



30 January 2017

## HIGHLIGHTS

### Woodlawn Zinc-Copper Project

- **Front End Engineering Design (FEED):** The next stage of project engineering work was awarded to Sedgman and to date covered plant layout design, preliminary engineering design, construction earthworks tender and packages for procurement of major equipment
- **Mine Plan:** Following mine plan optimisation work in the previous quarter work commenced on a detailed Mine Re-entry Plan
- **Project Readiness:** Site activities continued in preparation for construction with specific attention on water balance, water treatment, mine dewatering, land subdivision for purchase and advancing an update to the Veolia Cooperation Deed
- **Project Financing:** Significant progress was made with technical and legal due diligence, and term sheet drafting and whilst interrupted by the year end slowdown, negotiations are continuing with senior debt, subordinated debt and equity providers

### Woodlawn Exploration

- **G2 Lens:** Geological interpretation and planning for follow-up reserve definition drilling is well advanced – high potential to add to shallow reserves in early years of the mine plan
- **Currawang Prospect:** Geological modelling has identified additional targets below existing mine development including drill results of **10.1m @ 17% ZnEq<sup>1</sup>** (CU054) and **8.6m @ 16% ZnEq** (CU056) that remained unmined and open at depth

### Regional Exploration

- **Cullarin Project** (20km NW of Woodlawn): Now owned 100% by Heron with broad zones of gold mineralisation in historic drilling at Wet Lagoon
- **Kangiara Project:** (90 km NW of Woodlawn): Strong soil geochemistry anomalism provides potential for a significant McPhillamys style greenfields gold and base-metal discovery at the Crosby Prospect

### Ardea Resources

- **Initial Public Offering:** Conditions of spin-off satisfied and offer closed on 20 January 2017, with A\$5.1 million raised
- **Listing:** Eligible Heron shareholders will be sent Ardea holding statements in the first week of February, and Ardea is expected to start trading on the ASX on or before 9 February 2017

### Corporate

- **Cash:** Heron held A\$16.5M in cash (excluding bonds) and A\$1.7M in investments as at 31 December 2016

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<sup>1</sup> ZnEq% used in this release refers to the calculated Zn equivalent grade based on the Zn, Cu, Pb, Au and Ag grades, the formula for which is provide at the end of this report.



# Heron Resources Limited

## Quarterly Report

December 2016

Heron Resources Ltd (“Heron” or the “Company”) is pleased to provide its report for the December 2016 quarter. During this reporting period the Company has principally focused on the advancement of the Woodlawn Zinc-Copper project and the spin-off of Ardea Resources Ltd.

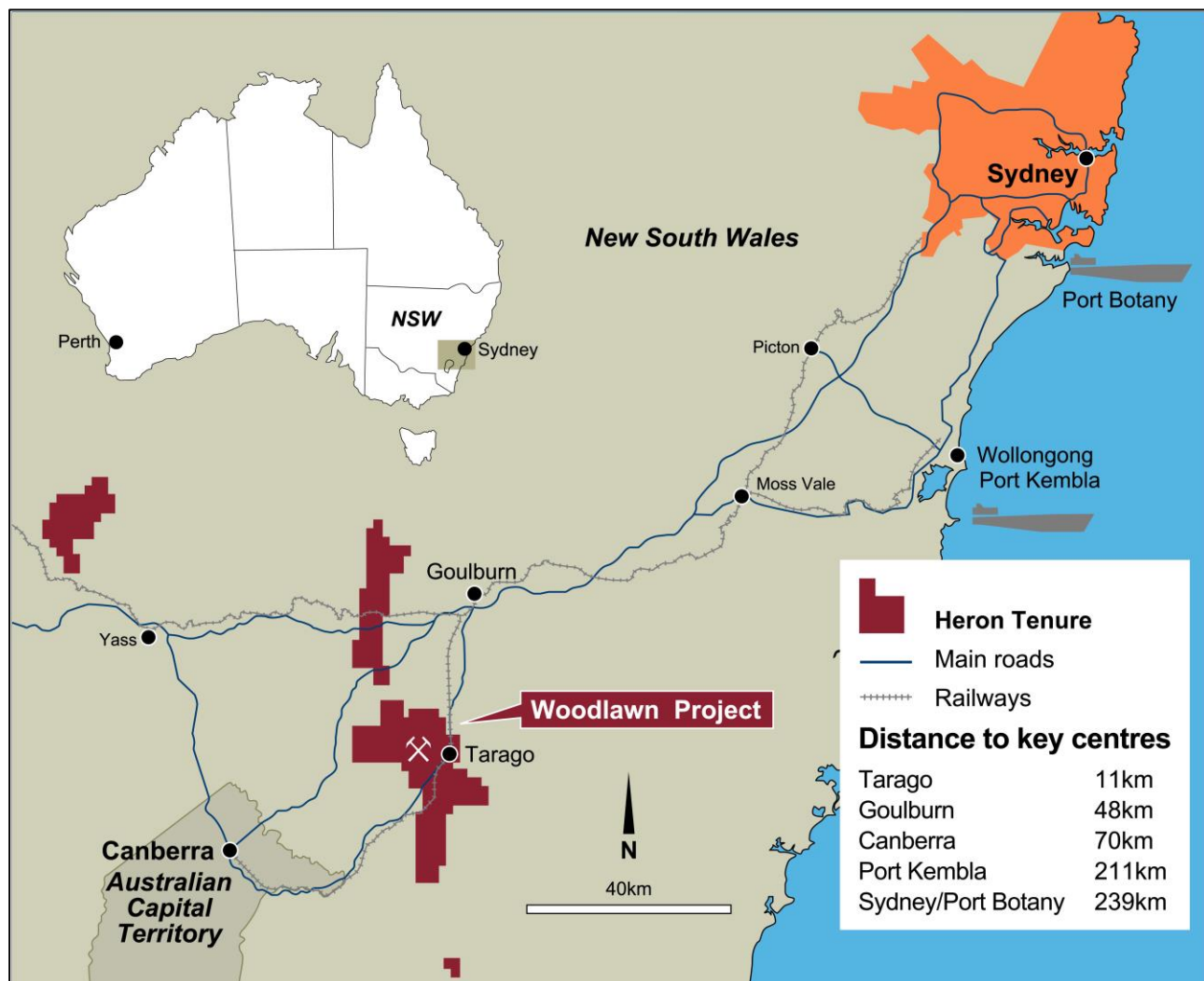
### WOODLAWN ZINC-COPPER PROJECT

Heron holds a direct 100% ownership of the mineral rights at the Woodlawn Mine site situated 40km south of Goulburn and 250km south-west of Sydney, in southern NSW, Australia (Figure 1). It is Heron’s aim to create a profitable, long-life, low-cost mining operation producing base metal concentrates.

Heron also holds a portfolio of advanced stage exploration tenements adjacent to and contiguous with the Woodlawn site covering the prospective felsic volcanic units that host the Woodlawn Volcanogenic Massive Sulphide (VMS) deposit.

The last 24 months have seen Heron directing its efforts to developing the Woodlawn Zinc-Copper Project with the successful completion of a Preliminary Economic Assessment (PEA) in 2015 then the Feasibility Study (FS) in June 2016. This was conducted in a commodity market environment that continues to support a strengthening zinc price over the next several years driven by a significant and growing supply shortfall.

Figure 1: Woodlawn Project Location Plan





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### Woodlawn Project – Development Progress

The Company has worked toward project readiness to enable construction to commence efficiently once finance has been secured. Efforts on a number of fronts to enhance project outcomes were also progressed during the quarter. The main work areas included:

- Mine plan – A refined underground mine plan has provided improvements in the production schedule and significant capital and operating cost reductions. This has been achieved through the increased utilisation of existing infrastructure and general design efficiencies. Further detailed work has commenced on a specific Mine Re-entry Plan that covers the intended breakthrough into the existing underground development, ground support requirements including the backfilling of old workings proximal to the open pit, the installation of new bulkheads, mine dewatering and the re-establishment of ventilation and second means of egress rises. A focus of this study is the separation of Veolia's open pit and Heron's underground activities. This in-depth study scope will continue through the current quarter and incorporate detailed activity scheduling;
- Personnel appointments – As previously announced, the Company appointed two senior site management personnel. Mr Brian Hearne and Mr Des O'Sullivan commenced as Woodlawn General Manager and Process Manager on 31<sup>st</sup> October 2016. These new appointments add to the Owners Team in readiness for project construction;
- Project Engineering – Sedgman Pty Ltd (Sedgman) were awarded a front-end engineering design (FEED) for the plant and infrastructure of the Woodlawn Project. This followed a tender on the plant design and construction EPC contract. Sedgman commenced the FEED on 31<sup>st</sup> October 2016 and work is progressing to schedule. The scope of the FEED work program includes plant layout design, preliminary engineering design, construction earthworks tender and procurement of major equipment packages;
- Metallurgical test work – Further flotation test work was undertaken with a focus on Tailings Dam West (TDW) and an early underground production composite. TDW results were consistent with the FS and the early production composites indicate an opportunity for improved performance against FS assumptions;
- Water balance – Consultant studies have been completed balancing all sources and uses of site water including tailings dams; underground mine workings; on site storage dams; used in operations; rainfall; and evaporation rates. This work has been completed to assist in determining water make-up and treatment requirements as well as ensuring Woodlawn remains a nil discharge site;
- Water treatment – Water treatment test work continued to optimise the flowsheet design of the selected treatment route. The work has shown that the various sources of site water can be suitably treated for use as plant process water. Water management work commenced during the quarter to empty Tailings Dam South in readiness for mining;
- Mine dewatering – A bore pump to permit mine dewatering was installed in early January. The pump will be connected and commissioned in the current quarter in preparation for the scheduled mine dewatering;
- Community – The project community consultation committee met in November with no concerns being raised; and
- EPL Licence – The environment protection licence (EPL) application lodged with the NSW Environment Protection Authority (EPA) was progressed. Meetings with EPA and Veolia to finalise segregation of areas and responsibilities were conducted. This licence is expected to be granted imminently.



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Figures 2 & 3: Installation of Woodlawn mine dewatering bore



**Project Finance** – The Company has continued to advance negotiations with a number of potential debt and equity providers for the project development funding. These discussions, whilst impacted by the year end period, are proceeding well, although it is noted that there can be no certainty that these discussions will be concluded successfully. The Company currently expects that the financing process will require a further 6 to 8 weeks to reach a point of execution.

In support of the financing activities a final independent technical review was completed within the quarter for the full scope of the Woodlawn Project. The summary conclusions were favourable and in support of the project development.

There are select items that are to be finalised ahead of concluding project finance and include:

- New cooperation agreement with Veolia for the joint use of the Woodlawn site including the division of statutory and operational boundaries. This initiative is well advanced;
- Subdivision of the Woodlawn freehold land to accommodate Heron's area of operations (approval in principle received from the Goulburn Mulwarree Council); and
- Finalising concentrate offtake, including the provision of a working capital facility.

**Concentrate Offtake** – Discussions with off-takers for the zinc, copper and lead concentrates are also proceeding well. The demand for the Woodlawn concentrates was shown to be exceedingly strong when expressions of interest were sought during the FS process, and since that time the Company has continued to progress discussions with a smaller number of parties who are keen to refine and improve upon the detailed terms of the off-take agreements. The Company is progressing these discussions in parallel with the financing process and expects to conclude one or more agreements within a similar timeframe.

### Woodlawn Exploration

The near-mine exploration strategy is to focus on known mineralisation proximal to the decline and able to be accessed early in the mine life ahead of reaching the main production source, Kate Lens.





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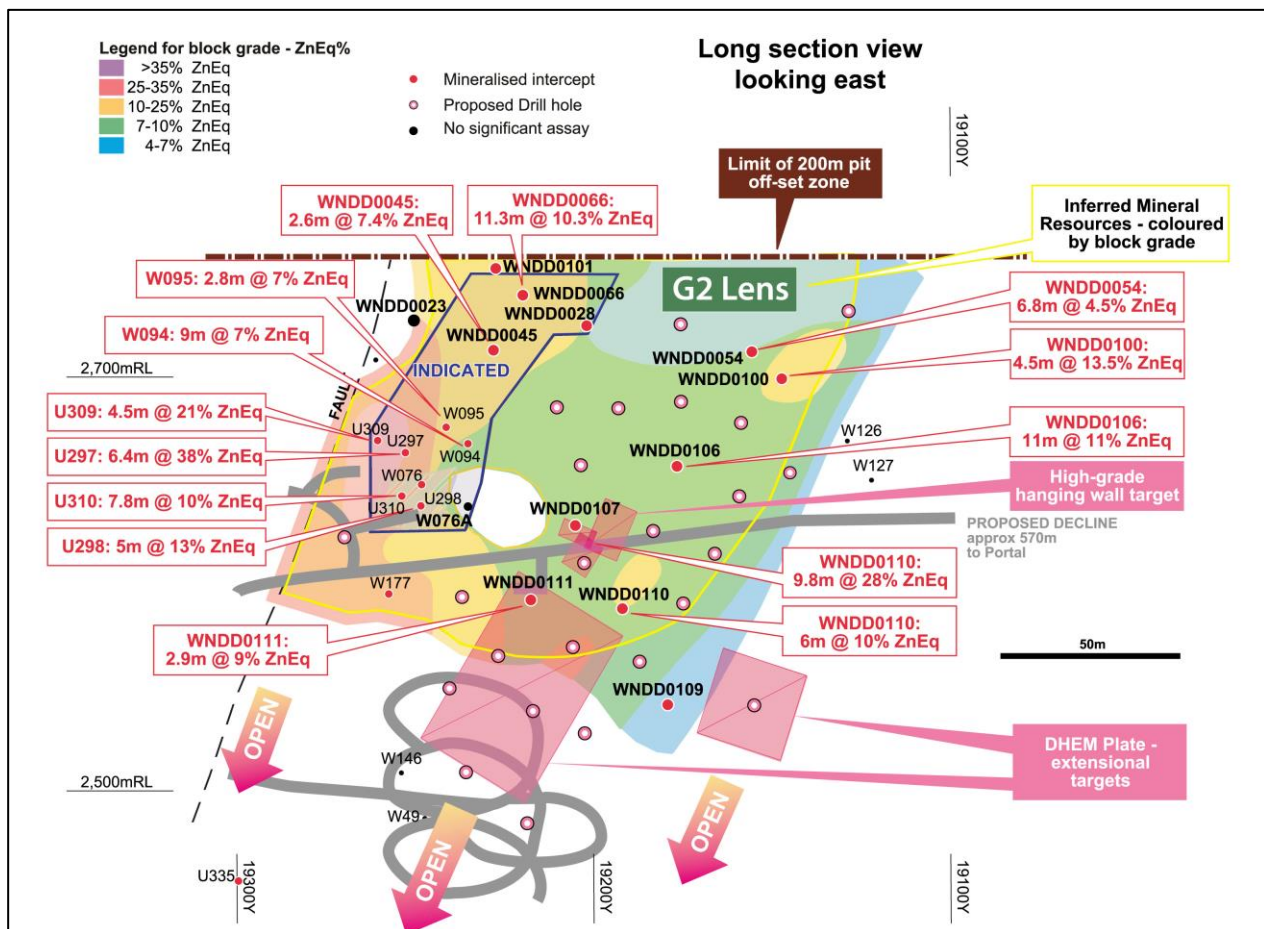
## G2 Lens

A program of in-fill reserve definition drilling has been designed for the G2 Lens where 2016 drilling confirmed significant high-grade mineralisation adjacent to the proposed route of the decline (Figures 4 and 5). Previously reported significant results include:

- 11m @ 11% ZnEq from 133m (6.3% Zn, 0.5% Cu, 3.3% Pb, 0.1g/t Au, 10g/t Ag), WNDD0106
- 9.8m @ 28% ZnEq from 107m (8.7% Zn, 0.5% Cu, 5.2% Pb, 4.0g/t Au, 326g/t Ag), WNDD0110
  - Including 3.7m @ 56% ZnEq% (18.7% Zn, 1.2% Cu, 10.0% Pb, 6.9g/t Au, 650g/t Ag), WNDD0110
- 6.0m @ 10% ZnEq from 140m (7.9% Zn, 0.2% Cu, 0.7% Pb, 0.2g/t Au, 13g/t Ag), WNDD0110
- 2.9m @ 9% ZnEq from 160m (5.1% Zn, 0.3% Cu, 2.8% Pb, 0.5g/t Au, 11g/t Ag), WNDD0111

The proposed program will consist of approximately 26 diamond core holes for 4,300m and will include a number of geotechnical holes to assess and sterilise the proposed route of the decline. The program is expected to deliver a significant addition to the early production reserve base and will be drilled to a level where stope design and development can be readily undertaken. Encouraging recent metallurgical testwork on the G2 mineralisation and a broader “early production” composite returned higher metal recoveries than those used in the FS.

**Figure 4: Woodlawn G2 Lens long-section showing interpreted lens shape, recent drilling and proposed infill holes. The pit off-set refers the area from the pit surface projected out 200m and is a limited access zone as contemplated in agreement with Veolia.**

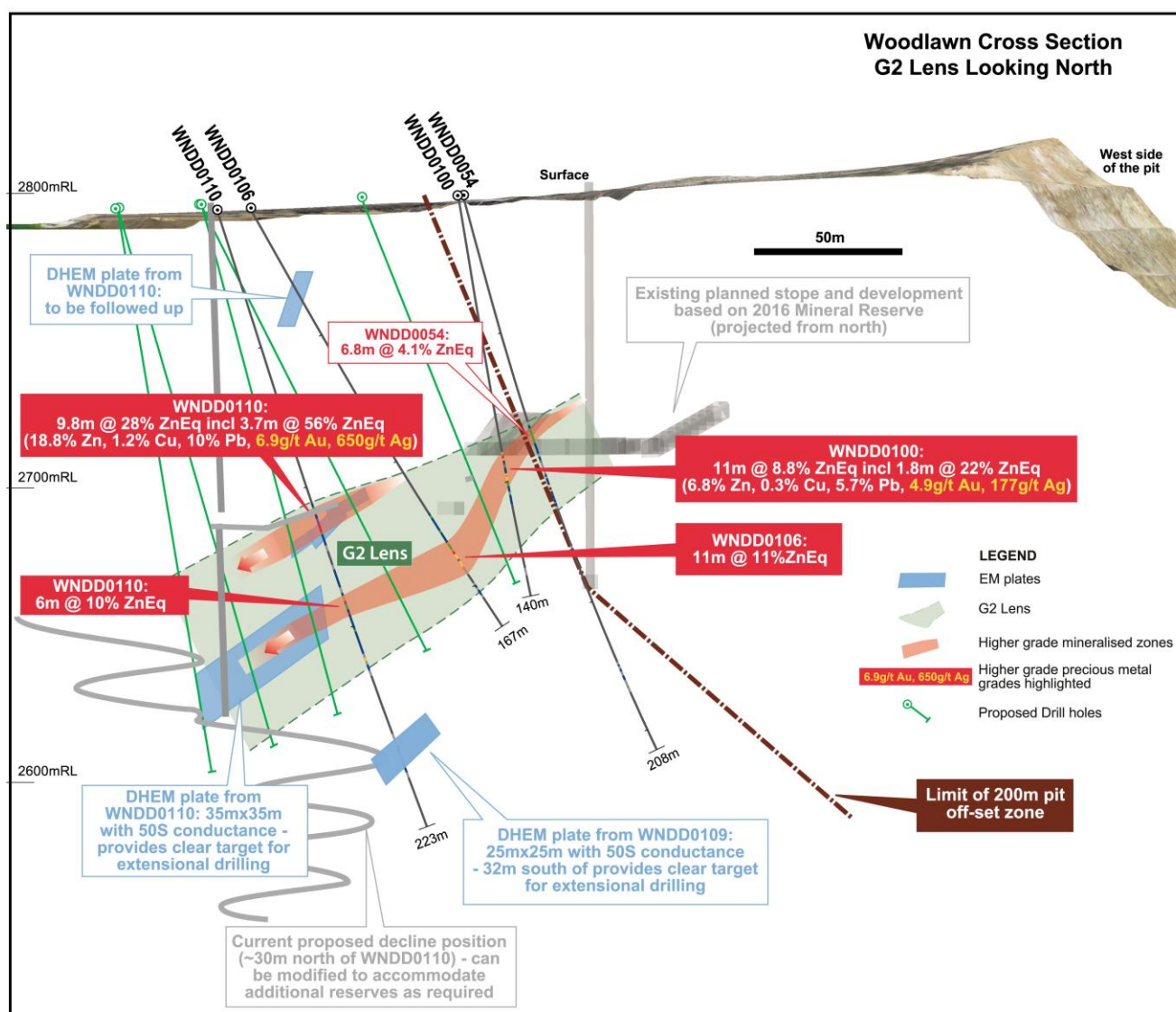




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Figure 5: Woodlawn G2 Lens cross-section showing lens position and location of DHEM modelled plates.



## WOODLAWN REGIONAL PROSPECTS

Heron continues to maintain and explore a strategic, 620km<sup>2</sup> tenement package over the prospective Silurian volcanic rocks around the Woodlawn Mine (Figure 6).

The exploration strategy is to focus on known mineralisation with comparable metallurgy to Woodlawn and within proximal trucking distance of the proposed Woodlawn concentrator. Targeted satellite production feed grades and other economic parameters will look to displace tailings reprocessing as the plant feed.

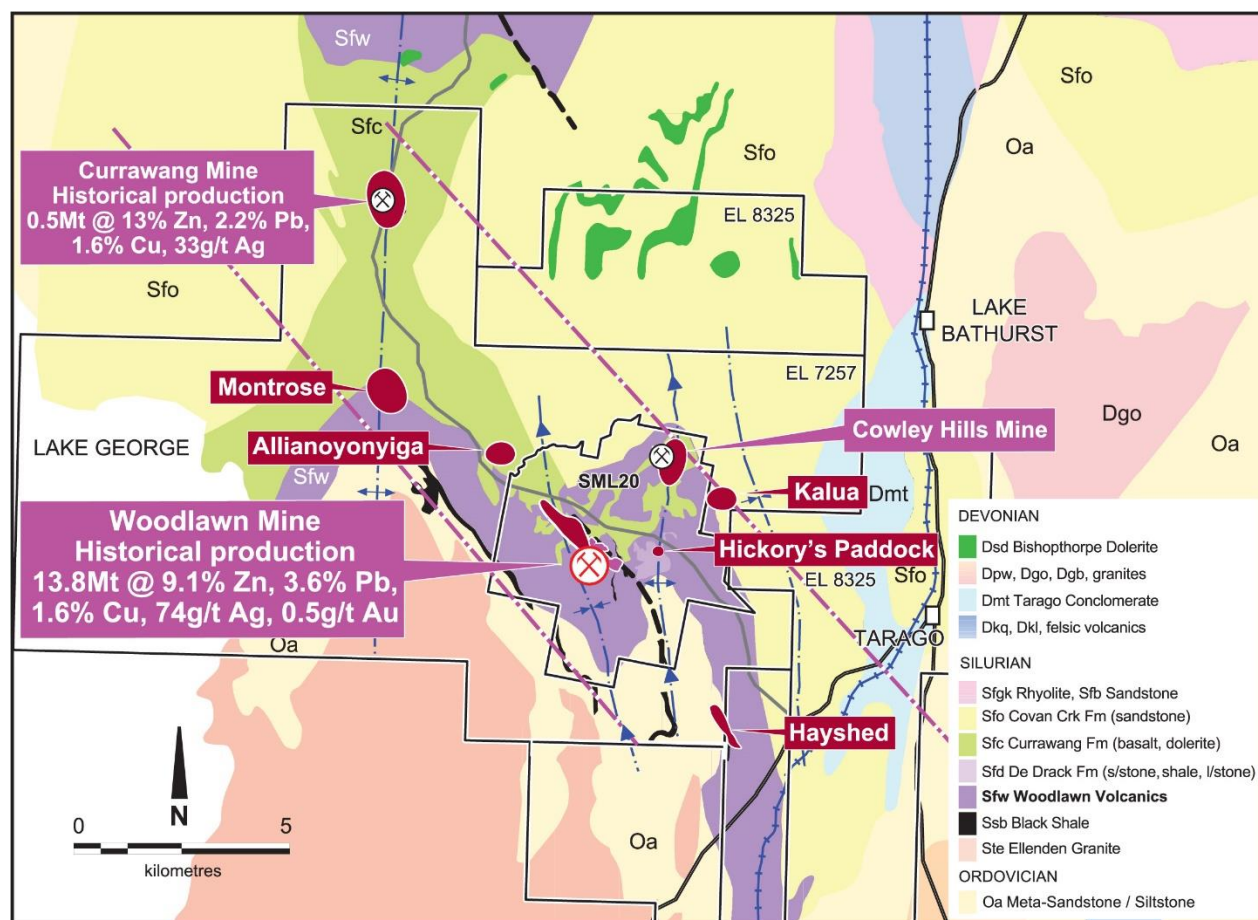
A number of excellent targets exist, which are described in more detail below.



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Figure 6: Woodlawn Regional Exploration Project – Key Targets



## Currawang Prospect

The Currawang Prospect, wholly owned by Heron, is located 10km northwest of the Woodlawn mine (Figure 6) and produced approximately 0.5Mt of high-grade polymetallic ore from an underground operation in the early 1990s that was processed at Woodlawn. The attraction of the Currawang mine is it has the potential to open up a second, nearby production centre at Woodlawn which could provide an additional high grade production source and displace the lower grade tailings re-processing.

The Company is undertaking a comprehensive review of the project covering:

- Data validation
- Geophysical analysis (magnetics and down-hole electromagnetics (DHEM))
- Digitising and wireframing of the 1990's underground geology plans to generate a 3D geology and fault model
- Review of mineralised intercepts outside the mined stopes

A number of significant historical intercepts that occur outside the mining stopes have been identified, including:

- 10.1m @ 17% ZnEq (9.0% Zn, 0.89% Cu, 4.3% Pb, 54g/t Ag), CU054:
- 8.6m @ 16% ZnEq (8.8% Zn, 0.76% Cu, 5.2% Pb, 34g/t Ag), CU056:

These drill holes are in the northern part of the old mined areas and at the time of their drilling did not warrant following up. Further assessment is on-going and a follow-up drill hole program has been designed to test the down plunge extension of these intercepts (as shown in Figure 7). Combined with high-powered DHEM survey, this program has the potential to identify new extensions to the Currawang mineralisation. An initial program of 3 diamond drill holes for 2,120m has received a NSW





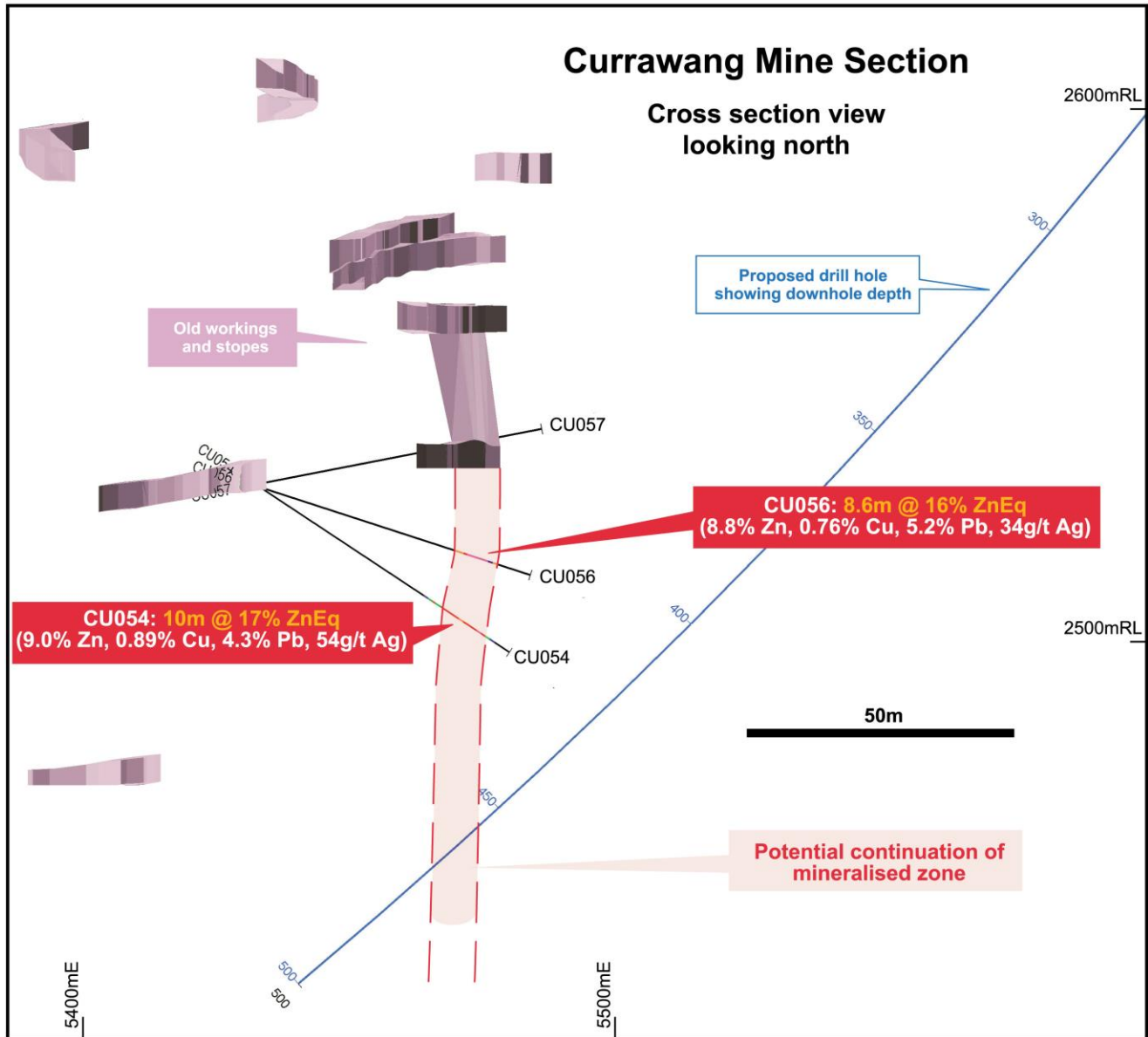
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New Frontiers Cooperative Drilling grant which provides for reimbursement of 50% of the drilling costs, drilling is expected to commence later in 2017.

Figure 7: Currawang Prospect north facing cross section in northern section of the old mine



**Montrose Prospect:** 6km WNW of Woodlawn, where broad zones of intense pyrite-sericite alteration in Woodlawn Volcanics are present. Limited drilling in the 1980's and 1990's intercepted zones of modest-grade mineralisation which received little follow-up work. Remodelling of the numerous historic fixed- and moving-loop EM geophysical anomalies has provided clear targets for follow-up testing.

**Other Woodlawn Prospects:** The Allianoyonyiga and Kalua Prospects are both grassroots prospects defined by pre-Heron moving loop EM surveys, situated along strike, west and east respectively from the Cowley Hills deposit. Moderate silica/pyrite alteration in rhyolitic volcanic rocks has been mapped at Kalua along strike from the EM anomalies, whereas the Allianoyonyiga Prospect is wholly covered by alluvium of the Allianoyonyiga Creek and will require drilling to test further. At Hickory's Paddock a recent soil program has defined a 300m long Zn/Cu/Pb anomaly associated with a gossanous black shale horizon.





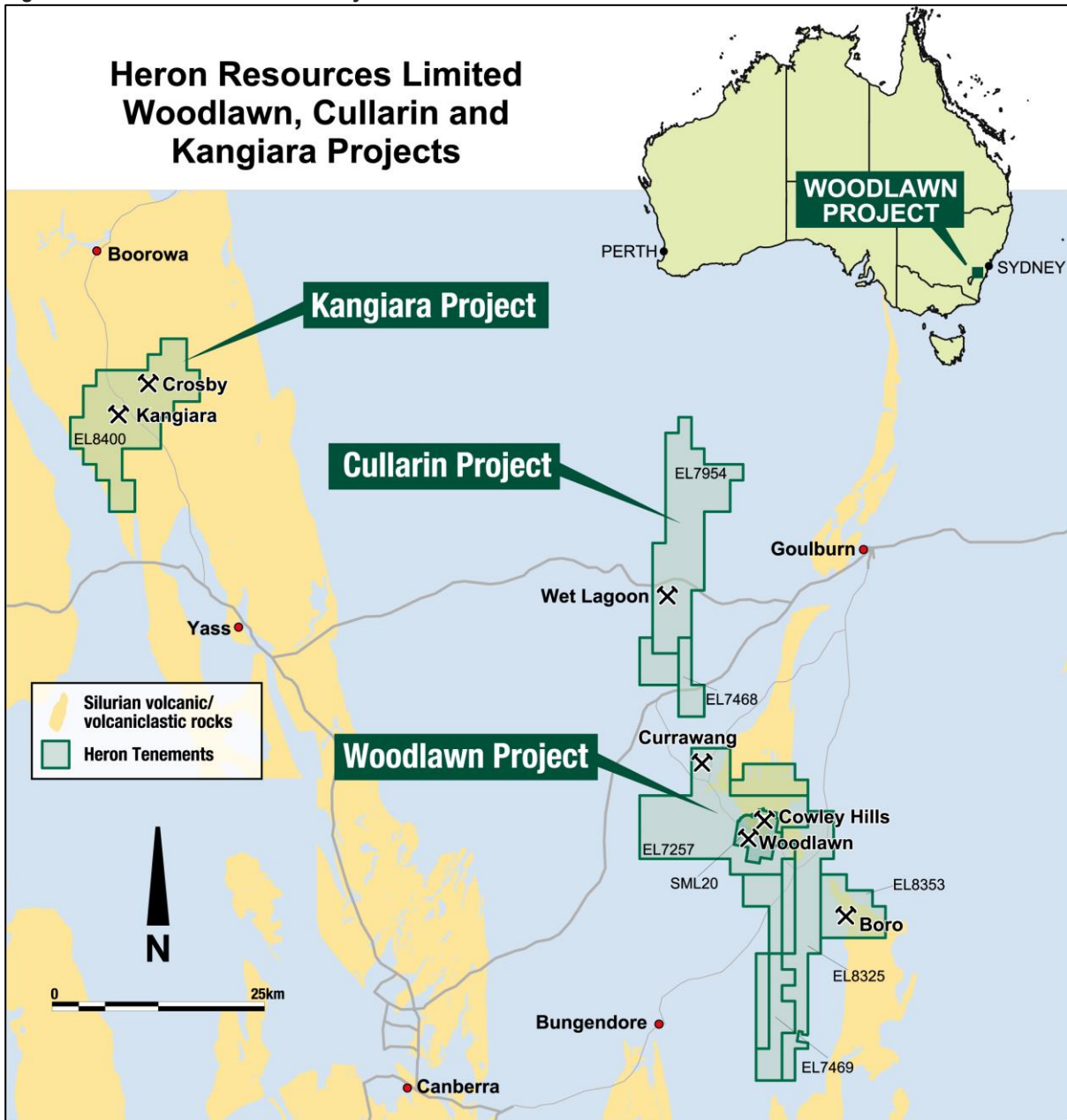
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## East Lachlan Regional Projects

The Company retains a significant portfolio of tenements in the East Lachlan area of New South Wales within hauling distance of Woodlawn, the key project areas being Cullarin and Kangiara (see Figure 8).

Figure 8: Heron's East Lachlan Projects



### Cullarin Project (EL7954, EL7468, 100% Heron)

The Cullarin Project is located 20km NW of Woodlawn and 30km west of Goulburn and covers the prospective Silurian-aged Wet Lagoon Volcanics – a sequence of rhyolite and dacitic volcanic and volcanoclastic rocks with potential for VMS, skarn and shear-related gold and base-metal deposits.



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The project had been a joint venture with Golden Cross Resources Ltd (ASX: GCR), however Heron recently bought GCR's interest thereby terminating the agreement between the parties and Heron now owns the project 100% with no further encumbrances.

Previously reported exploration in the south of the area has highlighted the prospectivity of the Wet Lagoon Prospect where several encouraging gold intercepts were drilled by North Ltd and others in the 1980s (nominal 0.5g/t cut-off grade applied):

- 32.0m @ 1.5g/t Au from 83.0m, WL017
- 24.4m @ 3.3g/t Au from 16.2m, WL031
- 20.0m @ 2.3g/t Au from 70.5m, WL024
- 65.0m @ 1.6g/t Au from 31.0m, WL028
- 18.9m @ 0.64g/t Au from 64m, WL029

These results have been sourced from historical open-file reports and have not been verified by the Company, except where original drill logs and assay sheets have been used to validate within a dedicated database. Many of these better drill results occur close to the carriageway of the major Hume Highway and future work will need to be directed away from infrastructure areas.

The Wet Lagoon Prospect will be re-evaluated for its potential to host a major gold deposit as it is clear a very significant mineralising event has taken place over a broad, 5km long area.

### **Kangiarra Project (EL8400, 100% Heron)**

The Kangiarra Project is located 90km NW of Woodlawn and 26km NNW of the town of Yass. It covers felsic volcanic and related sedimentary rocks of the Silurian Douro Group. Kangiarra itself is a historical copper mine and previous explorers (to 2014) have delineated a small, low-grade gold, silver, copper, lead zinc deposit, which is not JORC 2012 compliant. Potential exists to build on this position.

At the Crosby Prospect (named after the nearby trig station) 5km to the NE of Kangiarra, previous explorers (in particular Oakland Resources Ltd around 2011) outlined a strong gold anomaly (2.3g/t Au in rock chips and 0.17g/t Au in soils) within a 2.5km NW-trending zone of anomalous geochemistry (Au, As, Zn, Pb, Cu; Figure 9). These results are from public open-file sources and the Company has not been able to verify these results, however earlier (1970s) soils results showed Pb and Cu anomalism in the same area (not assayed for Au at the time) providing some confirmation for the more recent results.

The anomaly has reported zones of pyrite at surface and lies within rhyolitic to dacitic volcanics and volcanoclastic units of the Hawkins Volcanics. The setting is similar to the McPhillamys gold deposit (approximately 2.2Moz Au as reported by Regis Resources Ltd <http://www.regisresources.com.au/>) located 130km to the NNE.

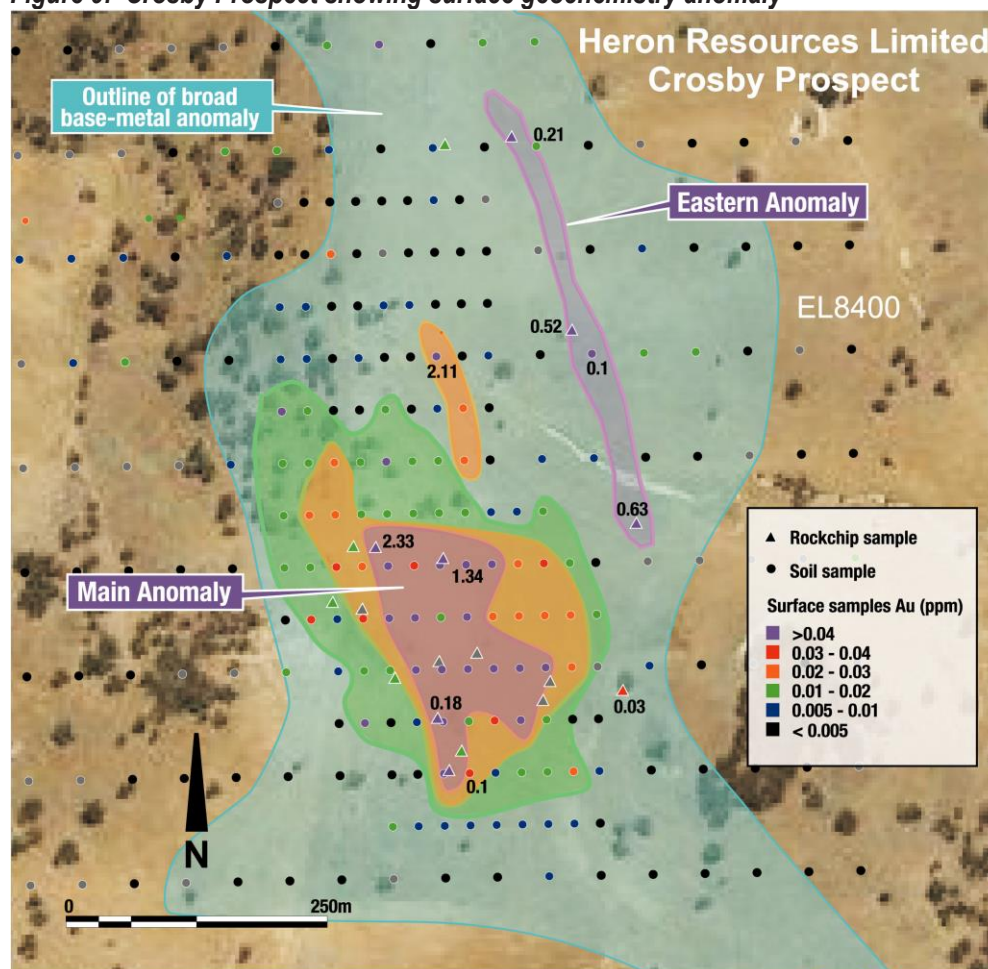
The Crosby Prospect (Figure 8) provides the opportunity for a greenfields gold/base-metals discovery. Oakland Resources Ltd were proposing to drill the prospect before their very limited funding was redirected. Access is relatively straightforward being on privately owned sheep grazing paddocks approximately 2km from the nearest homestead. The Company is planning to conduct a program of verification sampling and mapping prior to designing a drill program to test for mineralisation at depth.



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Figure 9: Crosby Prospect showing surface geochemistry anomaly



## EXPLORATION PROJECTS – NEW SOUTH WALES AND WESTERN AUSTRALIA

Following the Ardea Resources Ltd (**Ardea**) spin-off and beyond the Woodlawn tenure, Heron retains a free-carried high quality tenement holding in the Lachlan Fold Belt of NSW and the Eastern Goldfields of Western Australia. This tenure is held through joint venture and other free-carried residual or royalty interests which results in minimal costs to Heron.

### Joint Venture Projects

#### *Alchemy Farm-In and JV (Overflow, Girilambone, Eurow and Yellow Mountain)*

Heron entered into a Farm-In Agreement with Alchemy Resources Limited (**Alchemy**) (ASX:ALY) covering a portfolio of Heron's NSW exploration tenements in May 2016. The Farm-In Agreement covers 674 km<sup>2</sup> of the central Lachlan Orogen in NSW, including the following exploration tenements: EL5878 Overflow, EL7941 Overflow, EL8267 Overflow, EL8192 Eurow, EL8318 Girilambone and EL8356 Yellow Mountain.

A diamond drilling program has been planned by Alchemy, targeting up and down-plunge positions of the mineralisation zones at the Overflow mining centre. Approval delays and changes in Alchemy management has resulted in pushing back the program, which is now expected to commence in the first quarter 2017.





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### **Rocky Gully Nickel-Copper JV (10% Heron, 90% Metalicity Ltd)**

Metalicity Ltd (ASX:MCT) have acquired a 90% interest in the Rocky Gully Project comprising the three tenements: E70/2801, E70/4543 and E70/4437. Heron retains a 10% interest in the tenements free carried through to the completion of a pre-feasibility study. Heron currently holds 13,375,000 MCT shares.

### **Bulong Gold JV (Heron 20%, Southern Gold Ltd 80%; Heron 100% nickel laterite rights Bulong East)**

The Bulong Gold Project is located 30km east of Kalgoorlie with Southern Gold (ASX:SAU) managing the joint venture as part of their exploration efforts around the producing Cannon Gold Mine. Work completed by SAU during the quarter and the forward plan includes:

1. A trial geochemical survey to test biogeochemical/geochemical responses will be conducted across the Tooting Bec prospect. If successful this will be extended across areas of the Bulong Gold JV which have previously not been explored due to thick cover. This will be followed by rotary air blast (RAB)/aircore drilling program early in 2017 to test targets defined by the geochemical survey.
2. Heritage and flora/fauna surveys have been conducted across portions of M25/134 and M25/209 to facilitate access and allow planning of a haul road for the Glandore project adjacent to the Bulong Gold JV tenements.
3. Geochemical anomalies in the P25/2256, M25/134 and M25/209 were investigated with field mapping and sampling. This work will continue into the next quarter.

### **Siberia Tenement Sale**

As announced on 23 January 2017, Eastern Goldfields Ltd (EGS) is acquiring from Heron:

- (a) Title to 19 mining tenements in the Siberia area (**Siberia Gold Tenements**), near Kalgoorlie Western Australia in return for payment of \$100,000 to Heron plus payment of a royalty; and
- (b) The gold rights in respect of one mining tenement (**Siberia Gold Rights Tenements**) in the same area with Heron retaining title and the non-gold rights.

While Ardea (as assigned from Heron) is acquiring the non-gold rights in respect of both the Siberia Gold Tenements and the Siberia Gold Rights Tenements, Eastern Goldfields will be responsible for payment of rates and taxes on the Siberia Gold Rights Tenements and for keeping these tenements in good standing under the Mining Act. Further details can be found in the EGS ASX release dated 23 January 2017.

## **ARDEA RESOURCES LTD**

Following the positive Woodlawn Project Feasibility Study in June 2016, Heron's primary focus has been to bring the Woodlawn Project into development. This has resulted in limited funding being available for allocation to Heron's extensive portfolio of non-Woodlawn development and exploration projects, which are of sufficient high quality to warrant further activity and funding in their own right. Accordingly, Heron decided to spin-off the non-Woodlawn assets into the new company Ardea Resources Limited, with the objective of ensuring that the underlying value of these assets is realised by Ardea to the benefit of existing and new shareholders. Figures 10 and 11 provide a breakdown of the resulting Heron and Ardea tenement holdings.

On 29 September 2016 Heron Shareholders overwhelmingly approved the proposed spin-off of Ardea to raise up to A\$6 million through the issue of up to 30 million new shares under a Public Offer. The IPO closed on 20 January 2017, with A\$5.1 million subscribed. It is expected that eligible Heron shareholders will be sent their Ardea holding certificates in the first few days of February and Ardea will list on the ASX on or around 9 February 2017.

Ardea's development focus is the **Kalgoorlie Nickel Project Cobalt Zones and chrysoprase gemstone in WA** and **Lewis Ponds Gold-Zinc Project in central NSW**. Ardea has a 100% interest in all of its projects.



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Due to the expenditure focus on the KNP and Lewis Ponds feasibility programs, a number of corporate and joint venture proposals will be under consideration for the Ardea exploration portfolio.

Heron considers that its shareholders will continue to benefit from the Ardea tenements as further shareholder value is generated from Ardea corporate transactions during 2017.

Heron holds 10 million options in Ardea, and three months from Ardea's listing, Heron will along with all other Ardea shareholders receive a 1 for 3 Loyalty Option issue.

Through the spin-off, Ardea will have a separate board of directors and management team. Two Heron employees will transfer to Ardea as at 1 February 2017 to form a separate autonomous exploration team. Office accommodation will initially be shared until the Ardea team is finalized.

### CORPORATE

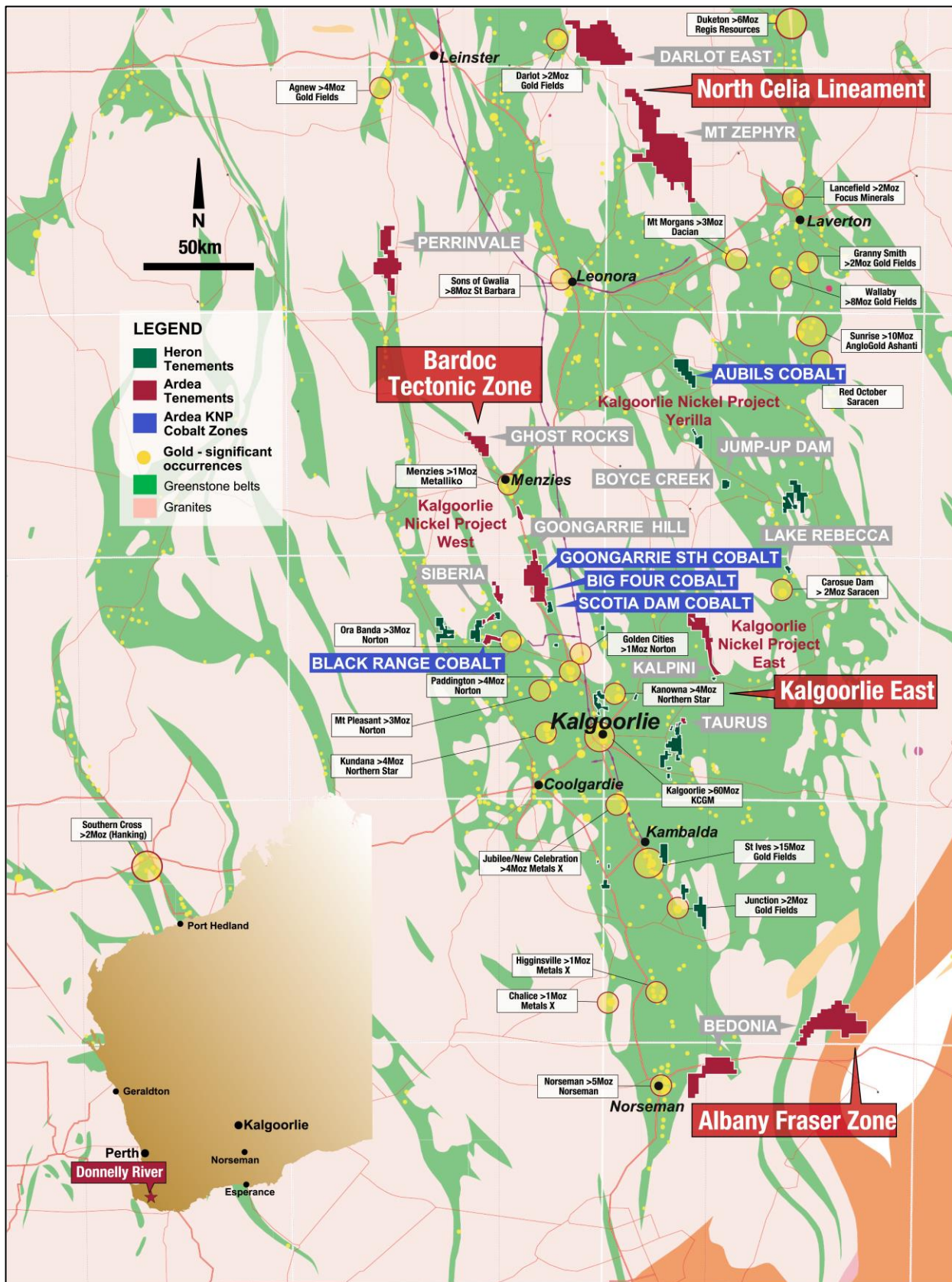
**Cash** - At the end of the Quarter (31 December 2016) Heron held A\$16.5M in cash (excluding bonds) and A\$1.7M in investments.



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Figure 10 – Heron and Ardea WA projects



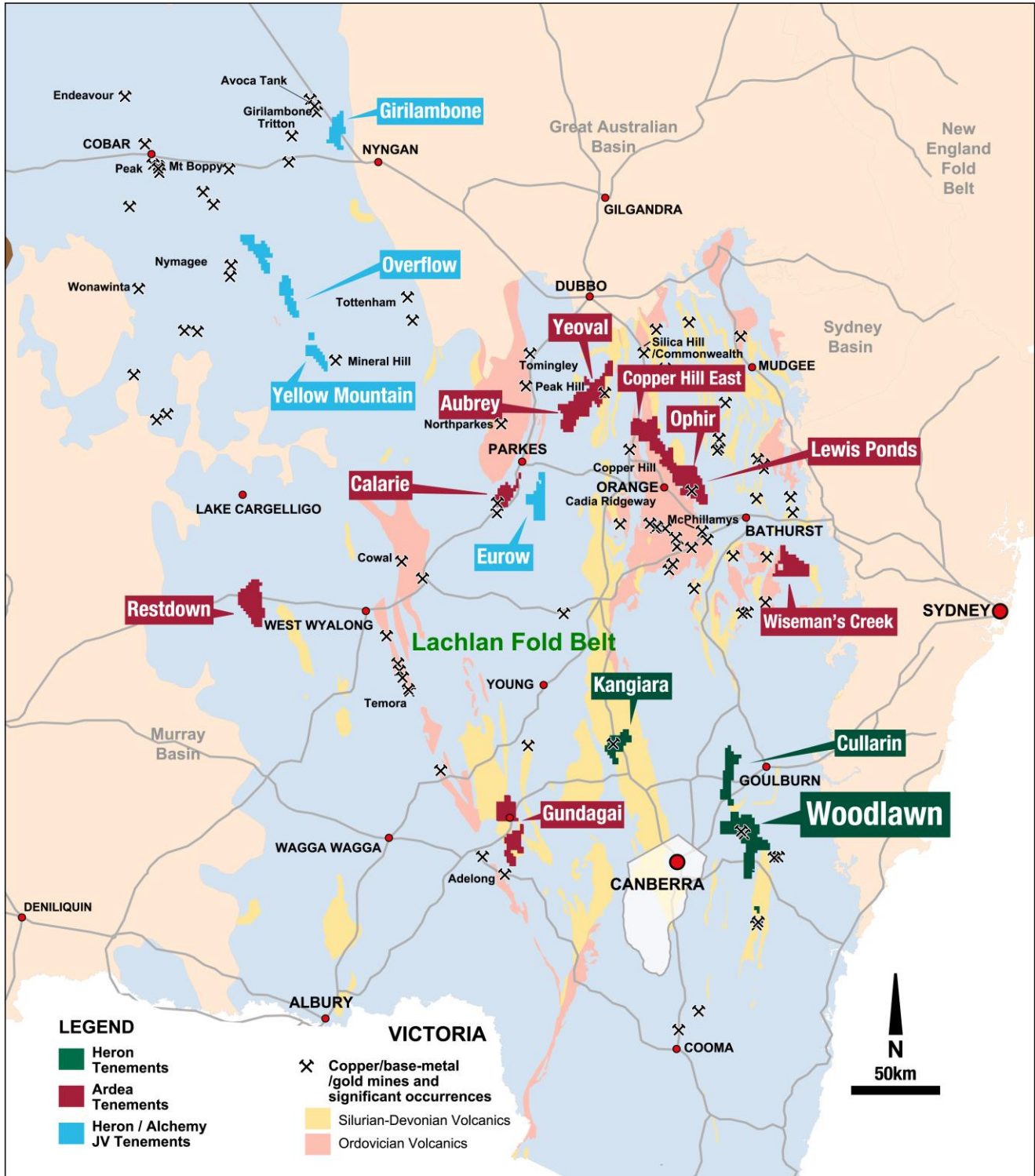




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Figure 11 – Heron and Ardea NSW Projects





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### **Compliance Statements (JORC 2012 and NI43-101)**

The technical information in this report relating to the exploration results 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 mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results and “qualified person” as this term is defined in Canadian National Instrument 43-101 (“NI 43-101”). Mr. von Perger has reviewed this report and approves the scientific and technical disclosure within. He consents to the inclusion in this report of the information in the form and context in which it appears.

### **Zinc Equivalent Formula - Woodlawn**

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 Au, Ag, Cu, Pb and Zn.  $ZnEq = Zn\% + Cu\% * 3.12 + Pb\% * 0.81 + Au\ g/t * 0.86 + Ag\ g/t * 0.03$ . 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.

### **CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION**

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Australian and Canadian securities laws, which are based on expectations, estimates and projections as of the date of this news release. 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 ability to complete the Ardea spin-off, 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, the ability to complete the Ardea spin-off on the basis of the proposed terms and timing or at all, the 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 news release 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 news release.**



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### Corporate Directory

<p><b>Directors</b></p> <p>Stephen Dennis<sup>*+</sup> <i>Chairman</i>          Borden Putnam III<sup>*+</sup>          Fiona Robertson <sup>*+</sup>          Ian Buchhorn          Wayne Taylor          Mark Sawyer<sup>*+</sup></p> <p><i>* Denotes Non-executive          + Denotes Independent</i></p> <p><b>Executive Management</b></p> <p>Wayne Taylor  <i>Managing Director &amp; Chief Executive Officer</i></p> <p>Ian Buchhorn  <i>Executive Director</i></p> <p>Simon Smith  <i>General Manager – Finance &amp; Administration &amp; Company Secretary.</i></p> <p>David von Perger  <i>General Manager - Exploration</i></p> <p>Charlie Kempson  <i>General Manager - Strategy &amp; Business Development</i></p> <p>Andrew Lawry  <i>Chief Operating Officer</i></p> <p>Brian Hearne  <i>General Manager - Woodlawn</i></p>	<p><b>Issued Share Capital</b></p> <p>As at the date of this report, Heron Resources Limited had 415,009,381 ordinary shares, 23,601,287 options.</p> <p>The options have expiry dates ranging from 4 February 2017 to 4 December 2020 and have exercise prices ranging from A\$0.09 to A\$0.27</p> <p>Heron trades on the ASX as 'HRR' and on the TSX as 'HER'.</p> <p><b>Monthly Share Price Activity</b></p> <p style="text-align: center;"><b>(A\$ per share - ASX)</b></p> <table border="1"> <thead> <tr> <th>Month</th> <th>High</th> <th>Low</th> <th>Close</th> </tr> </thead> <tbody> <tr><td>Jan 16</td><td>0.097</td><td>0.084</td><td>0.090</td></tr> <tr><td>Feb 16</td><td>0.105</td><td>0.083</td><td>0.090</td></tr> <tr><td>Mar 16</td><td>0.098</td><td>0.086</td><td>0.089</td></tr> <tr><td>Apr 16</td><td>0.110</td><td>0.089</td><td>0.105</td></tr> <tr><td>May 16</td><td>0.120</td><td>0.105</td><td>0.115</td></tr> <tr><td>Jun 16</td><td>0.165</td><td>0.120</td><td>0.130</td></tr> <tr><td>Jul 16</td><td>0.170</td><td>0.140</td><td>0.155</td></tr> <tr><td>Aug 16</td><td>0.180</td><td>0.145</td><td>0.155</td></tr> <tr><td>Sept 16</td><td>0.160</td><td>0.130</td><td>0.145</td></tr> <tr><td>Oct 16</td><td>0.150</td><td>0.130</td><td>0.130</td></tr> <tr><td>Nov 16</td><td>0.150</td><td>0.125</td><td>0.140</td></tr> <tr><td>Dec 16</td><td>0.140</td><td>0.110</td><td>0.115</td></tr> </tbody> </table> <p style="text-align: center;"><b>(CA\$ per share - 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# Heron Resources Limited

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1.12 Total operating and investing cash flows (brought forward)	(3,258)	(6,338)
<b>Cash flows related to financing activities</b>		
1.13 Proceeds from the issue of shares, options, etc.	-	-
1.14 Proceeds from the sale of forfeited shares		
1.15 Proceeds from borrowings		
1.16 Repayment of borrowings		
1.17 Dividends paid		
1.18 Payment of Share issue costs	-	-
<b>Net financing cash flows</b>	<b>(3,258)</b>	<b>(6,338)</b>
<b>Net increase (decrease) in cash held</b>	<b>(3,258)</b>	<b>(6,338)</b>
1.19 Cash at beginning of quarter/year	19,811	22,891
1.20 Other	-	-
<b>1.21 Cash at end of quarter</b>	<b>16,553</b>	<b>16,553</b>

**Payments to directors of the entity and associates of the directors, payments to related entities of the entity and associates of the related entities**

	Current Qtr \$A'000
1.22 Aggregate amount of payments to the parties included in item 1.2 and 1.8	317,008
1.23 Aggregate amount of loans to the parties included in item 1.10	

1.24 Explanation necessary for an understanding of the transactions

Director's fees, salaries and superannuation (A\$308,675).  
Provision of office accommodation by director related entity (A\$8,333)

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

See attached schedule



# Heron Resources Limited

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### Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	-
4.3 Production	-
4.4 Administration	1,500
<b>Total</b>	<b>3,500</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	1,211	811
5.2 Deposits at call	15,342	19,000
5.3 Bank Overdraft		
5.4 Other (provide details) Property Rental bond Environmental bonds		
<b>Total: cash at end of quarter (Item 1.21)</b>	<b>16,553</b>	<b>19,811</b>





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### 6.1 Interests in Mining Tenements transferred, relinquished, withdrawn, reduced or lapsed.

#### Interests in Mining Tenements reduced or relinquished

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter <sup>a</sup>
M24/00772	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404395	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404396	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404400	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404401	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404402	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404403	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400634	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400660	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400686	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400663	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400664	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400665	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	90	0
E2400203	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400683	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400797	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400916	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400915	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
E2900889	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
M2400772	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404395	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
P2404396	80km NW of Kalgoorlie WA	Siberia sale agreement <sup>b</sup>	100	0
EL7023	20km SW of Parkes NSW	Tenement expired	100	0
E25/00250	32km ESE of Kalgoorlie	Tenement relinquished	20	0

Note a: includes changes between end of quarter and release of report; b: see details of Siberia sale agreement within body of report, subject to registration of transfer documents

#### Interests in Mining Tenements acquired or increased

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter <sup>a</sup>
ELA5433	30km NW of Yass NSW	Pending Application	0	100
ELA5435	20km SW of Parkes NSW	Pending Application	0	100
EL7954	20km W of Goulburn NSW	Acquired residual interest	78.9	100

Note a: includes changes between end of quarter and release of report

### Heron Resources Ltd Tenement Schedule for December 2016 Quarterly Report

Tenement	Location	Heron Interest (%)	Status	Note
<b>WA Tenements</b>				
<b>North Kalgoorlie Nickel - Siberia Project</b>				
E29/00889	78km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00634	78km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00660	75km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00663	75km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00664	75km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00686	75km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00915	78km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00916	78km NW of Kalgoorlie	100	Live	Ardea, 8
<b>North Kalgoorlie Nickel - SMC Siberia Project</b>				
M24/00683	78km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00772	71km NW of Kalgoorlie	100	Live	Ardea, 8
M24/00797	78km NW of Kalgoorlie	100	Live	Ardea, 8
<b>North Kalgoorlie Nickel - Black Range Project</b>				
M24/00757	63km NW of Kalgoorlie	100	Live	Ardea, 8
P24/04395	70km NW of Kalgoorlie	100	Live	Ardea, 8
P24/04396	70km NW of Kalgoorlie	100	Live	Ardea, 8
P24/04400	70km NW of Kalgoorlie	100	Live	Ardea, 8



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Tenement	Location	Heron Interest (%)	Status	Note
P24/04401	70km NW of Kalgoorlie	100	Live	Ardea, 8
P24/04402	70km NW of Kalgoorlie	100	Live	Ardea, 8
P24/04403	70km NW of Kalgoorlie	100	Live	Ardea, 8
<b>North Kalgoorlie Nickel - Siberia Tank Project</b>				
M24/00665	75km NW of Kalgoorlie	90	Live	2, Ardea, 8
<b>North Kalgoorlie Nickel - Ghost Rocks Project</b>				
E29/00941	140km NNW of Kalgoorlie	100	Live	Ardea
<b>North Kalgoorlie Nickel - Goongarrrie Project</b>				
M24/00541	67km NNW of Kalgoorlie	100	Live	Ardea
M24/00744	75km NNW of Kalgoorlie	100	Live	Ardea
M29/00167	86km NNW of Kalgoorlie	100	Live	Ardea
M29/00202	86km NNW of Kalgoorlie	100	Live	Ardea
M29/00272	77km NNW of Kalgoorlie	100	Live	Ardea
M29/00278	74km NNW of Kalgoorlie	100	Live	Ardea
M29/00423	76km NNW of Kalgoorlie	100	Live	Ardea
P29/02265	86km NNW of Kalgoorlie	100	Live	Ardea
E29/00934	67km NNW of Kalgoorlie		Pending	Ardea
<b>North Kalgoorlie Nickel - Placer Big Four</b>				
M24/00731	70km NNW of Kalgoorlie	100	Live	4,Ardea
M24/00732	70km NNW of Kalgoorlie	100	Live	4,Ardea
M24/00778	70km NNW of Kalgoorlie	100	Live	4,Ardea
<b>North Kalgoorlie Nickel - Highway Project</b>				
M29/00214	100km NNW of Kalgoorlie	100	Live	Ardea
<b>Yerilla Nickel Province</b>				
E31/01092	140km NNE of Kalgoorlie	100	Live	Ardea
M31/00483	146km NNE of Kalgoorlie	100	Live	Ardea
M31/00475	129km NE of Kalgoorlie	100	Live	Ardea
M31/00477	129km NE of Kalgoorlie	100	Live	Ardea
M31/00479	129km NE of Kalgoorlie	100	Live	Ardea
E39/01954	170km NNE of Kalgoorlie	100	Pending	Ardea
<b>Lake Rebecca Project - Lake Rebecca Project</b>				
P31/02038	113km NE of Kalgoorlie	100	Live	
P31/02039	113km NE of Kalgoorlie	100	Live	
P31/02040	113km NE of Kalgoorlie	100	Live	
<b>Hampton Nickel Province - Kalpini Project</b>				
E28/01224	63km NE of Kalgoorlie	100	Live	Ardea
M28/00199	65km NE of Kalgoorlie	100	Live	Ardea
M28/00201	65km NE of Kalgoorlie	100	Live	Ardea
M28/00205	66km NE of Kalgoorlie	100	Live	Ardea
M27/00395	68km NE of Kalgoorlie	100	Live	Ardea
E27/00524	67km NE of Kalgoorlie	100	Live	Ardea
<b>Hampton Nickel Province - Bulong Project</b>				
M25/00187	40km E of Kalgoorlie	100	Live	Ardea
M25/00151	38km E of Kalgoorlie	100	Live	Ardea
<b>Mt Zephyr Project</b>				
E39/01706	75km NE of Leonora	100	Live	Ardea



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Tenement	Location	Heron Interest (%)	Status	Note
E39/01757	75km NE of Leonora	100	Live	Ardea
E39/01854	75km NE of Leonora	100	Pending	Ardea
E39/01985	75km NE of Leonora	100	Pending	Ardea
E37/01271	75km NE of Leonora	100	Pending	Ardea
E37/01272	75km NE of Leonora	100	Pending	Ardea
E37/01273	110km NNE of Leonora	100	Pending	Ardea
E37/01274	110km NNE of Leonora	100	Pending	Ardea
<b>Bedonia Project</b>				
E63/01787	70km ENE of Norseman	100	Pending	Ardea
<b>Donnelly River Project</b>				
E70/04804	18km W of Manjimup	100	Pending	Ardea
<b>NON HERON RESPONSIBILITY KNP TENEMENTS</b>				
<b>JOINT VENTURES</b>				
<b>Hampton Nickel Province - Bulong Project</b>				
<b>Southern Gold Farm In Project - Southern Gold Ltd 80%, HRR 20%</b>				
M25/00059	34km East of Kalgoorlie	20	Live	6
M25/00134	40km E of Kalgoorlie	20	Live	6
M25/00145	40km E of Kalgoorlie	20	Live	6
M25/00161	40km E of Kalgoorlie	20	Live	6
M25/00171	40km E of Kalgoorlie	20	Live	6
M25/00209	40km E of Kalgoorlie	20	Live	6
M25/00210	40km E of Kalgoorlie	20	Live	6
P25/02062	40km E of Kalgoorlie	20	Live	6
P25/02252	40km E of Kalgoorlie	20	Live	6
P25/02253	40km E of Kalgoorlie	20	Live	6
P25/02254	40km E of Kalgoorlie	20	Live	6
P25/02255	40km E of Kalgoorlie	20	Live	6
P25/02256	40km E of Kalgoorlie	20	Live	6
P25/02257	40km E of Kalgoorlie	20	Live	6
P25/02258	40km E of Kalgoorlie	20	Live	6
<b>North Kalgoorlie Nickel - EGS Siberia</b>				
M24/00845	71km NW of Kalgoorlie	100 of Ni lat	Live	3
M24/00846	71km NW of Kalgoorlie	100 of Ni lat	Live	3
M24/00847	71km NW of Kalgoorlie	100 of Ni lat	Live	3
M24/00848	71km NW of Kalgoorlie	100 of Ni lat	Live	3
E16/00332	62km NW of Kalgoorlie	100 of Ni lat	Live	3
<b>Kalgoorlie Gold Project - MKO Goongarrie</b>				
M24/00919	63km NNW of Kalgoorlie	100% Ni only	Live	7
P24/04199	55km NNW of Kalgoorlie	100% Ni only	Live	7
<b>OTHER TENEMENTS – HERON RETAINS RESIDUAL/ROYALTY INTERESTS</b>				
<b>Pioneer Tenements - PIO Kalpini Project</b>				
E27/00548	61km NE of Kalgoorlie	Ni Lat 100	Live	
E28/01746	62m NE of Kalgoorlie	Ni Lat 100	Live	
E28/02483	62km NE of Kalgoorlie	Ni Lat 100	Live	
<b>Albany-Fraser Project - MCT Rocky Gully Project</b>				
E70/02801	85km NW of Albany	10	Live	
E70/04543	105km NW of Albany	10	Live	



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Tenement	Location	Heron Interest (%)	Status	Note
E70/04437	120km NW of Albany	10	Live	
<b>Kalgoorlie Nickel Province - RMS Coolgardie Project</b>				
M15/01101	65km S of Kalgoorlie	Ni Lat 100 p/mpt	Live	
M15/01264	65km S of Kalgoorlie	Ni Lat 100 p/mpt	Live	
M15/01263	65km S of Kalgoorlie	Ni Lat 100 p/mpt	Live	
M15/01323	65km S of Kalgoorlie	Ni Lat 100 p/mpt	Live	
M15/01338	65km S of Kalgoorlie	Ni Lat 100 p/mpt	Live	
E27/00300	48km N of Kalgoorlie	Ni Lat 100 p/mpt	Live	
<b>St Ives Project - Goldfields St Ives Project</b>				
E15/00927	68km SE of Kalgoorlie	Royalty & other	Live	
E15/01005	70km SE of Kalgoorlie	Royalty & other	Live	
E15/01010	60km SSE of Kalgoorlie	Royalty & other	Live	
E15/01040	68km SE of Kalgoorlie	Royalty & other	Live	
<b>Yarri Project - Yarri Gold Project</b>				
E31/00887	160km NE of Kalgoorlie	Royalty rights	Live	
E31/00859	170km NE of Kalgoorlie	Royalty rights	Live	
<b>KCGM Gidgi Project - KCGM Kalgoorlie Gold Project</b>				
E26/00124	14km N of Kalgoorlie	Royalty rights	Live	5
<b>Kanowa Gold Projects</b>				
M27/00272	22km NE of Kalgoorlie	HRR retains certain rights	Live	
<b>New South Wales Projects</b>				
<b>Heron Tenements</b>				
<b>Woodlawn Project</b>				
EL7257	40km SSW of Goulburn	100	Live	
EL7468	5km E of Collector	100	Live	
EL7469	15km E of Bungendore	100	Live	
EL7954	25km W of Goulburn	100	Live	
EL8325	60km ENE of Canberra	100	Live	
EL8353	7.5km SE of Woodlawn	100	Live	
S(C&PL)L0020	40km SSW of Goulburn	100	Live	
EL8400	27km NNE of Yass	100	Live	
ELA5433	30km NNW of Yass	100	Application	
<b>Ardea Tenements</b>				
<b>Restdown</b>				
ELA5335	70km W of West Wyalong	100	Application	Ardea
<b>Lewis Ponds</b>				
EL5583	15km E of Orange	100	Live	Ardea
EL8323	10km NE of Orange	100	Live	Ardea
ELA5337	20km N of Orange	100	Application	Ardea
<b>Calarie</b>				
EL7023	10km N of Forbes	100	Live	Ardea
ML0739	10km N of Forbes	100	Live	Ardea
ELA5338	5km N of Forbes	100	Application	Ardea
ELA5433	30km NW of Yass NSW	100	Application	Ardea
<b>Gundagai</b>				
EL8061	5km south of Gundagai	100	Live	Ardea





# Heron Resources Limited

## Quarterly Report

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Tenement	Location	Heron Interest (%)	Status	Note
ELA5323	5km north of Gundagai	100	Application	Ardea
<b>Recent Ardea Applications NSW</b>				
ELA5365	22km SW of Wellington	100	Application	Ardea
ELA5369	30km NE of Parkes	100	Application	Ardea
ELA5374	27km SE of Bathurst	100	Application	Ardea
<b>Alchemy Farm in &amp; JV Tenements</b>				
<b>Girilambone</b>				
EL8318	27km NW of Nyngan	100	Live	Alchemy
<b>Overflow/Eurow/Parkes</b>				
EL5878	100km NW of Condobolin	100	Live	Alchemy
EL7941	100km NW of Condobolin	100	Live	Alchemy
EL8267	70km SE of Cobar	100	Live	Alchemy
EL8356	59km WSW of Tottenham	100	Live	Alchemy
EL8192	23km SE of Parkes	100	Live	Alchemy

Notes:

1. Britannia Gold Ltd retains precious metal rights.
  2. Beach Energy Ltd has a 10% equity free-carried interest to a decision to mine.
  3. Eastern Goldfields Limited holds the tenement, Heron retains nickel laterite rights
  4. Norton Goldfields retains a royalty on gold production
  5. KCGM Gidgi Project, Heron retains a royalty on gold production
  6. Subject to Farm In agreement with Southern Gold Ltd (who have earned an 80% interest). Heron retains 100% of nickel laterite.
  7. Metalliko Resources Ltd holds the tenement, Heron retains nickel rights
  8. Subject to Eastern Goldfields Ltd Siberia Sale Agreement: Heron retains certain gold rights, Ardea acquires non-gold rights
- Ardea. Proposed Ardea Resources Limited Tenement
- Alchemy. Subject to Farm-in and Joint Venture between Alchemy Resources Ltd and Heron
- 6.2

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (\$)	Amount paid up per security (see note 3) (\$)
<b>7.1 Preference securities</b> (description)				
<b>7.2 Changes during Quarter</b>				
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks, redemptions				
<b>Ordinary securities</b>	415,009,381	415,009,381		
<b>7.3 Changes during Quarter *</b>				
(a) Increases through share issues				-
(b) Decreases through returns of capital, buybacks				
<b>7.4 Convertible debt securities</b> (description)				



# Heron Resources Limited

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7.5 Changes during Quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
<b>7.6 Options</b>			<i>Exercise Price</i>	<i>Expiry Date</i>
(description and conversion factor)	20,300,000	Nil	\$0.092	4/12/2020
	333,334	Nil	\$0.31	16/01/2017
	1,000,000	Nil	\$0.27	5/03/2017
	1,000,000	Nil	\$0.31	5/03/2018
	21,459	Nil	\$0.14	23/10/2017
	21,459	Nil	\$0.27	4/02/2017
	858,369	Nil	\$0.09	20/11/2018
	400,000	Nil	\$0.154	1/09/2021
7.7 Issued during Quarter	Nil	Nil	Nil	Nil
7.8 Exercised during Quarter				
7.9 Expired during Quarter	Nil	Nil		
7.10 Debentures (totals only)				
7.11 Unsecured notes (totals only)				

**Compliance 2.2** Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

*Nothing to report*



# Heron Resources Limited

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### Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here: \_\_\_\_\_

Date: 30 January 2017

Company Secretary

Print name: Simon Smith

### Notes

1. The Quarterly Report is to provide a basis for informing the market how the entity's activities have been financed for the past Quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.