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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 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 Au, Aq, 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. These metal prices are based on Heron's long term view on average metal prices. It is Heron's view that all the metals within this formula are expected to be recovered and sold. Metallurgical metal recoveries used for the formula are: 88% Zn, 70% Pb, 70% Cu, 33% Au and 82% Ag; these are based on historical recoveries at Woodlawn and supported by metallurgical testwork undertaken during the 2015-16 feasibility study. Commodity prices and metallurgical recoveries are factored into the zinc equivalent calculation using a standard metal equivalent formula.

# HERON RESOURCES CORPORATE SUMMARY

## **Everything in place**

Zinc (& Copper) **MARKET** Strong supply / demand fundamentals **ASSET** Woodlawn Project (NSW, Australia) High quality Zn+Cu+Pb+Ag+Au deposit Robust 'starter' business case Unrivalled infrastructure & permitted Significant exploration upside **Development Funding FINANCED** A\$240M funding package secured Fully funded through construction and production ramp-up **FOCUS Project Delivery** Construction underway Building operations team 1st product shipment - Q1 2019 Growth through in-mine and regional discovery

## HERON OVERVIEW

#### **Company snapshot**



#### **CAPITAL STRUCTURE**

Dual listing: ASX: HRR TSX: HER

Shares: 242 million

Options: 2 million

Share Price: C\$0.72

Market Cap: C\$174 million

Cash:

(31 Dec 2017)

A\$108 million (unrestricted)

Investments: A\$17 million

(Includes 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

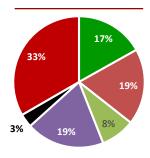
Non-Executive Director
Peter Rozenauers

Non-Executive Director
Ricardo De Armas

Non-Executive Director lan Pattison



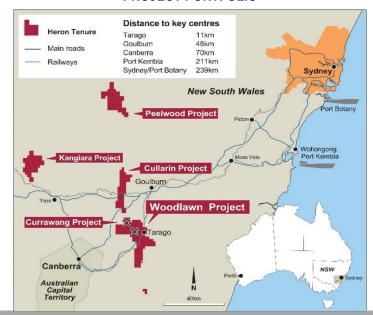
#### SHARE REGISTER



- Orion
- Greenstone
- Greenstone Aff
- Castlelake
- Canadian Register
- Australian Register



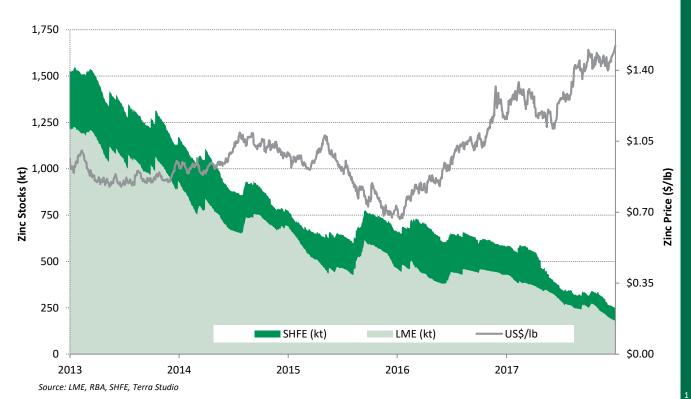
#### **PROJECT PORTFOLIO**



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## MARKET ZINC FUNDAMENTALS

## Prices at 10-year highs with strong outlook



## **Market Observations**

Teck<sup>1</sup> (Sep 2017) – Zinc Market Observations from 'World's Largest Net Zinc Miner'

Mine production growth for zinc - insufficient to meet demand (projection to 2020)

4.3Mtpa of additional zinc production required to satisfy demand to 2025

Speculated price induced reaction of increased Chinese mine zinc production has not occurred (down 6% YTD)

Zinc metal inventories approaching historical lows

Zinc's expanding consumption base - Giga Steel, zinc thermal spray, continuous galvanised rebar and zinc micro-nutrient fertiliser

Market fundamentals provide the basis for extended pricing support

1 Retrieved from

## ASSET WOODLAWN ZINC-COPPER PROJECT

Unrivalled infrastructure



## **Feasibility Review**

**Production Rate 1.5Mtpa** 

9.3yr LOM (Reserves only)

#### Reserves

UG 2.8Mt @ 14% ZnEq1

Reprocessing 9.5Mt @ 6% ZnEq

#### **Steady State Gross Production**

40ktpa Zn (88Mlbs)

10ktpa Cu (20Mlbs)

12ktpa Pb (25Mlbs)

+ Ag / + Au

#### Infrastructure

Access - sealed B-double rated road

Power – NSW state grid sub-station

Population Centres - Tarago (11km),

Bungendore (30km), Goulburn (48km), Canberra (70km)

Port - Port Kembla 211km

Water - Willaroo Bore Field

<sup>1</sup> Refer to Slide 2 for definition

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# **FOCUS WOODLAWN CONSTRUCTION**

State-of-the-art 1.5Mtpa process plant & infrastructure



## **Project Delivery**

Earthworks: Ertech

EPC: Sedgman

**Operational Readiness:** Heron

#### The Physicals:-

- 2M m³ earthworks
- 3,600 m<sup>3</sup> concrete
- 995t steel
- 34km piping
- 58km electric cable
- 233 items of mechanical equip
- 110 items electrical equip

January 2018 ASX:HRR TSX:HER

# **FOCUS WOODLAWN EARTHWORKS**

Progressing to schedule



## **Project Delivery**

**Contractor:** Ertech

Value: A\$12M

**Equipment Fleet:** 40 units

Personnel: 50

Daily Movement: +10,000 bcm

Critical Path: On track to deliver process plant pad well before concrete works are scheduled to commence

# FOCUS WOODLAWN EPC

**Construction ready** 



## **Project Delivery**

Contractor: Sedgman

Value: A\$107M

(guaranteed max. price)

Personnel: 50-75 FTE (current)

250 (peak)

**Current Activities:** Detailed Design

**Equip Purchase** 

**Site Facilities** 

**Package Tenders** 

Critical Path: Expected early delivery of the IsaMill removes it from the CP

# **FOCUS WOODLAWN OPERATIONAL READINESS**

**Building strong foundations** 



#### **Current Activities**

Mine Planning Optimising (G2)

**UG Mining Contract** Tendered

Tails Mining Contract Tendered

Port Contract Tendered

Haulage Logistics Pre-tender

Power Contract Pre-tender

Compliance Env Monitoring

Statutory Reporting

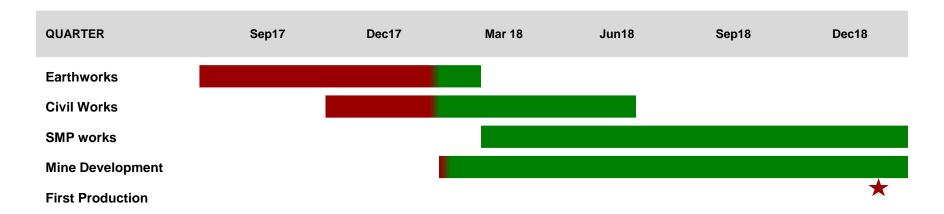
Mgmt Plan Devel

Ops Team Recruitment Plan

**Expanding the Team** 

# FOCUS WOODLAWN DELIVERY SCHEDULE

## **Expedited project schedule**



Targeting first production end 2018 / early 2019

## GROWTH WOODLAWN EXPLORATION STRATEGY

Value Multiplier - building the business beyond the Feasibility Case

## **Prioritised Organic Growth**

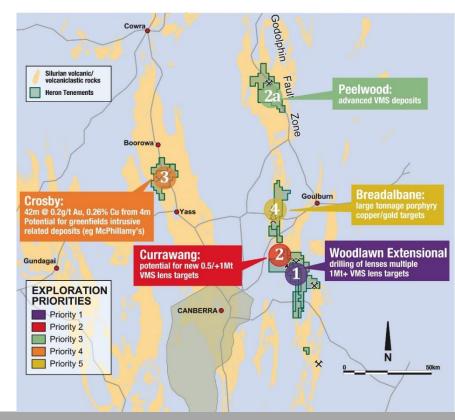


Advancing Inferred Resources

UG
 2.6Mt @ 15% ZnEq

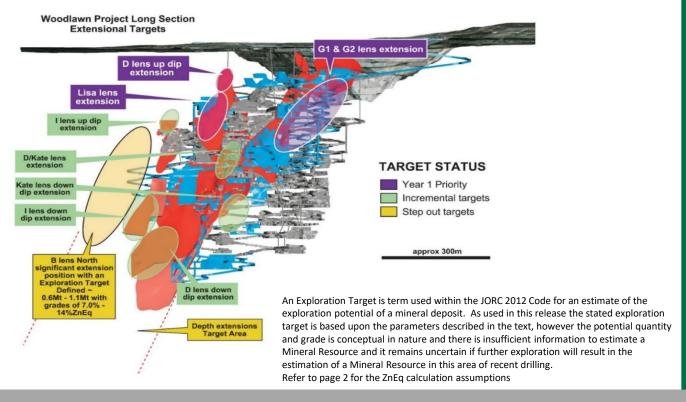
Tailings 1.1Mt @ 5.8% ZnEq

- Shallow extensions G, G2, Lisa, D lenses
- Adjacent trends & step out targets
- Deeper extensions all 12 lenses
- Near Mine (Regional) Exploration
  - Historical satellite production sources
  - Advanced regional deposits
  - Regional prospects
  - Commanding land tenure position



## GROWTH WOODLAWN IN-MINE EXPLORATION

#### Targeted additions to the Mine Plan



### Immediate Value-Add

Numerous extensional positions

Majority supported by existing planned capital development

Initial step - G2 Lens resource addition first mineralisation to be mined

Short term – Focus turning to the next shallow positions:-

D Lens

Lisa Lens

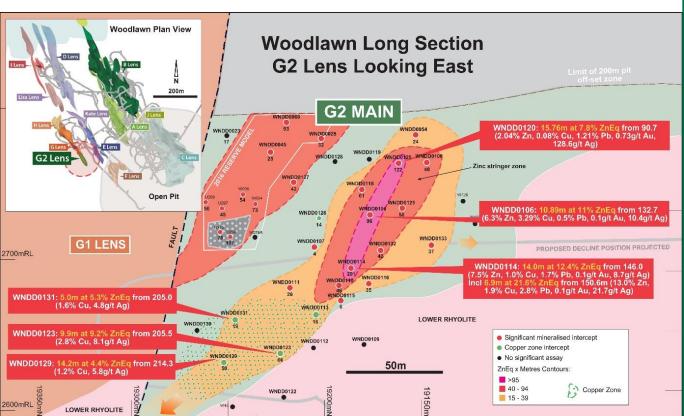
Progressively targeting to optimise mine development

Significant untapped potential remains 'in-mine'

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## GROWTH WOODLAWN IN-MINE EXPLORATION

**G2** Lens – early stage mine plan addition



## **Immediate Value-Add**

First mineralisation to be accessed underground

Returned high grade results from G2 & G2 H/W

New Resource model:-

Indicated Category139kt @ 10.1% ZnEq<sup>1</sup> (4.5% Zn, 0.8% Cu, 2.3% Pb, 0.4g/t Au, 33g/t Ag)

Inferred Category 58kt @ 13.3% ZnEq (4.0% Zn, 1.0% Cu, 2.2% Pb, 1.2g/t Au, 117 g/t Ag)

Mine planning and Reserves in progress

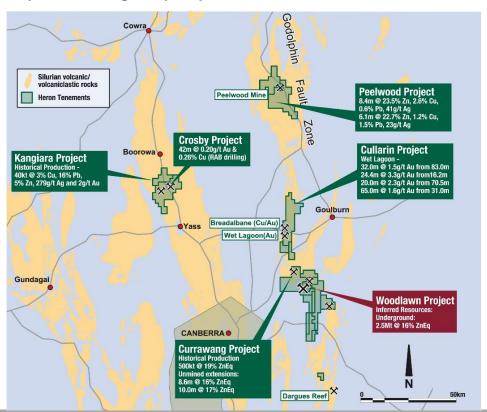
Metallurgical test work program

Extension potential (not closed off)

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## GROWTH WOODLAWN REGIONAL POTENTIAL

## **Deposits through to prospects**



# **High Quality VMS District**

#### **Dominant Regional Position**

Tenure of 1,067 km2

Coverage of VMS host rocks

Acquiring 'forgotten' projects

#### **Confirmed Prospectivity – Historical Satellite Production**

**Currawang Mine** 

Cowley Hills Mine

#### **Prospect & Target Generation**

New and historic remote sensing datasets

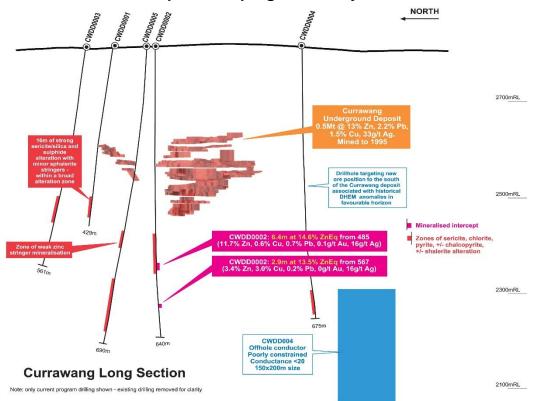
Geochem anomalies

Extensive areas under cover

Limited systematic exploration for >30 yrs

## **GROWTH CURRAWANG**

Success with the first exploration program in 20 years



## **Regional Priority**

10km NW of Woodlawn

Mined 1992-1996:-0.5Mt @ 13% Zn, 1.5% Cu, 2.2% Pb, 33g/t Ag

Prior to 2017 - no drilling since 1996

Completed 5 hole drilling program

Intercepted semi-massive zinc and copper sulphides:-

6.4m @ 14.6% ZnEa from 485m (11.7% Zn, 0.6% Cu, 0.7% Pb, 0.1g/t Au, 16g/t Ag)

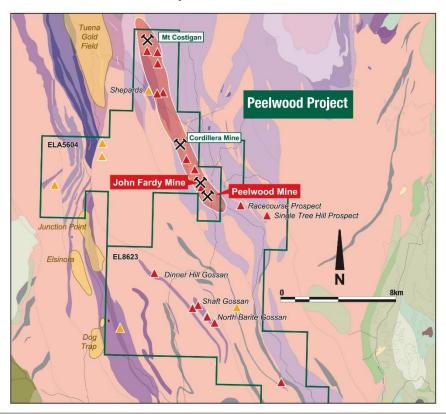
2.9m @ 13.5% ZnEg from 567m (3.4% Zn, 3.0% Cu, 0.2% Pb, 16g/t Ag)

Large untested off-hole DHEM conductor

Planning for Stage 2 program

## GROWTH PEELWOOD

#### **Advanced VMS deposits**



#### **LEGEND**

Base Metal Mine (Red callout -prospects with JORC(2004) Mineral Resources)

▲ Base-metal prospects

Gold prospects

Heron Tenements

Base-metal 'camps'

Gold 'camps'

#### Devonian

- Cunningham Formation, Slaty siltstone with minor shale and sandstone
- Bushranger Volcanics, Porphyritic andesite
- Cooks Vale Granite, Muscovite-biotite granite

#### Silurian

- Cuddyong Formation, Sandstone, siltstone and shales with rhyolitic to dacitic volcaniclastic rocks and lavas
- Cuddyong Formation, Rhyolitic to dacitic, volcanic sandstone and lava
- Cuddyong Formation, Quartzose sandstone with interbedded, grey to black siltstone
- Cuddyong Formation, Black, siliceous, carbonaceous, and pyritic siltstone and shale
- Kangaloolah Volcanics, Rhyolitic, volcanic sandstone and breccia with some tuffaceous shales
- Wrens Nest Trachyte, Porphyritic quartz trachyte to rhyolite
- Limestone which locally contains crinoid ossicles

## **Regional Priority**

105km N of Woodlawn

New ELA5604 – VMS camp coverage

John Fardy & Peelwood Mines - a 'forgotten' asset

Numerous historical high grade workings

High grade VMS drill results:-

8.4m @ from 36m (JF16) (23.5% Zn, 2.6% Cu, 0.6% Pb, 41g/t Ag)

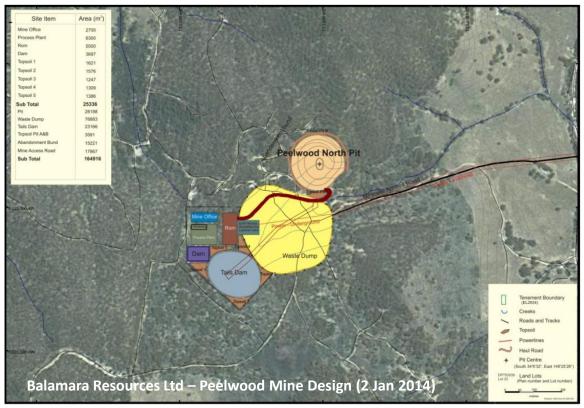
6.1m @ from 45m (JF38) (22.7% Zn, 1.2% Cu, 1.5% Pb, 23g/t Ag)

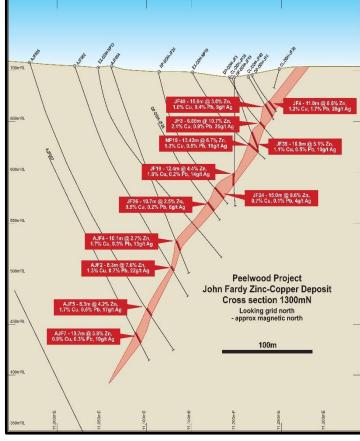
Previously defined resources, reserves and project studies – Balamara 2009

Moving rapidly up the priority list

# **GROWTH PEELWOOD**

Accelerated start position – leveraging previous work





Balamara's full Peelwood Project dataset acquired

## HERON RESOURCES INVESTMENT PROPOSITION

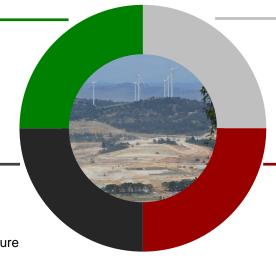
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#### **MARKET - ZINC**

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

#### **ASSET - WOODLAWN PROJECT**

- High quality deposit
- · Compelling 'starter' business case
- Favourable jurisdiction & excellent infrastructure
- Longevity through resource conversion & discovery



#### FINANCED - FOR DEVELOPMENT

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

#### **FOCUS - EXCLUSIVELY WOODLAWN**

- 100% focus Woodlawn production
- Construction underway
- 1st product shipment Q1 2019
- · Growth through strong regional position

Woodlawn remains one of the few new zinc projects fully funded to production and, with construction now underway, places Heron on track to participate in a pricing environment supported by the strong zinc physical market

# **HERON RESOURCES**

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# **APPENDIX: OTHER INFORMATION**



# 2016 WOODLAWN MINERAL RESOURCES

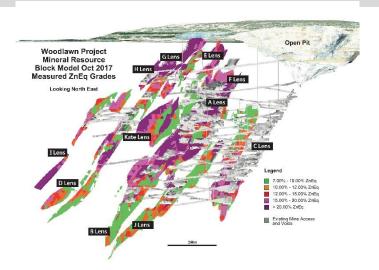
#### Retreatment



**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**



7% ZnEq cog for Polymetallic & 1% Cu cog for Copper

Туре	Resource Category	Quantity (Mt)	ZnEq (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Poly- metallic	Mea+Ind	2.7	22	11	1.5	4.0	0.7	79
Copper	Indicated	1.9	10	0.7	2.6	0.1	0.2	14
All Total	Mea+Ind	4.6	17	6.7	1.9	2.4	0.5	52
All Total	Inferred	2.6	15	5.6	1.8	2.2	0.6	48

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

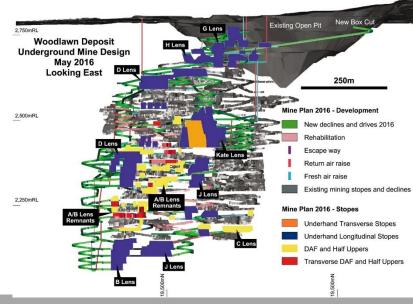


9.5Mt @ 6% ZnEq (2.2% Zn, 0.5% Cu, 1.3% Pb, 0.31g/t Au, 31g/t Ag)



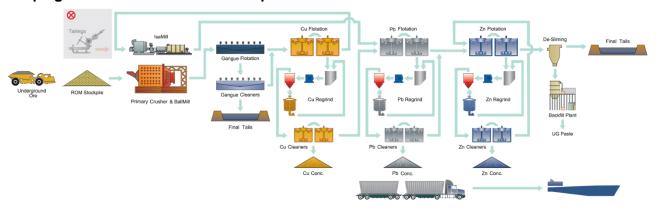


Polymetallic: 1.8Mt @ 16% ZnEq (8.1% Zn, 1.2% Cu, 2.9% Pb, 0.56g/t Au, 57g/t Ag) Copper: 1.0 Mt @ 9% ZnEq (0.6% Zn, 2.4% Cu, 0.1% Pb, 0.23g/t Au, 14g/t Ag) TOTAL: 2.8Mt @ 14% ZnEq (5.5% Zn, 1.6% Cu, 1.9% Pb, 0.45g/t Au, 42g/t Ag)

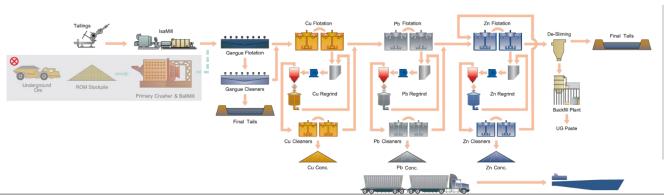


# WOODLAWN PROCESS PLANT

#### Campaign treatment from two de-coupled ore sources



**Underground Ore Configuration (** 



**Reclaimed Tailings Ore Configuration (**