



**Heron Resources** Limited

## **Investor Presentation**

# **Transformation**

**August 2017**

**TSX:HER**

**ASX:HRR**

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This presentation 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 presentation. 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 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. Prospective investors should not place undue reliance on any forward-looking information as actual outcomes may differ materially from 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.

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## Compliance Statement (JORC 2012 and NI 43-101)

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. These detail assumptions are included in the 'Technical Report (NI 43-101) Feasibility Study for the Woodlawn Project' as released on SEDAR 25 July 2016.

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

# HERON RESOURCES CORPORATE OBJECTIVE 2014 – 2017+

2014



Heron Resources  
Limited

+



TriAusMin

Setting the Course

Corporate Objective

To develop Woodlawn  
into a  
long term, profitable base metal producer

The gates - checks and balances

2015 Preliminary Economic Assessment (PEA)

Confirmation of Corporate Objective

2016 Woodlawn Feasibility Study

Confirmation of Corporate Objective

2017 Financing Process

Confirmation of Corporate Objective

# HERON RESOURCES **CORPORATE SUMMARY**

**Assets, people and funding in place for transform to a 'producer'**

## **MARKET**

### **Zinc (& Copper)**

- Strong supply / demand fundamentals

## **ASSET**

### **Woodlawn Project (NSW, Australia)**

- High quality Zn+Cu+Pb+Ag+Au deposit
- Robust business case
- Unrivalled infrastructure & permitted
- Significant exploration upside

## **FOCUS**

### **Project Delivery**

- Prepared and resourced for construction
- Growth through in-mine and regional discovery

## **FINANCED**

### **Development Funding**

- A\$240M full funding package in place
- Facilitates progression from 'explorer' to a 'producer'

**Imminent commencement of site construction**

150.6 - 151.6m: 55% ZnEq (23.0% Zn, 14.2% Pb, 6.0% Cu, 0.11g/t Au, 52g/t Ag) WNND0114

# HERON OVERVIEW

**NOTE:** Significant changes post settlement of financing (6 Sept) – increased Capital Structure, new Board members & revised Register



## CAPITAL STRUCTURE

Dual listing:	ASX: HRR TSX: HER
Shares:	461 million (pre completion of funding package)
Options:	25 million
Share Price:	A\$0.085
Market Cap:	A\$39 million
Cash:	A\$11.7 million (excludes A\$3.2M from Castllake Tranche 1 settled 3 July)
Investments:	A\$1.0 million* (Excludes 10 million 25c ARL options)



## BOARD

*Chairman*  
Stephen Dennis

*MD & CEO*  
Wayne Taylor

*Non-Executive Director*  
Borden Putnam III

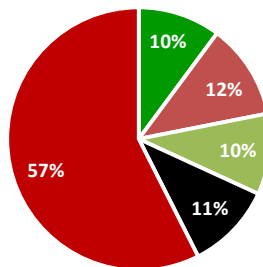
*Non-Executive Director*  
Fiona Robertson

*Non-Executive Director*  
Mark Sawyer

**Supported by strong and experienced management team**



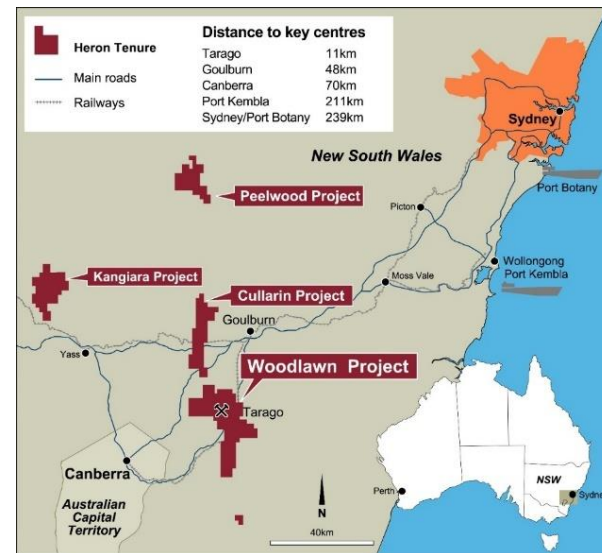
## SHARE REGISTER



- Ian Buchhorn
- Greenstone
- Castllake
- Canadian Register
- Australian Register



## PROJECT PORTFOLIO





# MARKET ZINC FUNDAMENTALS

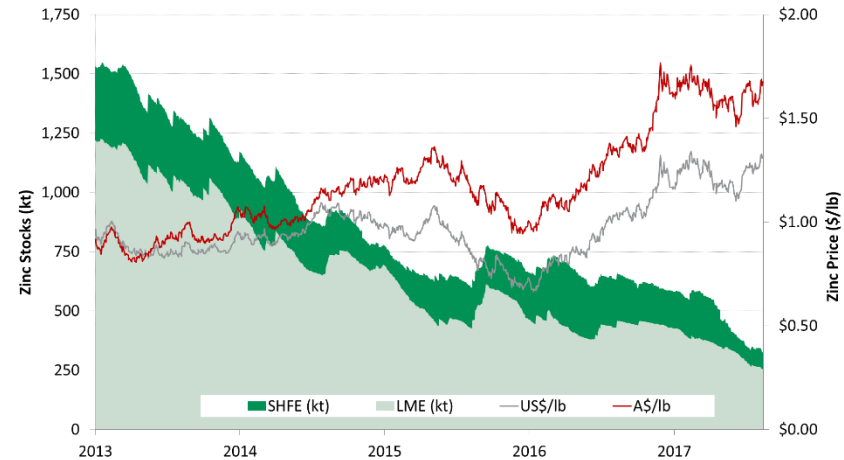


Sydney South Eastern Light Rail under construction (Randwick Racecourse Station)  
– 100% of exposed steelwork is galvanised

>50% of global zinc consumption is used in galvanising

Zinc market attributes:

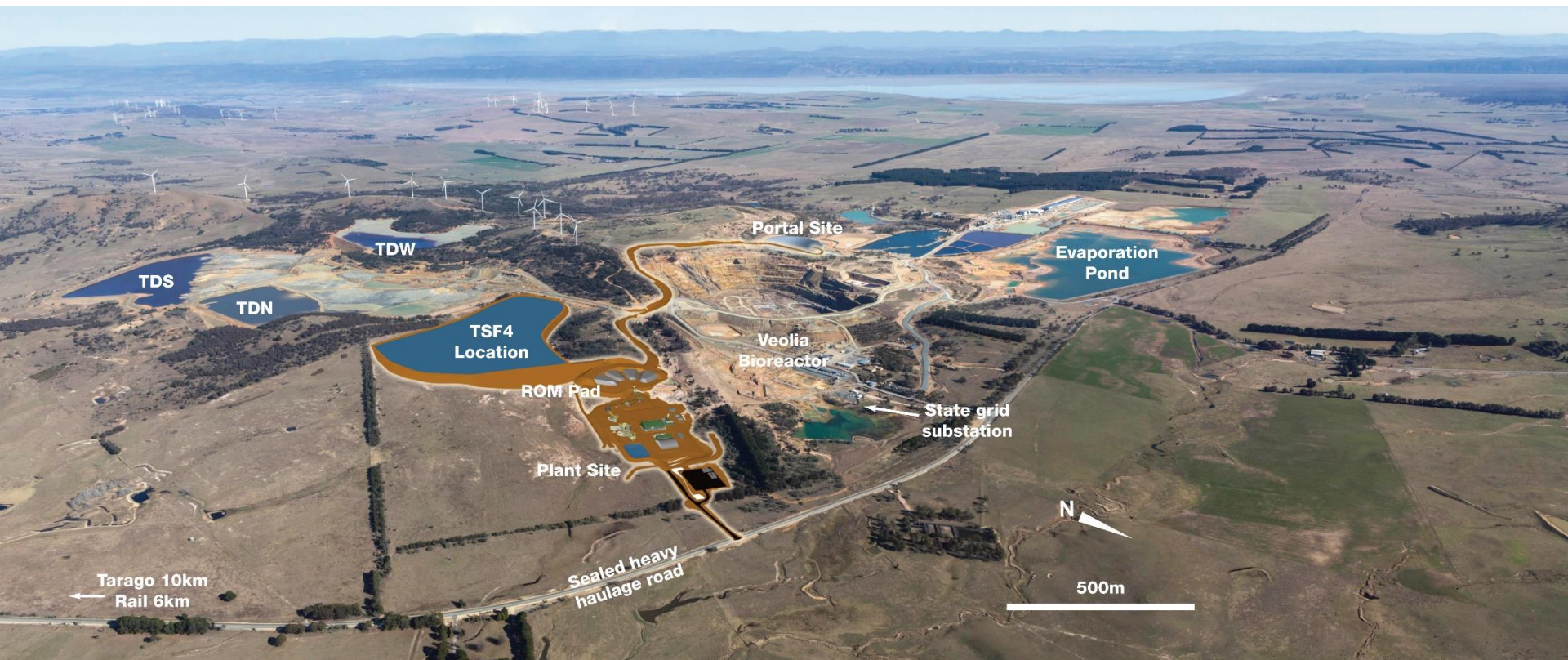
- Supply < Consumption
- Recent rapid stock draw and corresponding price increase
- Chinese reaction has been subdued - reported environmental controls limiting supply response
- Global project pipeline underdeveloped
- Limited project financing to support new meaningful scale developments
- Forecasters tipping strong price activity when stocks reach 10 days consumption level – currently at 11.0 days<sup>1</sup>



Source: CRU, LME, SHFE, Terra Studio

# ASSET WOODLAWN ZINC-COPPER PROJECT

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



# ASSET KEY INFRASTRUCTURE & RESOURCES



500m of well formed haul road uncovered – underground to ROM haulage route



Bore field infrastructure near Lake George (6km from site) - grid power and operating



Heavy haulage sealed road access



State grid power on site



Employment pool and supportive community



Operating bore field (process water)



Several close port export options



Building high caliber site team



# FOCUS 2017 MAJOR MILESTONE

Set up for project delivery



## WOODLAWN PROJECT FINANCING

- A\$240M debt/equity package
- Full funding requirements
- Strong cornerstone support

### Supporting Milestones



PERMITS & APPROVALS



AGREEMENTS & MANAGEMENT PLANS



EPC & EARTHWORKS CONTRACTS



EARLY OPERATIONS RESOURCE EXPANSION



PRODUCT OFFTAKE AGREEMENTS

# FOCUS WOODLAWN'S STATE OF THE ART PROCESSING FACILITY

Next development steps – Construct 1.0-1.5Mtpa process plant & infrastructure



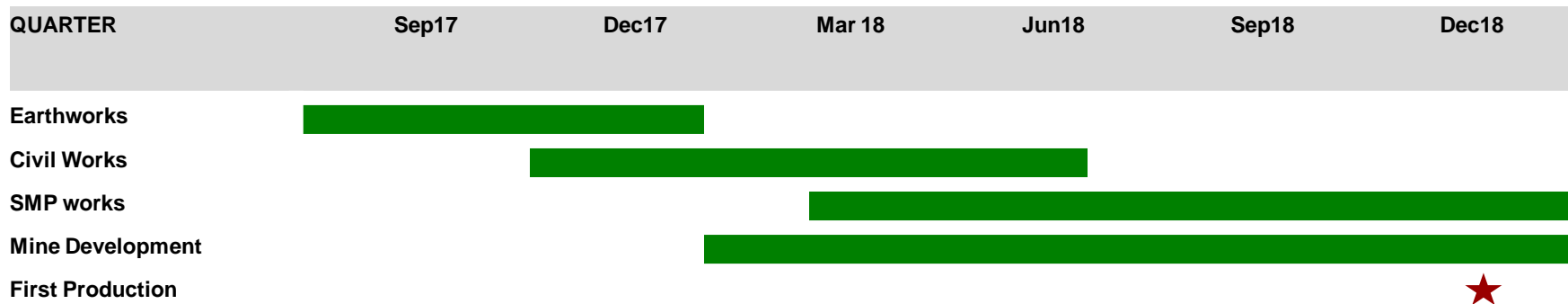
**EPC – Sedgman**

**Earthworks – Ertech**

## The Physicals:-

- 2M m<sup>3</sup> earthworks
- 3,600 m<sup>3</sup> concrete
- 995t steel
- 34km piping
- 1,300 valves
- 58km electric cable
- 233 items of mechanical equip
- 110 items electrical equip
- 208,000 person hours

# FOCUS WOODLAWN DELIVERY SCHEDULE



Early orders for critical path equipment in place:

- IsaMill M10000 fine grinding mill (value USD4.4M)
- Outotec flotation cells (value AUD4.9M)
- Outotec thickeners (value AUD1.2M)

**Targeting first production end 2018 / early 2019**

# FINANCING THE CORNERSTONE INVESTORS

The strategic partners supporting Woodlawn's development



- Founded in 2013, Greenstone Resources is a private equity fund specialising in the mining and metals sector whose approach to investing is to develop a collaborative relationship with management and leverage its own in-house skill, expertise and global network to add value to projects (as well as capital)



Equity-only investment of ~A\$42 million<sup>(1)</sup>  
(including co-investment LPs)



- The Orion Mine Finance Group is a mining-focused investment business with approximately US\$3.04 billion<sup>(2)</sup> under management who specialise in providing flexible capital investment solutions to mining companies in the base and precious metals sector



Structured funding package comprising equity, senior debt & stream components to ~A\$129 million<sup>(1)</sup>



- Founded in 2005, Castlelake currently manages more than US\$10.3 billion<sup>(2)</sup> in assets on behalf of more than 125 endowments, foundations, public and private pension plans, private funds, family offices, insurance companies and sovereign wealth funds



Equity-only investment of ~A\$33 million<sup>(1)</sup>

1) Based on an exchange rate of 0.76 AUDUSD

2) As at 31 March 2017



# GROWTH WOODLAWN EXPLORATION STRATEGY

Building the business beyond the Feasibility Case

## Prioritised Organic Growth

### 1 In Mine Exploration

Shallow extensions – G, G2, Lisa, D lenses

Adjacent trends & step out targets

Deeper extensions – All 12 known lenses

### 2 Near Mine (Regional) Exploration

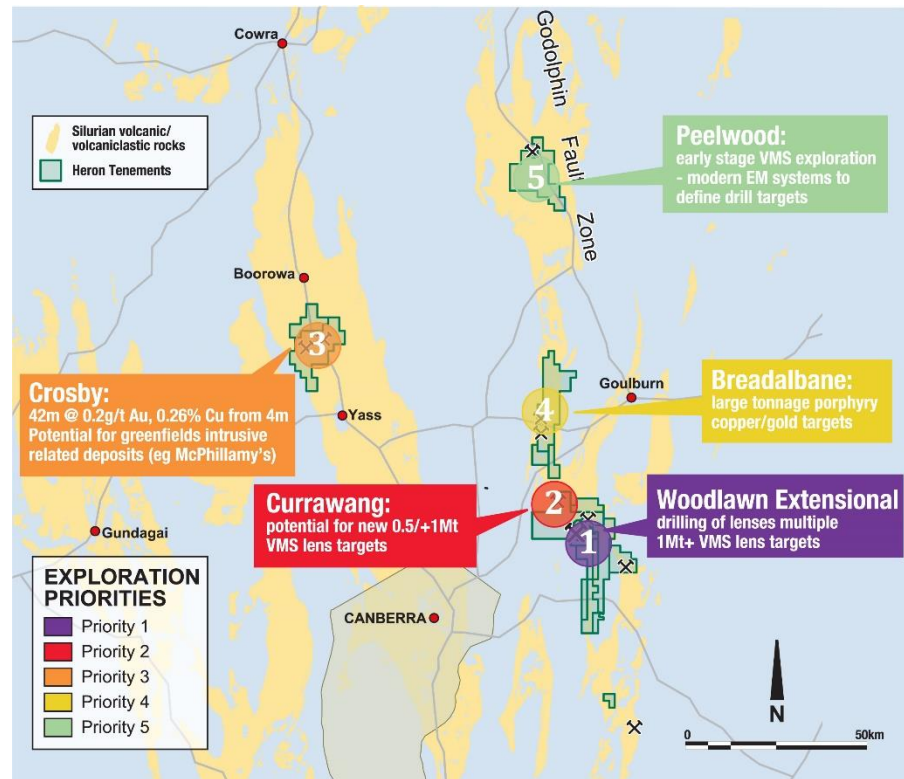
Regional prospects

Commanding land tenure position

3

4

5

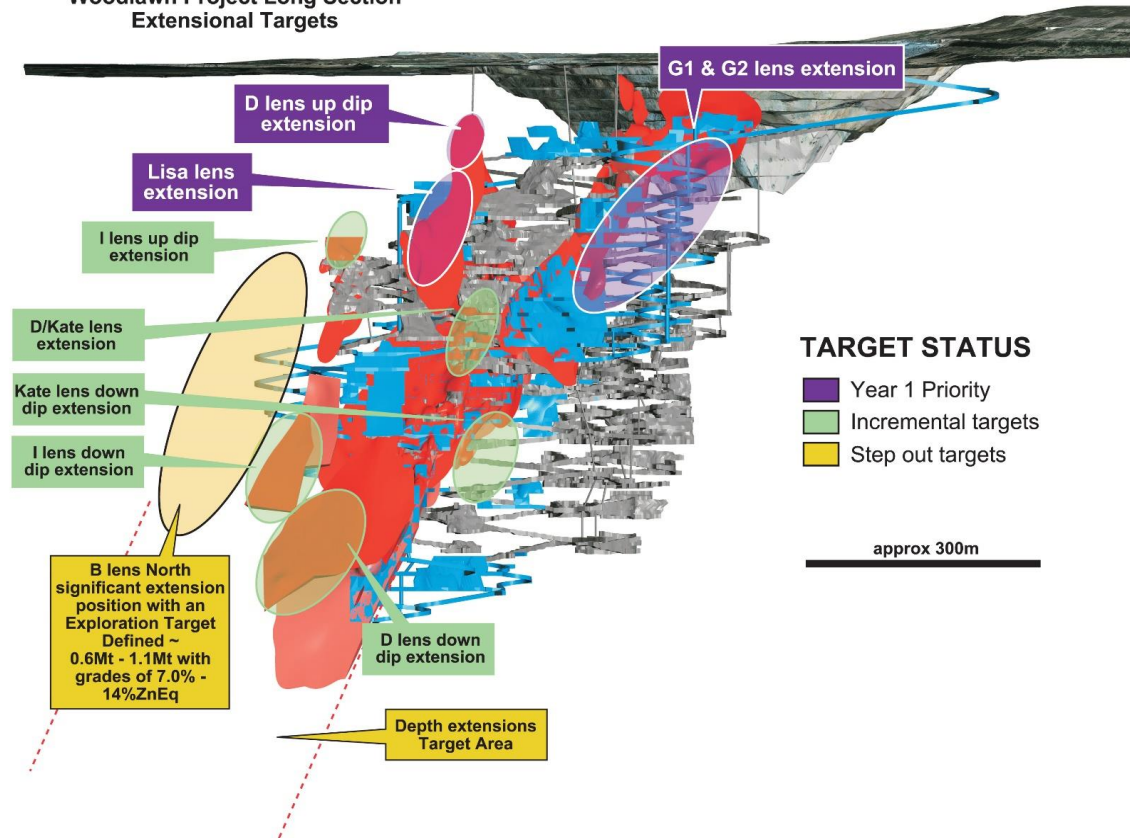


# GROWTH WOODLAWN IN-MINE EXPLORATION

## Targeted additions to the mine plan

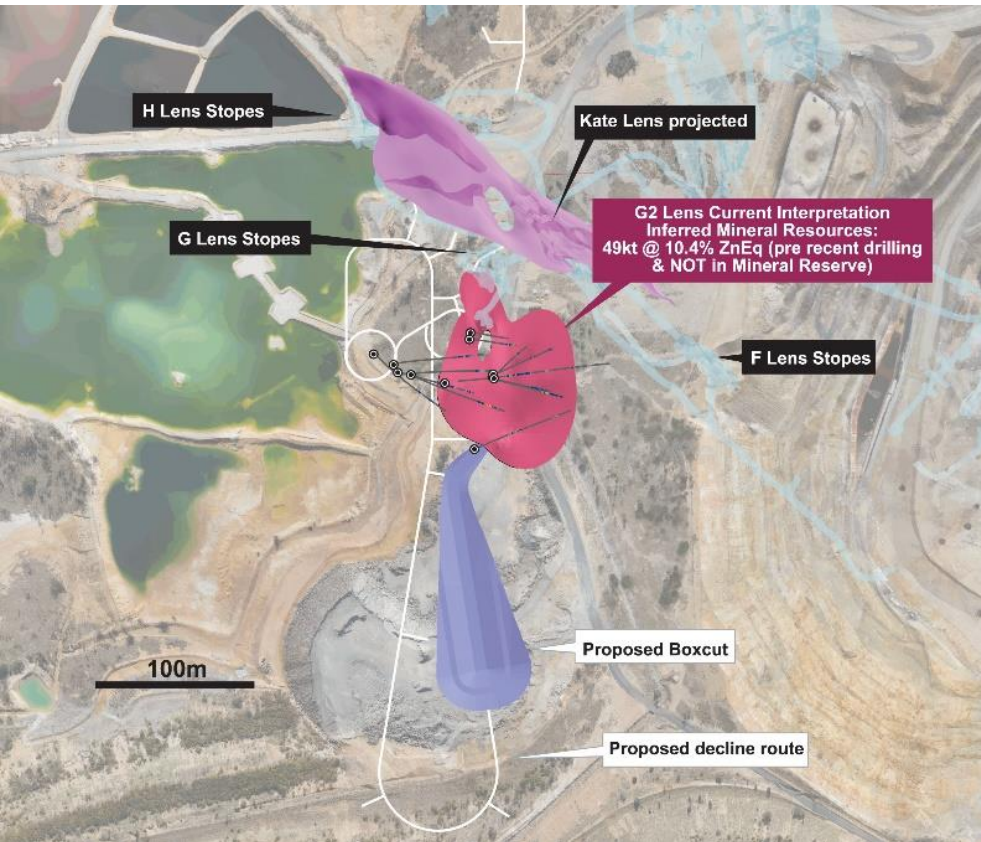
An Exploration Target is term used within the JORC 2012 Code for an estimate of the exploration potential of a mineral deposit. As used in this release the stated exploration target is based upon the parameters described in the text, however the potential quantity and grade is conceptual in nature and 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 Project Long Section  
Extensional Targets



# GROWTH WOODLAWN IN-MINE EXPLORATION

## The First Underground Production G2 Lens



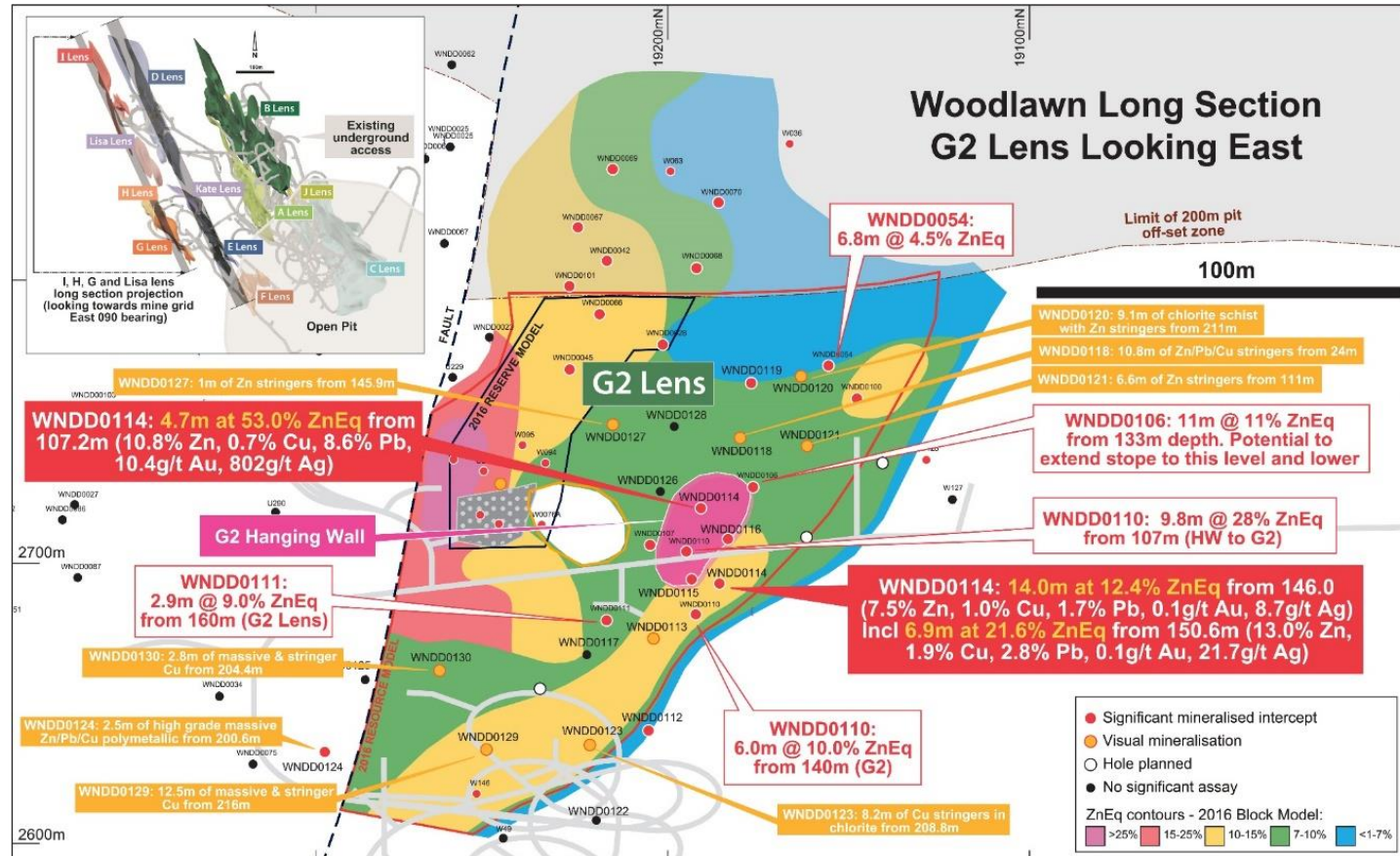
- First mineralisation to be accessed underground
- Not yet in Reserves
- 22 drill hole program (2017) - better define and upgrade Resources
- Returned some exceptional high grade results (G2 & G2 H/W)



# GROWTH WOODLAWN IN-MINE EXPLORATION

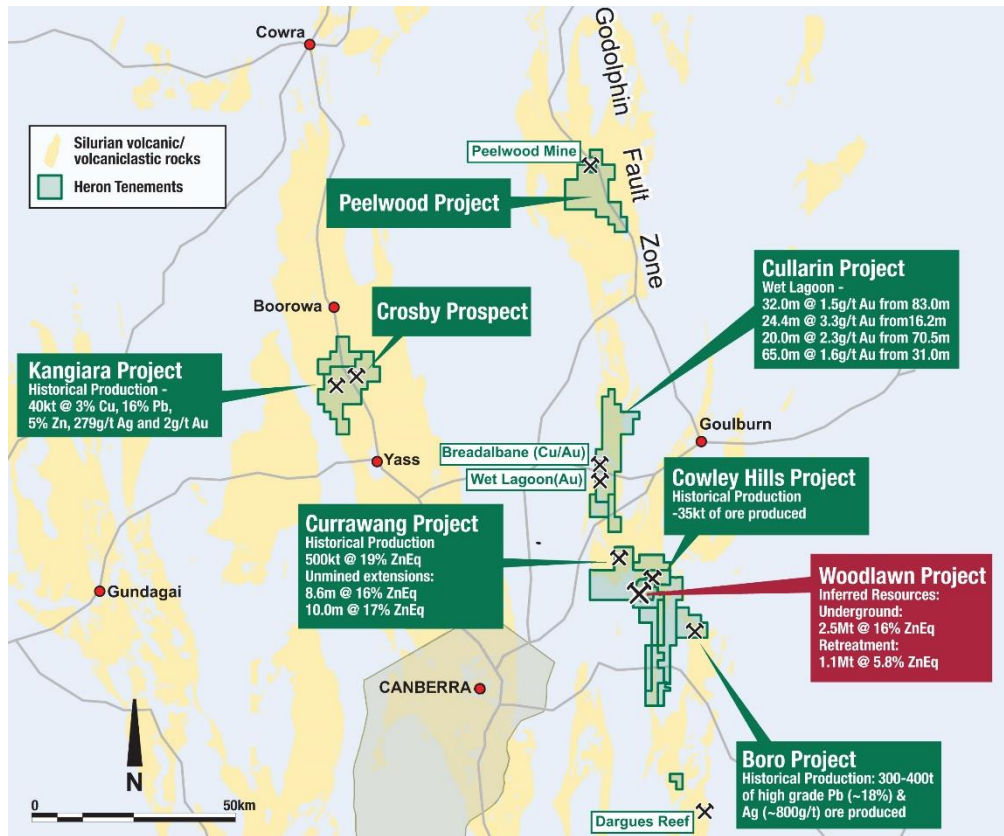
## G2 Lens – Next Steps

- Further assays pending
- Resource modelling October
- Mine planning and Reserves November
- Refine extension potential (not closed off)





# GROWTH WOODLAWN REGIONAL 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

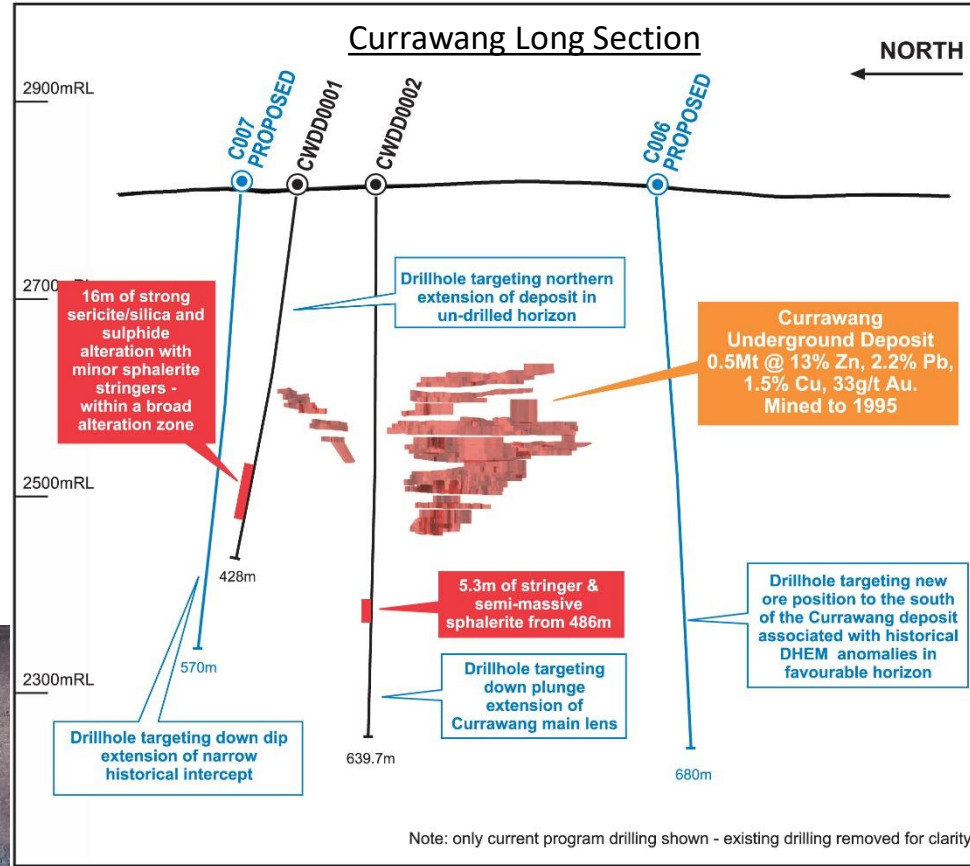
### Prospect & Target Generation

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

# GROWTH CURRAWANG

10km NW Woodlawn – Mined 1992-1996

- No drilling since 1996
- Current 4 hole drilling program (2 holes completed)
- Second hole intercepted semi-massive zinc and copper sulphides
- Co-funded by NSW Government's Cooperative Drilling Program
- Targeting 500-600m strike for down hole EM survey platform of mineralised structural trend



5.3m of semi-massive zinc and copper sulphides from 485.7m (CWDD0002)

# HERON RESOURCES THE IMMEDIATE PLAN



In parallel and integrated with EPC schedule –



Finalise mining contractor



Finalise product logistics



Finalise port facilities



Build the site operating team (from 5 to 156 in 12 months)



Develop the growth opportunities in-mine and regionally

# HERON RESOURCES INVESTMENT PROPOSITION

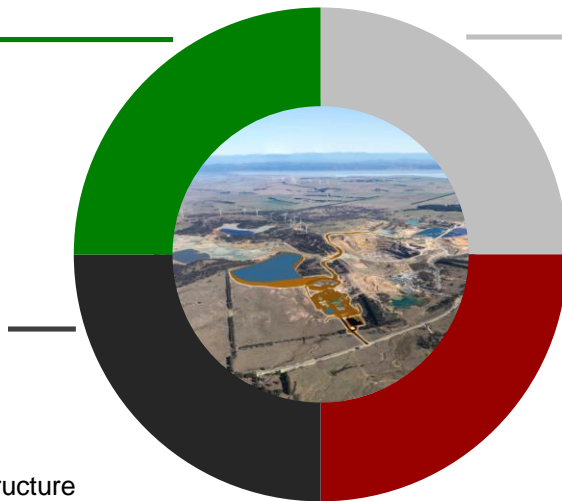
TSX: HER ASX:HRR

## MARKET - ZINC

- Supply / demand fundamentals support price strength
- Woodlawn production timed to meet tight physical market

## ASSET - WOODLAWN PROJECT

- High quality deposit
- Compelling business case
- Favourable jurisdiction & excellent infrastructure
- Path to production set
- Longevity through discovery upside



## FOCUS - EXCLUSIVELY WOODLAWN

- 100% focus on bringing Woodlawn into production
- Growth through strong Woodlawn regional position

## FINANCED - FOR DEVELOPMENT

- A\$240M full funding package
- Three supportive cornerstone investors

**Clear & Resourced Plan for Woodlawn Production**



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## APPENDIX: OTHER INFORMATION



# 2016 WOODLAWN MINERAL RESOURCES

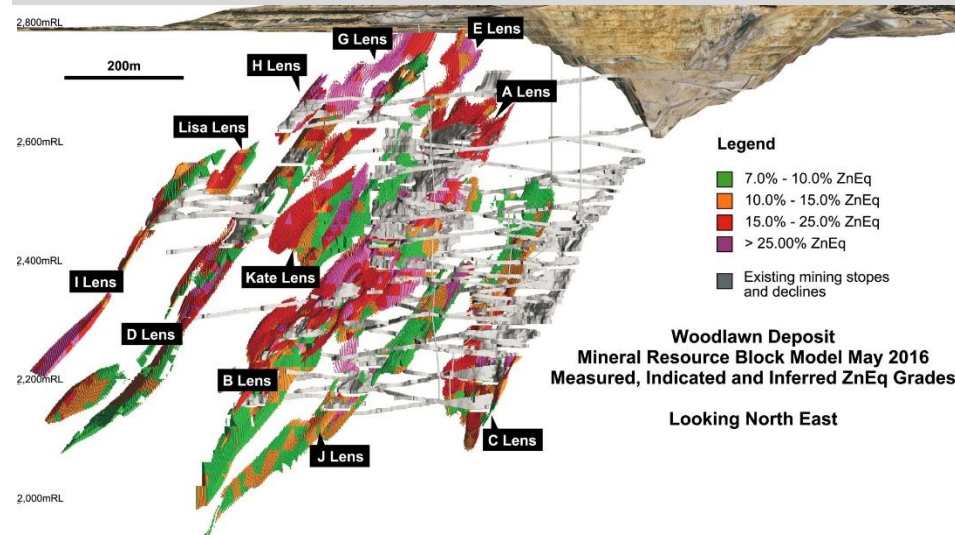
## Retreatment



### Woodlawn Reclaimed Tailings Mineral Resource – All Dams

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

## 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)
Poly-metallic	Mea+Ind	2.6	21	10	1.5	4.0	0.69	79
	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 2 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



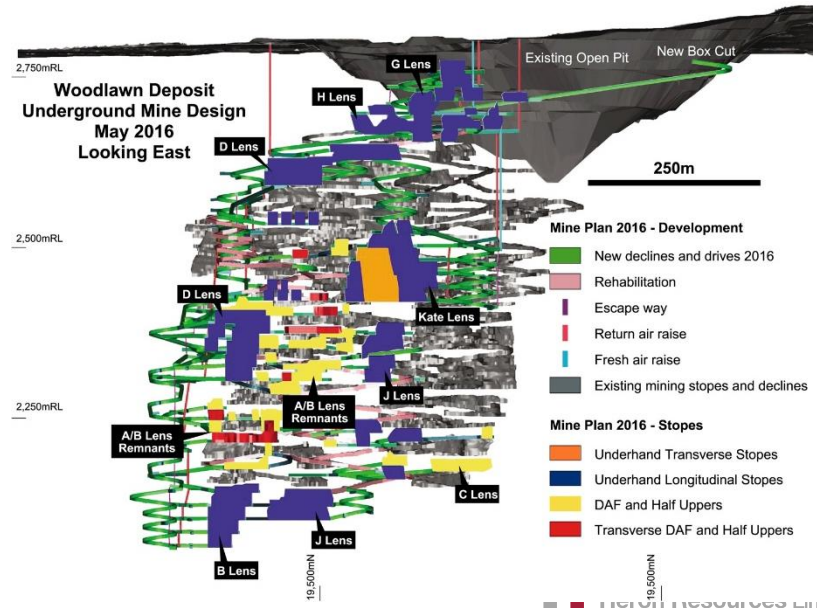
**9.5Mt @ 6% ZnEq**  
(2.2% Zn, 0.5% Cu, 1.3% Pb, 0.31g/t Au, 31g/t Ag)



Underground Mineral Reserves - 2.8Mt



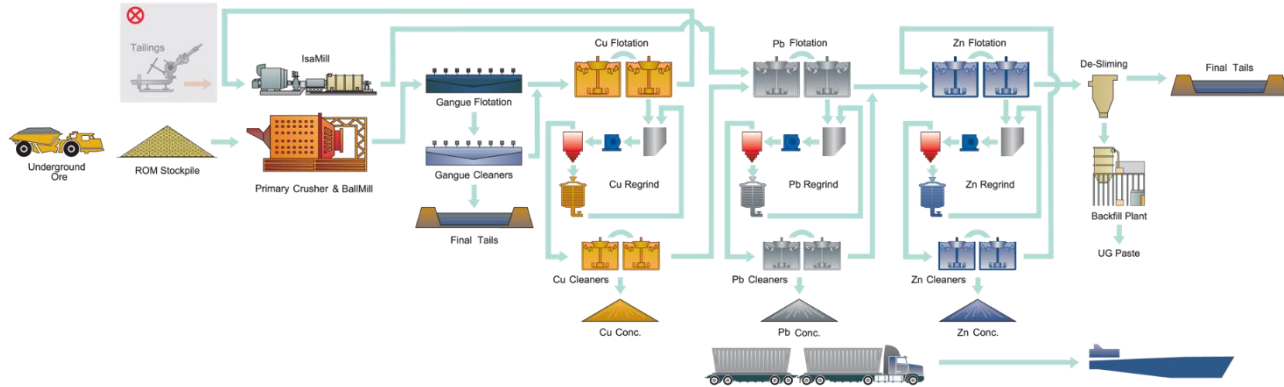
Polymetallic: **1.8Mt @ 16% ZnEq** (8.1% Zn, 1.2% Cu, 2.9% Pb, 0.56g/t Au, 57g/t Ag)  
Copper: **1.0 Mt @ 9% ZnEq** (0.6% Zn, 2.4% Cu, 0.1% Pb, 0.23g/t Au, 14g/t Ag)  
**TOTAL: 2.8Mt @ 14% ZnEq** (5.5% Zn, 1.6% Cu, 1.9% Pb, 0.45g/t Au, 42g/t Ag)



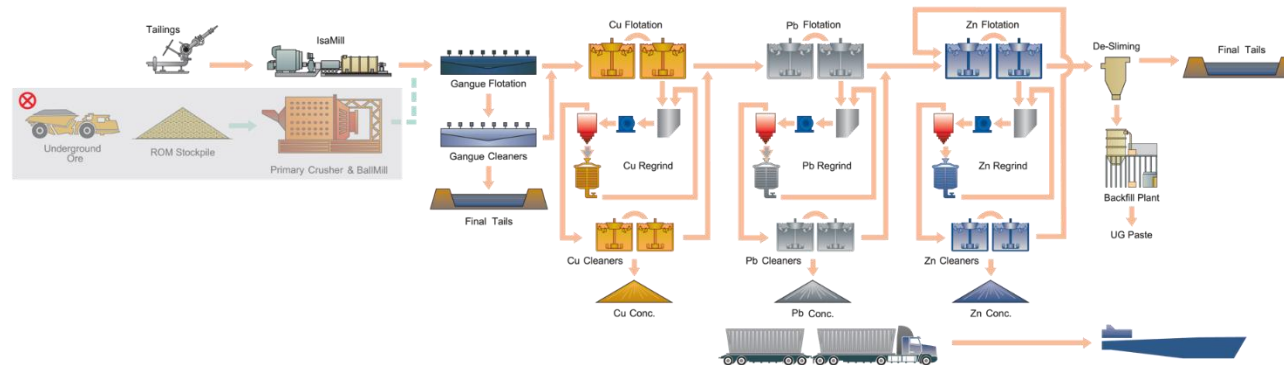


# WOODLAWN PROCESS PLANT

Campaign treatment from two de-coupled ore sources



Underground  
Ore Configuration  
←



Reclaimed Tailings  
Ore Configuration  
←