



Galvanising Heron's Future at Woodlawn



Heron Resources Limited



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This presentation contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws, which are based on expectations, estimates and projections as of the date of this presentation. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Canada, Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this presentation is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this presentation.

Compliance Statement (JORC 2012 and NI43-101)

This presentation incorporates by reference the complete ASX announcement relating to the Feasibility Study results which were released to the market on 29 June 2016 and is entitled "Heron Resources delivers robust Feasibility Study for Woodlawn Project" ("FS Announcement"). The FS Announcement is available from the Company's website at www.heronresources.com.au or from the ASX or SEDAR, and contains the JORC Table 1 relating to the Mineral Resources and Ore Reserves as well as the detailed technical and financial assumptions which underpin the FS results.

The technical information in this release relating to the exploration results and forward program at the Woodlawn Project is based on information compiled by Mr David von Perger, who is a Member of the Australian Institute of Mining and Metallurgy (Chartered Professional – Geology). Mr von Perger is a full time employee of Heron Resources Limited and has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code (2012 edition) and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr von Perger has reviewed and approved the technical information in this presentation.

The zinc equivalent ZnEq calculation takes into account, mining costs, milling costs, recoveries, payability (including transport and refining charges) and metal prices in generating a Zinc equivalent value for each block grade for Au, Ag, Cu, Pb and Zn. $ZnEq = Zn\% + Cu\% \times 3.12 + Pb\% \times 0.81 + Au \text{ g/t} \times 0.86 + Ag \text{ g/t} \times 0.03$

Metal prices used in the calculation are: Zn US\$2,300/t, Pb US\$ 2,050/t, Cu US\$6,600/t, Au US\$1,250/oz and Ag US\$18/oz. It is Heron's view that all the metals within this formula are expected to be recovered and sold.



Focus is the near term development of the high grade Woodlawn Zinc-Copper Project

Aug 2014



Merger
Heron +
TriAusMin

Apr 2015



PEA Finalised
Delivered Robust
Business Case

Jun 2016



Feasibility Study
Completed
Confirmed PEA

Current

Project Funding
Optimisation
Detailed Engineering
Project Readiness

The 2015 / 2016 year (to AGM):

- Welcomed Greenstone to the register as the largest Heron shareholder
- Completed the Woodlawn Feasibility Study
- Recruited the first Woodlawn Key Site Management
- Demonstrated shallow potential to expand the mine plan
- Further project optimisation, detailed engineering and preparation for project commencement
- Value realisation and management of future resource allocation through the spin-out of Ardea Resources

HERON Corporate Summary

ASX:HRR | TSX:HER



Capital Structure

Shares:	415 million
Options:	23.5 million
Share Price:	A\$0.15
Market Capitalisation:	A\$62 million
Cash:	A\$19.8 million (30 Sep 2016)
Listed Investments:	A\$1.7 million

Board

Chairman	Stephen Dennis
Non-Executive Director	Borden Putnam III
Non-Executive Director	Fiona Robertson
Non-Executive Director	Mark Sawyer
Executive Director	Ian Buchhorn
MD & CEO	Wayne Taylor

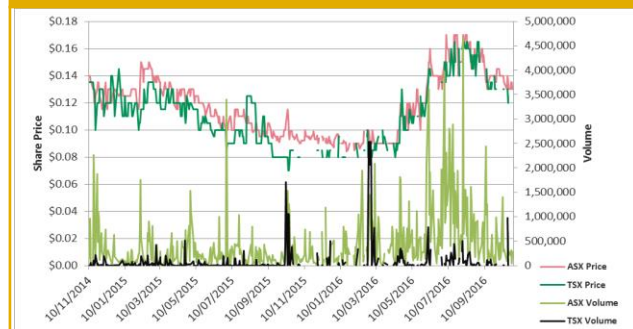
Management

Managing Director & CEO	Wayne Taylor
Executive Director	Ian Buchhorn
Chief Operating Officer	Andrew Lawry
General Manager Exploration	Dave von Perger
General Manager Strategy	Charlie Kempson
General Manager Finance	Simon Smith
Woodlawn General Mgr*	Brian Hearne
Woodlawn Process Mgr*	Des O'Sullivan

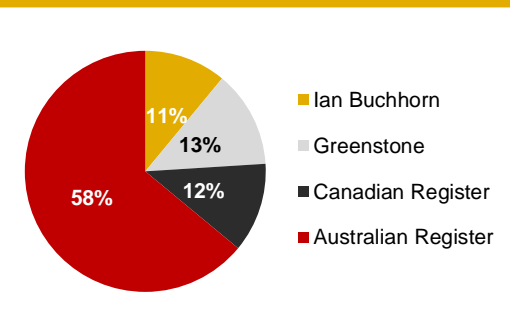
* Commenced 31 Oct 2016



Share Price



Share Register





**Who would have thought
in 2016?**

**Zinc price
US\$2,887/t**

- 28 Nov 2016
- 54% rise in 12 months

2016 zinc demand growth ↑1.6%

2016 zinc mine output ↓5-6%

Shanghai & LME Stocks 16 days of
consumption

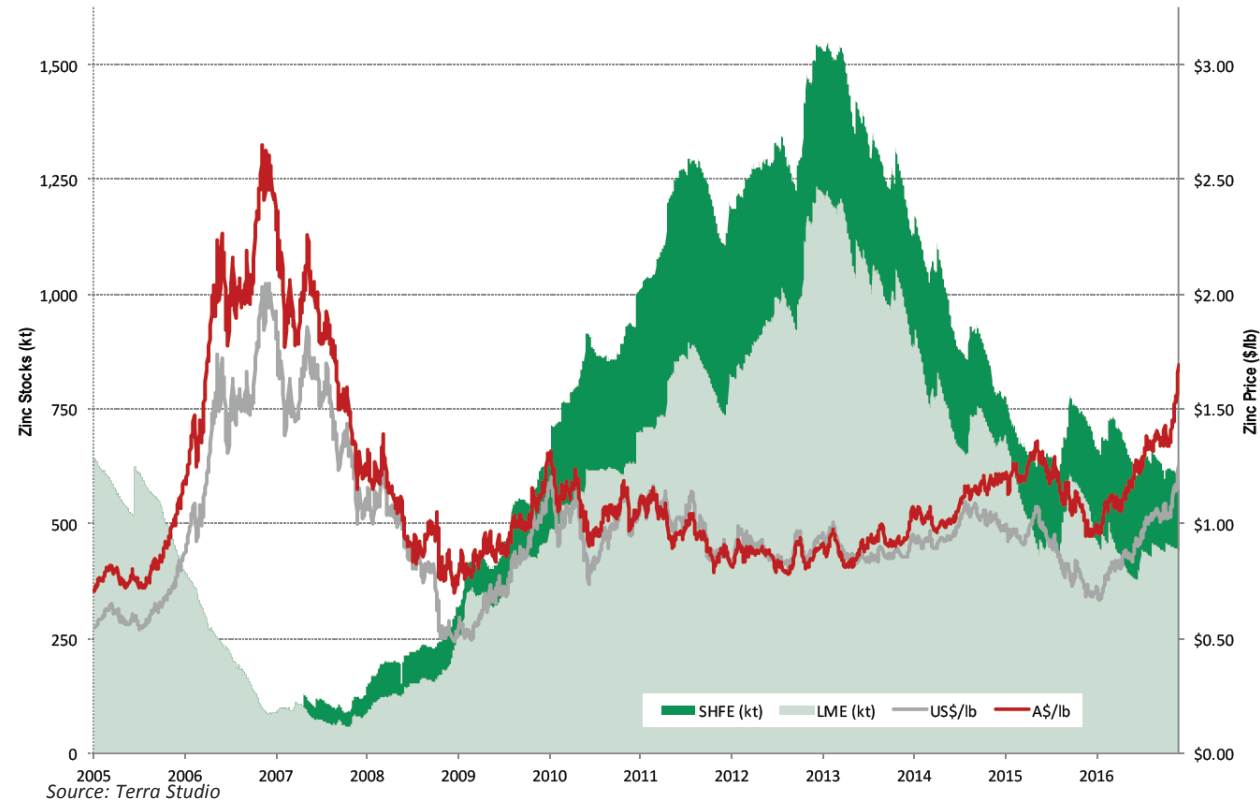
China: zinc concentrate imports ↓42% YTD

Zinc TC's ↓ to US\$40-50/t

Sources: Scotia Bank, MBL

Zinc Market

Compelling Fundamentals



ILZSG (31 Oct 2016)

- Global demand 2016 13.57Mt (↑0.6%)
- Global mine supply 2016 12.47Mt (↓5.6%)
- Global usage > production 2016 349,000t
- Global usage > production 2017 248,000t

Mine closures:

Century (Aug 2015), Lisheen (Nov 2015), Black Star (Nov 2016)

Mine production cutbacks:

Glencore (500ktpa), CBH's Endeavour (40ktpa), Perilya's Broken Hill (50ktpa)

Mine additions and restarts:

Bisha (90ktpa), Middle Tennessee (50ktpa)

Forecast remains for a continued tightening in the physical market that will support zinc prices

Woodlawn Project Overview

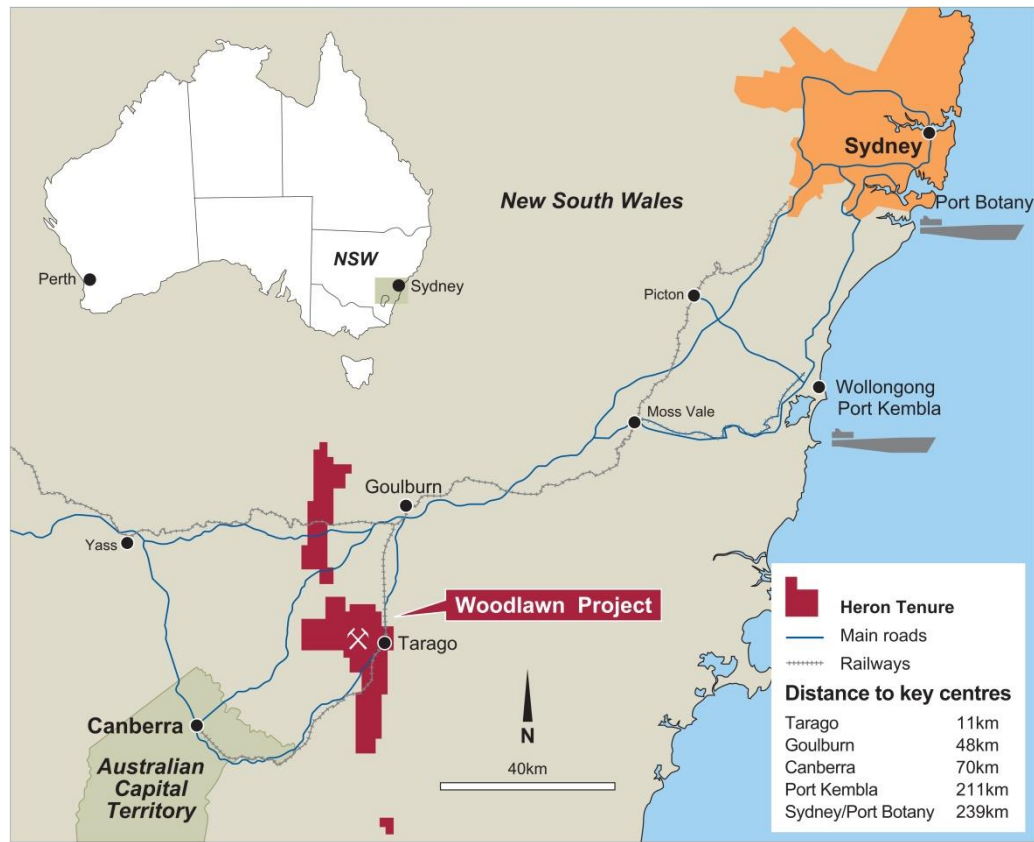
High grade and high value deposit



Woodlawn Zinc-Copper Project

The reasons we like it:

- High grade Zn+Cu+Pb+Ag+Au - high value deposit
- Two independent ore sources
- Unrivalled infrastructure
- Granted mining lease and project approvals
- Significant exploration upside to expand mine life
- Feasibility Study demonstrates robust economics
- A clear pathway to production
- One of the few near-term production projects



Woodlawn Project Site

Unrivalled Infrastructure



Woodlawn Feasibility Study (June 2016)

Robust Project Economics - Reserves Only ('Starter') Case



Underground Mineral Reserves - 2.8Mt

Polymetallic: **1.8Mt @ 16% ZnEq** (8.1% Zn, 1.2% Cu, 2.9% Pb, 0.56g/t Au, 57g/t Ag)
Copper: **1.0 Mt @ 9% ZnEq** (0.6% Zn, 2.4% Cu, 0.1% Pb, 0.23g/t Au, 14g/t Ag)
TOTAL: 2.8Mt @ 14% ZnEq (5.5% Zn, 1.6% Cu, 1.9% Pb, 0.45g/t Au, 42g/t Ag)



Reclaimed Tailings Mineral Reserves - 9.5Mt

9.5Mt @ 6% ZnEq (2.2% Zn, 0.5% Cu, 1.3% Pb, 0.31g/t Au, 31g/t Ag)

Steady State Production



Zinc 40,000 tpa



Copper 10,000 tpa



Lead 12,000 tpa

Mine Life



9.3 Years

Post Tax NPV *



A\$207M

Net Cashflow Post Tax



A\$402M

Post Tax IRR



32%

Peak Cash Requirement



A\$163M

Payback



2.3 Years

C1 **



-US\$0.06/lb

C3 **



US\$0.34/lb

* Results reported using Mineral Reserves as estimated for the FS at an 8% post-tax real discount rate (approximately, 10% post-tax nominal), with AUD/USD FX 0.71, and with flat real commodity prices of US\$1.01/lb Zn, US\$3.00/lb Cu, US\$0.91/lb Pb, US\$17.80/oz Ag and US\$1,200/oz Au. Other assumptions are detailed in the release dated 29 June 2016.
** C1 and C3, refer to page 17 of the release dated 29 June 2016 for definitions. All currency amounts are in Australian dollars unless otherwise noted.

Woodlawn - Post FS

Work Streams



Financing

Debt and equity components advancing well
Estimate 2-4 months to complete

Offtake

Strong competitive interest
Execution synced with financing

Owners Team

Added General Manager - Woodlawn
Added Process Manager – Woodlawn

UG Mine Planning

External review – higher utilisation of existing development
Mine establishment rate improved
Reduction in capital and operating development costs

EPC, FEED & Long Lead Items

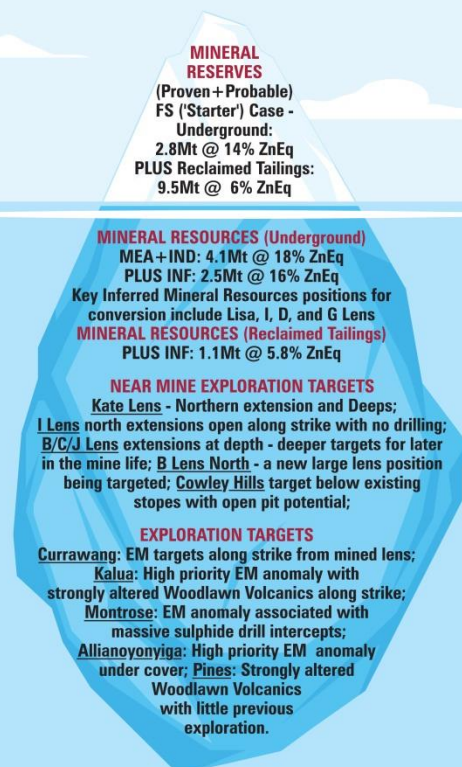
Awarded Front End Engineering Design to Sedgman
Long lead items identified and decision on orders in the next 1-2 months

Agreements & Mgmt Plans

Finalising Environmental Protection Licence (EPL)
Update to Veolia Co-operation Agreement
Construction management plans all well advanced

Early Operations Resource Expansion

Open shallow positions (G2 Lens)
New high grade drill intercepts
Adjacent to existing access design



Mineral Reserves within the Feasibility Study represent a Starter Case

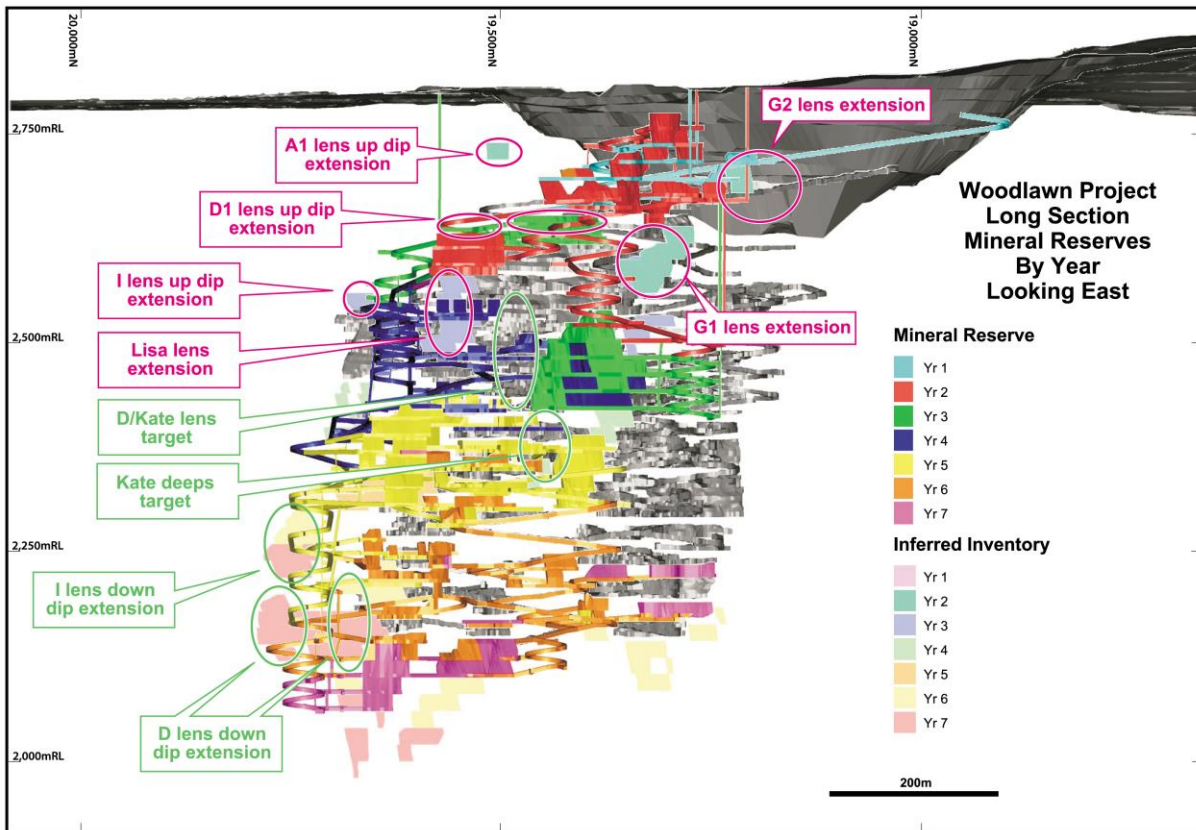
Growth Potential / Mine Life Extensions:

- Upgrade existing Inferred Mineral Resources
- In-mine lens discovery and extensions
- Known regional massive sulphide positions
- Regional prospect discovery

Notes: Mea+Ind is inclusive of Mineral Reserves. For detailed assay grades for the quoted ZnEq grades refer to the Company's Annual Report.

Woodlawn System

Multiple Opportunities

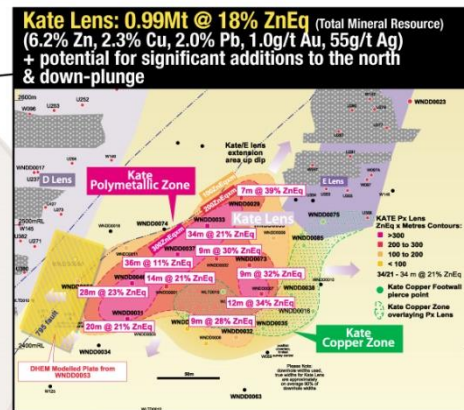
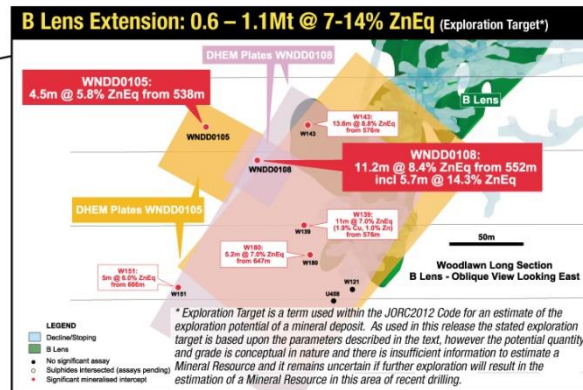
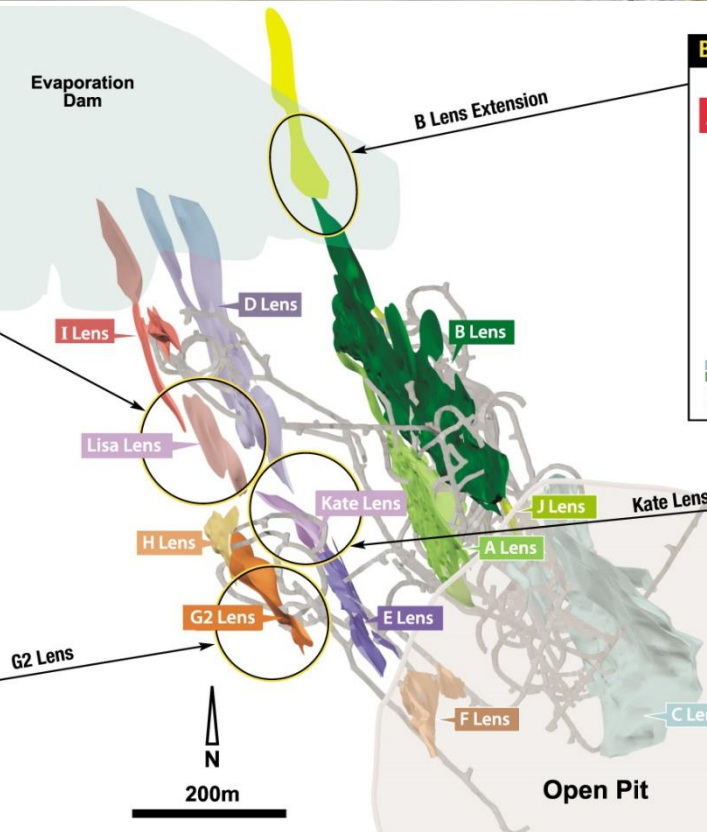
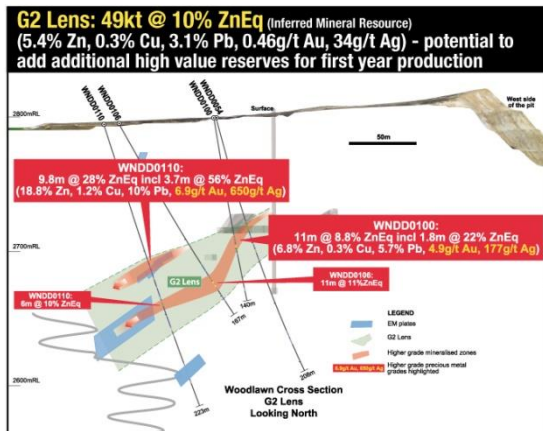
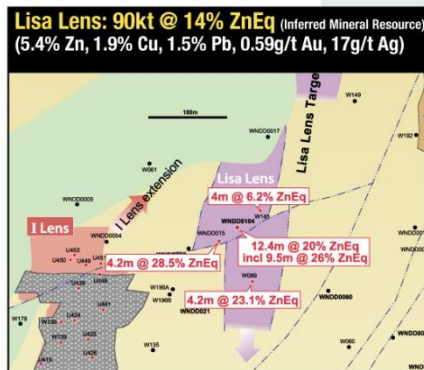


From 'Starter' Case to a Bigger Picture:

- Target areas outside of Reserves plan
- 12 zones within known mineralised envelope
- B Lens North drilling - tested northern strike extent
- G2 providing scope to expand first sulphides mined underground

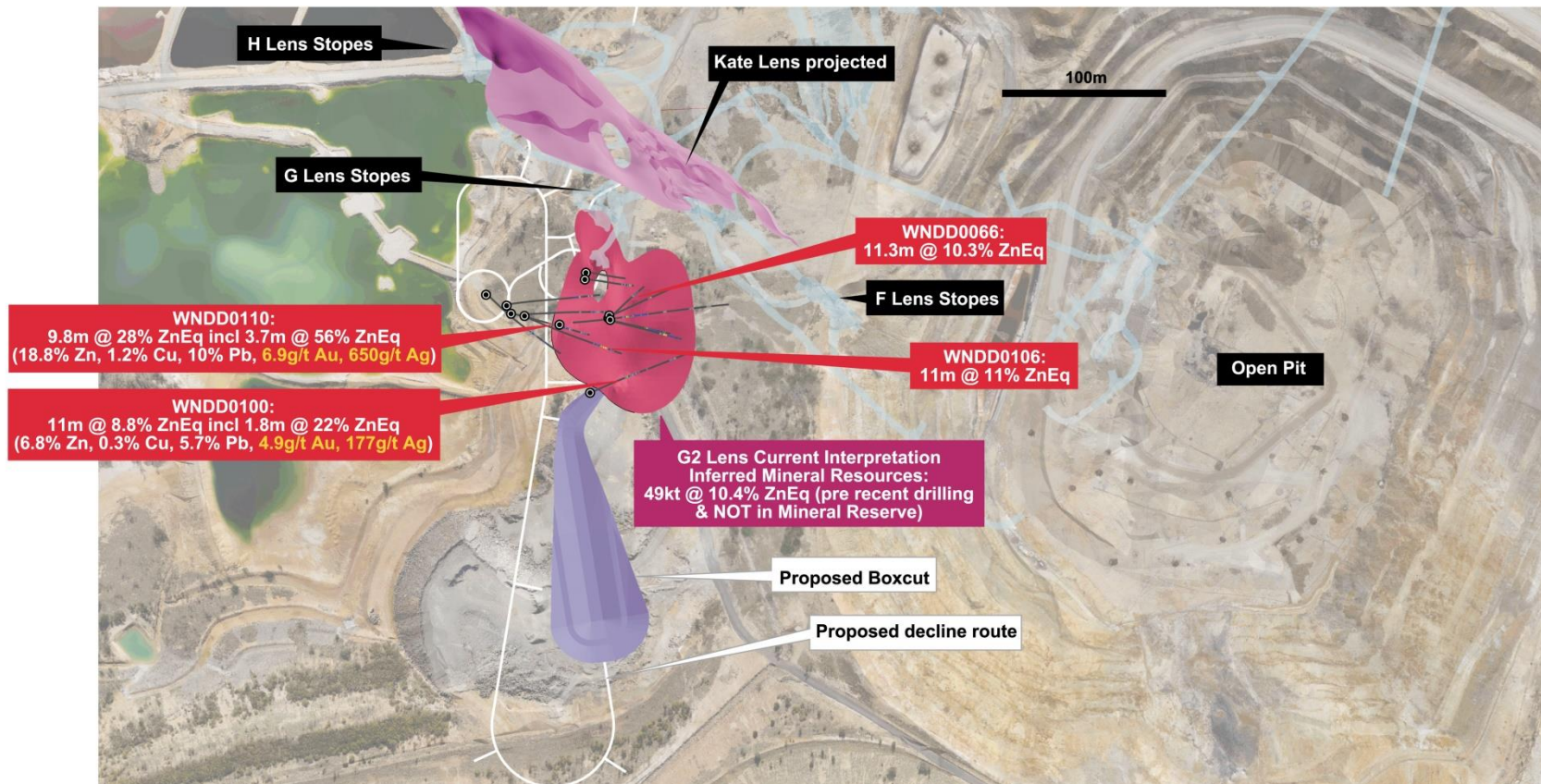
High Grade Discoveries

KATE, LISA, B North & G2 Lenses



Woodlawn Exploration

The Next Chapter - 'Upside In The Shallows' G2 Lens



Expansion Plan



First Underground Mineralisation

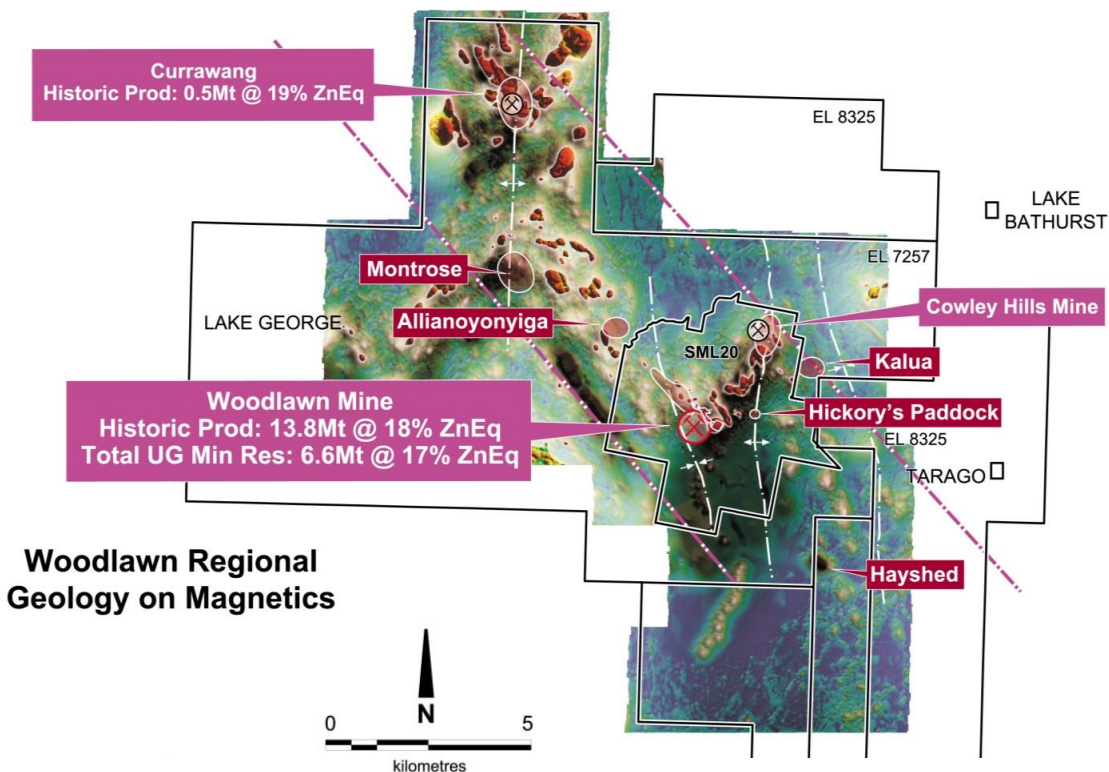
- **C.600 m from planned mine portal**
- **Accessible through existing development design**

Confirmed Prospectivity

- Recent drill results - mineable widths & economic grades
- DHEM plates
- Woodlawn geological models

Adding To Mine Plan

- **Planned for 26 drill holes (4,200 drm)**
- **Dataset to support addition to Reserve base**



A Quality VMS District

Dominant Regional Position

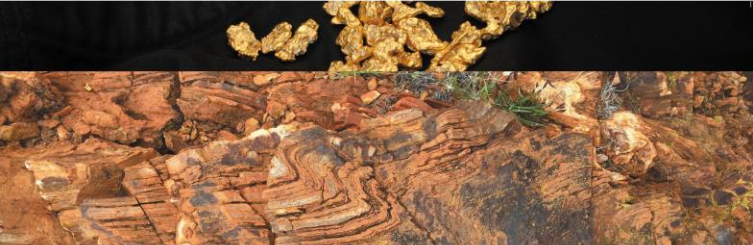
- 632 km² under tenure
- Coverage of VMS host rocks

Confirmed Prospectivity - Satellite Production

- Currawang Mine
- Cowley Hills Mine

Prospect & Target Generation

- New and historic remote sensing datasets
- Geochem anomalies
- Extensive areas under cover
- Limited systematic exploration for >30 yrs



ACN: 614 289 342

Ardea Resources Limited

PROSPECTUS



This Prospectus is:

- for an offer for the issue of up to 30 million New Shares at an issue price of A\$0.20 each to raise up to A\$6 million, with a Minimum Subscription of 17.5 million Shares to raise A\$3.5 million (**Public Offer**) including a priority offer of New Shares to Existing Heron Shareholders (**Priority Offer**);
- for an offer for the sale of up to approximately 5.4 million Shares under the Sale Facility (**Sale Facility Offer**);
- for an offer for the issue of up to 12,445,028 Options at nil consideration with an exercise price of A\$0.25 and term of three years from date of listing to Heron, the Lead Manager and the Corporate Adviser (**Option Offer**); and
- to satisfy the admission requirements to ASX.



ASX Code: ARL



Ardea Resources Limited

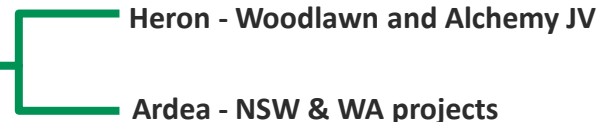
Applications through the Public and Priority
Offer for Ardea shares is -

NOW OPEN

(closes 23 December 2016)

ASSETS

Dividing Heron's Project Portfolio



Heron Shareholders

1 for 10 in-specie share distribution to Heron Shareholders (as at 6 Oct 2016)

Priority allocation for Heron Shareholders as at 9 Nov 2016

Ardea

Raising up to \$6.0 million

Next 2 Years >20,000m drilling



Mt Zephyr

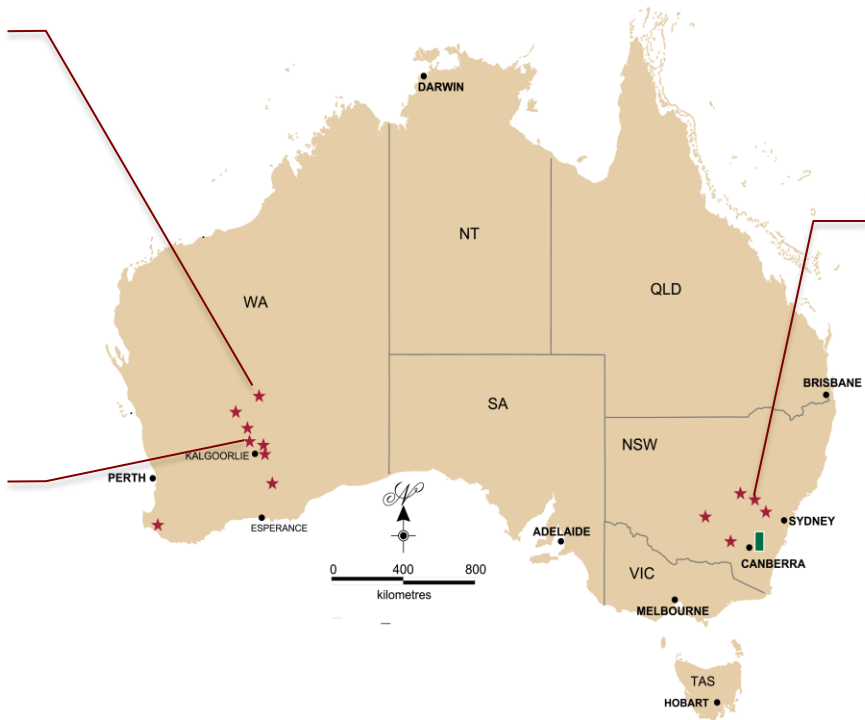
Leading **Exploration** Project

- Celia Lineament “syenite gold” - analogous geological setting to Jupiter, Wallaby and Sunrise Dam
- 50km NW along structure from Dacian Gold Jupiter discovery
- Gale Prospect & Dunns New Find - ‘walk-up’ drill targets
- 11,800m RAB + RC + DDH testing “syenite gold” targets

Project Portfolio

Extensive High Quality Tenement Portfolio

- Open pit gold targets on granted Mining Leases - Taurus, 5m at 38g/t Au, 50ozs recent gold nugget finds & Big Four (6m at 8.6g/t Au)
- KNP nickel-cobalt project, 805Mt at 0.7% Ni and 0.05% Co, focus on cobalt targets at Black Range and Goongarrie South, PFS planned



Lewis Ponds

Leading **Development** Project

- 6.6Mt at 1.5g/t Au and 2.4% Zn
- Strike length 2km, open all directions (notably up-dip in oxide gold zone)
- 20km NW along Godolphin structure from McPhillamys (73Mt at 0.94g/t Au, 2.2Moz)
- 4,700m DDH + RC testing oxide gold and sulphide targets
- 3,000m RAB to test 50km strike of McPhillamys-Lewis Ponds Godolphin structure

Heron Investment Proposition



- ✓ Zinc – strong and transparent market
- ✓ Woodlawn Zinc-Copper Project
 - ✓ High grade / low risk / long life asset
 - ✓ Feasibility Study – delivered compelling ‘Starter Case’
 - ✓ Short lead time to production – funding process progressing
 - ✓ Demonstrated mine life and discovery upside
 - ✓ Favourable jurisdiction supported by excellent infrastructure
- ✓ Value realisation for non-Woodlawn project portfolio through Ardea Resources
- ✓ Remain well capitalised

ASX : HRR

TSX : HER



Galvanising Heron's Future at Woodlawn

ASX : HRR TSX : HER

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