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ASX Release

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Heron's Peelwood Project - EM Drill Targets Identified

- **Review of Airborne Electromagnetic (AEM) data from 2014 resulted in several bedrock conductors being modelled**
- **At the historic Cordillera Mine prospect:**
  - **AEM conductors identified at-depth along strike from the old workings**
  - **Grab samples from the prospect contain 16% Zn, 25% Pb and 497g/t Ag**
  - **Planning underway to drill these conductors targeting high-grade VMS style base metal mineralisation**
- **AEM conductors at the John Fardy and Peelwood mines are being assessed as potential additional drill targets**

Heron Resources Limited (ASX:HRR, "Heron" or the "Company") is pleased to report that a number of drill ready EM anomalies have been identified at its wholly owned Peelwood base metal project located 105 km north of the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia.

Commenting on the targets Heron's Managing Director, Mr Wayne Taylor said: *"The AEM targets at Peelwood are an exciting kick start to exploration in this area. Our geophysical consultant is an expert at modelling such data and believes there are a number of untested, standout anomalies that warrant further testing within this VMS camp. The high-grade nature of the VMS mineralisation at Cordillera, as confirmed by the recent grab samples, is encouraging and we are looking forward to getting a first phase of drilling into these anomalies as soon as possible. We are currently working through the standard procedural process to progress the on-ground assessment of these targets."*

Peelwood Project Background

The Peelwood Project is located 165km west of Sydney, and 105 km north from the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia (Figure 1). Peelwood lies within undulating, mostly forested country, 800m above sea level, and is underlain by Silurian aged shales and other fine grained sedimentary rocks of the Cuddyong Formation and the felsic Kangaloolah Volcanics. VMS style deposits were first mined here in 1880's with key centres occurring on the tenements newly pegged by Heron, namely the Peelwood, John Fardy and Cordillera deposits (Figure 2). Each of these historical deposits include a number of massive sulphide lenses located at, or adjacent to, the sheared contact between the Cuddyong Formation and the Kangaloolah Volcanics.

Cordillera Prospect

The Cordillera Prospect is centered on the historic Cordillera mine located 4km north-west of Peelwood (Figure 2). The mine was opened in 1883 and production peaked in 1888 with 9,000 t of ore being treated that year producing copper, lead, silver and gold from oxidised ore down to a depth of 60m. Underground production continued until 1889 and the dumps were reworked in 1928. The mineralisation is considered to be of a volcanogenic massive sulphide (VMS) type consisting of lenses contained within shales close to the steeply (75-85°) dipping structural contact with the overlying coarse grained felsic volcanics (Figure 3).

Evidence of the historical mining activity is still present at the site. The Cordillera Mine and other mines in the district were generally worked to a depth where fresh sulphides were encountered. A recent grab sample of such massive base metal sulphides from the Cordillera dumps returned assays of **16% Zn, 25% Pb and 497g/t Ag** providing support for the presence of high-grade mineralisation. The mined lode at Cordillera was reported as being 1.2m wide and 107m in strike. However, DDH coring in 1971 by A1 Consolidated Gold Pty Ltd[1] intercepted **2.2g/t Au**, 11.6g/t Ag, 0.78% Zn. 0.1% Cu and 0.44% Pb

[1] Bratt, B.T. 1998 Annual exploration report for EL 2934 (GS 1998-301)

over 17m from 111.6m downhole depth. A core intercept to the south returned a similar broad zone 24m wide with a better portion of **2.9g/t Au**, 10.2g/t Ag, 0.3% Zn, 0.24% Cu and 0.83% Pb over 2.7m from 89m downhole depth. The intercepts indicate a broad zone of alteration associated with the mineralisation at Cordillera.

A 2014 AEM survey undertaken by previous owners has been reviewed by Heron's geophysical consultant who has identified several bedrock conductors potentially related to mineralisation. In particular, these AEM conductors (Figure 3) occur along the line of the historically mined mineralisation and have not been tested at depth.

The conductors North of the old mine are modelled starting at some 50m below the surface in an area of known workings (shafts and costeans) with moderate pyrite alteration seen in the surface felsic volcanic and shale rocks (Figure 3 and 4). A program of drilling is being planned to test these conductors. Land owner and statutory approvals are currently being sought with no issues being identified to date.

A number of additional modelled AEM anomalies at the John Fardy prospect are also being assessed and may provide further drill targets as part of this program. Subject to suitable drill rig availability, the Company is targeting to drill a number of these targets before the end of financial year.

Figure 1: Peelwood Project Location Diagram

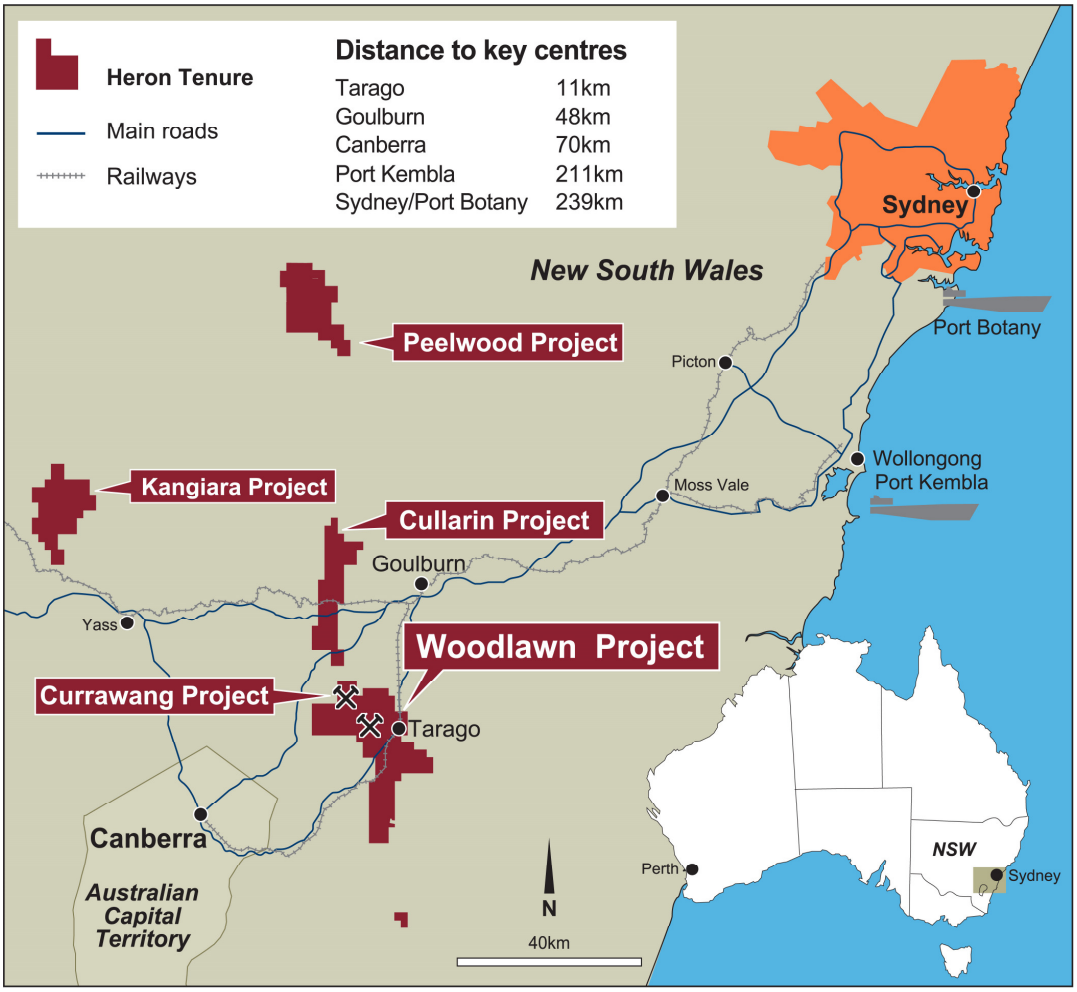


Figure 2: Geological Map of the Peelwood area showing the location of the key EM anomalies

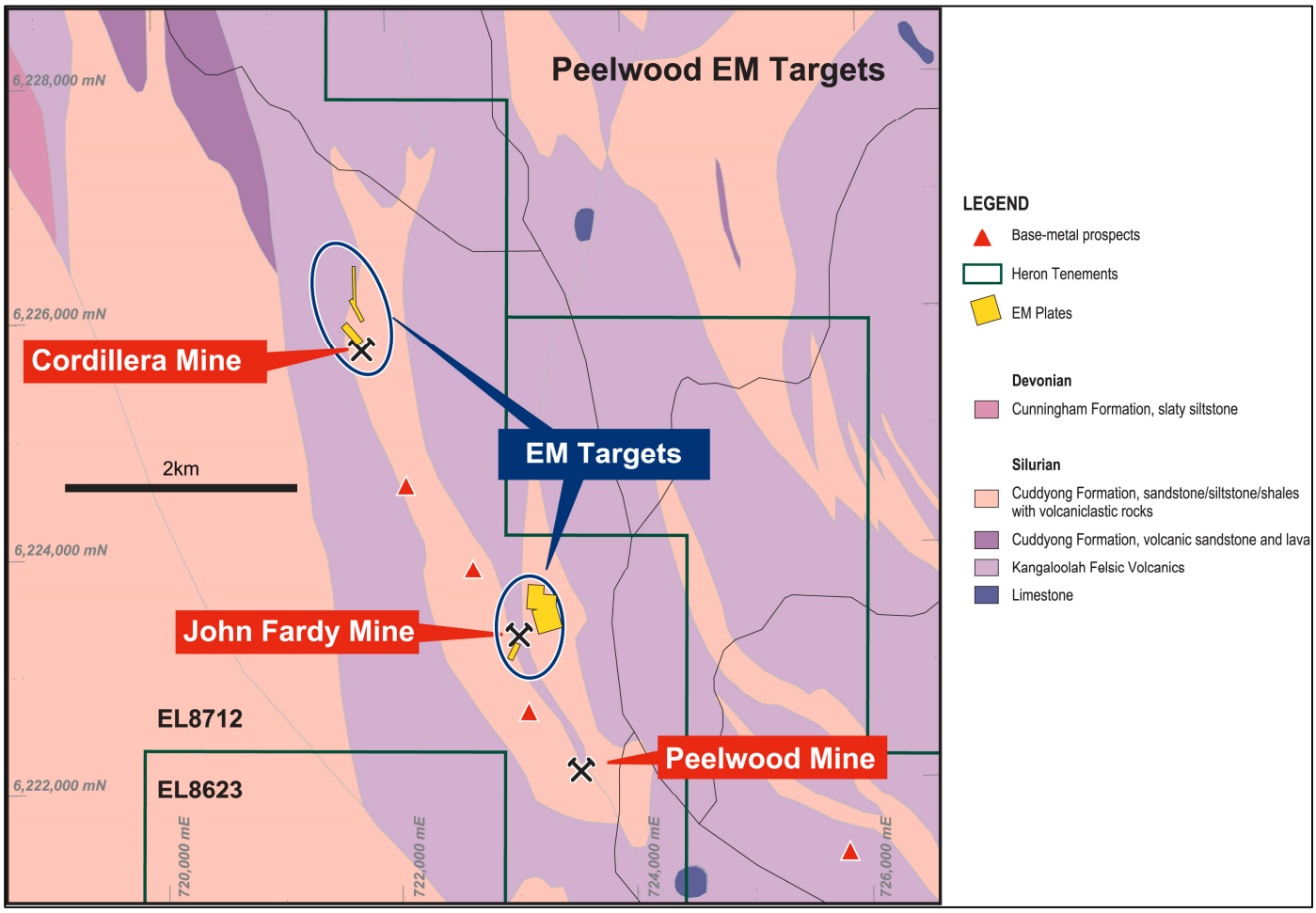


Figure 3: Cordillera Prospect detail - showing location of electromagnetic anomalies in relation to the geology and previous mine workings. The VMS mineralisation occurs close to the structural contact between the felsic volcanics and shales units. Refer to legend in Figure 2.

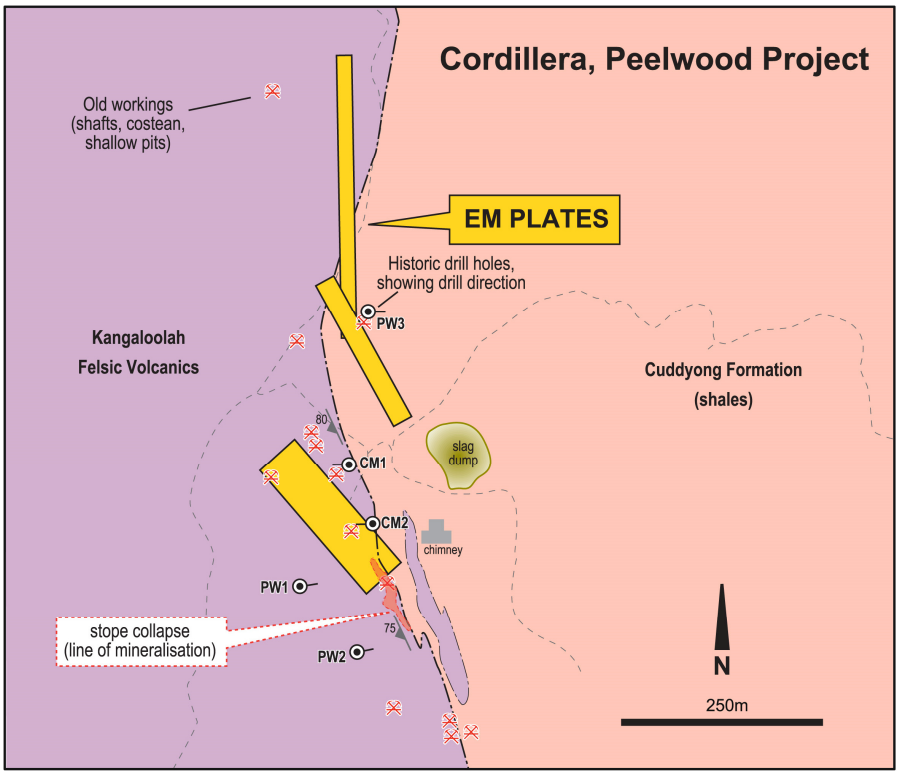
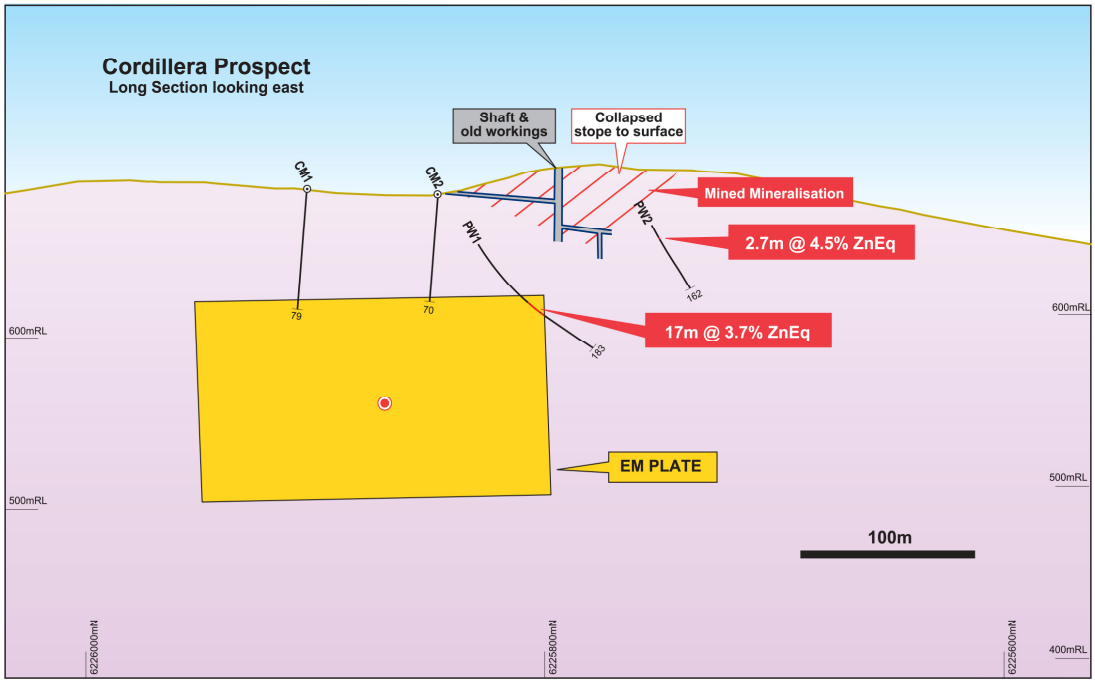


Figure 4: Cordillera Prospect Long Section looking east showing position of modeled AEM plate and how historical drilling failed to test the target. Pierce-point for the proposed hole shown as red dot. Refer to legend in Figure 2.



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.

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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.

Zinc equivalent calculation

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, Ag, 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. 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 test work undertaken during the 2015-16 feasibility study.

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 (eg 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 representivity 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 broad 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.

Criteria	JORC Code explanation	
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 drillholes were diamond drill core, drilled by various operators over a broad period of time.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• Drillhole sample recovery has been recorded in the historical drill logs and has clearly been taken into consideration with earlier assessments of the prospect. Sample recover is quite low in some mineralised zones (eg 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 nature 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.*	• 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 (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• 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 drillhole database. • 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	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering*	• It is clear the drilling and sampling was undertaken to intersect, as much as possible, the mineralisation as

Criteria	JORC Code explanation	
to geological structure	*the deposit type.*	close to perpendicular as possible.
Sample security	• *The measures taken to ensure sample security.*	• Sample security for the historical drillholes 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. Two granted Exploration Licences (ELs) covers the project area. The ELs are held 100% by Ochre. • For the drilling to proceed, statutory approval (ESF4) is still required as is landowner approval (LAAs). Landowners in the area are generally amenable to proposed exploration to proceed.
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 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

Criteria	JORC Code explanation	
		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 avoid misleading reporting of Results.*	• The reporting is considered to be balanced and all relevant/material results have been disclosed for this current phase of exploration.
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).*	• Compilation of historical data is on going 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. • Planning for the drilling program at Cordillera and potentially elsewhere is being progressed.