Heron Resources Limited

Kalgoorlie Nickel Project




KNP Project Update

1 August 2014
Diggers and Dealers, Kalgoorlie

ASX: HRR

Disclaimer and Forward Looking Statements

- The material used in this presentation is intended to be a summary of selected geological data, current and proposed activities, as well as Mineral Resource estimates based on information available to Heron Resources Limited (Heron) at this time. It does not include all available information and should not be used in isolation as a basis to invest in Heron or the Heron projects. Any potential investor should refer to Heron ASX releases and statutory reports available at www.heronresources.com.au before considering investing in the Company.
- This presentation includes information relating to a completed independent scoping study, completed Mineral Resource estimates and a Pre-Feasibility Study completed by a former joint venture partner. This presentation contains "forward looking statements" which include, without limitation, estimates of potential nickel in concentrate production based on Mineral Resources and processing studies that are at an early stage of evaluation. While the Company has a reasonable basis on which to express these estimates, any forward looking statement is subject to risk. Risks include, without limitation: nickel metal prices, foreign exchange rate movements, Mineral Resource uncertainty, processing flow-sheet uncertainty, project funding capacity, concentrate off-take contracts and estimates of future capital and operating costs.
- The Company does not undertake to release publicly any revisions to forward looking statements included in this presentation to reflect events or results after the date of this presentation, except as may be required under applicable securities laws.
- The information in this report that relates to exploration is based on information compiled by Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy. Ian Buchhorn is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to mineral economics and the style of mineralization and type of deposit under consideration, and to the exploration activity that is being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves". Ian Buchhorn has consented to the inclusion in this report of the matters based on his information in the form and context that it appears.
- In relation to the Vale Inco 2009 Prefeasibility Study and Heron 2010 PFS Revision referenced in this announcement, information is extracted from the announcement entitled "Vale Delivers Strong KNP Pre-Feasibility Report" released on 9 February 2009 and from the announcement entitled "Completion of Kalgoorlie Nickel Project PFS Revision" released on 16 February 2010 which are available at www.heronresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
- In relation to the Heron 2014 10Ktpa Scoping Study and Heron 2014 20Ktpa Scoping Study referenced in this announcement, information is extracted from the announcement "Simulus Scoping Study results - Step Change for KNP" released on 8 April 2014, from the announcement "Simulus Scoping Study Clarification" released on 22 April 2014 and from the announcement "Kalgoorlie Nickel Project 20ktpa Scoping Study Results Confirms Potential for Robust Long Life Project" released on 31 July 2014 which is available at www.heronresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.
- The Company advises the 20Ktpa Scoping Study is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised. The Production Target referred to in this announcement is partly based on Indicated Mineral Resources (being 73%) and on Inferred Mineral Resources (being 27%). There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target or preliminary economic assessment will be realised. The Company confirms that the Mineral Resources underpinning the Production Target have been prepared by a Competent Person in accordance with the JORC 2012 Code. In relation to the Mineral Resources on which the Production Target is based, the information is extracted from the report entitled "Updated Mineral Resource Estimate, KNP" created on 18 October 2013 and is available to view on www.heronresources.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Introduction

- 100%-owned Kalgoorlie Nickel Project (**KNP** or the **Project**) located immediately north of Kalgoorlie in the Eastern Goldfields mining district of Western Australia
- The KNP, with a 2012 JORC-compliant Mineral Resource of **796Mt grading 0.70% nickel and 0.048% cobalt**, is one of the largest undeveloped nickel laterite deposits in the world
- Since completion of a 2009 Pre-Feasibility Study (PFS), Heron has been investigating alternative development options and in December 2013 announced an exclusive arrangement with Simulus Engineers (Simulus) to co-fund development of Simulus' Carbon Friendly Nickel Production (CFNP) reagent recovery technology
- The CFNP is an improved nickel production process that focuses on sulphuric acid recovery, regeneration and recycling measures to improve the operating costs and reduce the carbon emissions associated with nickel production
- The venture is based on successful bench-scale testwork results and a Scoping Study demonstrating the potential of the technology for the KNP, and will allow the technology to be progressed with a strong focus on meeting KNP requirements
- Recently released 20Ktpa Scoping Study has demonstrated strong potential for a robust long life project

Heron is now seeking to advance the KNP and seeks a high quality partner with an interest in long term nickel-cobalt production

KPMG Corporate Finance mandated as Heron adviser to coordinate the partnership process

CAPITAL STRUCTURE (POST MERGER PROFORMA)

Shares on Issue[1]	360.88m
Share Price (31/07/2014)	$ 0.155
52 Week Range	$ 0.105 – 0.17
Market Cap (31/07/2014)	$ 56.0m
Cash and Investments[2]	$ 36.9m

Note 1: there are no options 'in the money'

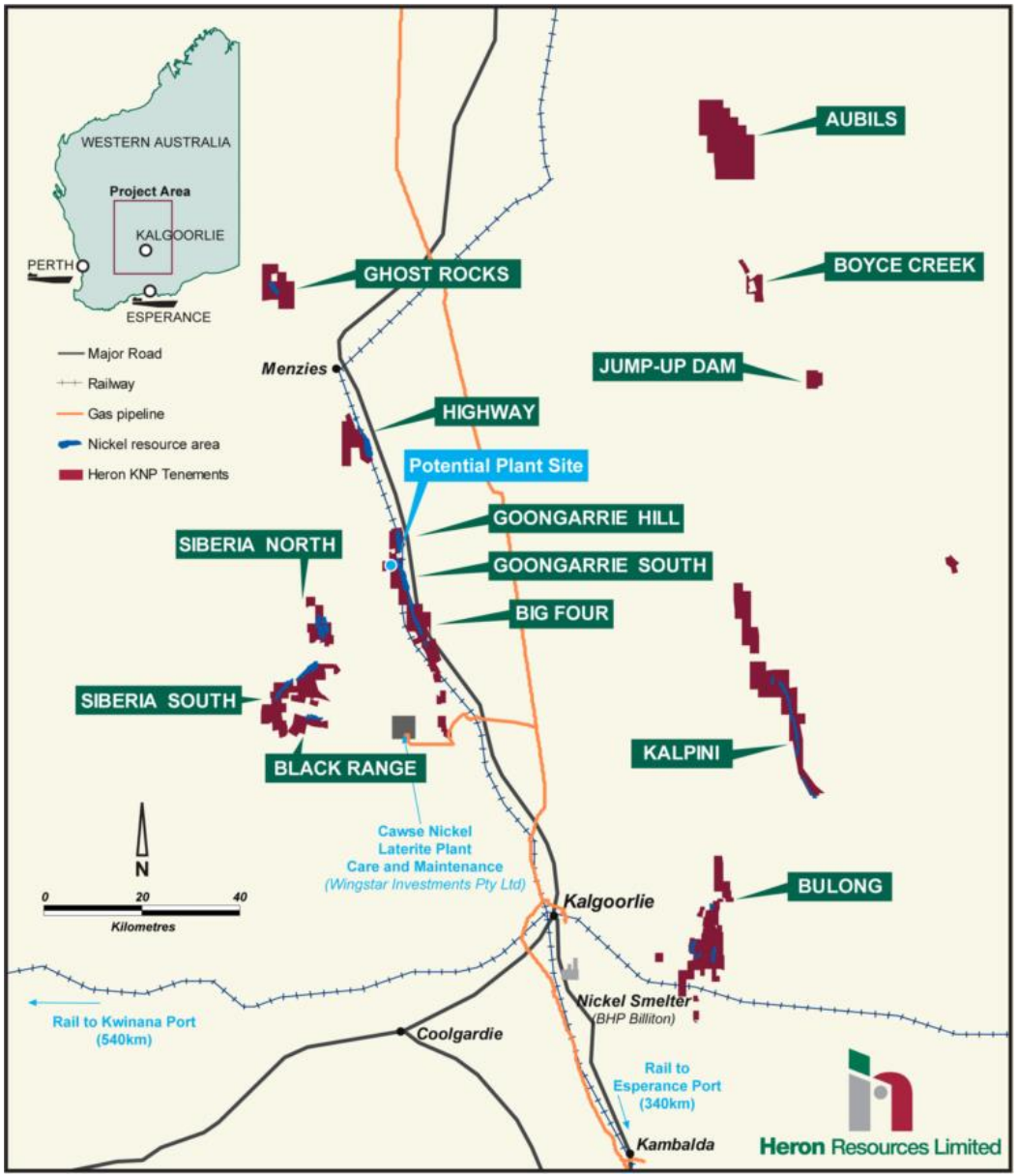
Note 2: cash and investments balance as at 30 June 2014

12 MONTH SHARE PRICE PERFORMANCE

Project Overview

"One of the most prospective nickel laterite tenement packages in the world" – Vale Inco

- The **Kalgoorlie Nickel Project** is located in the Eastern Goldfields of Western Australia, 50-100km north and east from Kalgoorlie
- Tenement holding some 850km^2, Resources on granted Mining Leases - 100% Heron-held, unencumbered tenure
- Large resource base – with screen beneficiation for more siliceous material of the ore body giving a potential Leach Feed Grade of 1.1-1.5% nickel
- Benign environment, semi-arid climate (260mm rainfall), low gently undulating terrain, open eucalypt woodland
- All gas, road, rail, port-access infrastructure present adjacent to potential KNP plant site
- Kalgoorlie 30,000 population centre, airport for large jets, university, excellent recreation facilities
- Area of strong mining culture with several major gold and nickel mining camps
- Excellent local expertise, including nickel-laterite (Murrin Murrin, Ravensthorpe), Curtin University
- Very low risk jurisdiction, and very strong support from local government – the next major mining project for Kalgoorlie
- More than $50 million has been spent on the Resource drill-out and on previous technical studies considering nickel production of 20,000-37,000 tonnes pa in a Mixed Hydroxide Product (MHP) shipped as a 35-40% nickel concentrate with cobalt credits



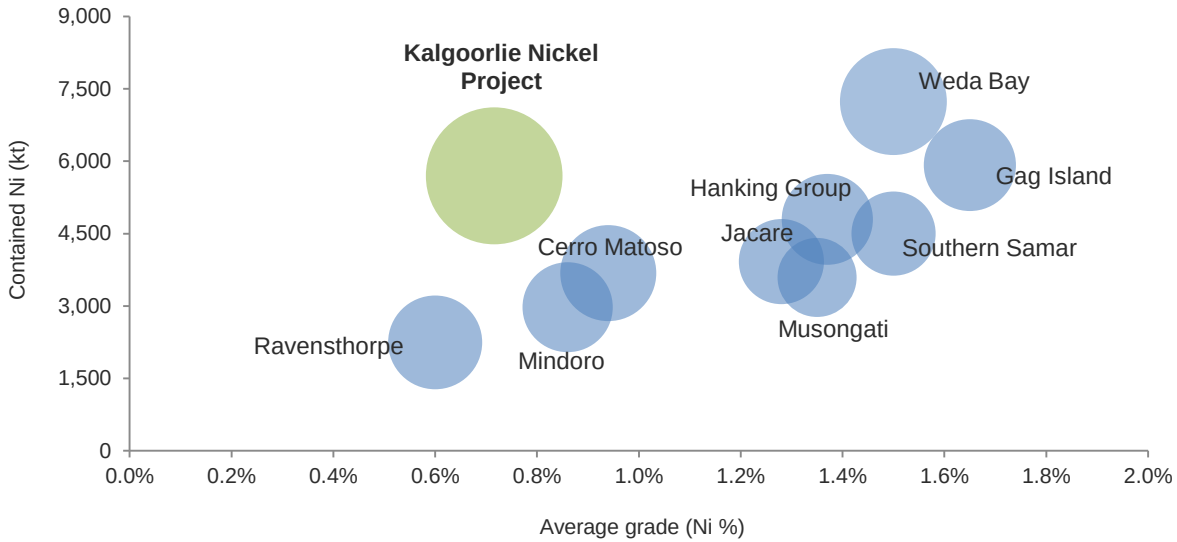
World Class Resource Base

Nickel Laterite Mineral Resource*

Resource Category	Mt	Ni %	Co %
Measured	9.6	1.02	0.081
Indicated	218.0	0.73	0.051
Inferred	568.0	0.68	0.046
Total	**795.6**	**0.70**	**0.048**

* Further detail of the KNP Mineral Resource, including a breakdown by deposit is shown in the Appendices to this presentation. Please refer to Heron's ASX announcement dated 18 October 2013 for details of the Mineral Resource estimation process including the Table 1 details in compliance with the JORC 2012 Code.

The 10 Largest Global Nickel Laterite Deposits



Note: bubble size is indicative of total resource size. Source: Intierra

Refer to Slides 2-3 for the associated JORC 2012 compliancy statements

Development History

- **2009 – Pre-Feasibility Study Completed by Vale Inco**
  - Future work substantially de-risked by $35M Vale Inco PFS
  - Focussed on screen beneficiation and HPAL processing route (Vale Inco's Goro flowsheet)
  - Included mining, environment, processing (HPAL) and infrastructure studies
  - More than 98,000m of drilling completed, all JORC 2012 compliant
  - Water studies completed

- **2013-2014 – Simulus Flowsheet – Potential Step-Change for Nickel Laterite Processing**
  - Emphasis on recycling and recovery of acid, process water and neutralisation agents
  - Maintains screen beneficiation circuit for siliceous ore to provide project life Leach Feed Grades around 1.1 to 1.2% nickel
  - Mixed Hydroxide Product (35-40% Ni) – process can deliver Mixed Sulphide if required
  - April 2014 Scoping Study completed for 10,000tpa nickel operation
  - Further iteration nearing completion for 20,000tpa nickel operation
  - Optimisation of mining schedule being undertaken to feed into the revised Scoping Study
  - Design completed for 1.5tph KNP Demonstration Plant

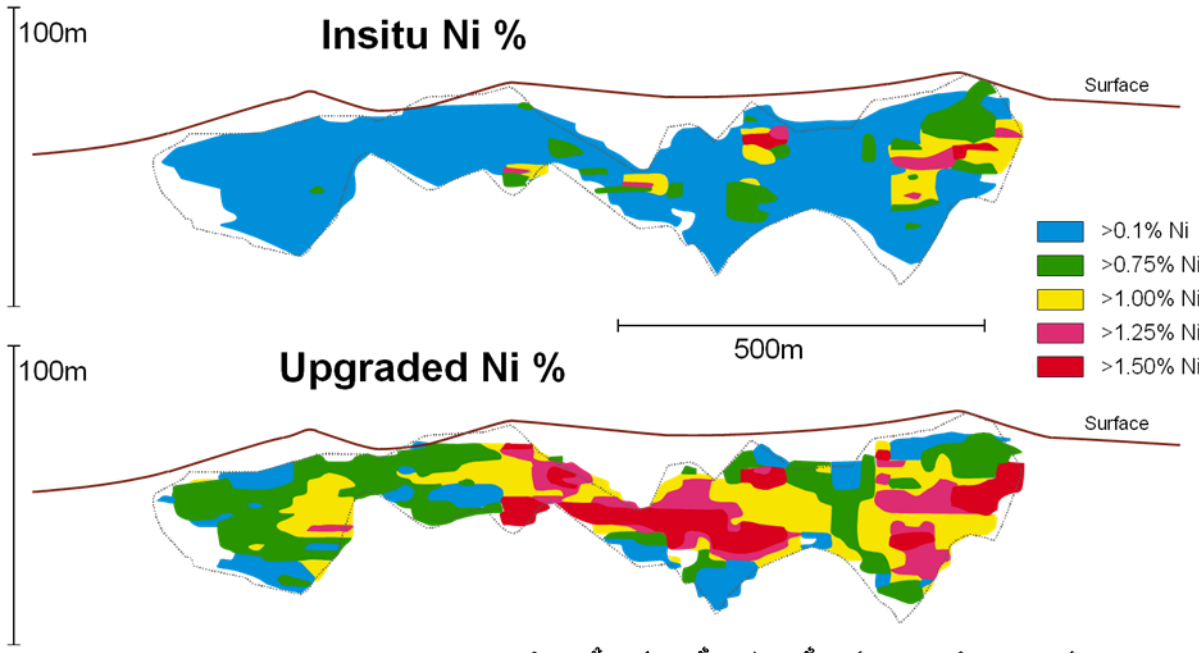
- **2014 – Partnership for the Project is being sought**
  - Heron seeks a high quality partner with an interest in long term nickel-cobalt production
  - $660M development opportunity (for 20Ktpa style plant), significant scale expansion available due to large resource size
  - Nickel-cobalt off-take rights available
  - Heron able to provide local technical, logistics and government/community relations support
  - Looking for a staged commitment to the project

Extensive Drilling Completed

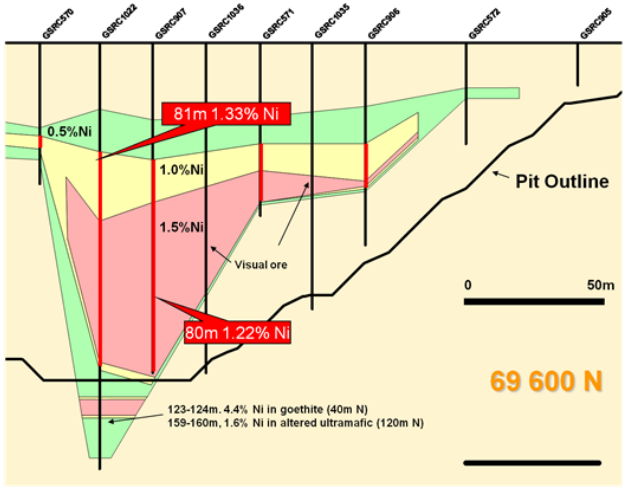
- **Drilling between 2005 and 2008 (Vale Inco)**
  - 90,000m of reverse circulation (RC)
  - 3,800m of diamond core
  - 5,000m of sonic core (150mm diameter)
  - 155Mt converted to Measured and Indicated Mineral Resource categories
- **Two geographic elements**
  - KNP West (Goongarrie centred)
    - High grade goethite (eg Pamela Jean)
    - Siliceous goethite (eg Highway)
  - KNP East (Bulong centred)
    - Saprolite/nontronite dominant
- **15 current defined resources areas**
  - Vale focussed on only four:
    - Goongarrie South
    - Goongarrie Hill
    - Highway
    - Siberia South

THE KNP IS NOT RESOURCE CONSTRAINED

Highway beneficiated resource before and after screen beneficiation illustrating beneficiation characteristics of siliceous goethite ore



The Goongarrie South deposit typically has thick zones (to 80m) of nickel laterite mineralization and displays good continuity between drill holes, particularly in the Pamela Jean Zone (shown)

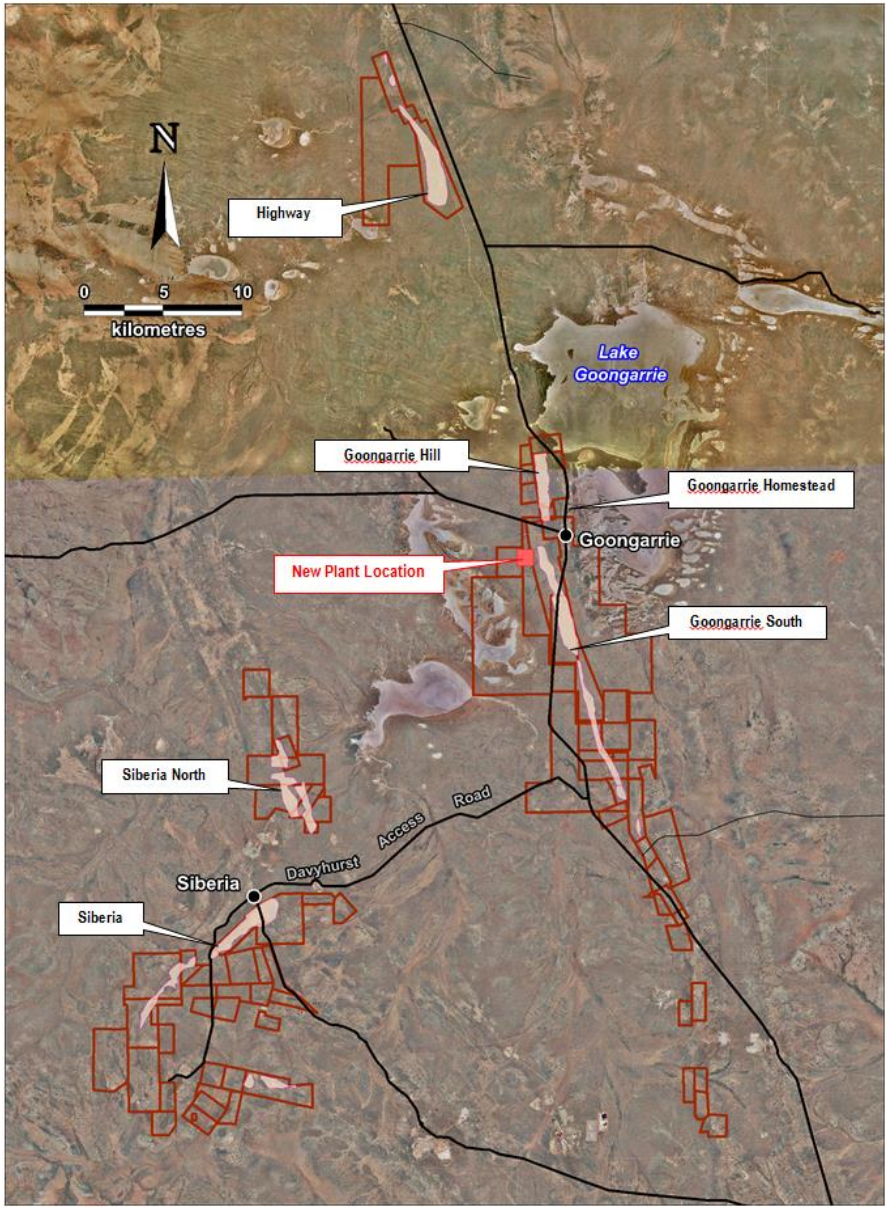


The extensive high quality drilling to PFS level carried out mostly by Vale Inco significantly de-risks the future development of the KNP

Established Infrastructure

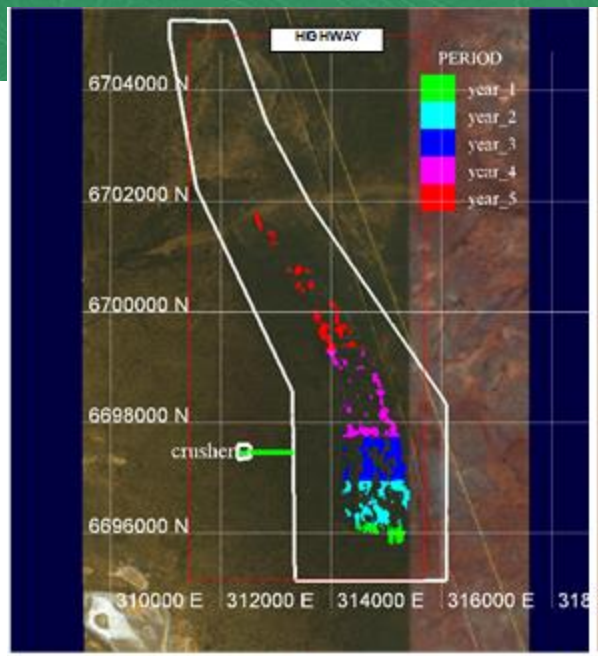
- **Transport options**
  - The Vale Inco PFS assumed rail of the finished MHP product to port in Fremantle (bagged and shipped in 20t containers)
  - Export is possible via Kwinana/Fremantle and Esperance, both connected to the project by established rail and road
  - It is anticipated that a rail spur would be constructed immediately adjacent to the Goongarrie plant site
- **Skilled labour**
  - The Kalgoorlie district is home to a large number of experienced mining personnel
  - Workers will reside in Kalgoorlie or surrounding districts and either drive themselves or are
    transported by buses to and from the mine site – eliminating the need for an airstrip or a dedicated site village
- **Water**
  - PFS water studies indicate availability of sufficient quality water from dedicated bore fields
- **Gas & power**
  - There is an established gas pipeline within 30km east of Goongarrie plant site
  - A sulphuric acid plant will potentially provide the bulk of power needs for the site

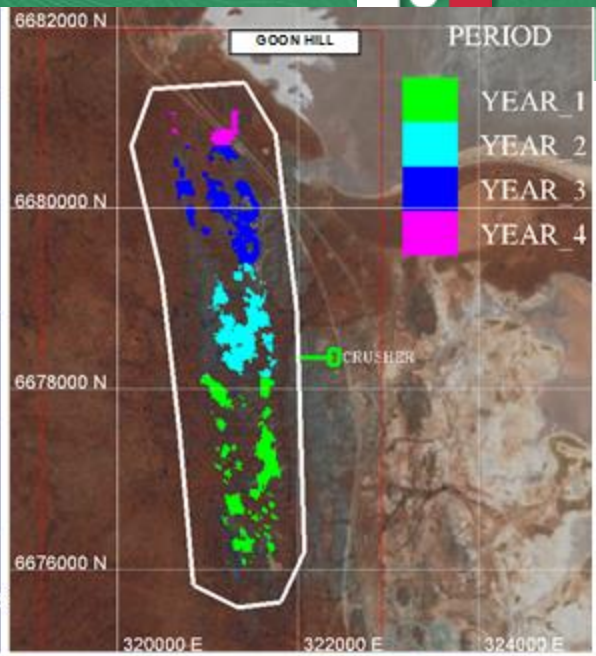
The KNP is immediately adjacent to necessary infrastructure and has multiple available transport options for reagent import & export of the product

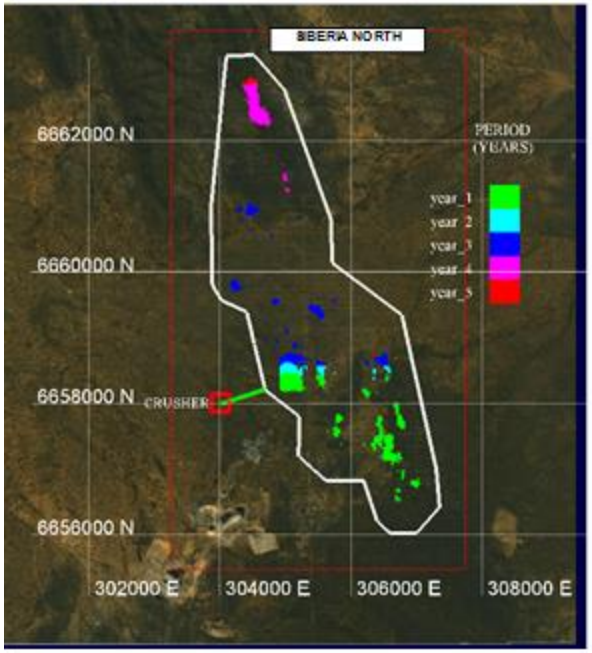


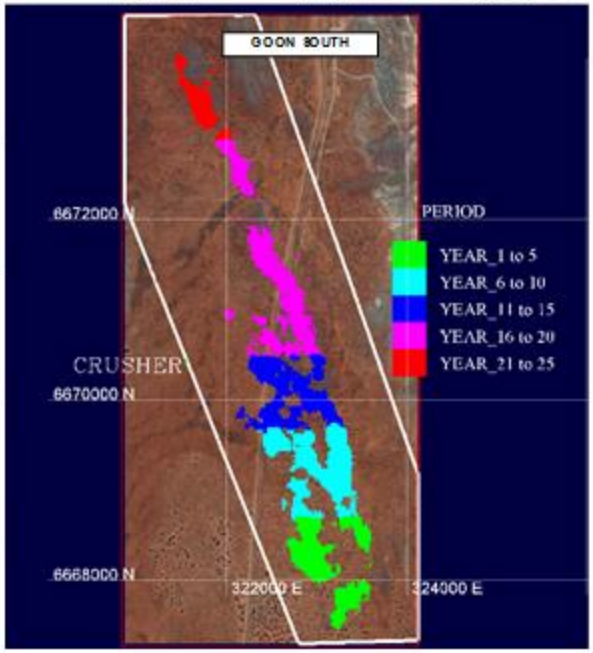
Mine Planning

- **Mining Plans**
  - Mining method based on conventional open pit mining in benches with the use of diesel hydraulic excavators and front-end wheel loaders as the main equipment for loading off-highway rear-dump trucks
  - Typically 10m overburden waste, ore thickness 20-50m, sharp lower ore cut-off facilitates waste back-fill, progressive strip mine, minimizes mine footprint
  - The majority (85%) of the material assumed to be free-digging with the remaining 15% (mostly a surface hard cap) requiring drilling and blasting
  - Integrated Vale Inco mine plan had a 34 year mine life with mining commencing at Highway and progressing to Goon Hill, Siberia North and Goon South (only assessed 4 of 15 deposits)
  - Metal production rate is determined by the leaching capacity, with a variable ore mining rate based on the ore type and the mass recovery after beneficiation. ROM ore delivered to a primary crushing facility near each mine
  - 10Ktpa and 20Ktpa studies have used the Heron PFS Revision estimates for the mining plan scaled appropriately. Mining costs were re-estimated for the 20Ktpa Scoping Study









Environmental Studies Advanced

- Environmental assessment is well advanced
- Independent environmental assessment was undertaken as part of the 2009 PFS including:
  - extensive baseline environmental reviews
    - Vegetation
    - Terrestrial and migratory fauna
    - Subterranean fauna
    - Endemic species
  - hydrology review of the Goongarrie deposit
  - hydrology surveys of surface waters and lakes
  - flora and fauna survey studies
  - groundwater aquifers
  - highway/railway diversion corridors (not essential)
  - pit dewatering and disposal (to plant)
- Mullock and tailings to be dumped in exhausted pits (ore has a sharp basal contact)
- The flat terrain and high evaporation rates favour cost-effective Tailings Storage Facilities (contrast tropical wet laterite)
- Endemic Goldfields understory flora re-establishes readily in disturbed areas
- Recommended further work during the Study has been provided which will allow integration of environmental management control measures into future project planning activities
- With correct management disturbed areas are highly amenable to rapid rehabilitation - see photos opposite (all Vale Inco PFS field work fully rehabilitated with DMP sign-off)
- No legacy environmental issues

Big Four area regrowth following intensive drilling

KNP Prior Pre-Feasibility Studies

- Prior to the current Simulus Scoping Studies, there have been two previous advanced feasibility assessments on the KNP:
  - **Vale Inco 2009 Pre-Feasibility Study (PFS)**, HPAL flow-sheet, 2.50 million tonnes per annum (Mtpa) leach feed, 366 million tonne (Mt) at 0.68% nickel and 0.05% cobalt (80% Indicated and 20% Inferred), pre-production capital costs of A$2.1 billion for 22.2 thousand tonnes per annum (Ktpa) nickel production in Mixed Hydroxide Product (MHP) over 34 years, C1 operating costs of US$4.54/lb nickel
  - **Heron (with consultants) 2010 PFS Revision**, HPAL flow-sheet, 3.75Mtpa leach feed sourced from high grade beneficiable ore (same Resource base and split as above), pre-production capital costs of A$2.8 billion for 36.7Ktpa nickel production in MHP over 35 years, C1 operating costs of US$4.17/lb nickel

- Based on reviews of the 2009 and 2010 studies, Heron has concluded that that the most practical path towards economic production from the KNP is provided by:
  - **Atmospheric Leaching** under ambient to low pressure, to minimize high-cost materials of construction (as required for HPAL), and maximized use of "off-the-shelf" components
  - Maximization of process water and sulphuric acid **recycling and regeneration**

Historic PFS Results (note these are now superceded by the 2014 Scoping Studies)	Vale PFS January 2009	HRR PFS Revision February 2010
Capacity Leach Feed (Mtpa)	2.5	3.75
Mine Life (years)	34	35
Average Ni Production tpa (in MHP)	22,200	36,700
Overall Opex US$/lb Ni (C1 cost)	4.54	4.17
Pre-production Capex A$M	2,102	2,834
Overall Capex US$/annual lb Ni	40.45	36.10

Refer to Slides 2-3 for the associated JORC 2012 compliancy statements

2013-14 Simulus Partnership & Testwork

- Heron commitment to Simulus Engineers nickel laterite flowsheet, Carbon Friendly Nickel Production (**CFNP**)
- Simulus is a Perth-based metallurgical engineering firm specialising in developing innovative and cost effective solutions to complex metallurgical processes
- Simulus is developing CFNP, an **improved nickel production process that focuses on sulphuric acid recovery, regeneration and recycling measures to improve the operating costs** and reduce the carbon emissions associated with nickel production.
- In December 2013, Heron announced that it had entered into an exclusive arrangement with Simulus co-fund the development of Simulus' reagent recovery technology
- The venture is based upon the successful bench-scale testwork results demonstrating the potential of the technology for the KNP, and will allow the technology to be progressed with a strong focus on meeting KNP requirements
- Heron will earn equity in the CFNP entity through staged investments. The staged investments are subject to Heron Board approval which will consider the outcomes of previous stages, currently including the announced Scoping Study and additional testwork of the goethite ore (improved recoveries expected)

CFNP Testwork Results Summary (2 Dec 13, 8 Apr 14)

Scoping Study Summary Results	Boulder Block (saprolite)	Jump Up Dam (nontronite)	Siberia (goethite)
Ni extraction (%)	94%	97%	85%
Net acid consumption (kg/t)	350		
Leach residence time (hrs)	24		
Single stage nickel MHP precipitation efficiency (%)	96%		

The CFNP process targets net acid consumption of 200-250 kg/t for all KNP ore sources, equivalent to a recycling recovery for the acid of 65-70%

Refer to Heron announcements dated 2 December 2013, 8 April 2014, and 22 April 2014 for full details.

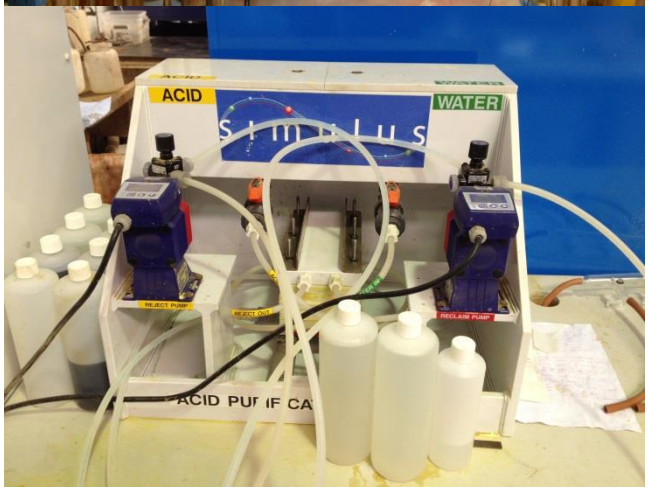
CFNP Testwork

100 litre reaction vessels which form the Atmospheric Leach stage of the flowsheet

Autoclave used for intermediate stage hydrolysis of iron sulphate for sulphuric acid regeneration. This stage follows the Atmospheric Leach

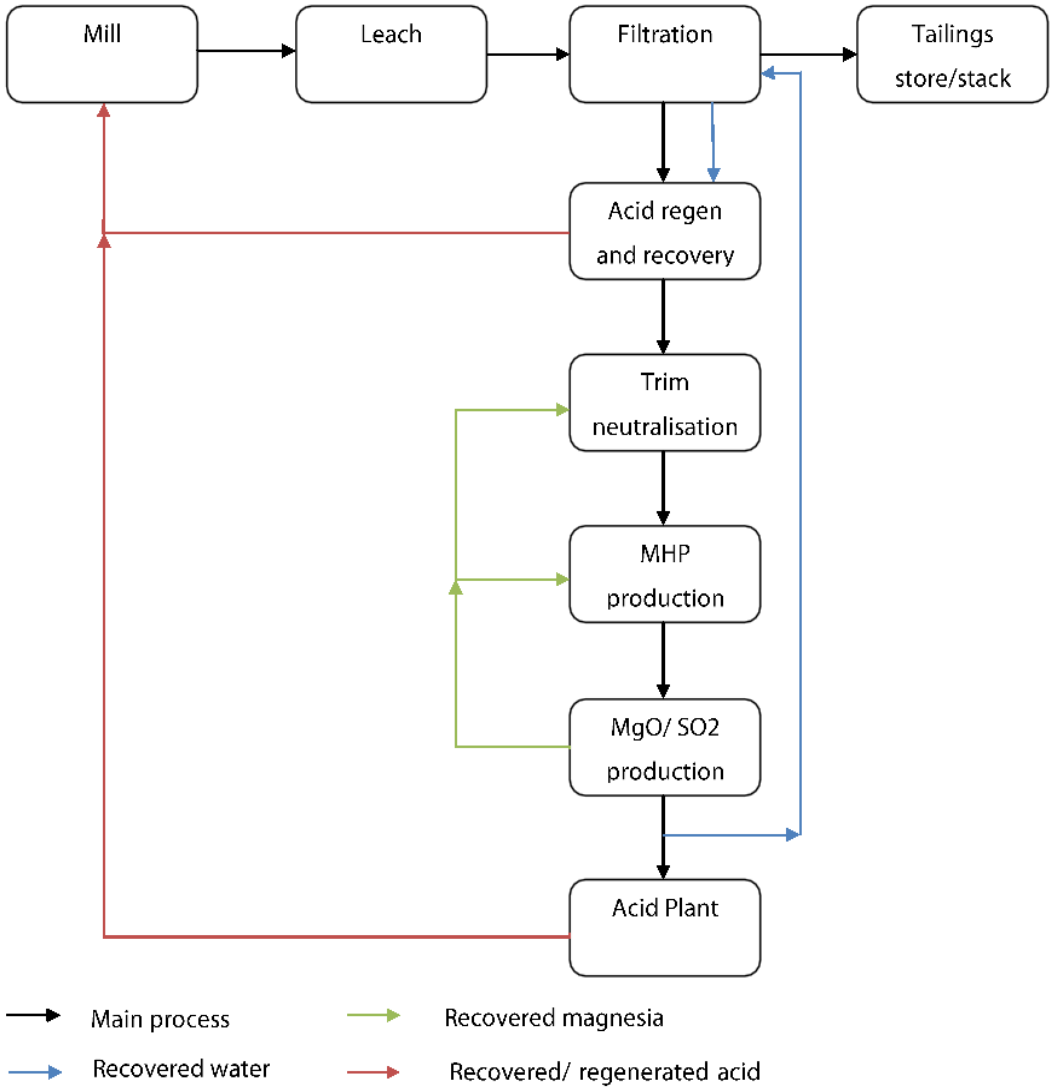
KNP Pregnant Liquor Solution (PLS) following sulphuric acid leaching, purification and acid recovery, from which Mixed Hydroxide Product can be crystallized. The distinctive green coloration in the PLS samples reflects the amount of nickel in solution

Dialysis unit used to remove sulphuric acid from the Pregnant Liquor Solution as part of reagent regeneration process



Proposed Processing Plant Overview

- **Mill:**
  - Single stage crushing
  - Beneficiation & scrubbing
  - Ball mill
- **Leach :**
  - Atmospheric Leach – agitated tanks
- **Filtration**
- **Acid recovery :**
  - Dialysis membranes
  - Iron removal
  - Thickener
  - Scrubber
- **Trim neutralisation :**
  - Neutralisation tanks
- **MHP production :**
  - Precipitation tanks
  - Thickening & filtration
  - Bagging and storage
- **Supporting processes :**
  - Raw & process water supply & distribution
  - Magnesium sulphate water recovery
  - Magnesia recovery
  - Acid plant
  - Magnesia preparation plant
  - Flocculent preparation plant
  - Power plant



20Ktpa Scoping Study Capital Estimates

Under the 20Ktpa Scoping Study (released 31 July 2014, all capital costs have been re-estimated by Simulus to +/-30% accuracy both for the processing plant and for the infrastructure and services capital including haul roads, gas and water supply, a rail siding and a tailings storage facility.

Capital Item	A$
Plant, buildings and equipment	469.7
TSF & evaporation ponds	11.8
Gas supply	18.2
Water supply	21.4
Site infrastructure including haul roads	16.8
Construction costs including EPCM	64.5
Total	**660.0**

10% contingency has been included on all items

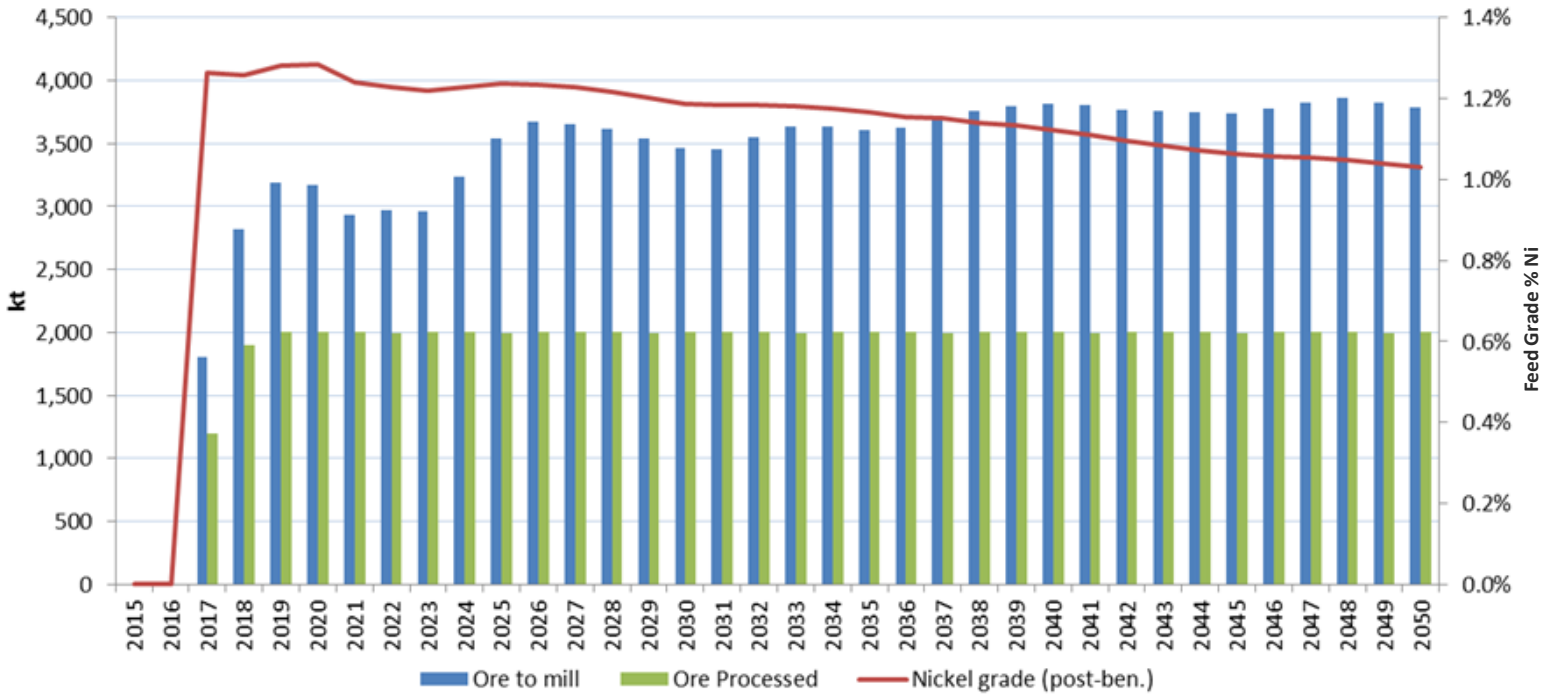
A maintenance capital charge of 4% p.a. has been applied to total capital (A$26.4 million) on an annual basis to allow for plant maintenance

For the base case approx. 20Ktpa of nickel production, the estimated capital intensity is US$13.82/annual pound of nickel production, which is a “step-change” improvement in the overall KNP economics[1]

1: Compares to US$40.45/annual lb Ni production for the Vale PFS, and US$36.10 for the Heron PFS Revision. Refer to Heron announcement of 31 July 2014 for further information.

20Ktpa Mill Feed and Beneficiation

Under the 20Ktpa Scoping Study (released 31 July 2014), a variable ore feed rate to the mill and beneficiation circuit results in a 2Mtpa feed into the process plant at an average grade of 1.16% nickel and 0.061% cobalt. Mining blocks and feed grades were scaled from the Heron 2010 PFS Revision mining schedule and averaged over the project schedule.



LOM Averages		To Mill	To Processing
Nickel grade	%	0.85%	1.16%
Cobalt grade	%	0.050%	0.061%

Beneficiation		Grade Increase	Metal Loss
Nickel	%	36%	23%
Cobalt	%	23%	31%

Refer to Slides 2-3 for the associated JORC 2012 compliancy statements

20Ktpa Scoping Study Outcomes

- Confirms the potential for the KNP to be developed as a large scale, very long life mine using the CFNP process
- Based on the JORC 2012 compliant Mineral Resource, an initial mining inventory of 123.8M tonnes has been modeled at a Leach Feed Grade of 1.16% nickel and 0.06% cobalt, with a Production Target of 683,600 tonnes of nickel in concentrate over a 35 year mine life
- Significant scope to increase the Production Target: Based on the total mining inventory from the 2010 Pre-feasibility Study, the project could be in production for more than 50 years or be scaled up further
- Processing rate of 2.0Mtpa for annual production averaging 19,500 tonnes nickel and 900 tonnes cobalt, with an average production over the first 10 years of 20,200 tonnes of nickel, shipped as Mixed Hydroxide Product (MHP)
- Capital costs of $660 million confirming a low capital intensity of US$13.82 per annual pound of nickel production compared to a traditional HPAL process route of around US$40
- Total revenue (including by-product credits) of A$12.6 billion and pre-tax net cash flow of A$4.3 billion over the initial 35 years of operation – based on a nickel price of US$9.00 per pound (A$/US$: 0.90)
- C1 cost over the first 10 years of operation of US$3.71/lb Ni and US$4.27/lb Ni over the 35 year mine life, comparable to the current cost of the established Ravensthorpe HPAL project but at a much lower initial capital cost
- C3 cost of US$5.90/lb nickel over the initial 35 year mine life
- Significant leverage to the nickel price, with an increase in the nickel price assumption of US$1.0/lb increasing the pre-tax project net cash flow by approximately A$1.4 billion

Scoping Study Summary Results	10Ktpa Scoping Study April 2014	20Ktpa Scoping Study July 2014
Capacity Leach Feed (Mtpa)	1.0	2.0
Mine Life (years)	22	35
Average Ni Production tpa (in MHP)	10,000	19,500
Overall Opex US$/lb Ni (C1 cost)	3.56	4.27
Pre-production Capex A$M	356	660
Overall Capex US$/annual lb Ni	14.54	13.82

Refer to Slides 2-3 for the associated JORC 2012 compliancy statements
Refer to Heron announcement of 8 April 2014, 22 April 2014 and 31 July 2014 for further information.

KNP Partnership & Development Outline

Indicative Cost Target (A$)

18-24 month timeframe

$170K

20Ktpa Scoping Study

Complete

Partnership Identification

Partners currently being identified and approached, KPMG Corporate Finance mandated

$5-10M

Design work in progress

KNP Demonstration Plant

$10-20M

KNP Feasibility Study

$500M+

Project Funding

Table 1: Mineral Resource Estimates for Heron nickel laterite deposits (0.5% nickel cut-off grade)

Region	Prospect	Million Tonnes	Ni %	Co %		Resource Category	Estimation Method	Estimate Source	Study Period
Goongarrie	Goongarrie South*	5.8	1.08	0.105		Measured	Krige	Heron	Post PFS
	Goongarrie South*	54.2	0.79	0.066		Indicated	Krige	Heron	Post PFS
	Goongarrie South*	34.4	0.63	0.042		Inferred	Krige	Heron	Post PFS
	Highway	52.9	0.66	0.042		Indicated	Krige	Heron	Post PFS
	Highway	38.4	0.63	0.040		Inferred	Krige	Heron	Post PFS
	Ghost Rocks	24.8	0.67	0.047		Inferred	Krige	Snowden	Pre PFS
	Goongarrie Hill	53.6	0.60	0.037		Inferred	Krige	Heron	Post PFS
	Big Four	42.6	0.69	0.052		Indicated	Krige	Heron	Post PFS
	Big Four	12.4	0.54	0.054		Inferred	Krige	Heron	Post PFS
	Scotia	11.2	0.77	0.080		Inferred	Krige	Snowden	Pre PFS
	Sub-total	330.3	0.68	0.049					
Siberia	Siberia South	104.4	0.66	0.035		Inferred	Krige	Snowden	Pre PFS
	Siberia North	10.8	0.64	0.051		Indicated	Krige	Snowden	Post PFS
	Siberia North	60.0	0.66	0.040		Inferred	Krige	Snowden	Post PFS
	Black Range	20.1	0.75	0.103		Inferred	Krige	Snowden	Pre PFS
	Sub-total	195.3	0.66	0.043					
KNP West	Total	525.6	0.67	0.047					
Bulong	Taurus	14.2	0.83	0.051		Inferred	Krige	Snowden	Pre PFS
	East	15.9	0.89	0.046		Indicated	Krige	Snowden	Pre PFS
	East	24.3	0.78	0.053		Inferred	Krige	Snowden	Pre PFS
	Sub-total	54.4	0.87	0.054					
Hampton	Kalpini	75.4	0.73	0.044		Inferred	Krige	Snowden	Pre PFS
	Sub-total	75.4	0.73	0.044					
KNP East	Total	129.8	0.79	0.048					
	Jump Up Dam‡	3.8	0.94	0.048		Measured	Krige	Snowden	PFS
	Jump Up Dam	41.7	0.79	0.044		Indicated	Krige	Snowden	PFS
Yerilla	Jump Up Dam	18.5	0.64	0.035		Inferred	Krige	Snowden	PFS
	Boyce Creek	26.8	0.77	0.058		Inferred	Krige	Heron	PFS
	Aubils**	49.4	0.70	0.066		Inferred	Krige	Heron	PFS
KNP Yerilla	Total	140.2	0.73	0.052					
Company Total		795.6	0.70	0.048					

* Includes 33.4 million tonnes at 0.70% nickel and 0.040% cobalt located on a pending mining tenement.
** Includes 49.4 million tonnes at 0.70% nickel and 0.066% cobalt located on a pending mining tenement.
‡ Includes approximately 20,000 tonnes at 1.3% nickel and 0.050% cobalt in stockpiles from the 2008 trial pit.

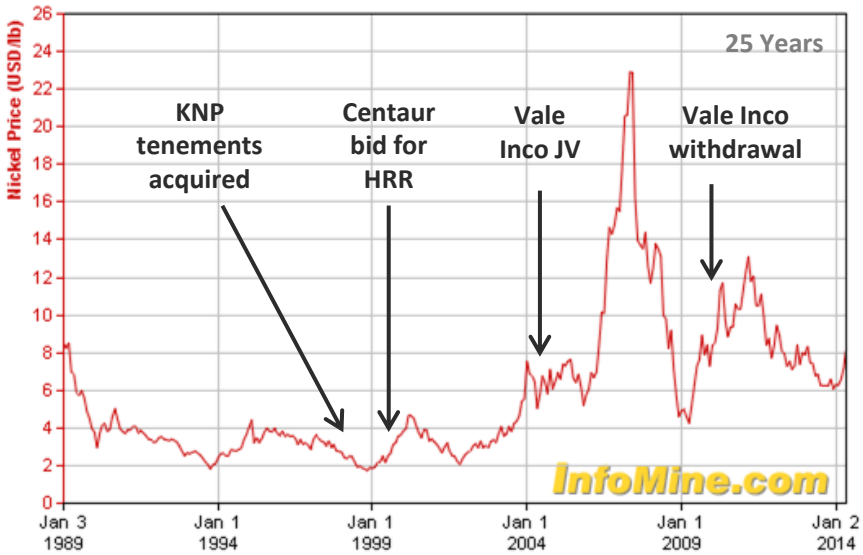
Notes:
1. Tonnage (dry) and grade estimates have been rounded to reflect the estimation precision.
2. Economic parameters for the KNP are based on a Pre-Feasibility Study completed by Vale Inco under farm-in arrangements between April 2005 and July 2009, and re-optimized by Heron between August 2009 and January 2010. The Vale Inco farm-in ended in July 2009 and Vale Inco has no retained rights in respect of the KNP tenements.
3. Economic parameters for Yerilla are based on a Pre-Feasibility Study completed by Heron between June 2006 and April 2009, and re-optimized by Shanshan under joint venture between May 2009 and May 2011. The Shanshan joint venture expired in May 2011. Shanshan has no retained rights in respect of the Yerilla tenements.

Refer to Slides 2-3 for the associated JORC 2012 compliancy statements

Nickel Market and Prices

- Prices have recovered from the depths seen in the 2008-2009 global downturn, with global nickel demand still heavily dependent on China
- Current focus is on the Indonesian export ban (previously Indonesia accounted for 59% of nickel imports into China) and impact on the NPI industry
- CRU state that supply side facing challenges are increasing due to declining discoveries of sulphide ores, increasing the importance of laterite ore sources and forcing producers to search for more efficient production methods
- Roskill forecasts "a gradual increase in nickel prices through 2015 as a result of the Indonesian ban, with a stronger increase expected from the end of 2017, as prices must eventually increase to permit investment in future capacity to supply the market into the next decade"
- Citibank forecast prices between US$10.8-12.0/lb between 2015-2018. Citibank believe the Indonesia ban is here to stay, with the benefits outweighing the lost ore export revenues
- The surplus will drop to a four-year low this year and will swing to a deficit next year, according to Norilsk

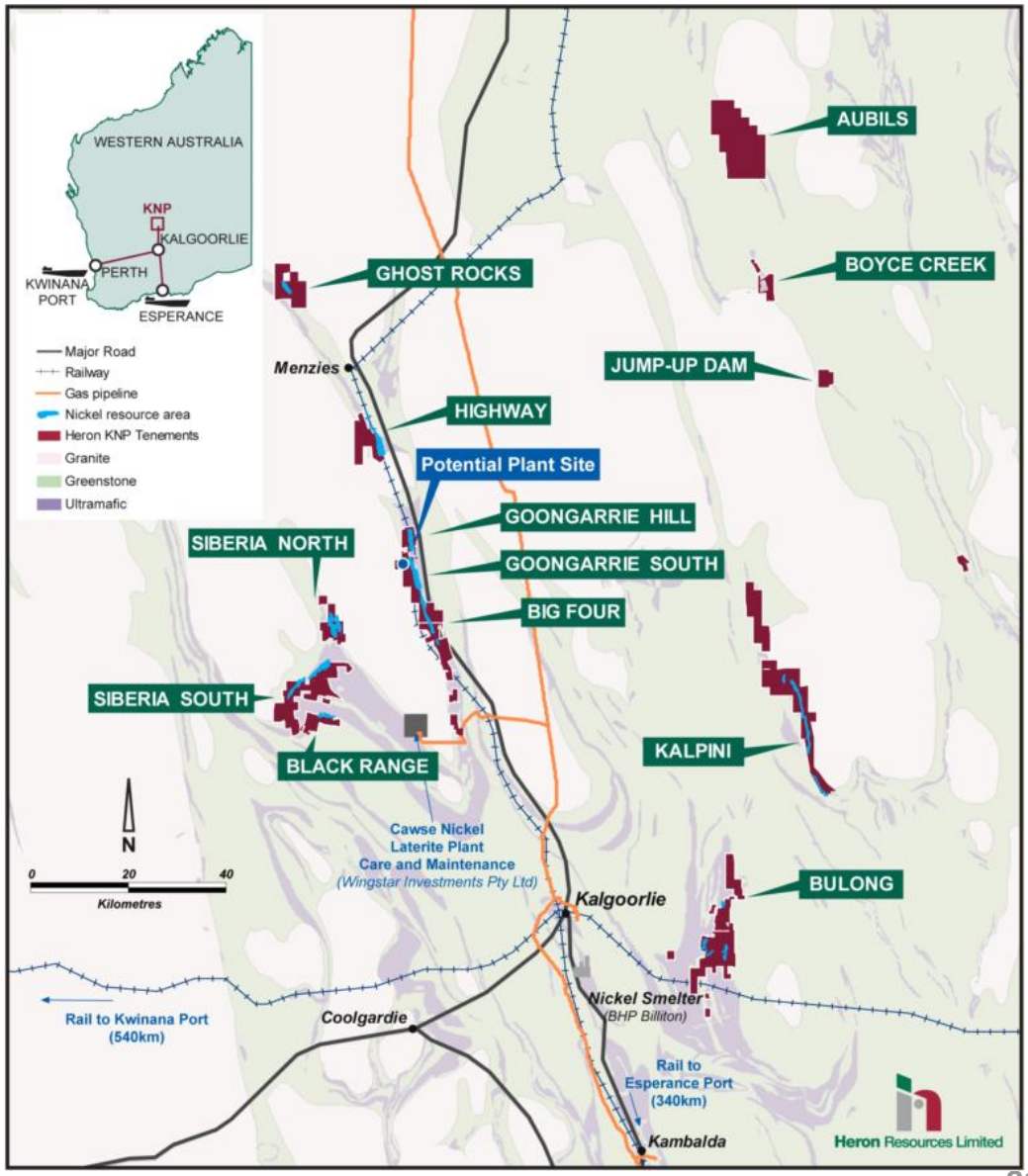
The importance of the KNP to global nickel supply will only increase over time as sulphide sources are depleted



Sources: Infomine.com, CRU (2-May-14) http://www.crugroup.com/market-analysis/products/nickelmarketoutlook, Roskill Information Services (16-Dec-2013) http://www.mining.com/web/nickel-market-may-be-missing-the-bigger-picture/, Bloomberg (20-May-2014) http://www.bloomberg.com/news/2014-05-20/nickel-climbs-for-third-day-on-tighter-supply-concern.html, Citibank 'Australia Metals & Mining', Nickel: Boom Only Just Begun (21 May 2014).

Geological Setting

- The KNP nickel laterite deposits are located within the Archaean (2.7 billion year old) Yilgarn Craton which covers much of the southern half of Western Australia
- The Yilgarn Craton consists of over 70% granite by surface with the remainder consisting of NNW trending greenstone belts that are comprised of sediments (sandstone, shale, conglomerate) and mafic and felsic volcanic units related to ancient geological processes.
- The greenstone belts are traversed by crustal scale fault zones which have acted as the conduits for the hydrothermal activity giving rise to the world-class Kalgoorlie gold mining district and the associated numerous smaller scale gold mines.
- In addition, there are ultramafic volcanic rocks from which both nickel sulphide and nickel laterite deposits are derived. The **KNP West** nickel laterite deposits are formed from the weathering of the ultramafic Walter Williams Formation, a uniquely massive ultramafic flow which displays strong differentiation across it's width giving rise to the different types of the nickel laterite ore. In the centre of the WWF is olivine adcumulate ultramafic which weathers to highly siliceous nickel laterite amenable to screen beneficiation and on the margins of the WWF occurs orthocumulate ultramafic that weathers to nontronitic and saprolitic ore types.
- The **KNP East** nickel laterite is derived from a variety of different and thinner ultramafic flows which tend to lack the thick adcumulate units. As a result the nickel laterite KNP East is dominated by the saprolitic and nontronite ore type and is less amenable to screen beneficiation.



KNP Screen Beneficiation

- Screen beneficiation of the nickel laterite is a key factor for the KNP deposits
- Flow-sheet utilised successfully at Ravensthorpe and Cawse
- Screen out hard barren silica material, increases nickel grade by a factor of 1.5 – 2.0 times

Run-of-mine siliceous ore,
yellow-brown goethite and coarse silica
0.7% Ni

Scrubbed slurry into pilot plant trommel screen deck

Screened rejects
Silica fragments 60%
Reject grade ***0.4% Ni***

Screened slurry
goethite 40%
Leach feed grade ***1.15% Ni***

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