



**Heron Resources** Limited

# Corporate Presentation

Galvanising Heron's future at Woodlawn

**June 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 license/intends 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.

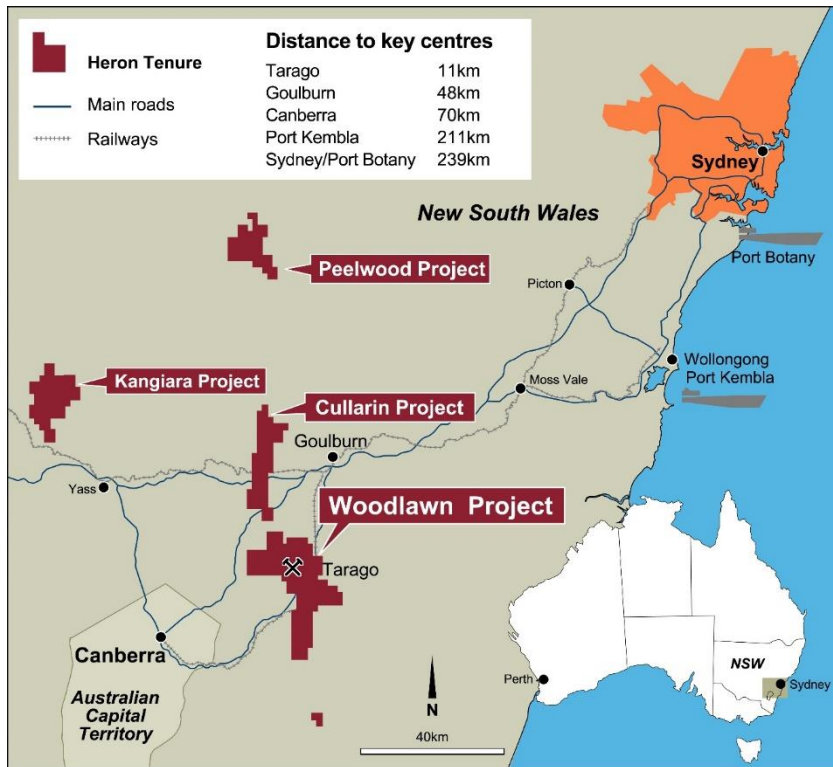
## Compliance Statement (JORC 2012 and NI43-101)

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](http://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.  $ZnEq = Zn + Cu * 3.12 + Pb * 0.81 + Ag * 0.86 + Au * 0.03$  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:**

ASX: HRR  
TSX: HER



**Cash:**

A\$16.3M (31 March 2017)



**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:	A\$0.088
Market Capitalisation:	A\$37 million
Cash: (31 March 2017)	A\$16.3 million
Listed Investments:	A\$1.5 million*

\* Excludes 10 million 25c ARL options



## BOARD

*Chairman*  
Stephen Dennis

*MD & CEO*  
Wayne Taylor

*Non-Executive Director*  
Borden Putnam III

*Non-Executive Director*  
Fiona Robertson

*Non-Executive Director*  
Mark Sawyer



## MANAGEMENT

*Managing Director & CEO*  
Wayne Taylor

*Chief Operating Officer*  
Andrew Lawry

*General Manager Exploration*  
Dave von Perger

*General Manager BD*  
Charlie Kempson

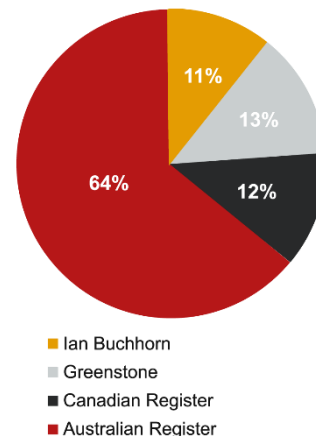
*General Manager Finance*  
Simon Smith

*Woodlawn General Manager*  
Brian Hearne

*Woodlawn Process Manager*  
Des O'Sullivan



## SHARE REGISTER



# MAJOR MILESTONES ACHIEVED AHEAD OF FINANCING



## PERMITS & APPROVALS

- Mining Lease – SML 20
- NSW State development approval
- Environmental approval received – EPA Licence (EPL)



## AGREEMENTS & MANAGEMENT PLANS

- Veolia Co-operation Agreement in place
- Construction management plans approved by DPE
- Internal Project Execution Plan completed



## EPC & EARTHWORKS (SUBJECT TO FINANCING)

- Sedgman – A\$107M Guaranteed Maximum Price EPC
- Front End Engineering Design continued with Sedgman
- Ertech – A\$12M earthworks contract



## EARLY OPERATIONS

- Open shallow positions (G2 Lens)
- New high grade intercepts adjacent to existing access
- Underground dewatering commenced



## OFFTAKE

- Louis Dreyfus Metals
- First 3.5 years of production across all concentrates
- Very strong commercial terms



## FINANCING

- Debt – documentation in final stages
- Equity – strong interest from potential cornerstone and institutional sources

# KEY INFRASTRUCTURE AND PERSONNEL IN PLACE



## ACCESS

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



## POWER

- NSW State grid substation – 350m from plant site
- Renewable power options available



## PEOPLE & COMMUNITY

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



## WATER

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



## PORT

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



## HIGH CALIBRE TEAM

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



# 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**

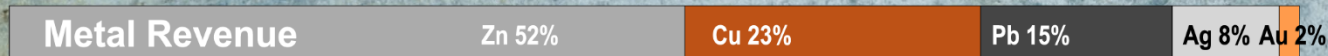
 **A\$163M**

**C1 \*\***

 **-US\$0.06/lb**

**C3 \*\***

 **US\$0.34/lb**



\* 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.

# HERON INVESTMENT PROPOSITION

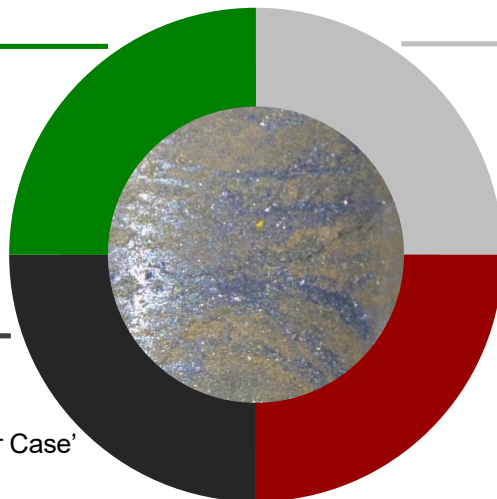
TSX: HER ASX:HRR

## ZINC STRENGTH

- Leading base metal performer
- Fundamentals for continued price strength
- Important by-products – copper, lead, silver, gold

## WOODLAWN ZINC-COPPER PROJECT

- High grade / low risk / long life asset
- Feasibility Study – delivered compelling ‘Starter Case’
- Short lead time to production:
  - Site preparatory works in progress
  - Imminent construction start – 20 months to production
- 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

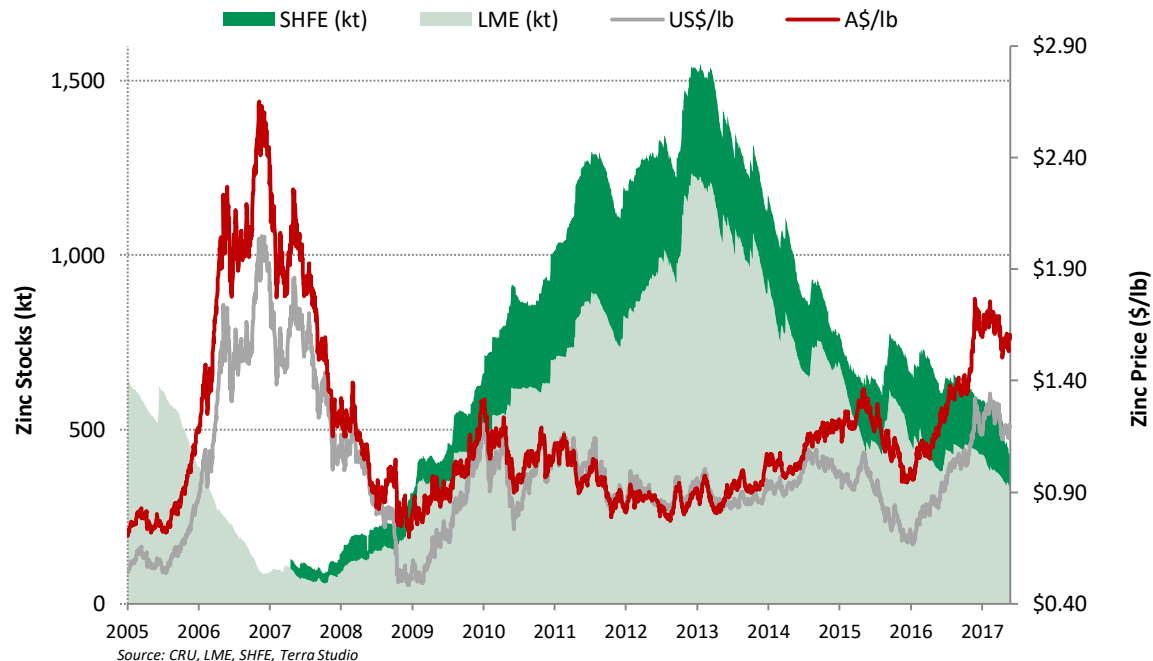
## WELL FUNDED

- A\$16.3 million cash (31 March 2017)
- A\$1.5 million in listed investments\*
- Now finalising debt and equity funding

\* Excludes 10 million 25c ARL options



# ZINC MARKET

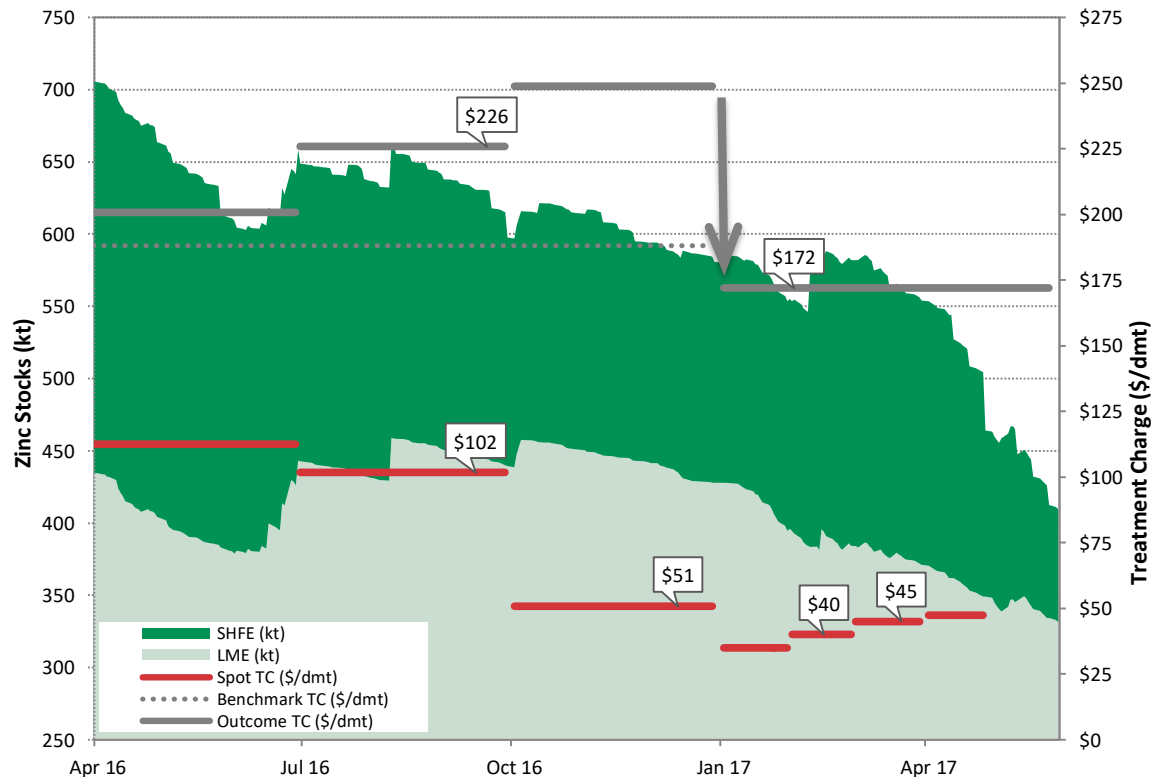


- Market fundamentals:
  - Supply < Consumption
  - Stocks have insulated from a physical metal shortage to date
  - Projections are for a continued draw on remaining stocks
- Forecasters tipping strong price activity when stocks reach 10 day consumption level – currently at 13.3 days<sup>1</sup>

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

<sup>1</sup> Scotiabank 1 June 2017

# ZINC MARKET SUPPLY SHORTAGE



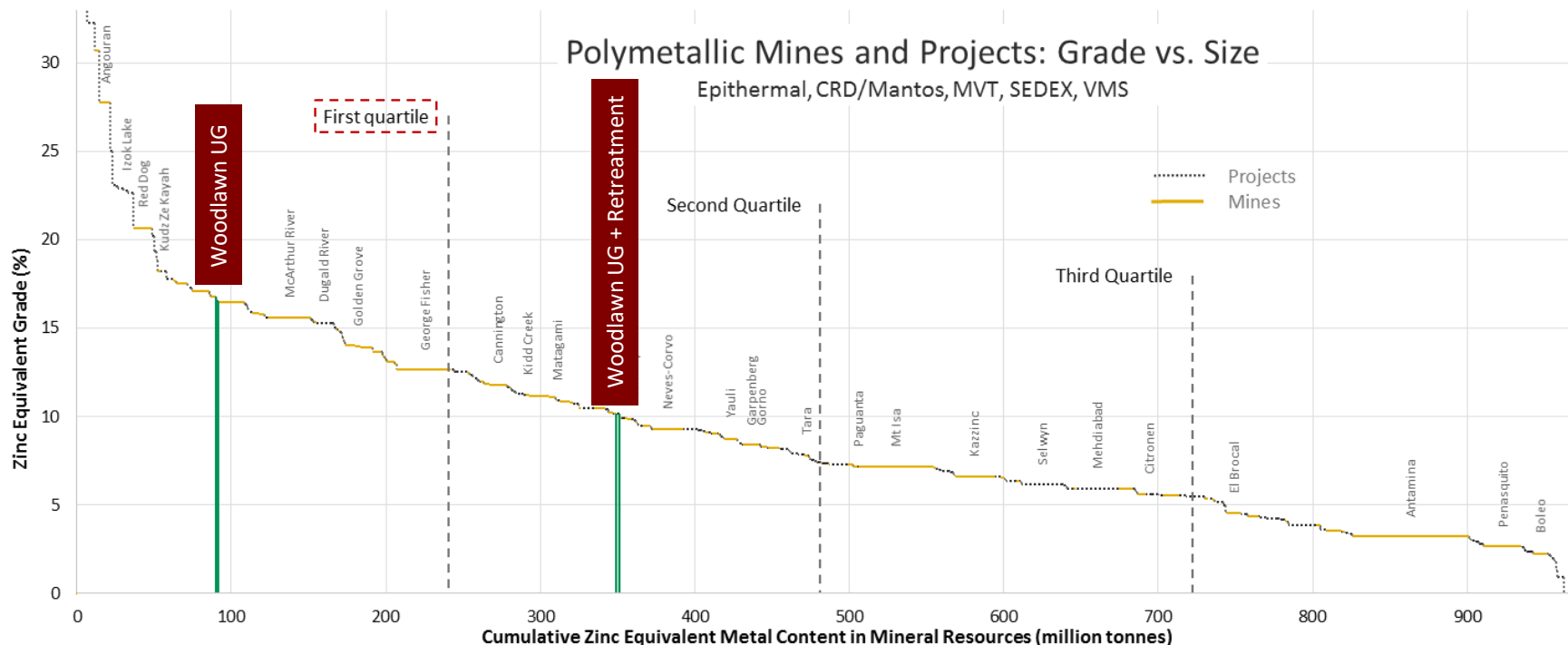
Source: CRU, LME, SHFE, Terra Studio

- Low TC spot terms and lower reset of the annual Benchmark TC - strong indicators that the front end of the supply chain continues to struggle for material
- Structural shift in 2017 Benchmark TC with removal of escalators:
  - Q4 2016 \$249/dmt (realised with escalators)
  - 2017 \$172/dmt (no escalators)
- Recent rapid draw on SHFE zinc stocks (-51% '17 YTD)
- Steady draw on LME zinc stocks (-23% '17 YTD)

**REINFORCES PHYSICAL TIGHTENING OF AVAILABLE ZINC METAL**

# 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 PROJECT SITE

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





# 2016 WOODLAWN MINERAL RESOURCES

## Retreatment

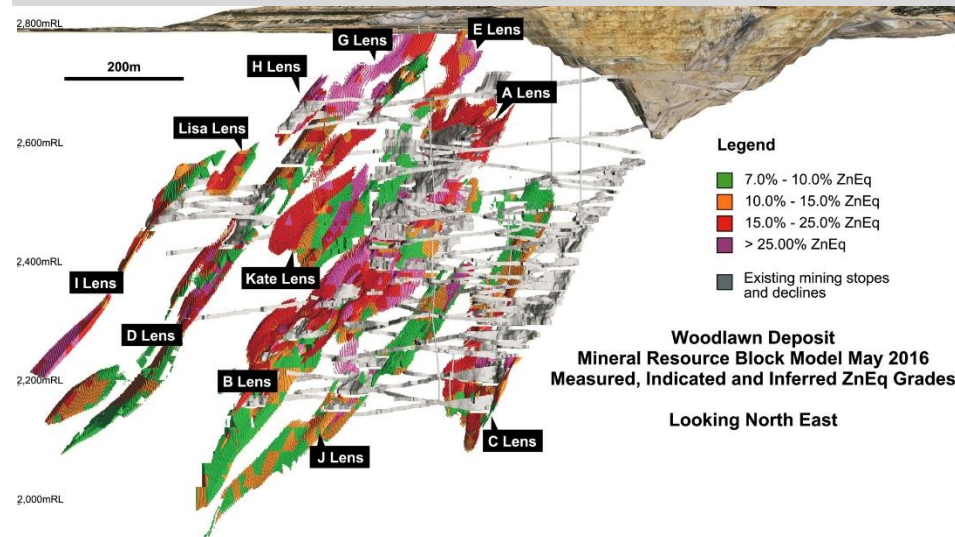


**Woodlawn Reclaimed Tailings Mineral Resource – All Dams**

Resource Category	Tonnes (Mt)	ZnEq (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
<b>Mea+Ind</b>	9.8	<b>6.2</b>	2.3	0.51	1.3	0.31	32
<b>Inferred</b>	1.1	<b>5.8</b>	2.3	0.47	1.2	0.25	27

Notes: Refer to Slide 2 for ZnEq (%) calculation. Mineral Resources are inclusive of Mineral Reserves.

## 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)
<b>Poly-metallic</b>	Mea+Ind	2.6	<b>21</b>	10	1.5	4.0	0.69	79
<b>Copper</b>	Indicated	1.5	<b>10</b>	0.8	2.8	0.2	0.23	15
<b>All Total</b>	Mea+Ind	4.1	<b>18</b>	7.2	2.0	2.6	0.52	55
<b>All Total</b>	Inferred	2.5	<b>15</b>	5.9	1.8	2.3	0.61	47

# WOODLAWN MINERAL RESERVES & MINE PLANNING

A new high grade underground mine



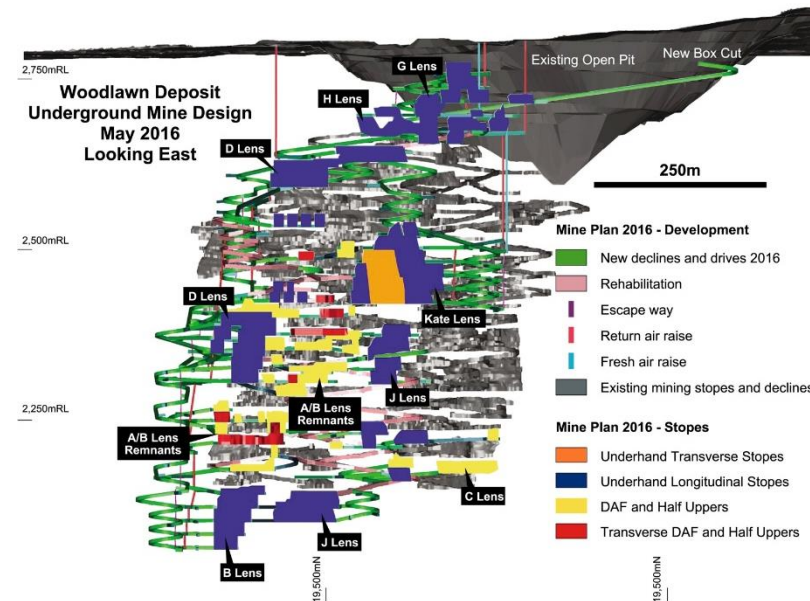
Reclaimed Tailings Mineral Reserves - 9.5Mt

**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

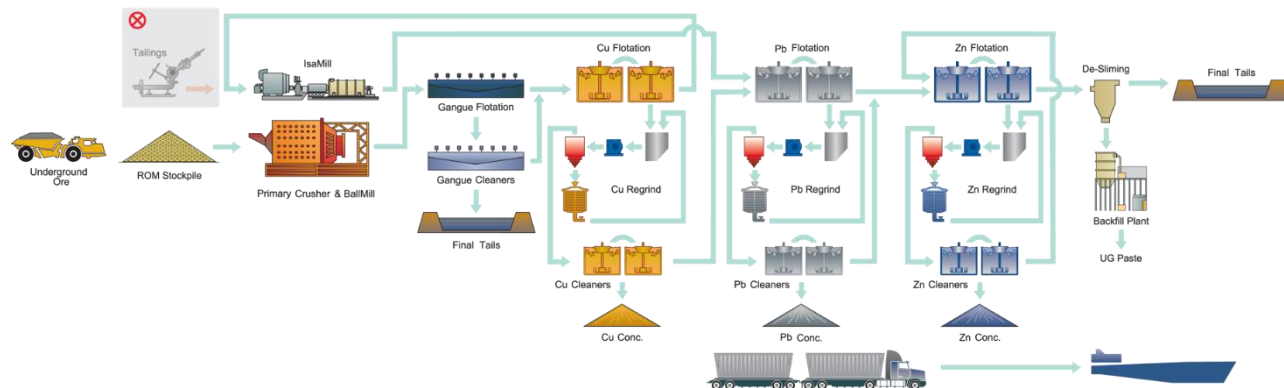
**Polymetallic: 1.8Mt @ 16% ZnEq** (8.1% Zn, 1.2% Cu, 2.9% Pb, 0.56g/t Au, 57g/t Ag)  
**Copper: 1.0 Mt @ 9% ZnEq** (0.6% Zn, 2.4% Cu, 0.1% Pb, 0.23g/t Au, 14g/t Ag)  
**TOTAL: 2.8Mt @ 14% ZnEq** (5.5% Zn, 1.6% Cu, 1.9% Pb, 0.45g/t Au, 42g/t Ag)



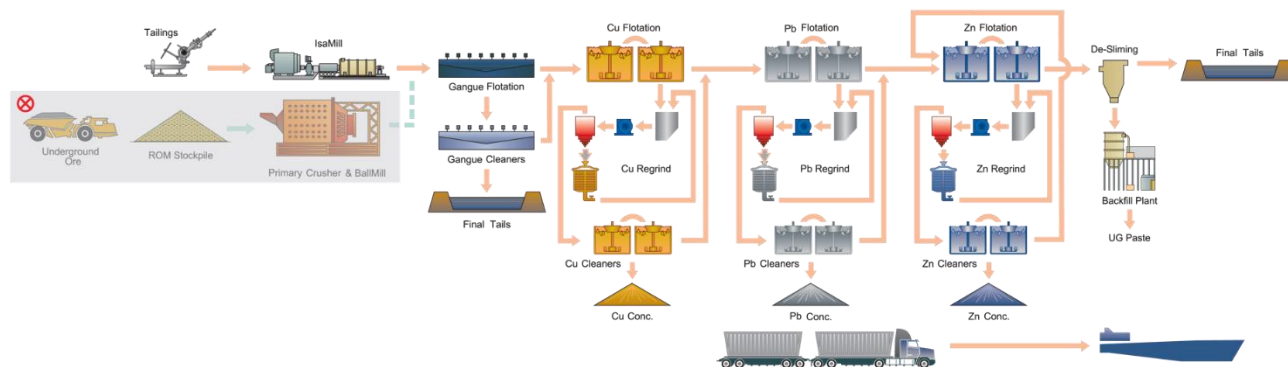


# WOODLAWN PROCESS PLANT

Campaign treatment from two de-coupled ore sources

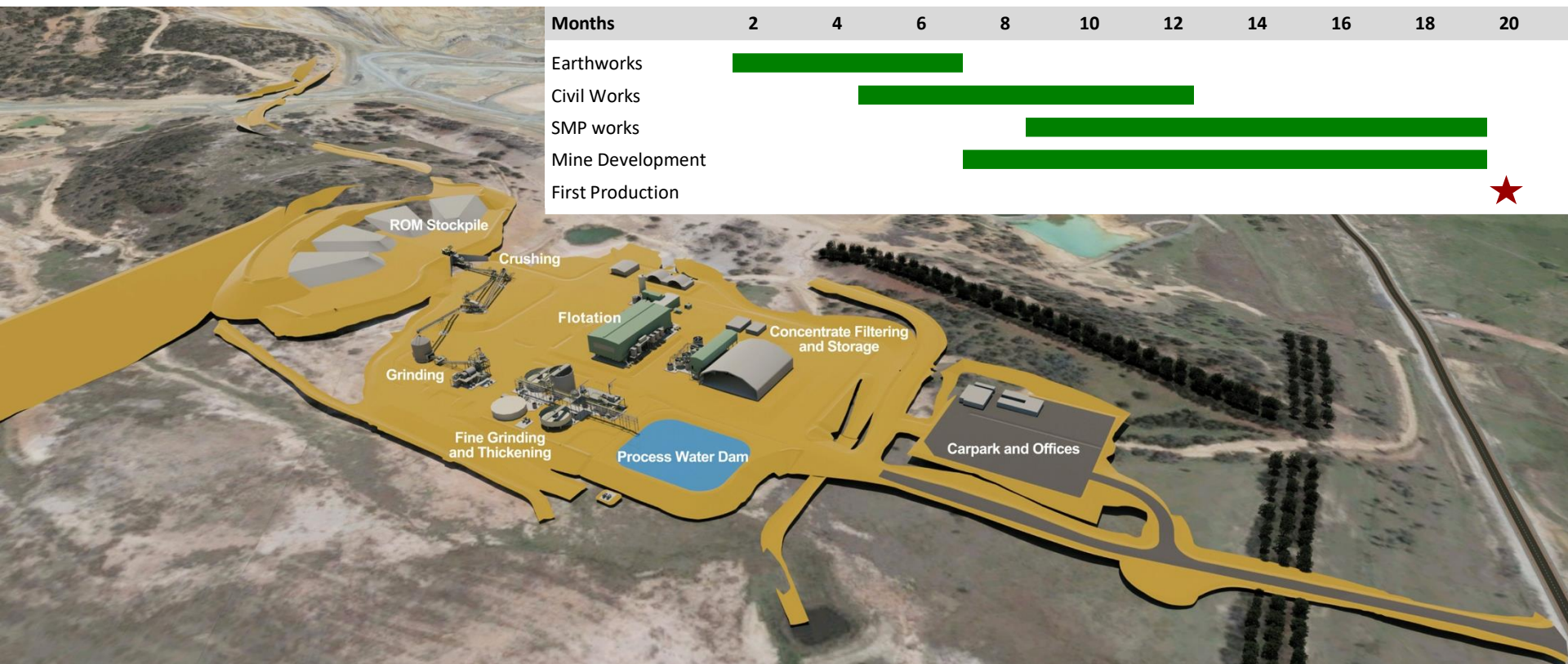


Underground  
Ore Configuration  
←



Reclaimed Tailings  
Ore Configuration  
←

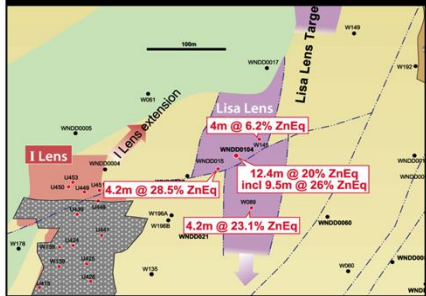
# WOODLAWN DEVELOPMENT SCHEDULE



# WOODLAWN NEW DISCOVERIES

Kate, Lisa, B North & G2 Lenses

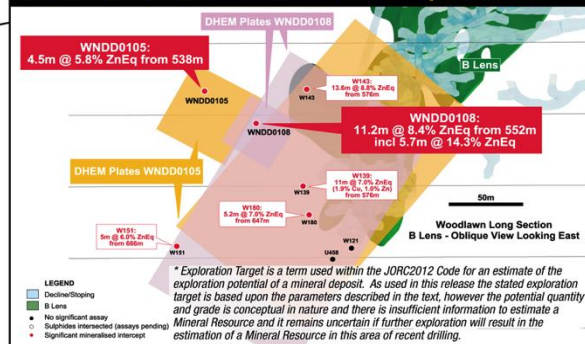
**Lisa Lens: 90kt @ 14% ZnEq** (Inferred Mineral Resource)  
(5.4% Zn, 1.9% Cu, 1.5% Pb, 0.59g/t Au, 17g/t Ag)



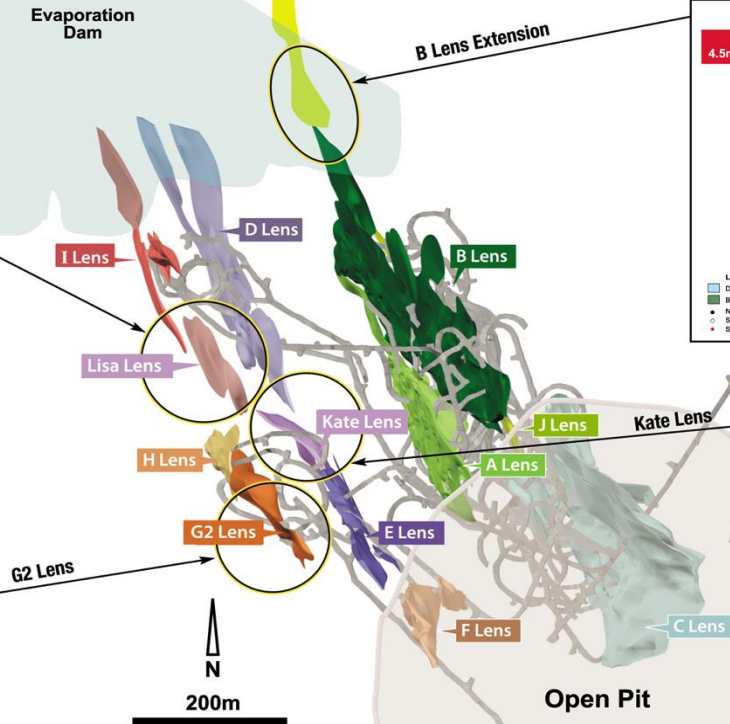
**G2 Lens: 49kt @ 10% ZnEq** (Inferred Mineral Resource)  
(5.4% Zn, 0.3% Cu, 3.1% Pb, 0.46g/t Au, 34g/t Ag) - potential to add additional high value reserves for first year production



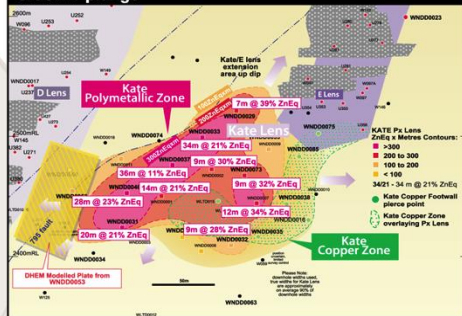
**B Lens Extension: 0.6 – 1.1Mt @ 7-14% ZnEq** (Exploration Target\*)



\* 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 if further exploration will result in the estimation of a Mineral Resource in this area of recent drilling.



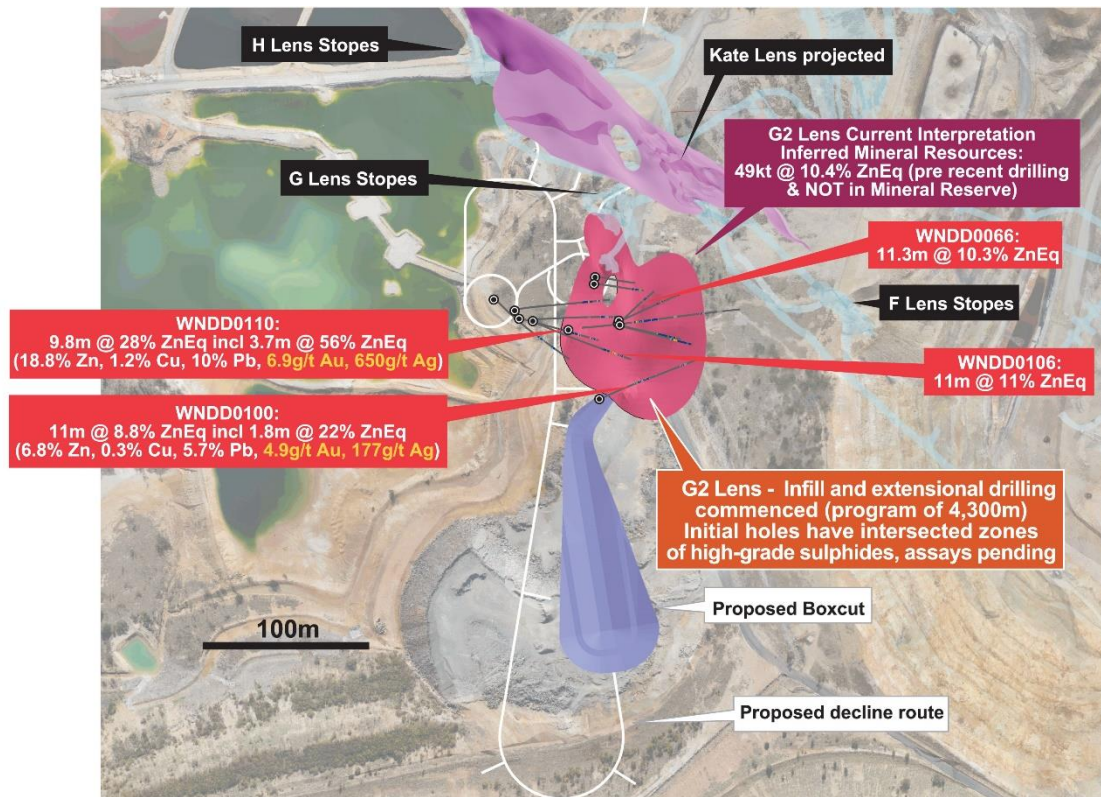
**Kate Lens: 0.99Mt @ 18% ZnEq** (Total Mineral Resource)  
(6.2% Zn, 2.3% Cu, 2.0% Pb, 1.0g/t Au, 55g/t Ag) + potential for significant additions to the north & down-plunge





# WOODLAWN EXPLORATION

## The Shallow G2 Lens – Drilling NOW

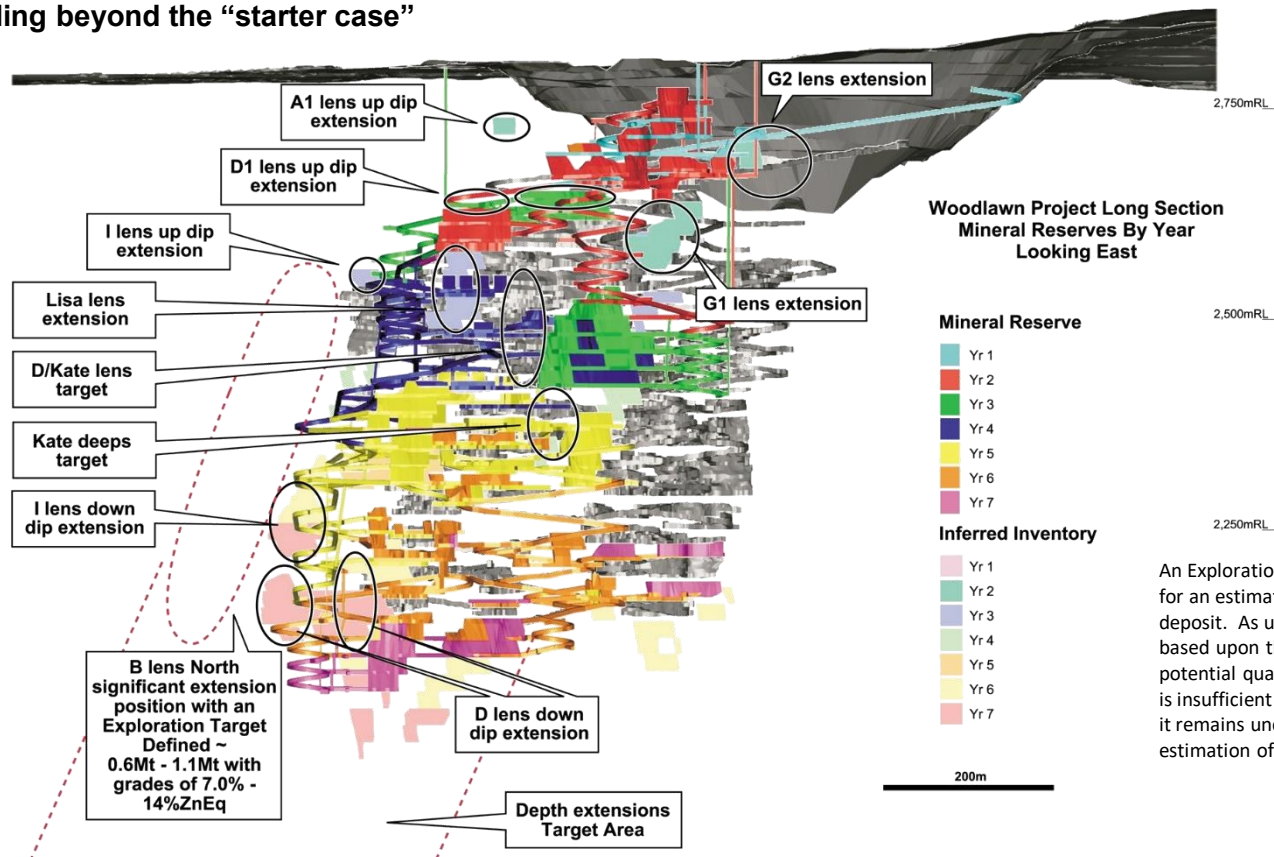


Drill Core – G2 HW WNDD0114  
G2 Lens Drilling Program - May 2017



# WOODLAWN EXPANSION THROUGH EXTENSIONS

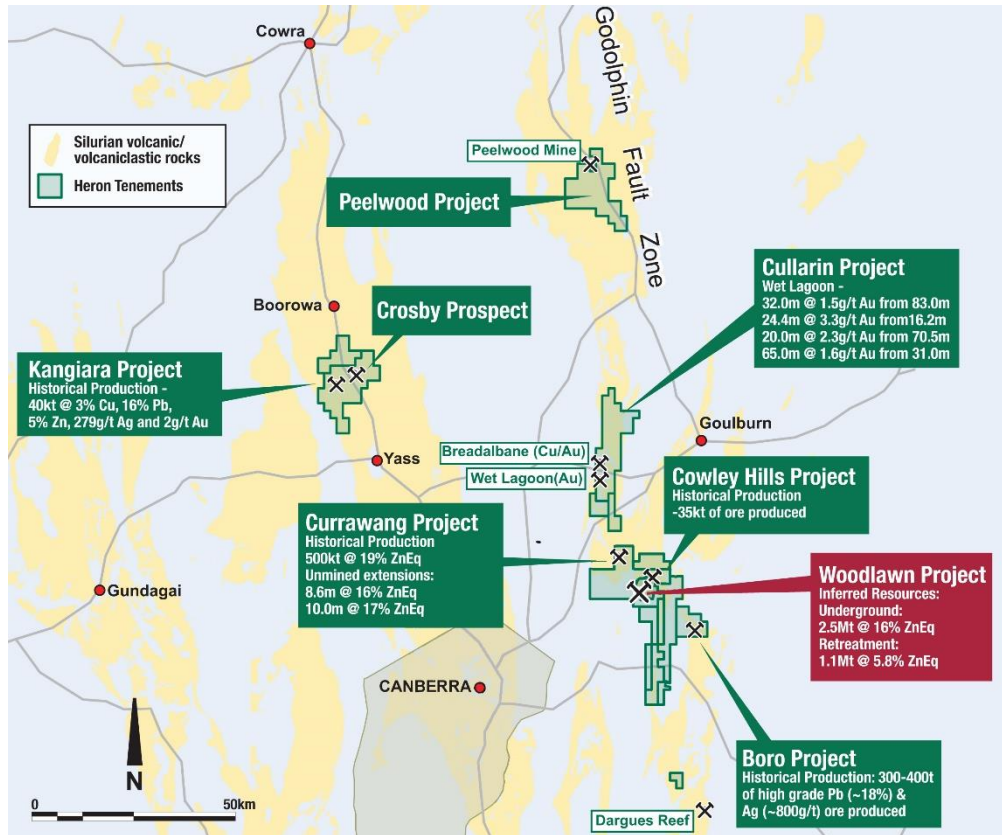
Building beyond the “starter case”



An Exploration Target is 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 974 km<sup>2</sup>
- 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



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