Further information is **enclosed** - please refer to Requirements for parties with security interests and other claims **attached**.

## OPERATIONS AND TRADING

The Administrators have taken control of the operations of the Companies and requested the directors prepare a report on each of the Companies' business, property, affairs and financial circumstances.

We are continuing the care & maintenance regime for the Woodlawn mine with a view to achieving a recapitalization and restructure of the business in the short term. It is our intention to continue to operate on this basis, subject to securing sufficient funding. It is our current view that this will provide an optimal return to all creditors of the Companies. Your continued cooperation and support are essential to achieving a going concern sale and we thank you in advance for your support.

If you are a supplier or employee, **enclosed** is a separate communication on how this appointment impacts your ongoing dealings with the Company. Please refer to Important statements for all creditors and suppliers **attached**.

## ADMINISTRATORS' TRADING PROCEDURES

The Companies will raise a purchase order for goods and services that are required during the period of the administration. Goods supplied or services rendered to those Companies after our

appointment will be paid in accordance with these procedures provided that:

1. A purchase order has been issued for the applicable good or service;
2. The purchase order has been signed by the Administrators or our authorised signatories. The specimen signatures of our authorised representatives for this purpose are included with this circular; and
3. The Administrators' liability does not exceed the amount specified on the purchase order.

## **NEW ACCOUNTS AND OTHER ACCOUNTING PROCEDURES TO BE FOLLOWED**

### **Suppliers must comply with the following procedures:**

1. Close any existing accounts against the Companies. These accounts will be for goods supplied and services rendered up to and including the date of appointment;
2. Open a new account for the relevant Companies with the words "Administrators Appointed" added after the Companies' name. This new account is to be used for goods supplied and services rendered to the respective Companies during the period of the administration;
3. Update contact details for the Companies within your systems to also include the Administrators' contact details; and
4. Please ensure your invoices include the Administrators' purchase order number. This will likely be a new number sequence to help demarcate pre and post-appointment orders.

## **PAYMENTS AND ACCEPTANCE OF LIABILITY FOR GOODS OR SERVICES**

Validly authorised liabilities created after our appointment in accordance with these procedures will be paid in accordance with your/the Companies' usual terms unless we determine otherwise.

All payments made by the Companies or Administrators must be applied against liabilities incurred by the Administrators. These payments cannot be set-off against any other claims against or liabilities incurred by the Companies.

If you have current orders or bookings with the Companies (including goods in transit or pending delivery), you will need a new purchase order to be issued in accordance with these procedures (and before any goods or services are provided) before the Administrators will accept liability.

It is your responsibility to contact us if you require clarification about any of these arrangements.

## ADMINISTRATORS' TRADING PROCEDURES – AUTHORISED PERSONS

The following persons are authorised to sign purchase orders for the Companies:

| Name             | Company        | Signature                                                                           | Order Limit (\$) |
|------------------|----------------|-------------------------------------------------------------------------------------|------------------|
| Christopher Hill | FTI Consulting |   | Unlimited        |
| David McGrath    | FTI Consulting |   | Unlimited        |
| Michael Ryan     | FTI Consulting |   | Unlimited        |
| Patrick O'Brien  | FTI Consulting |   | \$25,000         |
| Jonathan Chee    | FTI Consulting |  | \$10,000         |

## MEETINGS OF CREDITORS

As Voluntary Administrator, I am required to hold two meetings of creditors.

### *First meeting of creditors*

When Companies enter into Voluntary Administration, the Administrators are required to convene a first meeting of creditors within eight (8) business days after the commencement of the Voluntary Administration.

The First Meeting of the Creditors will be held at **2:00PM (AEST) on Tuesday, 27 July 2021 via electronic facilities only**. Due to the threat of COVID-19 this meeting will only be held virtually, and no physical meeting place will be available.

In this regard, please find **enclosed** the following documents:

- a) Notice of First Meeting of Creditors of the Company under Administration;
- b) Form - Appointment of Proxy; and

c) Formal Proof of Debt or Claim Form.

If you intend to appoint another person to act on your behalf at the meeting, or you are a corporate creditor, you are required to complete and return the **enclosed** proxy form appointing your representative to Jonathan.Hayim@fticonsulting.com no later than 4:00pm (AEST) on Monday, 26 July 2021.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

Creditors are required to lodge proofs of debt for voting purposes no later than 4:00pm (AEST) on Monday, 26 July 2021 failing which they may be excluded from voting at the meeting. A Proof of Debt or Claim Form is **attached** for this purpose. If you are a creditor of more than one company, you must complete a new proof of debt for the other company/s. Proofs of Debt may be sent to FTI Consulting, to Jonathan.hayim@fticonsulting.com.

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms is **enclosed** and can also be found on our website at <http://www.fticonsulting-asia.com>.

Statutory notices and advertisements about the Companies will be published on ASIC's Published Notices website at <https://publishednotices.asic.gov.au/>.

### *Second Meeting of Creditors*

A second meeting of creditors will be held, at which creditors will vote on the future of the Companies. Details of that meeting and a Report to Creditors on the Companies' business, property, affairs and financial circumstances will be sent to you in due course.

## **COSTS OF THE VOLUNTARY ADMINISTRATION PROCESS**

**Attached** to this circular is my Initial Remuneration Notice, which provides you with information about how I propose to be paid for undertaking the Voluntary Administration.

I will seek approval of my remuneration at the second meeting of creditors. I will provide you with further information regarding my remuneration before that meeting, detailing the tasks that I have attended to will be required to attend to, and the costs of those tasks.

If you have any information that you think may help with the Administration of the Companies or help the Administrators with the investigations into the Companies' affairs, please contact us. Our details are **attached** – please refer to *Administrators' background and contact details*.

Yours faithfully

A handwritten signature in dark ink, appearing to read 'D. McGrath', written in a cursive style.

David McGrath

Joint and Several Administrator

**SCHEDULE 1**  
**SCHEDULE OF COMPANIES**

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

## NOTICES AND ATTACHMENTS INCLUDED IN THIS CIRCULAR

The administration will be conducted on the basis of the information contained in the following notices and attachments:

- **Administrators' background and contact details**
- **Important statements for all creditors and suppliers**
- **Requirements for parties with security interests and other claims**
- **Details and notices for the first meeting of creditors**
  - Notice of First Meeting of Creditors of the Companies under Administration;
  - Form - Appointment of Proxy;
  - Formal Proof of Debt or Claim Form (for voting purposes);
  - Guidance notes for completing proxy and proof of debt or claim forms.
- **Independence and remuneration disclosures**
  - Initial advice to creditors – basis of remuneration;
  - FTI Consulting Standard Rate schedule; and
  - The Administrators' Declaration of Independence, Relevant Relationships and Indemnities.
- **Information sheets about your rights and the voluntary administration process**
  - Information regarding your rights as a creditor;
  - Information sheet called *"Insolvency information for directors, employees, creditors and shareholders"*;
  - Additional information sheets on the administration process can be obtained at [www.asic.gov.au](http://www.asic.gov.au) (search for "insolvency information sheets") or [www.arita.com.au/creditors](http://www.arita.com.au/creditors).

## **ADMINISTRATORS' BACKGROUND AND CONTACT DETAILS**

### **ABOUT US**

David McGrath, Michael Ryan, and Christopher Hill are Senior Managing Directors at FTI Consulting (Australia) Pty Ltd. We are all Registered Liquidators and also Professional Members of the Australian Restructuring Insolvency and Turnaround Association ("ARITA").

FTI Consulting specialises in corporate finance and restructuring and is part of FTI Consulting, Inc., a global business advisory firm dedicated to helping organisations protect and enhance enterprise value. You can find out more at [www.fticonsulting-asia.com](http://www.fticonsulting-asia.com).

### **CREDITOR ENQUIRIES – FIRST MEETING OF CREDITORS AND GENERAL MATTERS**

For queries about the administration generally, please contact this office by one of the following methods:

Telephone: (02) 8247 8000  
Email: [Jonathan.Hayim@fticonsulting.com](mailto:Jonathan.Hayim@fticonsulting.com)  
Post: PO Box R367, Royal Exchange NSW 1225

## **IMPORTANT STATEMENTS FOR ALL CREDITORS AND SUPPLIERS**

### **NO ADOPTION OF ANY CONTRACTS OR ASSUMPTION OF LIABILITIES OF THE COMPANIES BY THE ADMINISTRATORS**

The Administrators are not personally adopting, and will not adopt, any agreement or contract that you may have with the Companies. The Administrators will not be liable for any liability of the Companies under any agreement or contract with you.

Any payments made by the Administrators for any goods or services does not constitute, nor in any way imply, adoption of any contract or an assumption of any liability of the Companies by the Administrators.

### **EXISTING DEBTS AND CLAIMS CANNOT BE PAID BY ADMINISTRATORS**

The Administrators cannot pay any creditor's debts or claims that arise from circumstances or arrangements that were in place with the Companies before the Administrators' appointment. Payment of these amounts will depend on the outcome of the administration.

### **NO SET-OFF AGAINST PRE-APPOINTMENT DEBTS OR CLAIMS**

Any amounts due from you to the Companies must not under any circumstances be set-off against amounts due from the Companies to you.

### **PROTECTION OF COMPANIES' PROPERTY AND GENERAL RESTRICTIONS ON THIRD PARTY RIGHTS DURING THE ADMINISTRATION**

Without leave of the Court, or the Administrators' written consent:

- A proceeding in a court against any of the Companies or in relation to any of their property cannot be begun or proceeded with;
- Except for perishable property – owners, lessors and creditors with security interests in the Companies' property, cannot enforce their security interest, sell any such property they hold, and are not entitled to take possession or otherwise recover such property; and
- No enforcement process in relation to property of the Companies can be begun or proceeded with.

*See sections 440B to 440F of the Corporations Act 2001 for further details.*

## **REQUIREMENTS FOR PARTIES WITH SECURITY INTERESTS AND OTHER CLAIMS PARTIES WHO ARE REQUIRED TO CONTACT US**

Please contact this office on (02) 8247 8000 or via email to Jonathan.Hayim@fticonsulting.com as soon as possible if you:

- Have supplied any goods or collateral to any of the Companies and you have registered a security interest in such property on the Personal Property Security Register (“PPSR”);
- Are otherwise claiming security or proprietary rights in any asset or property owned by or in possession of the Companies;
- Lease or hire goods or property to the Companies;
- Are claiming a lien over property of the Companies; and/or
- Have commenced legal proceedings against the Companies.

We will be writing to all parties who have registered a security interest on the PPSR.

## **PARTIES WITH PMSI, RETENTION OF TITLE AND CONSIGNMENT CLAIMS OVER PROPERTY**

Parties with these claims are requested as soon as possible to:

1. Give us details of the items supplied to the Companies (including any features by which that property is able to be identified, for example - serial number/s) and which remain unpaid for; and
2. Provide details of your registration on the PPSR with all relevant supporting documents.

## **GENERAL STATEMENT**

The Administrators will consider the information and details provided to them in support of any claims. Where a claim is valid and not disputed, the Administrators will comply with their obligations at law. This should not be interpreted as, in any way, limiting or restricting the rights of the Administrators or the Companies, whose rights are expressly reserved.

Please note the Administrators may require payment of their reasonable expenses and remuneration incurred in the identification, preservation and distribution of property to secured parties, purchasers and/or other persons that the property belongs to. This also includes circumstances where property (such as inventory, for example) is made available for collection.

Affected parties should seek their own advice as applicable and as they deem appropriate.

## DETAILS AND NOTICES FOR THE FIRST MEETING OF CREDITORS

### NOTICE OF THE FIRST MEETING OF CREDITORS OF COMPANIES UNDER ADMINISTRATION

The agenda for the meeting is set out in the **attached** notice. Due to the threat of COVID-19 this meeting will only be held virtually, and no physical meeting place will be available. Attendance at the meeting is not compulsory.

Should you wish to attend the virtual meeting and you would like to vote, you must complete the relevant forms and provide them by email by **4:00PM (AEST) on Monday, 26 July 2021** to [Jonathan.Hayim@fticonsulting.com](mailto:Jonathan.Hayim@fticonsulting.com).

### MEETING REGISTRATION FORM

If you wish to attend the first meeting of creditors, you must return a Microsoft Forms meeting registration form to our office on or before **4:00PM (AEST) on Monday, 26 July 2021**.

**Registration Link:** <https://forms.office.com/r/MkRdsLDHg3>

If you do not register for the meeting, you may be considered an observer and you will not be able to vote.

### APPOINTMENT OF PROXY FORM

This form should be completed if you intend to appoint another person to act on your behalf at the meeting, or if you are a corporate creditor.

### FORMAL PROOF OF DEBT OR CLAIM FORM

This form allows you to tell us what you are owed by one or more of the Companies. You must send us a completed form if you wish to vote at the meeting.

Return to:                      Email: [Jonathan.Hayim@fticonsulting.com](mailto:Jonathan.Hayim@fticonsulting.com)  
                                         Post: PO Box R367, Royal Exchange NSW 1225

**NOTICE OF FIRST MEETING OF CREDITORS OF THE COMPANIES UNDER ADMINISTRATION**

**HERON RESOURCES LIMITED ACN 068 263 098 AND ITS SUBSIDIARIES AS LISTED IN SCHEDULE 1**

**(TOGETHER "THE COMPANIES")**

**(ALL ADMINISTRATORS APPOINTED)**

Notice is given that a virtual first meeting of creditors of the Companies will be held by electronic means:

**Date:** 27 July 2021

**Time:** 2:00pm (AEST)

**URL:** A link and password to the virtual meeting will be provided upon registration.

Due to the threat of COVID-19 this meeting will only be held virtually, and no physical meeting place will be available. Instructions on how to attend the meeting are provided in the **attached** information sheet.

If you wish to attend the first meeting of creditors, you must return a Microsoft Forms meeting registration form to our office on or before **4:00PM (AEST) on Monday, 26 July 2021**.

**Registration Link:** <https://forms.office.com/r/MkRdsLDHq3>

**AGENDA**

The purpose of the meeting is to:

- a) Inform creditors of the administration process;
- b) Determine whether to appoint a committee of inspection; and
- c) If so, who are to be the committee's members.

At the meeting, creditors may also, by resolution:

- a) Remove the administrators from office; and
- b) Appoint someone else as administrators of the Companies.

At the meeting, Microsoft Forms and Zoom platforms will be used to enable all creditors in attendance to participate and vote. In accordance with ASIC's current directives, all voting at the meeting will be conducted by a poll. Details regarding the polling process will be provided to registered creditors by email prior to the meeting and explained at the meeting.

Creditors will be provided with an opportunity to comment and ask questions at the meeting by using the Q&A function on Zoom.

Creditors wishing to vote at the meeting:

- who will not be attending in person or are a Company, must complete and return an Appointment of Proxy Form; and
- must complete and return a Formal Proof of Debt or Claim Form, by no later than **4:00PM (AEST) on Monday, 26 July 2021.**

If you would like to nominate to be a member of the proposed Committee of Inspection, please also complete and return the **enclosed** Committee of Inspection Nomination Form.

Completed forms may be sent by one of the following methods:

Post:                   Attn: Heron Resources Limited (Administrators Appointed)  
                              PO Box R367, Royal Exchange NSW 1225

Email:                [Jonathan.Hayim@fticonsulting.com](mailto:Jonathan.Hayim@fticonsulting.com)

If you choose to post your forms, please ensure they are sent with sufficient time to arrive by the due date. We encourage creditors to send their forms by email where possible.

Dated this 19<sup>th</sup> day of July 2021



David McGrath  
Joint and Several Administrator

**Section 75-85 of the *Insolvency Practice Rules (Corporations) 2016* outlines the entitlement to vote at a meeting of creditors:**

1. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
2. Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
3. A person is not entitled to vote as a creditor at a meeting of creditors unless:
  - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
  - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
    - (i) those particulars; or
    - (ii) if required—a formal proof of the debt or claim.
4. A creditor must not vote in respect of:
  - (a) an unliquidated debt; or
  - (b) a contingent debt; or
  - (c) an unliquidated or a contingent claim; or
  - (d) a debt the value of which is not established; unless a just estimate of its value has been made.
5. A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
  - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
  - (b) estimate its value;
  - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
6. A person is covered by this subsection if:
  - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
  - (b) the person is either liable to the Companies directly, or may be liable to the Companies on the default of another person with respect to the liability; and
  - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

## MEETING INFORMATION SHEET

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

#### Who can attend the first meeting of creditors?

The following parties may attend the meeting:

- Creditors of one or more of the Companies; or
- A person appointed by a Creditor to attend the meeting on behalf of the Creditor.

#### What do I need to do to attend the first meeting of creditors?

##### Completion and return of documents

If you wish to attend the meeting, you must complete and return specific documents to us by the date and in manner specified in the section "When and how do I return the completed documents" below.

The required documents are shown in the below table and are dependent on the class of creditor to which you belong. An explanation of the documents is provided below the table.

| Creditor Class           | Registration Form | Formal Proof of Debt | Appointment of Proxy |
|--------------------------|-------------------|----------------------|----------------------|
| Employee                 | ✓                 | ✓                    | Refer to note below. |
| Individual / Partnership | ✓                 | ✓                    | Refer to note below. |
| Company                  | ✓                 | ✓                    | ✓                    |
| Statutory                | ✓                 | ✓                    | ✓                    |

**Note:** Only a Company or Statutory Creditor is required to appoint a proxy. Individuals (including employees) and partnerships may appoint a proxy, but only if they want that proxy to attend the meeting on their behalf.

## Explanation of documents

An explanation of the documents described in the table is set out below.

### ■ Meeting Registration Form

The Meeting Registration Notice provides us with your contact details. We will use those contact details to provide you with the necessary access and voting codes for the meeting.

### ■ Formal Proof of Debt

The Formal Proof of Debt provides us with details of the debt owing by, or your claim against one or more of the Companies. If available, please attach to the proof of debt such documents (e.g. invoices) that substantiate your claim.

Employees do not need to provide a Formal Proof of Debt.

### ■ Appointment of Proxy (if applicable)

The Appointment of Proxy allows you to appoint another person (known as a proxy) to attend the meeting on your behalf.

It is mandatory for a Company or Statutory Creditor to appoint a proxy to attend the meeting on its behalf, or attorney. If an individual is attending in person, a proxy form is not required.

## How do I access the above meeting documents?

The meeting registration form is an online form and is available via the following link:

<https://forms.office.com/r/MkRdsLDHq3>

Copies of the meeting documents, namely:

- Formal Proof of Debt;
- Appointment of Proxy;
- Nomination for Proposed Committee Inspection,

are **attached** included in this pack. Should you require further copies of these documents, please contact [Jonathan.Hayim@fticonsulting.com](mailto:Jonathan.Hayim@fticonsulting.com).

## When and how do I return the completed documents?

The required completed documents must be returned to us no later **4:00PM (AEST) on Monday, 26 July 2021**. Please return your documents by one of the following methods:

|        |                                                                                                  |
|--------|--------------------------------------------------------------------------------------------------|
| Post:  | Attn: Heron Resources Limited (Administrators Appointed)<br>PO Box R367, Royal Exchange NSW 1225 |
| Email: | <a href="mailto:Jonathan.Hayim@fticonsulting.com">Jonathan.Hayim@fticonsulting.com</a>           |

If you are returning the documents by post, please allow sufficient time for the documents to arrive prior to the cut-off time.

## How do I ask a question at the meeting?

Creditors may submit questions by email sent to [Jonathan.Hayim@fticonsulting.com](mailto:Jonathan.Hayim@fticonsulting.com) prior to the meeting. Alternatively, creditors can use the question and answer function during the meeting.

The Administrators may be unable to answer all questions due to time constraints. If this occurs, the Administrators will select questions that are more relevant to the broader creditor base, ahead of those relevant to specific creditors.

Creditors with specific questions may contact us by email after the meeting.

## **What happens next?**

Following return of your documents, we will complete the following steps:

- Email you or your proxy a confidential link to access the meeting on-line; and
- A unique code will also be provided so that you can vote at the meeting.

## **What if I can't access the meeting?**

All parties attending the meeting are responsible for ensuring that they have the technology and internet connection to attend the meeting on-line. Unfortunately, we are unable to assist with any technical issues relating to accessing the meeting.

## **Formation of a Committee of Inspection**

### **Role of Committee of Inspection**

At the meeting, we may recommend that a Committee of Inspection be formed. A Committee of Inspection has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If the external administrator chooses not to comply with the directions of the Committee of Inspection, the external administrator must document why.

A Committee of Inspection also has the power, amongst other things, to approve remuneration of the external administrator after the external administrator has complied with specified statutory obligations.

### **Who can be a member of the Committee of Inspection?**

To be eligible to be appointed as a member of a Committee of Inspection, the person must be:

- A creditor;
- A person holding the power of attorney of a creditor;
- A person authorised in writing by a creditor to be appointed as a member; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

A Company can be a member of the Committee of Inspection. It is represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required.

### **Can I be a member of the Committee of Inspection?**

If you wish to become a member of the Committee of Inspection (in the event that one is formed at the meeting), please complete and return the Nomination for Proposed Committee of Inspection. Please note that depending on the number of creditors nominating, there is no guarantee that your nomination will be successful.

### **Further information**

Further information about a Committee of Inspection can be found in the **attached** information sheet issued by ARITA.

## NOMINATION FOR PROPOSED COMMITTEE OF INSPECTION

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

Relevant Entity (please circle):

|                            |                                |                           |
|----------------------------|--------------------------------|---------------------------|
| Heron Resources Limited    | Woodlawn Mine Holdings Pty Ltd | Tarago Operations Pty Ltd |
| Tarago Exploration Pty Ltd | Ochre Resources Pty Ltd        | Hampton Nickel Pty Ltd    |

Creditor Name:

|  |
|--|
|  |
|--|

Name of representative:  
(if applicable)

|  |
|--|
|  |
|--|

I nominate to be a member on any Committee of Inspection formed at the first meeting of creditors scheduled to be held on **2:00PM (AEST) on Tuesday, 27 July 2021.**

I am a creditor/ representative of a creditor of the Companies and have submitted a Proof of Debt in the administration.

I understand the duties and obligations should I be appointed to the proposed committee.

.....

Signature of Creditor / Person authorised by Creditor

FORM - APPOINTMENT OF PROXY

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

1. Select one (1) of the Company/s that applies

Please tick only ONE company that you are a creditor of\*

| Company                        | ACN         | Tick Only ONE            |
|--------------------------------|-------------|--------------------------|
| Heron Resources Limited        | 068 263 098 | <input type="checkbox"/> |
| Hampton Nickel Pty Ltd         | 100 180 498 | <input type="checkbox"/> |
| Ochre Resources Pty Ltd        | 112 833 351 | <input type="checkbox"/> |
| Tarago Exploration Pty Ltd     | 115 529 112 | <input type="checkbox"/> |
| Tarago Operations Pty Ltd      | 127 810 413 | <input type="checkbox"/> |
| Woodlawn Mine Holdings Pty Ltd | 612 657 164 | <input type="checkbox"/> |

\*If you are a creditor of more than ONE Company, you MUST complete a new Appointment of Proxy for the other Company/s.

I/We (name)

.....

of (address)

.....

a creditor of the Company/s, appoint (add name and address of proxy) .....

.....

or in his/her absence (add alternate proxy) .....

as my/our ☐ general proxy OR ☐ special proxy to vote at the meeting of creditors to be held at  
**2:00PM (AEST) on Tuesday, 27 July 2021** via electronic facilities only or at any adjournment of that meeting.

Voting instructions - for special proxy only

For

Against

Abstain

Resolution

To appoint a committee of inspection.

☐☐☐

To remove the Administrators and appoint  
someone else as administrator(s) of the  
Companies.

☐☐☐

Dated: .....

Name and signature of authorised person .....

**CERTIFICATE OF WITNESS** – only complete if the person given the proxy is blind or incapable of writing.

I, ..... of .....  
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of  
the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Dated: ..... Signature of witness:

..... Description: ..... Place of  
residence: .....

FORM 535 – FORMAL PROOF OF DEBT OR CLAIM

subregulation 5.6.49(2)  
Corporations Act 2001

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

To the Administrators of Heron Resources Limited ACN 068 263 098 and its subsidiaries as listed in Schedule 1 (together, "the Companies") (All Administrators Appointed):

2. Select one (1) of the Company/s that applies

Please tick only ONE company that you are a creditor of\*

| Company                        | ACN         | Tick only ONE            |
|--------------------------------|-------------|--------------------------|
| Heron Resources Limited        | 068 263 098 | <input type="checkbox"/> |
| Hampton Nickel Pty Ltd         | 100 180 498 | <input type="checkbox"/> |
| Ochre Resources Pty Ltd        | 112 833 351 | <input type="checkbox"/> |
| Tarago Exploration Pty Ltd     | 115 529 112 | <input type="checkbox"/> |
| Tarago Operations Pty Ltd      | 127 810 413 | <input type="checkbox"/> |
| Woodlawn Mine Holdings Pty Ltd | 612 657 164 | <input type="checkbox"/> |

\*If you are a creditor of more than ONE Company, you MUST complete a new Formal Proof of Debt for the other Company/s.

3. This is to state that the Company/s were on 16 July 2021, and still is, justly and truly indebted to: \_\_\_\_\_

(full name, ABN and address of the creditor and, if applicable, the creditor's partners) for \_\_\_\_\_ dollars  
and \_\_\_\_\_ cents

Particulars of the debt are:

| Date | Consideration<br>(state how the debt arose) | Amount (\$/c) | Remarks<br>(include details of voucher substantiating payment) |
|------|---------------------------------------------|---------------|----------------------------------------------------------------|
|------|---------------------------------------------|---------------|----------------------------------------------------------------|

4. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: \_\_\_\_\_

(insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

| Date | Drawer | Acceptor | Amount (\$/c) | Due Date |
|------|--------|----------|---------------|----------|
|------|--------|----------|---------------|----------|

5. Signed by (select correct option):

☐ I am the creditor personally.

☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature: \_\_\_\_\_ Dated: \_\_\_\_\_

Name: \_\_\_\_\_ Occupation\*: \_\_\_\_\_

Address: \_\_\_\_\_

*\* If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor*

| RECEIVE REPORTS BY EMAIL                                                                | Yes                      | No                       |
|-----------------------------------------------------------------------------------------|--------------------------|--------------------------|
| Do you wish to receive all future reports and correspondence from our office via email? | <input type="checkbox"/> | <input type="checkbox"/> |
| Email:.....                                                                             |                          |                          |

**If being used for the purpose of voting at a meeting:**

Is the debt you are claiming assigned to you? ☐ No ☐ Yes

If yes, attach written evidence of the debt, the assignment and consideration given ☐ Attached

If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$ \_\_\_\_\_

If yes, are you a related party creditor of the Company?  
(if you are unsure contact the Administrator) ☐ No ☐ Yes

# GUIDANCE NOTES FOR COMPLETING PROXY AND PROOF OF DEBT OR CLAIM FORMS

## FORM - APPOINTMENT OF PROXY

A person can appoint another person to attend the meeting on their behalf by completing the Form of proxy.

If the creditor is a company or a firm, a person needs to be appointed to represent the company.

This representative needs to be appointed by completing the Form of Proxy in accordance with section 127 of the Corporations Act 2001 ("the Act"). Alternatively, the appointed person must be authorised to act as a representative for the Companies per section 250D of the Act.

The Form of proxy is valid only for the meeting indicated (or any adjournment).

You may appoint either a general proxy (a person who may vote at their discretion on motions at the meeting) or a special proxy (who must vote according to your directions). If you appoint a special proxy, you should indicate on the form what directions you have given. In many instances, there will be a box or section on the proxy form where you can mark how you want your proxy to vote for you.

If you are unable to attend the meeting and you do not have a representative who can attend on your behalf, you may if you wish appoint the Chairperson of the Meeting as your proxy. The Chairperson can be appointed as a general proxy or a special proxy. This is entirely your choice.

## FORMAL PROOF OF DEBT OR CLAIM FORM

The proof of debt submitted during an Administration is used for voting purposes at any meetings of creditors and also to help establish the overall level of creditor claims in the administration.

Admission of your proof for voting purposes does not mean that the Administrator has agreed with your proof for the purpose of making a dividend distribution.

You should include a description of how your debt/claim arose, whether you are claiming a security interest in property and if you have any guarantees and indemnities for the debt. If you need more space, you can attach any additional details you wish to include – just make sure that you mention this on the form so we know what you've attached and how many pages.

You should provide supporting documents that substantiate what you are owed by the Companies. This may include things like account statements, unpaid invoices and their corresponding purchase orders, PPSR registration, agreements/terms of trade, contracts, lease or hire agreements, court order or judgment, guarantee or loan document, emails/other correspondence with the Companies.

*If you need help in completing the forms or if you are uncertain what information you should attach, please email or telephone the nominated FTI Consulting contact person.*

# **INITIAL ADVICE TO CREDITORS – BASIS OF ADMINISTRATORS' REMUNERATION**

## **REMUNERATION METHODS**

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

### **Time based / hourly rates**

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

### **Fixed fee**

The total fee charged is normally quoted at the commencement of the voluntary administration and is the total cost for the voluntary administration. Sometimes a practitioner will finalise a voluntary administration for a fixed fee.

### **Percentage**

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

### **Contingency**

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

## **METHOD PROPOSED**

We propose that our remuneration is calculated on a time basis. We believe this method is appropriate as it ensures that only the actual work performed is charged for. There are also various tasks required to be completed which do not involve the realisation of assets, such as reporting to ASIC, undertaking investigations, corresponding with creditors and answering their queries, and completing other statutory tasks required by law.

## **ESTIMATE OF REMUNERATION FOR THE VOLUNTARY ADMINISTRATION**

Our current intention is to seek court approval for an extension to the period to convene the second meeting of creditors. Based on an extended Voluntary Administration period of 13 weeks, we estimate our remuneration for undertaking the administration will be approximately \$1,000,000.00 (exclusive of GST), subject to the following variables which may have a significant

effect on this estimate and that we are unable to determine until the voluntary administration has commenced:

- The full scope and extent of necessary work (from experience, unforeseen matters typically arise and may require us to perform additional work beyond that currently anticipated).

Prior to our appointment, we provided an estimate of the cost of the administration to the directors. This estimate is consistent with the estimate provided to the directors prior to our appointment.

Approved remuneration may exceed the amount of this \$1,000,000.00 (exclusive of GST) and can be paid from the assets of the voluntary administration after approval by creditors or the Court.

## EXPLANATION OF HOURLY RATES

The rates for our remuneration calculation are attached together with a general guide showing the qualifications and experience of staff that will be engaged in the voluntary administration and the role they take in the voluntary administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

## DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs.

We are not required to seek creditor approval for disbursements paid to third parties but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditors' approval for the payment of internal disbursements which were not charged at cost (and which may therefore have a profit or advantage attached to them), prior to these disbursements being paid from the administration. These disbursements typically would include internal photocopying, printing and facsimile costs. However, as we do not charge our external administrations for internally-generated FTI disbursements where they have not been charged at cost (such as photocopying and printing charges for the use of internal photocopiers, printers etc.), creditor approval is not required.

Details of the basis of recovering internal and external disbursements in this administration are provided in the table below. Full details of any actual costs incurred will be provided with future reporting.

## FTI Disbursements Schedule

| Disbursement type                                   | Charge Type                | Charge Rate (excl GST)             |
|-----------------------------------------------------|----------------------------|------------------------------------|
| Advertising                                         | External, non-professional | At cost                            |
| ASIC Industry Funding Model Levy – metric events    | External, non-professional | At cost (at prescribed ASIC rates) |
| Couriers and deliveries                             | External, non-professional | At cost                            |
| Data Room Charges                                   | External, professional     | At cost                            |
| Facsimile                                           | Internal (FTI)             | Not charged                        |
| Legal Fees                                          | External, professional     | At cost                            |
| Postage                                             | External, non-professional | At cost                            |
| Photocopying – internal                             | Internal (FTI)             | Not charged                        |
| Photocopying – outsourced                           | External, non-professional | At cost                            |
| Printing – internal                                 | Internal (FTI)             | Not charged                        |
| Printing – outsourced                               | External, non-professional | At cost                            |
| Records costs – storage, destruction, boxes         | External, non-professional | At cost                            |
| Search fees                                         | External, non-professional | At cost                            |
| Staff motor vehicle use - mileage                   | Cents per km               | At prescribed ATO rates            |
| Staff travel - accommodation, meals etc             | External, non-professional | At cost                            |
| Stationery and other incidental disbursements       | External, non-professional | At cost                            |
| Telephone                                           | Internal (FTI)             | Not charged                        |
| Valuation Fees                                      | External, professional     | At cost                            |
| Other externally provided professional services     |                            | At Cost                            |
| Other externally provided non-professional services |                            | At Cost                            |

## FTI Consulting CF&R Standard Rates effective 1 July 2021 (excluding GST)

| Typical classification             | Standard Rates \$/hour | General guide to classifications                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Senior Managing Director/Appointee | 720                    | Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.                                                                                                                                                    |
| Managing Director                  | 660                    | Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.                                                                                           |
| Senior Director                    | 580                    | Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.          |
| Director                           | 530                    | Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications. |
| Senior Consultant 2                | 480                    | Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.                                                                                |
| Senior Consultant 1                | 435                    | Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.                                                                                                                                                                                                  |
| Consultant 2                       | 390                    | Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.                                                                                                                                                                              |
| Consultant 1                       | 360                    | Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.                                                                                                                                                                                                                                                                                             |
| Associate 2                        | 335                    | Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.                                                                                                                                                                                                                                                                                                                |
| Associate 1                        | 300                    | Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.                                                                                                                                                                                                                                                                                                                 |
| Treasury                           | 290                    | Typically, qualified accountant and/or bookkeeper working in a treasury function. Undertakes treasury activities and is skilled in all aspects of bookkeeping, funds handling, banking, payroll, tax compliance, accounts receivable and accounts payable.                                                                                                                                                                       |
| Junior Associate                   | 220                    | Undergraduate in the latter stage of their university degree.                                                                                                                                                                                                                                                                                                                                                                    |
| Administration 2                   | 220                    | Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.                                                                                                                                      |
| Administration 1                   | 185                    | Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.                                                                                                                                                                                                                                         |
| Junior Accountant                  | 180                    | Undergraduate in the early stage of their university degree.                                                                                                                                                                                                                                                                                                                                                                     |

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

### FTI Consulting (Australia) Pty Limited

ABN 49 160 397 811 | ACN 160 397 811 | AFSL Authorised Representative # 001269325  
Level 22, Gateway | 1 Macquarie Place | Sydney NSW 2000 | Australia  
Postal Address | PO Box R367 | Sydney NSW 1225 | Australia  
+61 2 8247 8000 telephone | +61 2 8247 8099 fax | [fticonsulting.com](http://fticonsulting.com)

*Liability limited by a scheme approved under Professional Standards Legislation.*

## DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

### HERON RESOURCES LIMITED ACN 068 263 098 AND ITS SUBSIDIARIES LISTED IN SCHEDULE 1 (ALL ADMINISTRATORS APPOINTED) (THE COMPANIES OR HERON)

The purpose of this document is to assist creditors with understanding any relevant relationships that we have with parties who are closely connected to the Companies and any indemnities or upfront payments that have been provided to us. None of the relationships disclosed in this document are such that our independence is affected.

This information is provided so you have trust and confidence in our independence and, if not, you can ask for further explanation or information and can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd (**FTI Consulting** or **Firm**) and associated entities. A schedule of entities included in the structure of FTI Consulting and associated entities is available on the FTI Consulting Creditors Portal.

We are Professional Members of the Australian Restructuring Insolvency and Turnaround Association (ARITA). We acknowledge that we are bound by the ARITA Code of Professional Practice.

### Independence

We have assessed our independence and we are not aware of any reasons that would prevent us from accepting this appointment.

There are no other known relevant relationships, including personal, business and professional relationships that should be disclosed beyond those we have disclosed in this document.

### Circumstances of appointment

#### How we were referred this appointment

This appointment was referred to FTI Consulting by King & Wood Mallesons (**KWM**), a law firm acting under the instruction of Heron.

We consider that this referral does not result in us having a conflict of interest or duty because:

- KWM refers insolvency-related engagements to FTI Consulting from time to time. Neither we nor FTI Consulting have any formal or informal referral arrangements with KWM, and to our knowledge, they do not exclusively refer such work to us or FTI Consulting;
- FTI Consulting is not reliant upon referrals from KWM, who are one of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from KWM is not material to FTI Consulting;
- While FTI Consulting has in the past engaged KWM to provide legal advice, this has been for separate, non-related insolvency/restructuring engagements. KWM is one of many external firms/organisations who provide such advice and assistance to FTI Consulting from time to time, which is on a non-exclusive basis and based upon professional service and expertise;
- Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality; and
- There is no expectation, agreement or understanding between the Voluntary Administrators and the Companies about the conduct of this administration and we are free to act independently and in accordance with the law and the requirements of the ARITA Code of Professional Practice.

Did we meet with the Companies and / or their advisers before we were appointed?

☒ Yes ☐ No

FTI Consulting, the Companies and its advisors met/corresponded during the period from 30 June 2021 through to 15 July 2021 under an engagement entered into with KWM under a defined scope for the specific purpose of contingency planning with respect to a potential external administration of the Companies should the solvent options being pursued by the Companies not result in a transaction and the Companies' directors then resolve to appoint administrators (**Contingency Planning Engagement**).

We note that there was also a prior engagement relating to the Companies for the period April to May 2020 (**2020 Engagement**).

#### **Details of the 2020 Engagement**

- FTI Consulting was initially approached by Heron's senior secured creditor, Orion Mine Finance, and formally engaged on 24 March 2020 by Heron to undertake the following scope of work:
  1. Obtain an understanding of the current working capital position of Heron;
  2. Review the short term cash flow (13 weeks) and financial forecasts;
  3. Review the trade creditor position including contract status;
  4. Assess other liability exposures, including liabilities relating to employees;
  5. Review monthly management accounts for January and February 2020;
  6. Provide regular updates to management on findings and observations; and

7. To be available to provide updates to Heron's secured lender OMF Fund II (H) Ltd (being Orion Mining Finance).
- FTI Consulting commenced a high-level review and received information from the Companies including:
    - Management accounts for January and February 2020;
    - Accounts payable listing as at February 2020;
    - Monthly site project reports for the months December 19 to February 20;
    - The Companies' life of mine model and short term cashflow forecast to December 2020; and
    - Certain technical and management reports.
  - We had two phone calls with the CFO and one of his colleagues to discuss the information received as well as the Companies' care and maintenance plan.
  - Further information was requested in order to complete the review, but ultimately was not provided. We were therefore unable to complete the engagement, in particular scope items 3, 4 and 6.
  - Whilst FTI Consulting was engaged during the period April and May 2020, the work performed was limited to that noted above.
  - Following further funds being committed by Heron's lenders for ongoing care and maintenance, FTI Consulting had no further engagement with the Companies or the secured lender in relation to the Companies and our engagement effectively ended.
  - We received an upfront payment on 25 March 2020 of \$10,000.00 (excluding GST) from Heron for this work.
  - In our opinion, the fact that we undertook the 2020 Engagement does not affect our independence for the following reasons:
    - No advice or reporting was provided to Heron, its management, or associates in relation to its affairs or its solvency. The work performed related solely to understanding the financial position of Heron during April and May 2020;
    - The nature of the engagement provided to Heron, the timing of the engagement relative to the appointment date and the fact that our fees were paid in advance of performing the work, is such that the 2020 Engagement would not be subject to review and challenge during the course of our appointment;
    - The fees paid for the engagement (\$10,000, excluding GST) are immaterial to both Heron and FTI Consulting; and
    - No advice was given to the directors of Heron, or in relation to their personal circumstances.

#### **Details of the Contingency Planning Engagement**

- FTI Consulting was engaged by KWM on the instructions of Heron on 1 July 2021 to provide professional services involving pre-appointment advice and planning with respect to a potential external administration of the Companies should the solvent options being pursued by the Companies not result in a transaction and the Companies' directors then resolve to appoint administrators.
- We received a deposit into our trust account on 5 July 2021 of \$20,000.00 (excluding GST) from Heron to be applied to our fees incurred in respect of this work. The engagement commenced on 1 July 2021 and

continued up to the date prior to the directors' resolution to appoint us as administrators of the Companies passed on 15 July 2021.

- We have set out in Annexure A further detail of the meetings we had with management of the Companies, and other communication exchanges with management, pursuant to this engagement. We confirm that this communication was for the purposes of:
  - obtaining sufficient information about the Companies to enable discussion around the financial position of the Companies and outlining the process following the appointment of Voluntary Administrators;
  - us providing a Consent to Act as voluntary administrators of the Companies, if the boards of the Companies resolved to appoint administrators; and
  - engaging in acts preparatory in relation to providing information to the Companies and their advisor as to the impact on the Companies of the appointment of Voluntary Administrators.
- In our opinion, the fact that we undertook the Contingency Planning Engagement does not affect our independence for the following reasons:
  - No advice or reporting has been given to Heron, its management, or associates in relation to its affairs or its solvency. The work performed related solely to understanding the financial affairs, operations and planning for the appointment;
  - The Courts and relevant professional bodies recognise the need to adequately plan the insolvency process and the options available and do not consider that such an engagement results in a conflict or is an impediment to accepting the appointment;
  - The nature of the engagement and the upfront fee received is such that it would not be subject to review and challenge during the course of our appointment;
  - No advice has been given to the directors of Heron, or in relation to their personal circumstances;
  - The upfront fee received was limited to undertaking planning work only. It was received in advance of an invoice for the work being issued and was paid by Heron; and
  - The pre-appointment engagement will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Voluntary Administrators in an objective and impartial manner.

We have provided no other information or advice to Heron's directors prior to our appointment beyond that outlined in this DIRRI.

## Declaration of Relationships

**Other than disclosed above within the previous 2 years we or our firm have had a relationship with:**

|                                  |                                                                                                                                                                                             |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Companies                    | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                                                                                                         |
| The directors                    | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                                                                                                         |
|                                  | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                         |
| Any associates of the Companies? | As specified on page 1 and Schedule 1, we have been appointed as voluntary administrators of 6 companies in the group we refer to as Heron and comment on the group appointment as follows: |

- Each of the companies listed in Schedule 1 (with the exception of Heron Resources Limited) is a direct or indirect subsidiary of Heron Resources Limited;
- Each of the companies listed in Schedule 1 has granted security over all of its present and after acquired property in favour of Heron's secured creditors. Further detail in respect of this security is set out later in this section;
- We understand that Heron Resources Limited, Woodlawn Mine Holdings Pty Ltd and Tarago Operations Pty Ltd have guaranteed each others' obligations pursuant to an ASIC Deed of Cross Guarantee;
- We anticipate that there may be intercompany debts between the Companies, but these are yet to be identified and quantified;
- We have obligations in respect of each of the companies individually (as defined in Section 435A of the Corporations Act 2001) and not to Heron as a whole. As such, it is acknowledged that potential conflicts could possibly arise in the course of carrying out our duties in respect of each company in Heron;
- At this time we are not aware of any potential conflicts of interest arising from our appointments over the Companies. If it becomes apparent that the pre-appointment dealings between the various Heron entities may give rise to a conflict which may impact the outcome for creditors of the Companies, we undertake to disclose any such conflicts to the creditors and as appropriate, seek Court directions as to the means of resolving the potential conflicts; and
- We are of the view that the appointment to each of the Companies will have significant benefits to the conduct of the Voluntary Administrations, particularly as this will offer cost savings and will facilitate a comprehensive and accurate understanding of the activities and financial position of Heron as a whole.

A former insolvency practitioner appointed to the Companies?

☐ Yes ☒ No

A secured creditor entitled to enforce a security over the whole or substantially the whole of the Companies' property?

☒ Yes ☐ No

| Name                                                                                                        | Nature of relationship                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Reasons                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Orion Mine Finance Group (OMF), Nomad Royalty Company Limited (Nomad) and Castllake, L.P (Castllake)</b> | <p>In 2019, Heron raised the following secured debt finance facilities:</p> <ul style="list-style-type: none"> <li>• A USD\$60m senior secured debt facility provided by OMF</li> <li>• A secured USD \$16m silver stream and USD \$3m zinc by-product stream provided by Nomad</li> <li>• A subordinated AUD\$3.5m secured debt facility provided by Castllake.</li> </ul> <p>We understand that OMF holds approximately 75% of the issued share capital of Nomad.</p> <p>Each of the Companies have granted security over their assets in favour of Orion and Nomad for their debt facilities and in favour of Castllake for its subordinated facility.</p> <p>An intercreditor agreement regulates the subordination arrangement between OMF and Nomad (as first-ranking security holders) and Castllake (as second ranking security holder).</p> <p>Accordingly, OMF and Nomad have All Present and After Acquired Property (ALLPAAP) security registered on the Personal Property Securities Register (PPSR) in relation to each of the Companies, as do Castllake.</p> <p>As noted above, we were initially approached by OMF in relation to Heron, which led to the 2020 Engagement.</p> <p>In addition, FTI Consulting has relationships with OMF and Castllake by virtue of the nature of its business. FTI Consulting undertakes corporate recovery and advisory work from time to time on instructions from OMF and Castllake.</p> <p>To the best of our knowledge, we do not believe that FTI Consulting has a relationship with Nomad.</p> | <p>We have explained above the reasons as to why the 2020 Engagement does not affect our independence.</p> <p>In relation to our relationships with OMF and Castllake, we believe that these relationships do not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>• Each professional engagement undertaken for OMF and Castllake in relation to a particular entity or group of entities is conducted on an entirely separate basis, which has no bearing on this appointment;</li> <li>• These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders; and</li> <li>• FTI Consulting has not undertaken an engagement with either OMF or Castllake with respect to the Companies, other than the 2020 Engagement, which as previously explained does not affect our independence.</li> </ul> <p>Given these factors, our independence in acting as Voluntary Administrators of Heron has not been affected.</p> |

## Do we have any other relationships that we consider are relevant to creditors assessing our independence?

☐ Yes ☒ No

## Indemnities and up-front payments

We have not received any up-front payments or indemnities for this appointment. This does not include any indemnities we may be entitled to under the law.

Dated [19] July 2021



Christopher Hill



David McGrath



Michael Ryan

*Notes:*

1. *The assessment of independence has been made based on an evaluation of the significance of any threats to independence and in accordance with the requirements of the relevant legislation and professional Standards.*
2. *If circumstances change, or new information is identified, we are required under the Corporations Act 2001 or Bankruptcy Act and ARITA's Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors. For creditors' voluntary liquidations and voluntary administrations, this document and any updated versions of this document are required to be lodged with ASIC.*

## Schedule 1

### List of Group Companies

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

## Annexure A

### Interactions between FTI Consulting staff and Heron's representatives/other third parties during the period 30 June 2021 to 15 July 2021

The following is a schedule of meetings/correspondence which took place during the period 30 June 2021 to 15 July 2021. All meetings had the duration of approximately one hour or less, and are summarised as follows:

| Date         | Medium                  | FTI Consulting attendees / sender | External attendees / recipients                          | Agenda/purpose/discussion                                                                                                                                                                                                                                                                                                                                                       |
|--------------|-------------------------|-----------------------------------|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 30 / 06 / 21 | Microsoft Teams meeting | Chris Hill                        | Tim Klineberg                                            | <ul style="list-style-type: none"> <li>■ Approached to undertake contingency planning in respect of a potential Voluntary Administration of the Companies</li> </ul>                                                                                                                                                                                                            |
| 1 / 07 / 21  | Email                   | Chris Hill                        | Tim Klineberg<br>Jeremy Yam                              | <ul style="list-style-type: none"> <li>■ Executed a Letter of Engagement to undertake the Contingency Planning Engagement in respect of a potential external administration of the Companies should the solvent options being pursued by the Companies not result in a transaction and the Companies' directors then resolve to appoint administrators</li> </ul>               |
| 1 / 07 / 21  | Microsoft Teams meeting | Chris Hill<br>David McGrath       | Tim Klineberg<br>Jeremy Yam<br>Tim Dobson<br>Simon Smith | <ul style="list-style-type: none"> <li>■ Provided information regarding the voluntary administration process and contingency planning</li> <li>■ Requested information on the Companies required to complete the Contingency Planning Engagement</li> </ul>                                                                                                                     |
| 2 / 07 / 21  | Microsoft Teams meeting | David McGrath                     | Simon Smith                                              | <ul style="list-style-type: none"> <li>■ Clarified certain aspects of information provided in relation to the Companies</li> </ul>                                                                                                                                                                                                                                              |
| 5 / 07 / 21  | Microsoft Teams meeting | Chris Hill<br>David McGrath       | Tim Dobson<br>Simon Smith                                | <ul style="list-style-type: none"> <li>■ Discussed the voluntary administration process and contingency planning</li> </ul>                                                                                                                                                                                                                                                     |
| 6 / 07 / 21  | Telephone and Email     | Chris Hill<br>David McGrath       | Tim Dobson<br>Simon Smith                                | <ul style="list-style-type: none"> <li>■ Further discussion on contingency planning matters and discussion of a draft ASX announcement in relation to a potential external administration of the Companies should the solvent options being pursued by the Companies not result in a transaction and the Companies' directors then resolve to appoint administrators</li> </ul> |
| 7 / 07 / 21  | Microsoft Teams Meeting | Chris Hill<br>David McGrath       | Tim Dobson<br>Simon Smith<br>Tim Klineberg               | <ul style="list-style-type: none"> <li>■ Heron provided an update as to the status of solvent restructuring options it was pursuing</li> </ul>                                                                                                                                                                                                                                  |

|              |                         |                             |                                            |                                                                                                                                                                                                                           |
|--------------|-------------------------|-----------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|              |                         |                             | Jeremy Yam                                 |                                                                                                                                                                                                                           |
| 8 / 07 / 21  | Email                   | Chris Hill<br>David McGrath | Tim Dobson                                 | ■ Heron provided an update as to the status of solvent restructuring options it was pursuing                                                                                                                              |
| 9 / 07 / 21  | Email                   | Chris Hill<br>David McGrath | Tim Dobson                                 | ■ Heron provided an update as to the status of solvent restructuring options it was pursuing                                                                                                                              |
| 15 / 07 / 21 | Microsoft Teams Meeting | Chris Hill<br>David McGrath | Tim Dobson<br>Simon Smith<br>Tim Klineberg | ■ Heron provided an update as to the status of solvent restructuring options it was pursuing and informed us that a board meeting had been scheduled for later that evening to consider the next steps for the Companies. |

### Non FTI Consulting staff positions held at the date of interactions

| Name          | Position/title held                                     | Representing            |
|---------------|---------------------------------------------------------|-------------------------|
| Tim Dobson    | Chief Executive Officer                                 | Heron Resources Limited |
| Simon Smith   | Chief Financial Officer                                 | Heron Resources Limited |
| Tim Klineberg | Partner, King & Wood Mallesons (Legal Advisor)          | Heron Resources Limited |
| Jeremy Yam    | Senior Associate, King & Wood Mallesons (Legal Advisor) | Heron Resources Limited |

# Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

## Requests must be reasonable.

### They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

### Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

### Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

### Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors).  
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**



**ASIC**  
Australian Securities &  
Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

### List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

### Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.