



Heron Resources Limited

PDAC Presentation

Galvanising Heron's future at Woodlawn

March 2017

TSX:HER

ASX:HRR

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

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", "", "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 licenseintends 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

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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. $ZnEq = Zn + Cu * 3.12 + Pb * 0.81 + Au * 0.86 + Ag * 0.03$. 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.

HERON RESOURCES



OVERVIEW

Heron Resources is focused on the near term development of the high grade Woodlawn Zinc-Copper Project



Dual Listing:

TSX: HER
ASX: HRR



Cash:

A\$16.5M (31 December 2016)



Listed Investments:

A\$1.5M*



Project Portfolio:

- Woodlawn Zinc-Copper Project – advanced high grade polymetallic mineral resources + mineral reserves
- Woodlawn Regional Exploration Projects
- Non-Woodlawn Assets: Ardea Resources Ltd (Spin-Out - ASX:ARL trading 9 Feb 2017)

* Excludes 10 million 25c ARL options

HERON CORPORATE SUMMARY



CAPITAL STRUCTURE

Shares:	415 million
Options:	23.5 million
Share Price:	C\$0.135
Market Capitalisation:	C\$56 million
Cash: (31 Dec 2016)	A\$16.5 million
Listed Investments:	A\$1.5 million*

* Excludes 10 million 25c ARL options



BOARD

Chairman
Stephen Dennis

MD & CEO
Wayne Taylor

Executive Director
Ian Buchhorn

Non-Executive Director
Borden Putnam III

Non-Executive Director
Fiona Robertson

Non-Executive Director
Mark Sawyer



MANAGEMENT

Managing Director & CEO
Wayne Taylor

Executive Director
Ian Buchhorn

Chief Operating Officer
Andrew Lawry

General Manager Exploration
Dave von Perger

General Manager BD
Charlie Kempson

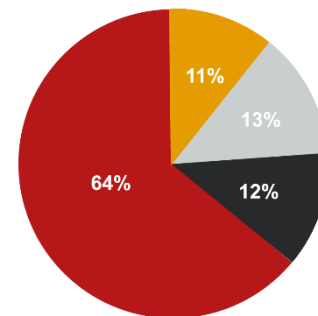
General Manager Finance
Simon Smith

Woodlawn General Manager
Brian Hearne

Woodlawn Process Manager
Des O'Sullivan

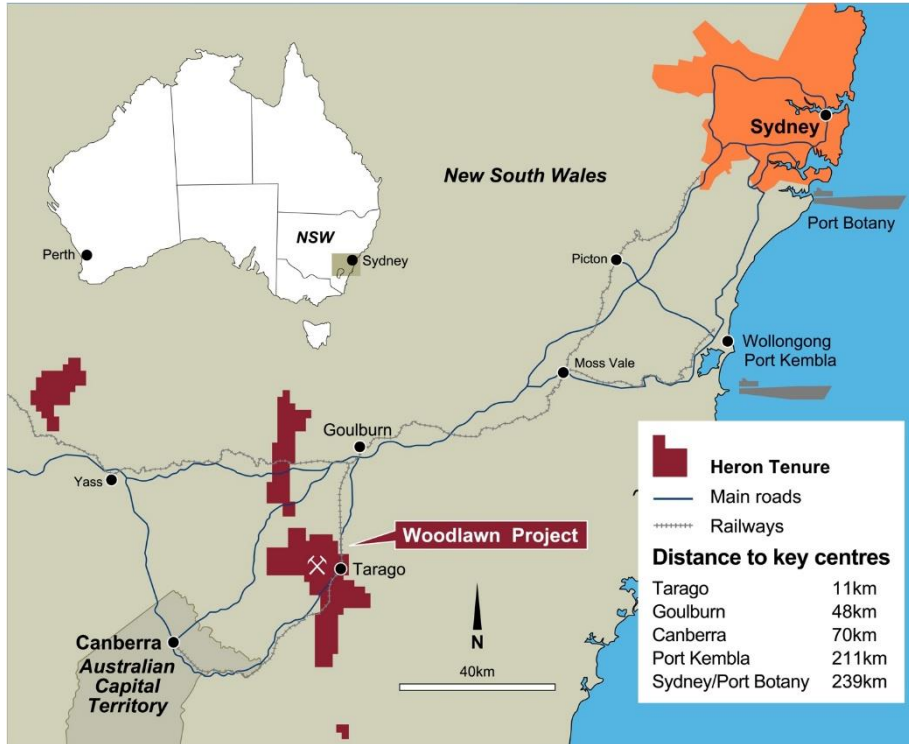


SHARE REGISTER



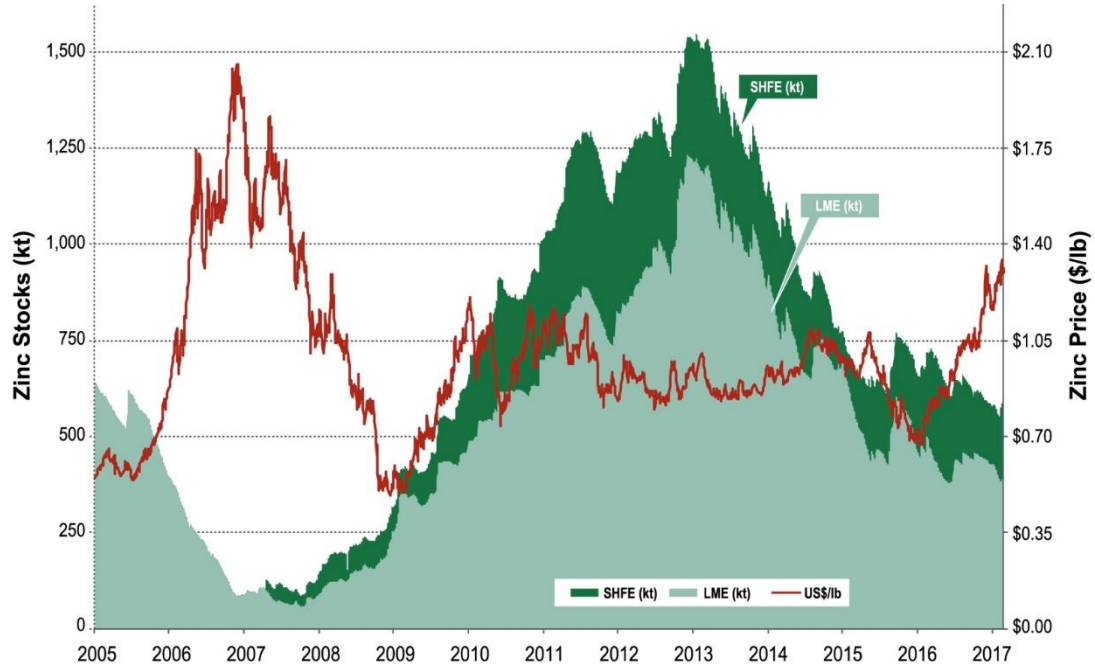
■ Ian Buchhorn
■ Greenstone
■ Canadian Register
■ Australian Register

WOODLAWN ZINC-COPPER PROJECT



- High grade Zn+Cu+Pb+Ag+Au
- Near-term production project
- Feasibility Study confirmed robust economics
- Granted mining lease and project approvals
- Unrivalled infrastructure
- Significant exploration upside
- Heron remains very well funded
- Advanced financing discussions

ZINC MARKET

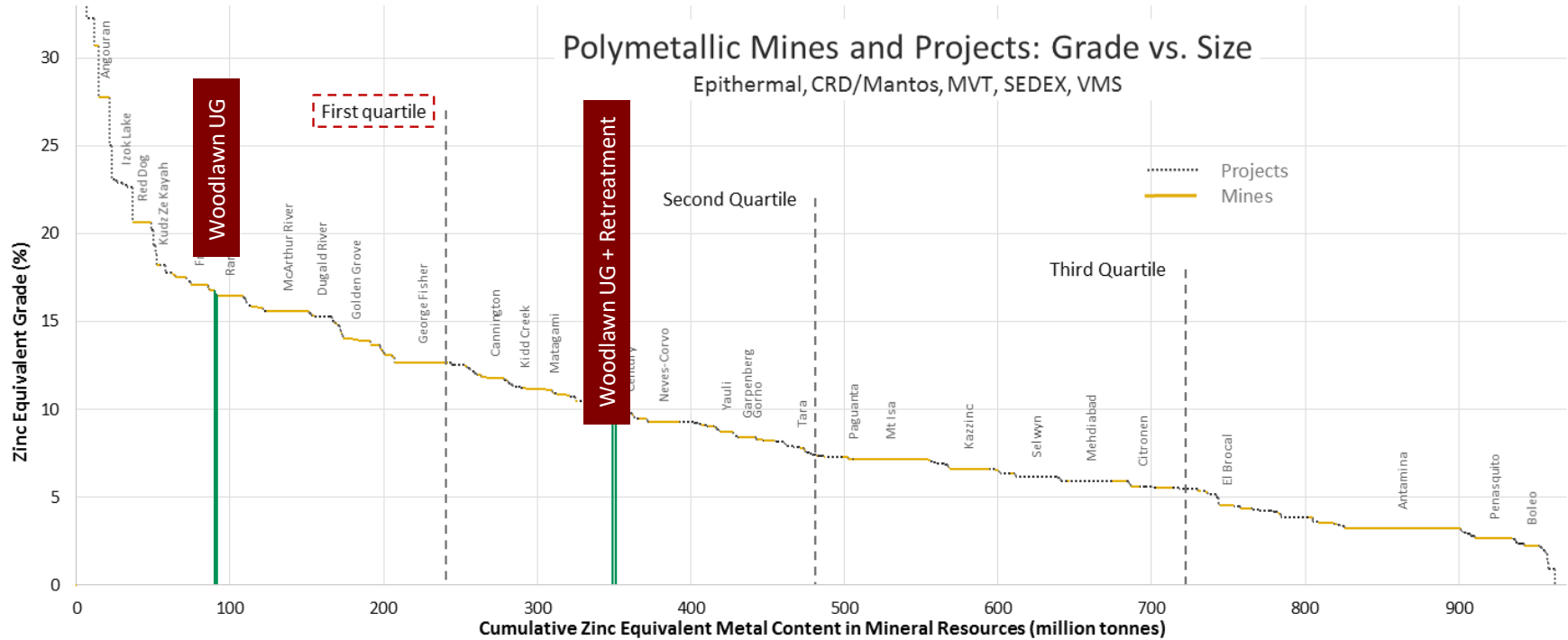


**Forecast remains for a continued tightening
in the physical market that will support
zinc prices**

- Market fundamentals:
 - Supply < Consumption
 - Stocks have insulated from a physical metal shortage to date
 - Projections are for a continued draw on remaining stocks
- Current annual treatment charge negotiations - strong leading indicator that the front end of the supply chain is and will continue to struggle for material

WOODLAWN A HIGH GRADE DEPOSIT

A compelling peer comparison



Notes: Polymetallic deposits containing at least 100,000 t of zinc metal, all deposit types except porphyry and deposit where zinc is non significant compared to other metals. Zinc equivalent grades and metal contents calculated using the following metal prices: copper \$2.20/lb, gold \$1,300/oz, lead \$0.80/lb, silver \$20/oz and zinc \$0.90/lb . Source: SNL Metals & Mining, Terra Studio.

WOODLAWN FEASIBILITY STUDY

June 2016 - Robust project economics – A 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

Post Tax IRR

32%

Payback

2.3 Years

Net Cashflow Post Tax

A\$402M

Peak Cash Requirement

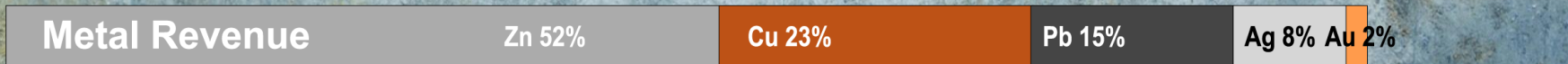
A\$163M

C1 **

-US\$0.06/lb

C3 **

US\$0.34/lb



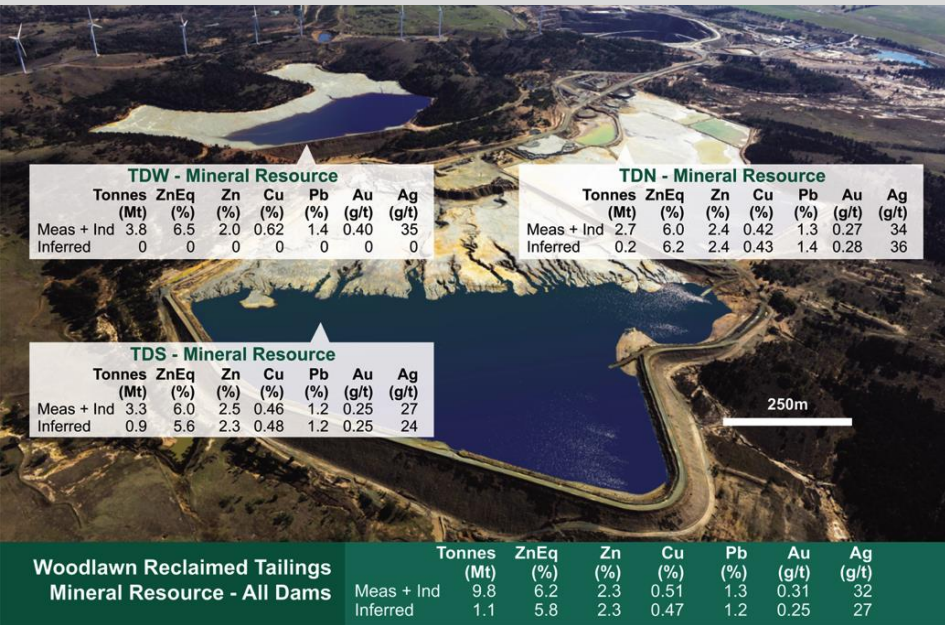
WOODLAWN PROJECT SITE

Unrivalled infrastructure – road & rail access, power, water, labour and port

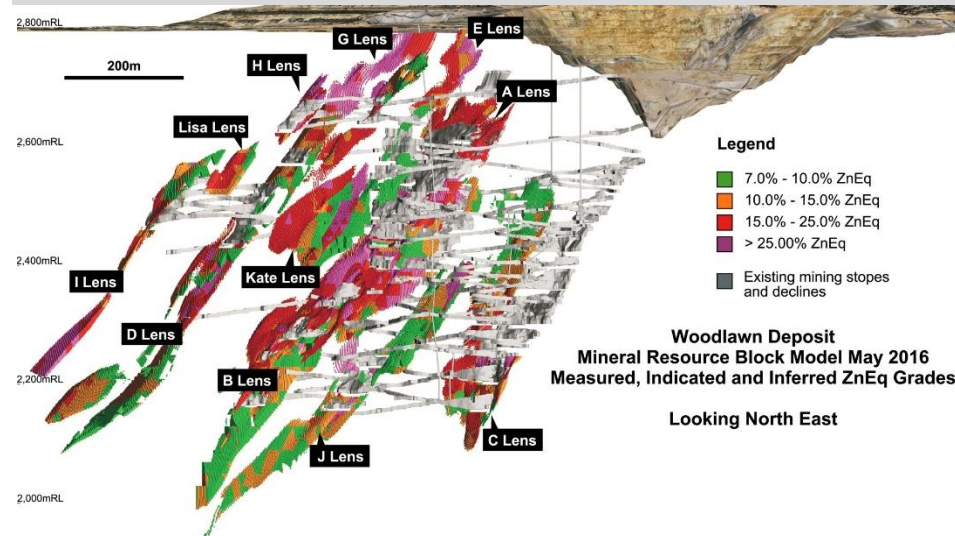


2016 WOODLAWN MINERAL RESOURCES

Retreatment



Underground



Reported at a 7% ZnEq lower cut-off grade

Type	Resource Category	Quantity (Mt)	ZnEq (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Polymetallic	Mea+Ind	2.6	21	10	1.5	4.0	0.69	79
Copper	Indicated	1.5	10	0.8	2.8	0.2	0.23	15
All Total	Mea+Ind	4.1	18	7.2	2.0	2.6	0.52	55
All Total	Inferred	2.5	15	5.9	1.8	2.3	0.61	47

Notes: Refer to Slide 21 for ZnEq (%) calculation. Mineral Resources are inclusive of Mineral Reserves.

WOODLAWN MINERAL RESERVES & MINE PLANNING

A new high grade underground mine



Reclaimed Tailings Mineral Reserves - 9.5Mt



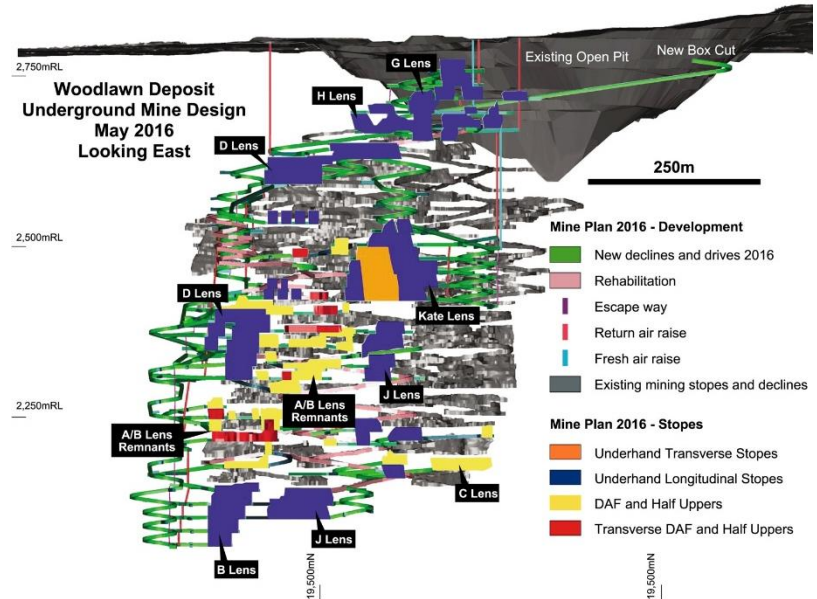
9.5Mt @ 6% ZnEq
(2.2% Zn, 0.5% Cu, 1.3% Pb, 0.31g/t Au, 31g/t Ag)



Underground Mineral Reserves - 2.8Mt

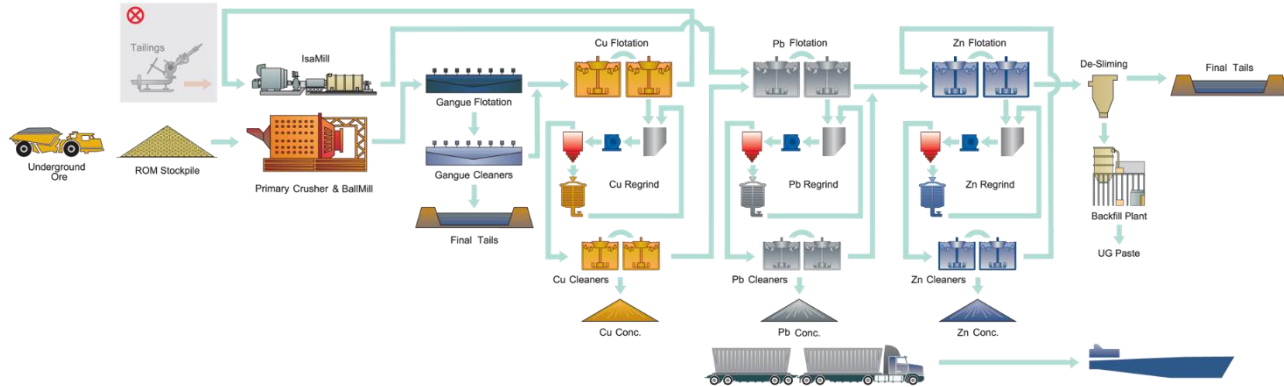


Polymetallic: **1.8Mt @ 16% ZnEq** (8.1% Zn, 1.2% Cu, 2.9% Pb, 0.56g/t Au, 57g/t Ag)
Copper: **1.0 Mt @ 9% ZnEq** (0.6% Zn, 2.4% Cu, 0.1% Pb, 0.23g/t Au, 14g/t Ag)
TOTAL: 2.8Mt @ 14% ZnEq (5.5% Zn, 1.6% Cu, 1.9% Pb, 0.45g/t Au, 42g/t Ag)

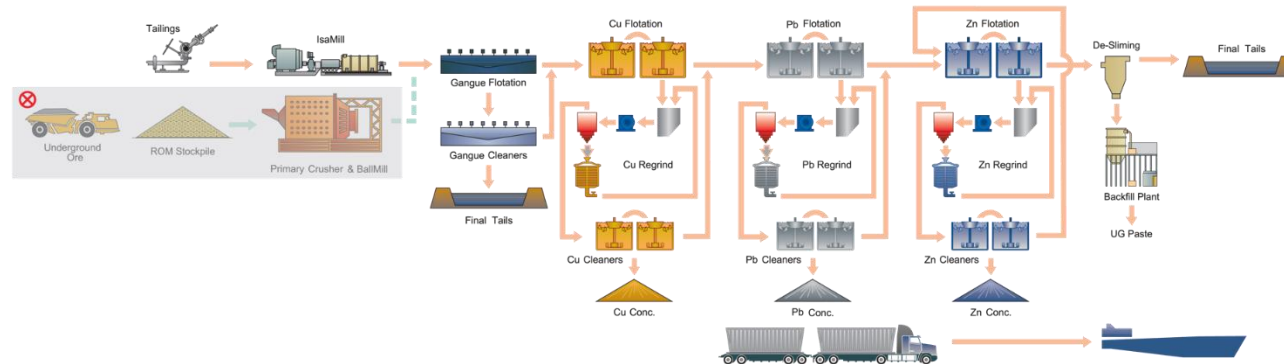


WOODLAWN PROCESS PLANT

Campaign treatment from two de-coupled ore sources



Underground
Ore Configuration
←



Reclaimed Tailings
Ore Configuration
←

WOODLAWN INFRASTRUCTURE ADVANTAGES

Advanced starting position



ACCESS

- Heavy haulage rated, sealed road – 350m from plant site
- Rail access 6km east



WATER

- Existing bore field 6km southwest
- Pump and pipe installation in place



POWER

- NSW State Grid Substation – 350m from plant site
- Renewable power options available



PORT

- 211km to dedicated concentrate berth at Port Kembla
- 239km to Australia's second largest container berth – Port Botany



PEOPLE & COMMUNITY

- Labour source - >400,000 people within driving distance
- Strong local support for project development



PERMITS & APPROVALS

- Mining Lease – SML20
- NSW State development approval

WOODLAWN PREPARATION

Post FS work streams – Part 1



FINANCING

- Debt – slow start, making good progress now
- Equity – strong interest from potential cornerstone and institutional sources



OFFTAKE

- Discussions well advanced
- Market fundamentals ensure strong competitive interest
- Ready to be finalised – execution synced with financing



HIGH CALIBRE TEAM

- Key recruits - General Manager & Process Manager
- Exceptional metallurgical/construction experience base (COO+GM+PM) + 100yrs
- Woodlawn operating knowledge



UNDERGROUND MINE PLANNING

- External review – higher utilisation of existing development, mine establishment rate improved
- Mine Entry Plan
- Reduction in capital and operating development costs



AGREEMENTS & MANAGEMENT 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

WOODLAWN PREPARATION

Post FS work streams – Part 2



Front End Engineering Design (FEED)

SEDGMAN → undertaking preliminaries for a rapid construction start

Value Engineering → significant capex reductions

Long Lead Equipment → procurement packages complete, ready to order

Critical Path Activities → earthworks contract tendered

Process Plant Eng. Design → civil, mechanical, structural, electrical



WOODLAWN PREPARATION

Post FS work streams – Part 3

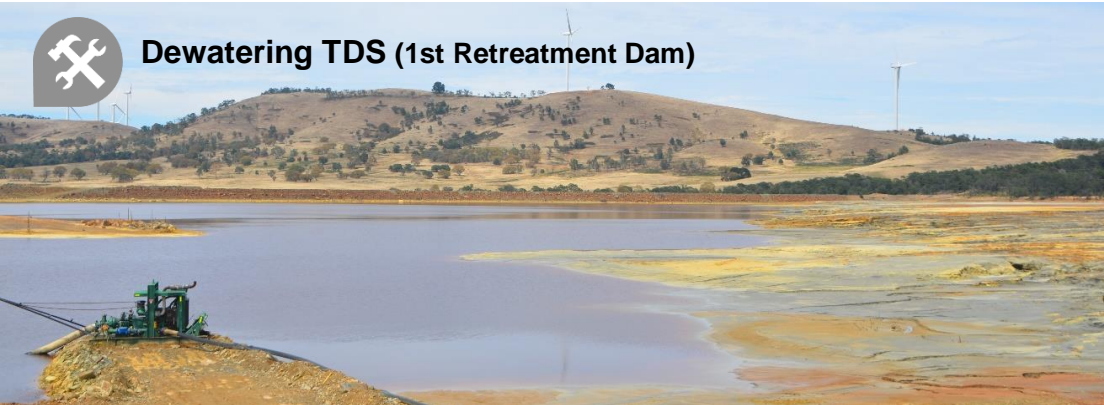


METALLURGICAL TEST WORK

- Early underground production composite (1st 18 months)
 - Good recoveries, rapid optimisation
 - High precious metals in concentrates
- Tailings Dam West (2nd retreatment source – year 5 onwards)
 - Good recoveries for Stage 2 retreatment



Dewatering TDS (1st Retreatment Dam)



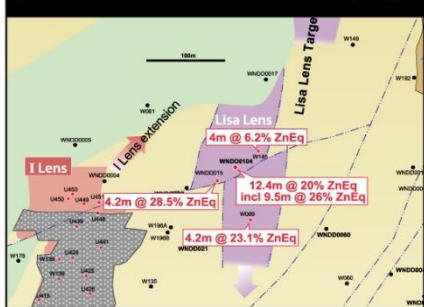
Installation of Mine Dewatering Bore



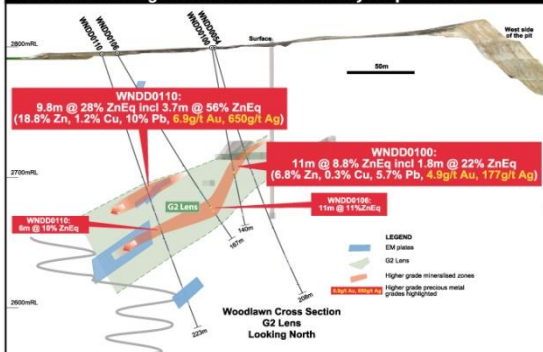
WOODLAWN NEW DISCOVERIES

Kate, Lisa, B North & G2 Lenses

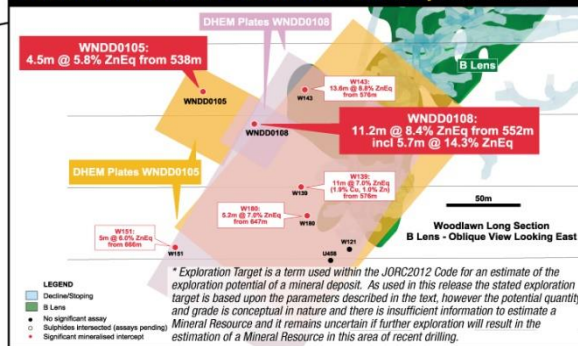
Lisa Lens: 90kt @ 14% ZnEq (Inferred Mineral Resource)
 (5.4% Zn, 1.9% Cu, 1.5% Pb, 0.59g/t Au, 17g/t Ag)



G2 Lens: 49kt @ 10% ZnEq (Inferred Mineral Resource)
 (5.4% Zn, 0.3% Cu, 3.1% Pb, 0.46g/t Au, 34g/t Ag) - potential to add additional high value reserves for first year production

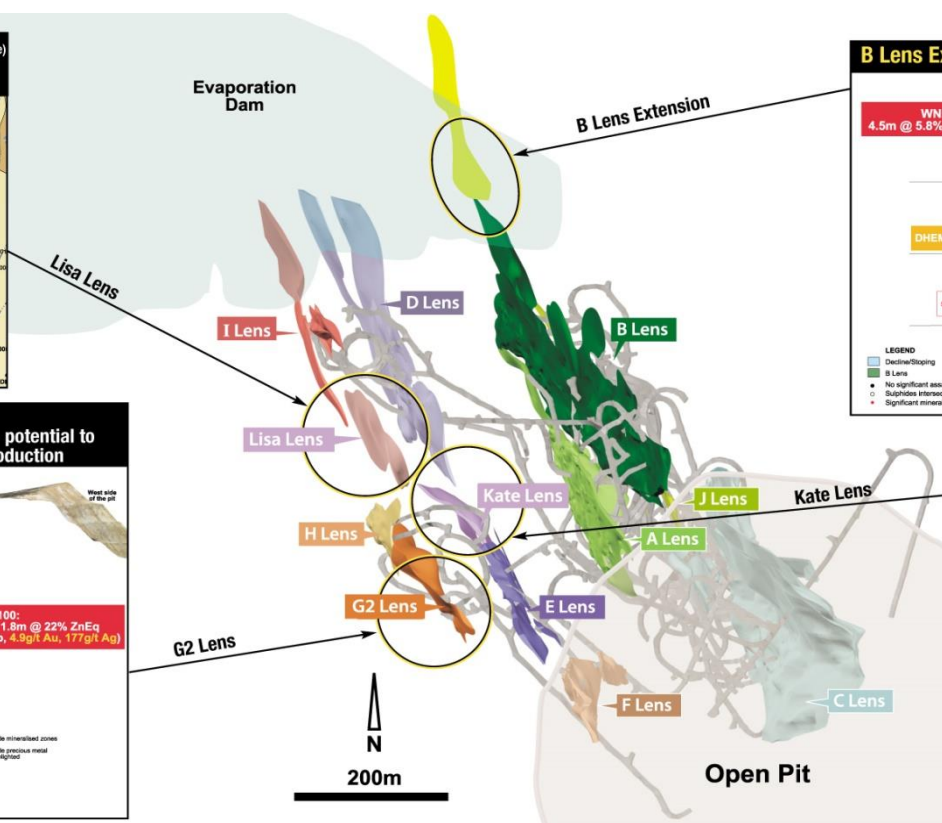
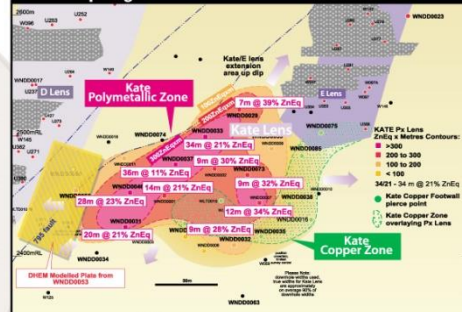


B Lens Extension: 0.6 – 1.1Mt @ 7-14% ZnEq (Exploration Target*)



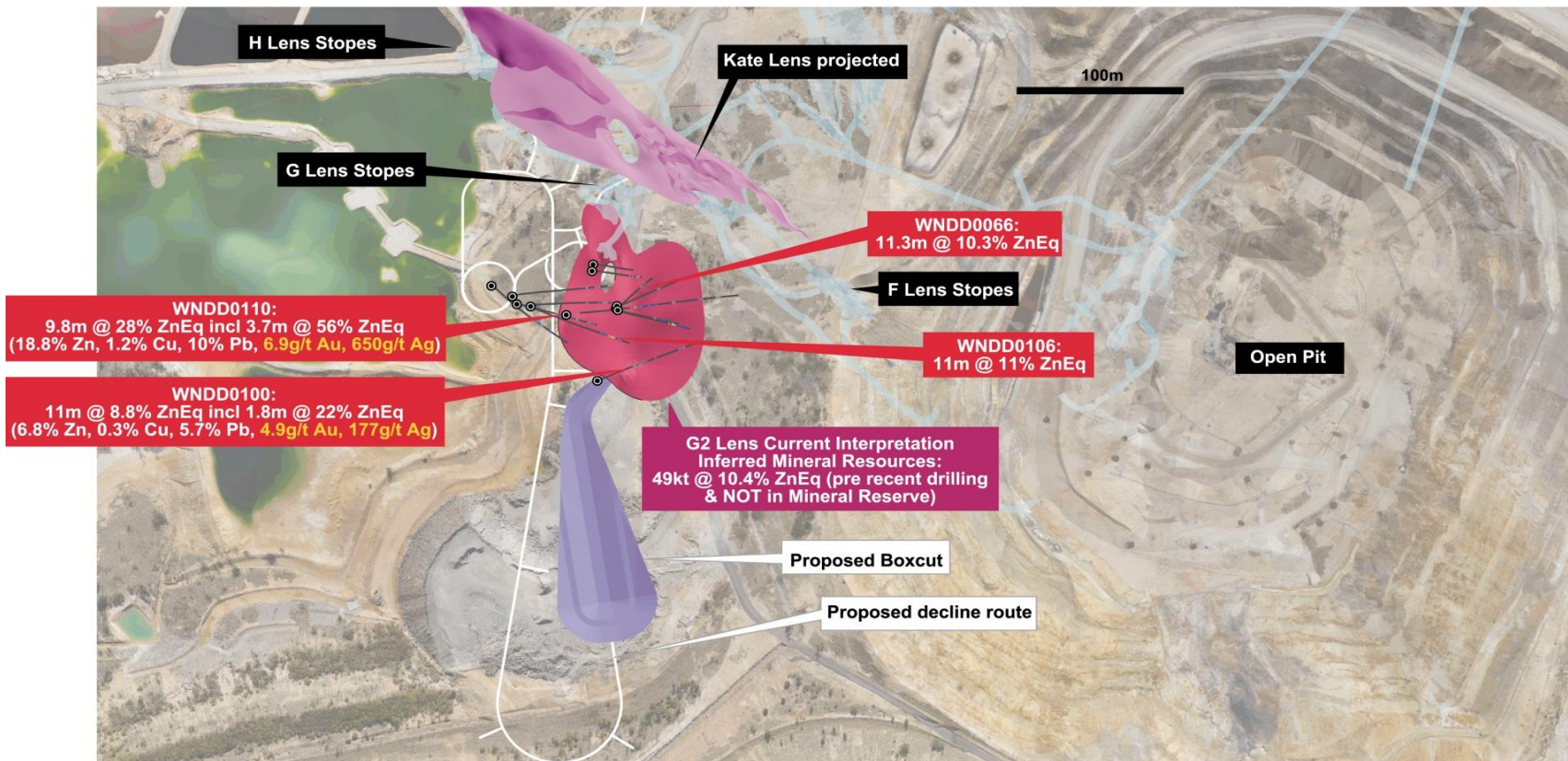
* Exploration Target is a term used within the JORC2012 Code for an estimate of the exploration potential of a mineral deposit. As used in this release the stated exploration target is based upon the parameters described in the text, however the potential quantity and grade is conceptual in nature and there is insufficient information to estimate a Mineral Resource and it remains uncertain if further exploration will result in the estimation of a Mineral Resource in this area of recent drilling.

Kate Lens: 0.99Mt @ 18% ZnEq (Total Mineral Resource)
 (6.2% Zn, 2.3% Cu, 2.0% Pb, 1.0g/t Au, 55g/t Ag) + potential for significant additions to the north & down-plunge



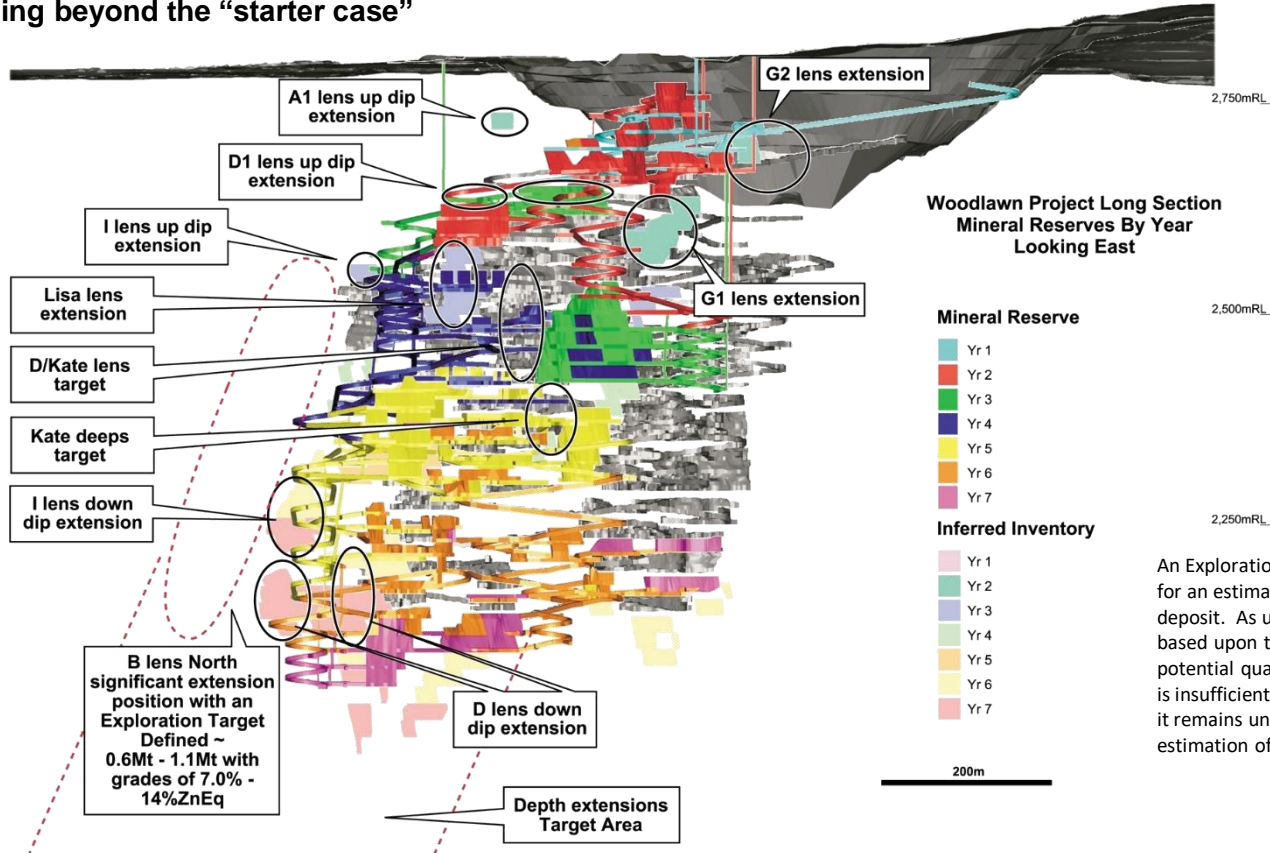
WOODLAWN EXPLORATION

The Shallow G2 Lens



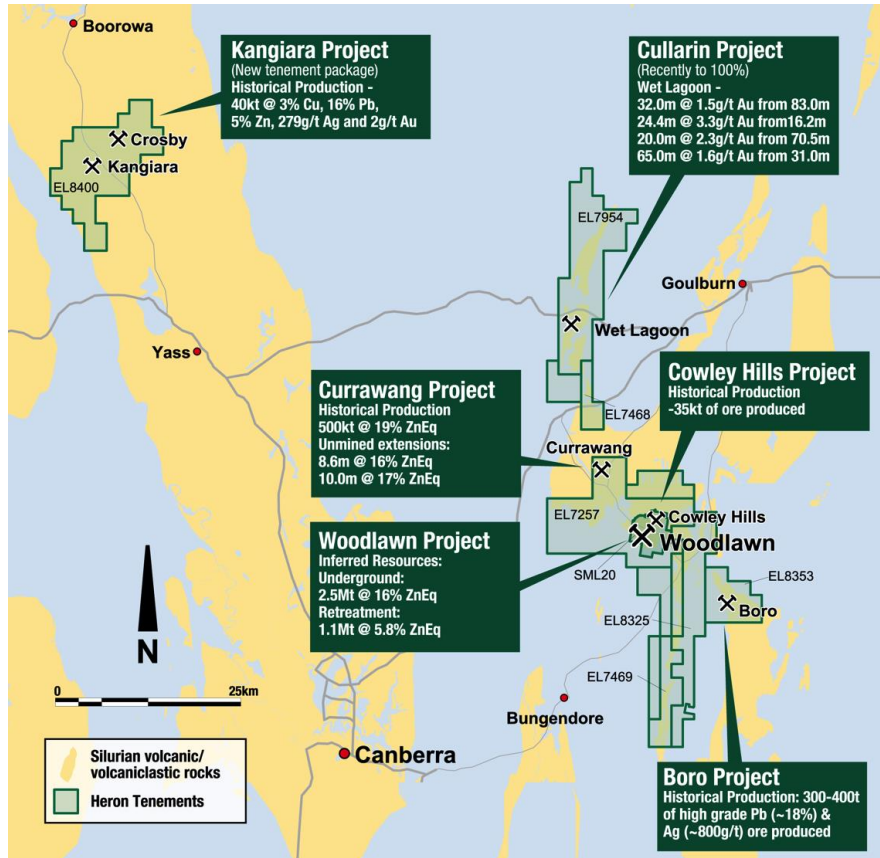
WOODLAWN EXPANSION THROUGH EXTENSIONS

Building beyond the “starter case”



An Exploration Target is a term used within the JORC2012 Code for an estimate of the exploration potential of a mineral deposit. As used in this release the stated exploration target is based upon the parameters described in the text, however the potential quantity and grade is conceptual in nature and there is insufficient information to estimate a Mineral Resource and it remains uncertain if further exploration will result in the estimation of a Mineral Resource in this area of recent drilling.

WOODLAWN EXPANDING THE POTENTIAL



A High Quality VMS District

Dominant Regional Position

- Tenure of 779 km²
- 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

HERON INVESTMENT PROPOSITION

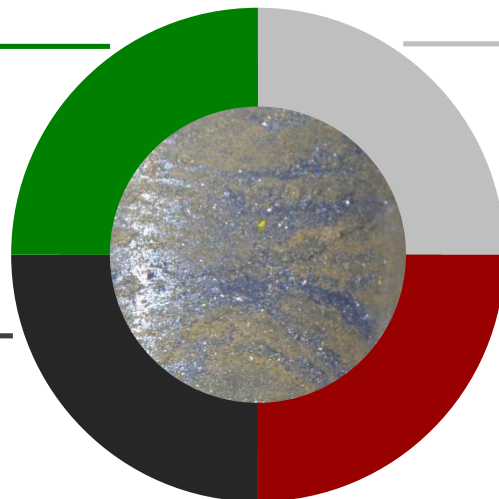
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ZINC STRENGTH

- Leading base metal performer in 2016
- Fundamentals for continued price strength

WOODLAWN ZINC-COPPER PROJECT

- High grade / low risk / long life asset
- Feasibility Study – delivered compelling ‘Starter Case’
- Short lead time to production – funding process advanced
- Demonstrated mine life and discovery upside
- Favourable jurisdiction supported by excellent infrastructure



EXCLUSIVE WOODLAWN FOCUS

- Reduced asset portfolio gives 100% focus on bringing Woodlawn into production
- Successful spin out of non-Woodlawn assets into Ardea Resources (ARL) delivered shareholder value

WELL FUNDED

- A\$16.5 million cash (31 December 2016)
- A\$1.5 million in listed investments*
- Well funded to advance site preparatory works ahead of securing project finance

* Excludes 10 million 25c ARL options

HERON RESOURCES

Wayne Taylor – Managing Director

ASX: HRR TSX: HER

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