Heron Resources Limited
Level 7, 191 Clarence Street, Sydney NSW 2000
heron@heronresources.com.au
+61 2 9119 8111
ABN: 30 068 263 098

ASX/TSX Release

5 December 2017

Heron Secures Peelwood District Historical Data and Pegs Additional Tenements Providing Full Coverage of the Prospective VMS Ground

- **Heron has entered an agreement with the previous holder which has secured all of the Peelwood Project data allowing for a rapid assessment of the project area.**
- **Heron has applied for an additional tenement at Peelwood covering the northern extent of the mineralised belt where Volcanogenic Massive Sulphide (VMS) deposits with similar characteristics to Woodlawn have been defined by previous explorers.**
- **Heron holds under application the entire 12km long prospective Peelwood base-metal horizon.**
- **As previously reported the ground contains previously released JORC (2004) Mineral Resources at the John Fardy and Peelwood deposits and Heron is currently compiling the drill data to verify these estimates.**
- **High-powered EM is being planned to cover the priority target areas to generate further targets.**

Heron Resources Limited (ASX:HRR TSX:HER, "Heron" or the "Company") is pleased to report that the Company has entered into an agreement with the previous tenement holder to acquire all of the Peelwood District Project data and, in addition, has applied for a further tenement in the area that covers previously defined high-grade zinc-copper deposits 105 km north of the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia.

Commenting on the Peelwood Project, Heron's Managing Director, Mr Wayne Taylor said: *"Having access to this data and information is an important step in enabling the Company to undertake a rapid assessment of the highly prospective Peelwood area and ensure we leverage our next phase of work with this knowledge base. Also, the pegging of this additional ground at Peelwood adds further to the appeal of the Project and means Heron now has under application the entire 12km strike extent of the Peelwood base-metal horizon. The planned use of the latest high-powered EM technology will assist in quickly generating new targets while we review the existing known Mineral Resource for trucking to the Woodlawn plant that is now under construction."*

Peelwood Project

The Peelwood District Project is located 165km west of Sydney, and 105 kilometres north from the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia (Figure 1). It lies within undulating, mostly forested country 800m above sea level, and is underlain by Silurian aged rocks consisting of the shales and other fine-grained sedimentary rocks of the Cuddyong Formation, and the felsic volcanic rocks of the Kangaloolah Volcanics. VMS style deposits were first mined here in 1890's with four key centres occurring on the tenements newly pegged by Heron, namely the Peelwood, John Fardy, Cordillera and Mt Costigan deposits (Figure 2). Each of these historical deposits includes a number of massive sulphide lenses located at, or adjacent to, the sheared contact between the Cuddyong Formation and the Kangaloolah Volcanics. Deposit descriptions have been provided in Heron's ASX release dated the 15 November 2017. The deposits at Peelwood and John Fardy contain JORC (2004) Mineral Resources, reported to the ASX in 2008. Discussions with the local landowners have commenced.

Peelwood Agreement

An agreement has been reached with the previous titleholders, Balamara Resources Ltd, to acquire their drilling database and all other project data, including drill core that they own. It is expected that this will speed-up the Company's review process considerably.

Mt Costigan Deposit [1]

The new application covers the northern 5.5km of the prospective Peelwood sequence, bringing the total strike of this sequence within Heron's application to 12km. Numerous historical workings occur within this new area with the key historical mine being Mt Costigan.

The Mt Costigan VMS deposit, located 11.5km northwest of the Peelwood mine, is the northern most massive sulphide deposit in the Peelwood camp. It consists of four stacked lenses located at the contact between shales of the Cuddyong Formation and crystal-tuffs of the Kangaloolah Volcanics. The four lenses contain disseminated to massive sulphides consisting of dominantly pyrite and sphalerite with lesser galena, chalcopyrite and, pyrrhotite and arsenopyrite. The lenses are partially deformed with some remobilised massive pyrite present. Footwall sulphide stringers and associated alteration extend up through the Kangaloolah Volcanics and increase in intensity towards the contact with the Cuddyong Formation.

Other Prospects

A number of other significant base-metal prospects exist on the new application area and form part of the 12km long prospective Peelwood base-metal horizon. In addition to the base-metal occurrences, an historic gold mine occurs at Shephards and Heron will include this in its assessment of the area. The gold here occurs within pods of deformed quartz enclosed within a shale/schist unit of the Cuddyong Formation. Whilst some relatively high-grade results have been obtained from old gold workings, Heron will also focus on potential larger, Mc Phillamy's style targets within the volcanic package.

Future Work

The Company is currently progressing the tenement applications through the grant process. Landowners in the area are being contacted and an assessment of the requirements to reach an agreement with them is being undertaken. Given the age of some of the land titles in the area, it is likely that an agreement will be needed in relation to specific metals extracted.

Heron is looking to employ the High Powered Electromagnetic (HPEM) system that it has been using at Woodlawn, at Peelwood. This EM system represents a step change in current power available (over 200 amps) and has the ability to see considerably deeper than previous systems.

About Heron Resources Limited:

Heron's primary focus is the development of its 100% owned, high grade Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, Australia. In addition, the Company holds a significant high quality, gold and base metal tenements regional to the Woodlawn Project.

For further information, please visit www.heronresources.com.au or contact:

Australia:
Mr Wayne Taylor
Managing Director and Chief Executive Officer
Tel: +61 2 9119 8111 or +61 8 6500 9200
Email: heron@heronresources.com.au

Jon Snowball
FTI Consulting
+61 2 8298 6100
jon.snowball@fticonsulting.com

Canada:
Tel: +1 647-862-1157
(Toronto)

References:

Downes P.M., 2012, Metallic Mineral Systems: *In* Thomas O & Pogson D.J. (compilers), Goulburn 1:250,000 Geological Sheet SI/55-12, 2rd edition, Explanatory Notes prepared by Geological Survey of New South Wales, Maitland, pp 148–225.

[1] The geological descriptions used here are adapted from the publication: Downes, P.M., 2017.

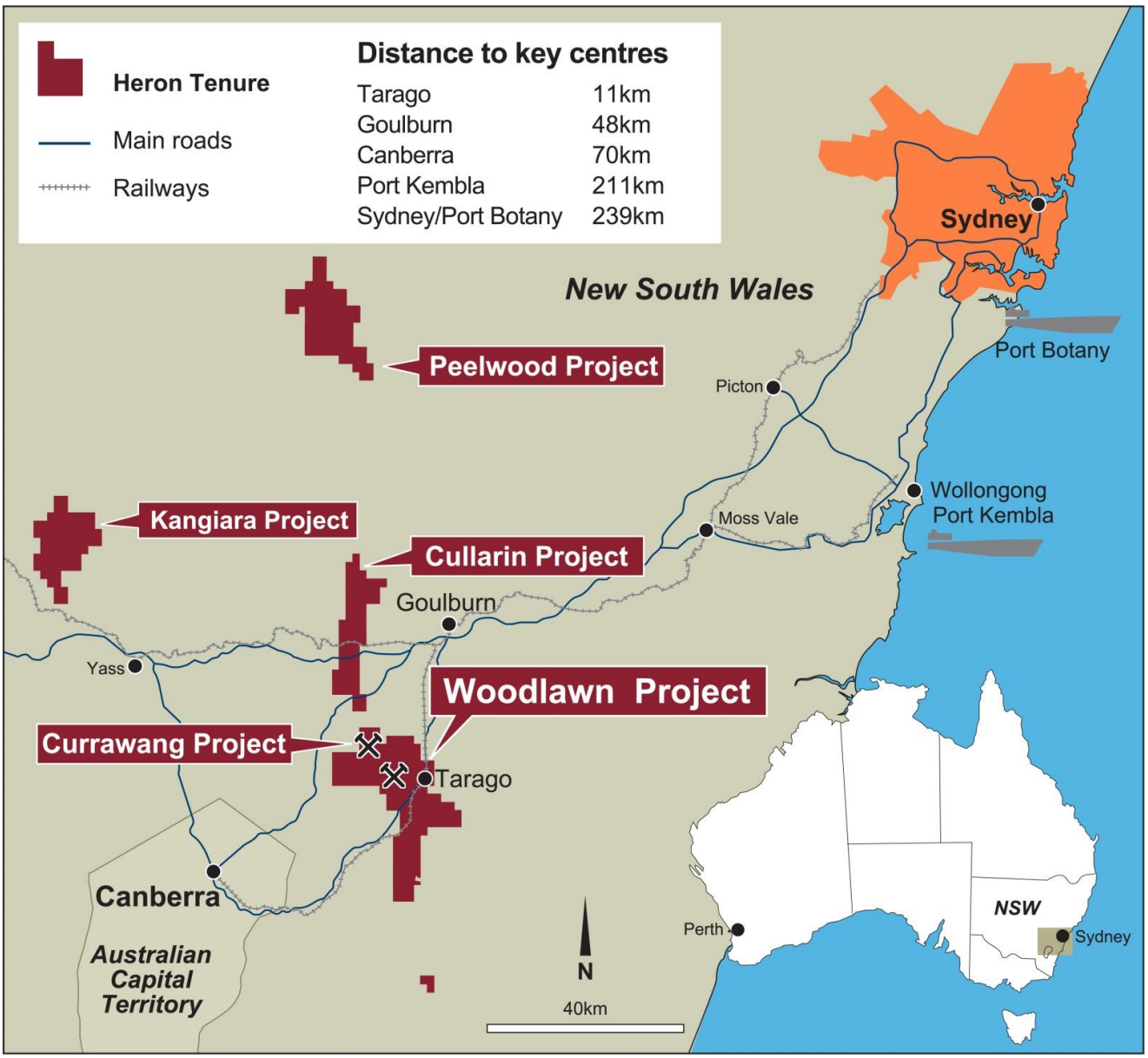

Figure 1: Peelwood Project Location Diagram

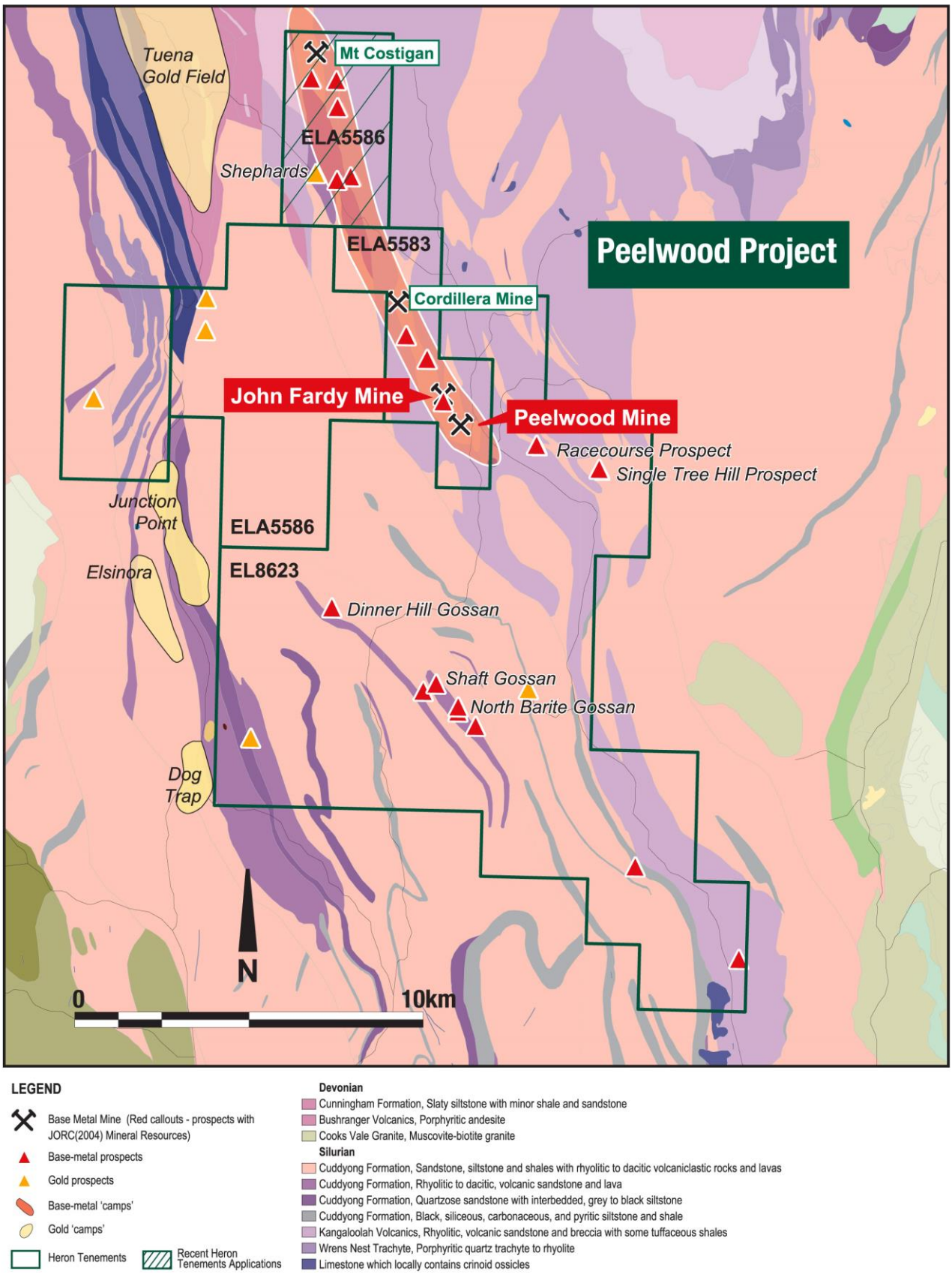

Figure 2: Geological map of the Peelwood area showing key deposits and other prospects

Compliance Statement (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 approved the scientific and technical disclosure in the news release.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This report 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 report. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Canada, Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this report 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 report.***

JORC 2012 Table 1 (Peelwood Project)

Section 1 Sampling Techniques and Data

(Criteria in this section applies to all succeeding sections)

Criteria	JORC Code explanation	
Sampling techniques	• *Nature and quality of sampling (e.g., cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representativity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.*	• The assays described in this report have been taken from historical reports submitted to the NSW Department of Mines or equivalent department over a lengthy period of time. There is limited opportunity to check the assay results; however, the assays did form the basis of a JORC (2004) Mineral Resource estimate published in 2009 and signed off by Cube Consulting. On this basis the assays results are believed to be reasonable, but further checking will be required prior to any economic assumption being applied. • The level of QAQC control samples for the historical drilling assays is not well documented, but was believed to have been undertaken.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details.*	• The majority of the historical drill holes were diamond drill core, drilled by various operators over a lengthy period of time.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Drill hole sample recovery has been recorded in the historical drill logs and has been taken into consideration with earlier assessments of the prospect. Sample recover in some mineralised zones is quite low (e.g., as low as 25%) but generally is above 80%.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• It is apparent that the majority of the historical drill holes have been geologically logged by professional geologists.
Sub-sampling techniques and sample preparation	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• The descriptions of the sampling procedures for the historical drill holes is quite limited. However, it was carried out by various reputable mining groups, employing exploration and mining professionals that would have employed the practises of the day.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Descriptions of assay techniques and procedures for the historical drill holes is quite limited. However, it was carried out by various reputable mining groups, employing exploration and mining professionals that would have employed the practises of the day.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *Documentation of primary data, data entry procedures, data verification, data storage*	• No independent verification was undertaken at this stage. • At this stage the historical reports, including various data compilations are the primary source of the data and no attempt has been made to add the data to Heron's primary drill hole database.

Criteria	JORC Code explanation	
	(physical and electronic) protocols. • *Discuss any adjustment to assay data.*	• No adjustments to assay data has been undertaken by Heron.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The exact actual survey pick method for the historical holes is not known at this stage. However, it is apparent that the holes were picked up by the exploration surveying teams along established local grid lines.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling was performed on a variety of drill spacings with closest spacing (approx. 15 x 15m) in the top part of the John Fardy deposit.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• It is clear the drilling and sampling was undertaken to intersect, as much as possible, the mineralisation as close to perpendicular as possible.
Sample security	• *The measures taken to ensure sample security.*	• Sample security for the historical drill holes is not known.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews were undertaken due to the early stage of exploration.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The mineralisation described in this report is held under exploration applications (ELAs), by Ochre Resources Ltd (Ochre), which is a wholly owned subsidiary of the Heron Resources Ltd. A granted Exploration Licence (EL8623) covers the area to the south of the main line of mineralisation. The ELAs and the EL are held 100% by Ochre. • Heron is progressing the grant of the ELAs as quickly as possible and it is expected to take a minimum of 45 days. • An agreement with the landowners will be sought. The private land titles over parts of the tenement applications are being reviewed and it seems likely that certain metal rights were vested with the private land title.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There has been significant exploration under taken by various exploration and mining groups since the 1960s – these include: • Dundee Palliser Resources Exploration Pty Ltd (1972-77): drilling and "reserve definition" at the John Fardy prospect. • Newmont JV (1977-78) PEM surveys and limited drilling to test extensional targets at John Fardy. • BHP JV (1980-82): limited drilling. • Australian Pacific Res Ltd JV (mid 80s): 4 diamond

Criteria	JORC Code explanation	
		drillholes. • Sultan Corporation Ltd who changed their name to Balamara Resources Ltd (2007-17): additional diamond drilling, resource estimation, metallurgical testwork feasibility studies. Not released to open-file as yet and therefore much of this work is not currently available.
Geology	• *Deposit type, geological setting and style of mineralization.*	• The Peelwood Project is located 165km west of Sydney and 76km north of Goulburn, New South Wales, Australia. It lies within undulating, mostly forested country 800m above sea level. • It is underlain by Silurian aged rocks consisting of the shales and other fine grained sedimentary rocks of the Cuddyong Formation and the felsic volcanic rocks of the Kangaloolah Volcanics. • VMS style deposits were first mined here in 1890's with 3 key centres occurring on the new tenements pegged by Heron, namely Peelwood, John Fardy and Cordillera. Each of the historical deposits includes a number of massive sulphide lenses located at, or adjacent to, the sheared contact between the Cuddyong Formation and the Kangaloolah Volcanics.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	• All the drilling information contained in this report has been compiled from open-file historical reports and none has been generated by Heron.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• Assays results for the various programs are reported in summary form only, which is considered appropriate for this early stage of exploration. • Only relevant elements are reported here, however, a larger suite of elements were assayed for.
Relationship between mineralization widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• A selection of the mineralised intercepts are shown in cross-section in the body of the report and show the relationship between the drilled widths and mineralisation widths.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Maps and a cross section relevant for current phase of exploration are included in the release.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to*	• The reporting is considered to be balanced and all relevant/material results have been disclosed for this current phase of exploration.

Criteria	JORC Code explanation	
	avoid misleading reporting of Results.	
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Open-file aeromagnetic data, geological maps, and other geological datasets are being compiled and used where possible. Good quality geological and geophysical (eg aeromagnetics) datasets are available from the NSW Division of Resources and Geoscience.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• Heron will progress the ELAs through to grant as quickly as possible. • Compilation of historical data is underway and will be used to generate future exploration targets with the view to identifying high-grade underground resources that have the potential to be trucked to Woodlawn as an additional satellite feed source.