



Heron Resources Limited

Australian Zinc-Copper Production

September 2018



Investor Presentation

ASX : HRR

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Compliance Statement (JORC 2012 and NI 43-101)

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.

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.

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



Qtr 4 2018

WOODLAWN starts COMMISSIONING

- Producing - Zinc, Copper, Lead
- Advanced development status (73% complete)
- New 'state of the art' processing facility
- 9.3 Yr Reserves Only Life of Mine
- Av. EBITDA +A\$100M pa*

* Feasibility Study, spot prices & FX 2 Aug 2018



CAPITAL STRUCTURE

ASX listing:	ASX: HRR
Shares:	242 million
Opts/Perf Rights:	6.7million
Share Price:	A\$0.57
Market Cap:	A\$138 million
Cash: (30Jun 2018)	A\$65 million (unrestricted)
Debt:	US\$20M of US\$60M drawn
Listed Investments:	Ardea Resources Alchemy Resources Centennial Mining

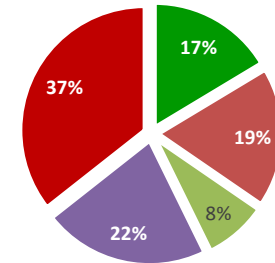


BOARD

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	Ian Pattison



SHARE REGISTER

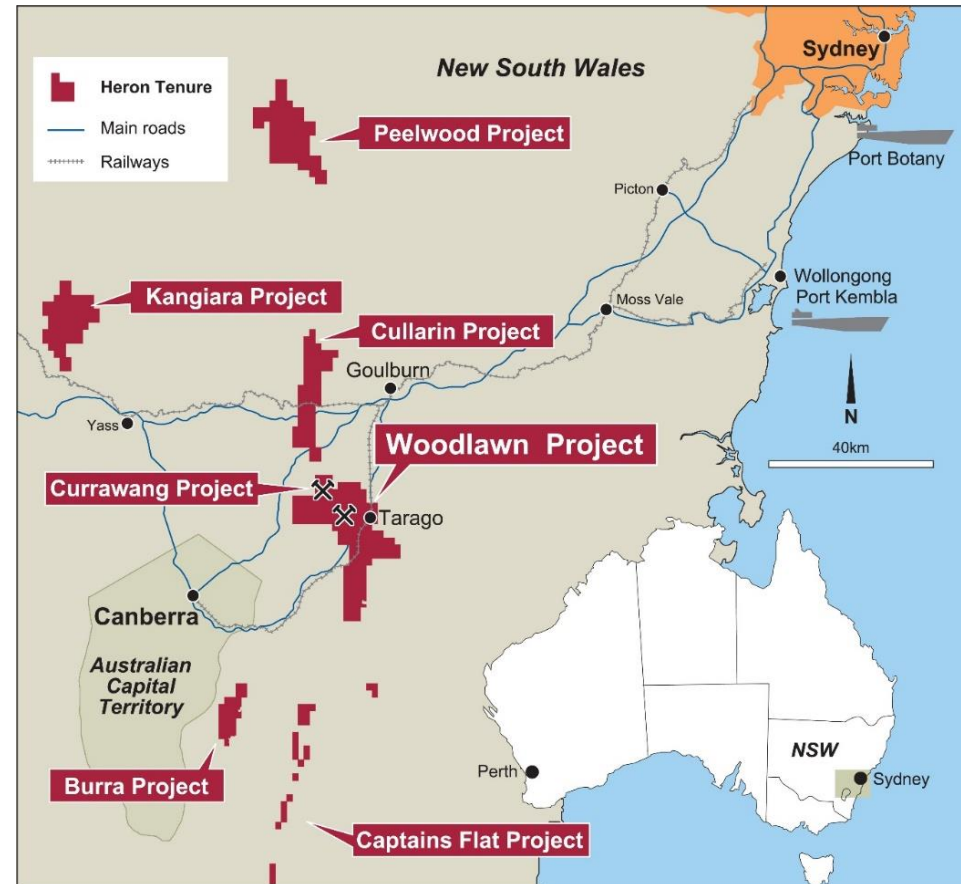


- Orion
- Greenstone
- Greenstone Aff
- Castllake
- Australian Register

WOODLAWN PROJECT SETTING

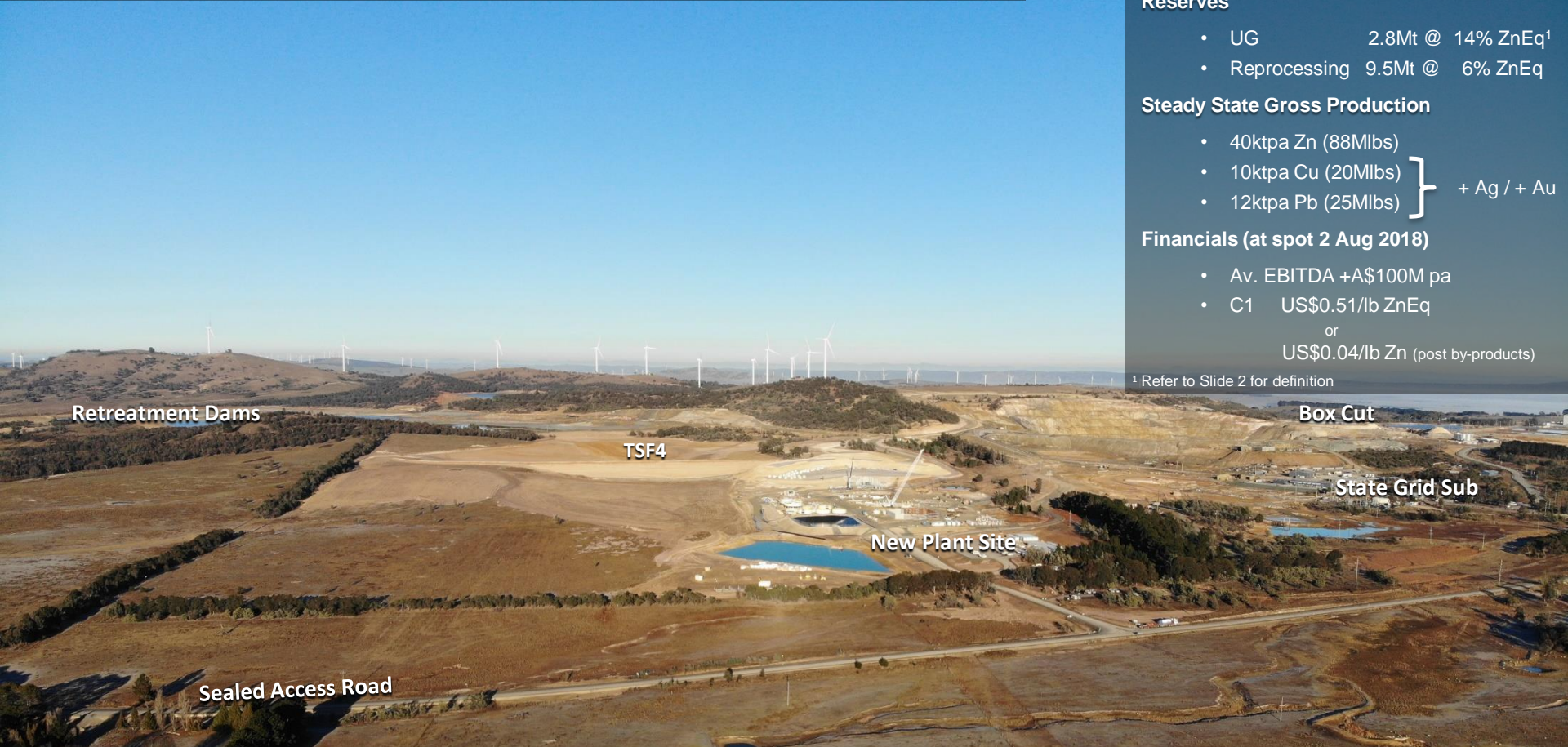
Enviably position

- Premier Location
- Quality Infrastructure
- Operating Knowledge



WOODLAWN FEASIBILITY STUDY

June 2016 – A compelling ‘starter’ case, combined new underground and tailings retreatment



1.5Mtpa Production Rate

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

Financials (at spot 2 Aug 2018)

- Av. EBITDA +A\$100M pa
- C1 US\$0.51/lb ZnEq
or
US\$0.04/lb Zn (post by-products)

¹ Refer to Slide 2 for definition

WOODLAWN CONSTRUCTION

On track to commence commissioning in Qtr 4 2018

Project Delivery

Contractor: Sedgman

EPC: Guaranteed Maximum Price

Personnel: 200+ FTE (current)
250 (peak)

OVERALL COMPLETION 73%

IsaMill™ FINE GRINDING

A step change in technology



M10000 3MW 'Cameron Brown' unit being craned into position



WOODLAWN UNDERGROUND

Pybar preparing for portal construction



WOODLAWN RETREATMENT

NPE / Paragon tailings reclaim progress



SALES EXPORT CHAIN SECURED

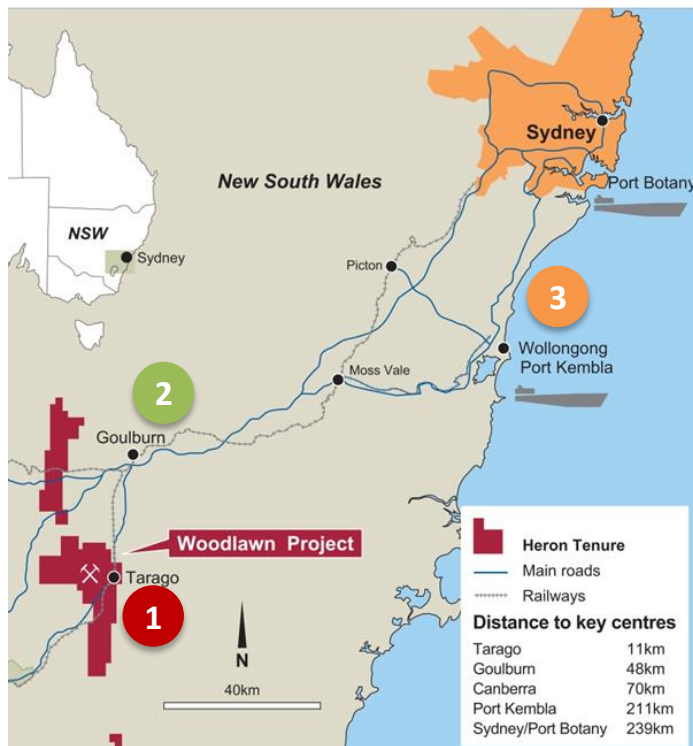
Mine to market logistics in place

Logistics Chain Secure

- Enviable location close to major infrastructure
- Road and rail transportation contract in place
- Bulk shipment port contract in place
- Specialised concentrate containers leased

Off-take 100% Contracted

- With major metals trader
- 3 years duration
- Covers 100% of all three concentrates
- Attractive terms



WOODLAWN OPERATIONAL READINESS

Building strong foundations

Contracts Awarded

- UG Mining
- Tails Mining
- Concentrate Offtake Port
- Haulage Logistics
- Power
- Water Treatment
- Concentrate Containers
- Process Reagents

Ops Team

- Mgmt / Supers in place
- Actively recruiting operators



WOODLAWN ENVIRONMENTAL STEWARDSHIP

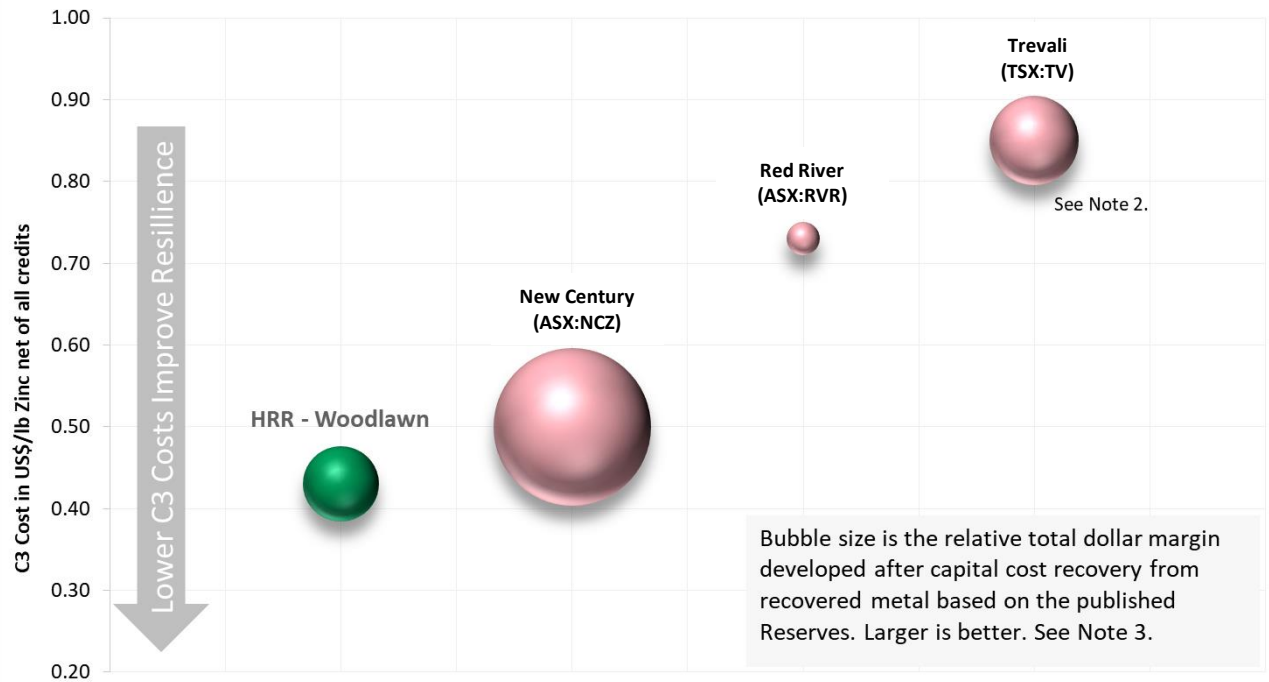
Ground work for progressive site rehabilitation



Potting trials with a locally produced organic product from Veolia's MBT plant

WOODLAWN COMPARISONS

Peer comparison of projected C3 costs and developed margin from Reserves



Projected Low Cost Production

Woodlawn occupies a very attractive projected position on the cost curve...

... Despite being the only one of the peers with a new plant (and hence high capex)

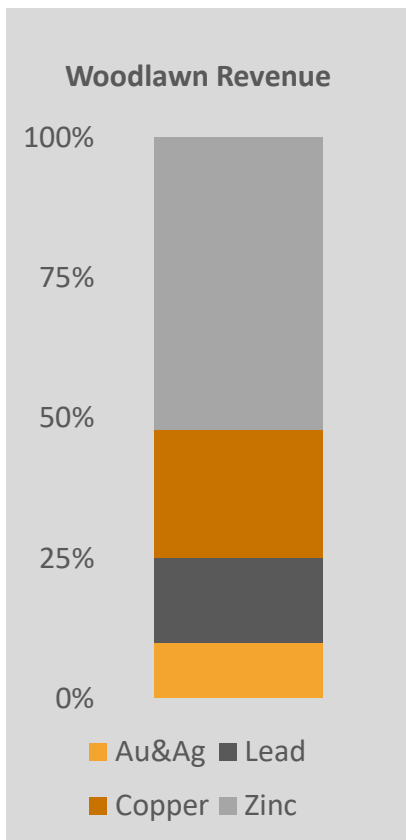
Position is driven by the grade of the metal mix and hence strong by-product credits

Strong Cash Flow Generation Potential

Strong cash flow generation potential from Heron's Reserves (relative bubble size)...

...and HRR's enterprise value lags its peers, being less than 20% that of either New Century Zinc or Trevali, and only just above Red River⁴

Note 1: C3 basis: RVR Thalanga Restart Study dated 18 October 2015, NCZ presentation dated 6 August 2018, HRR DFS published June 2016 updated with prices US\$2400/t Zn US\$6000/t Cu US\$2100/t Pb US\$1200/oz Au US\$15/oz Ag. Zinc recoveries are as published by the respective companies in their most recent announcements or presentations. Standard industry zinc payabilities are assumed. Reserves are based on most recent announcement to 11 August 2018. **Note 2:** For TV the current AISC used from Q2 2018 financials. This measure is not a life of mine estimate, and does not include depreciation, depletion, amortization, reclamation and exploration, and hence is less directly comparable to the other companies presented. **Note 3:** Total Margin = Reserve Tonnes x Zinc Grade x Zinc Recovery x Zinc Payability x (Published C3 Cost - Zinc Price). Based on zinc price of US\$2400/lb. **Note 4:** based on Jun-30 quarterly data published by the respective companies, and share prices as at 11 August 2018.



- Market imbalance - significant draw on stocks since 2013 & continues
- Delayed price reaction – strengthening started 2016
- Price incentivised reaction – re-starts dominate
- Recent pricing pullback – not supported by fundamentals
- 1st half 2018 mine production below same period in 2017¹
- Financing for greenfield developments remains difficult

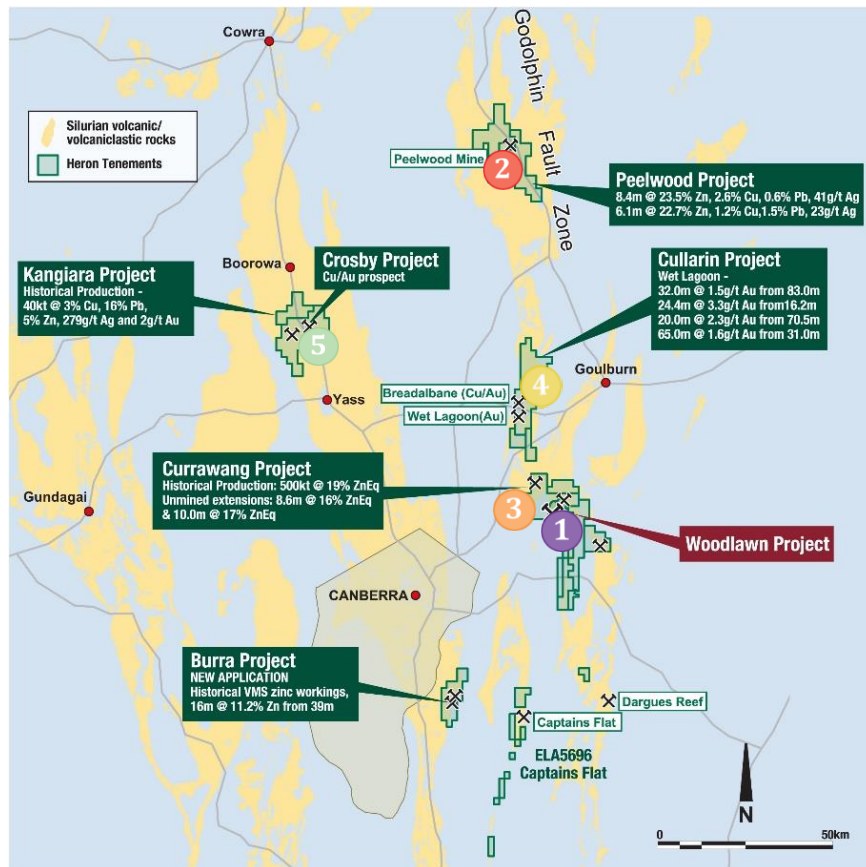
- Balanced market with strong projected demand growth
- Significant supply deficit forecast for 2019²

- Supply deficit
- 1st half 2018 mine production below same period in 2017¹
- Falling stocks – similar trend to zinc

1 ILZSG 2 ICSG 20 July 2018

GROWTH WOODLAWN EXPLORATION STRATEGY

Value Multiplier – building the business beyond the Feasibility Study 'starter case'



Prioritised Organic Growth

1

In Mine Exploration

- 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

2

Near Mine (Regional) Exploration

3

- Historical satellite production sources

4

- Advanced regional deposits

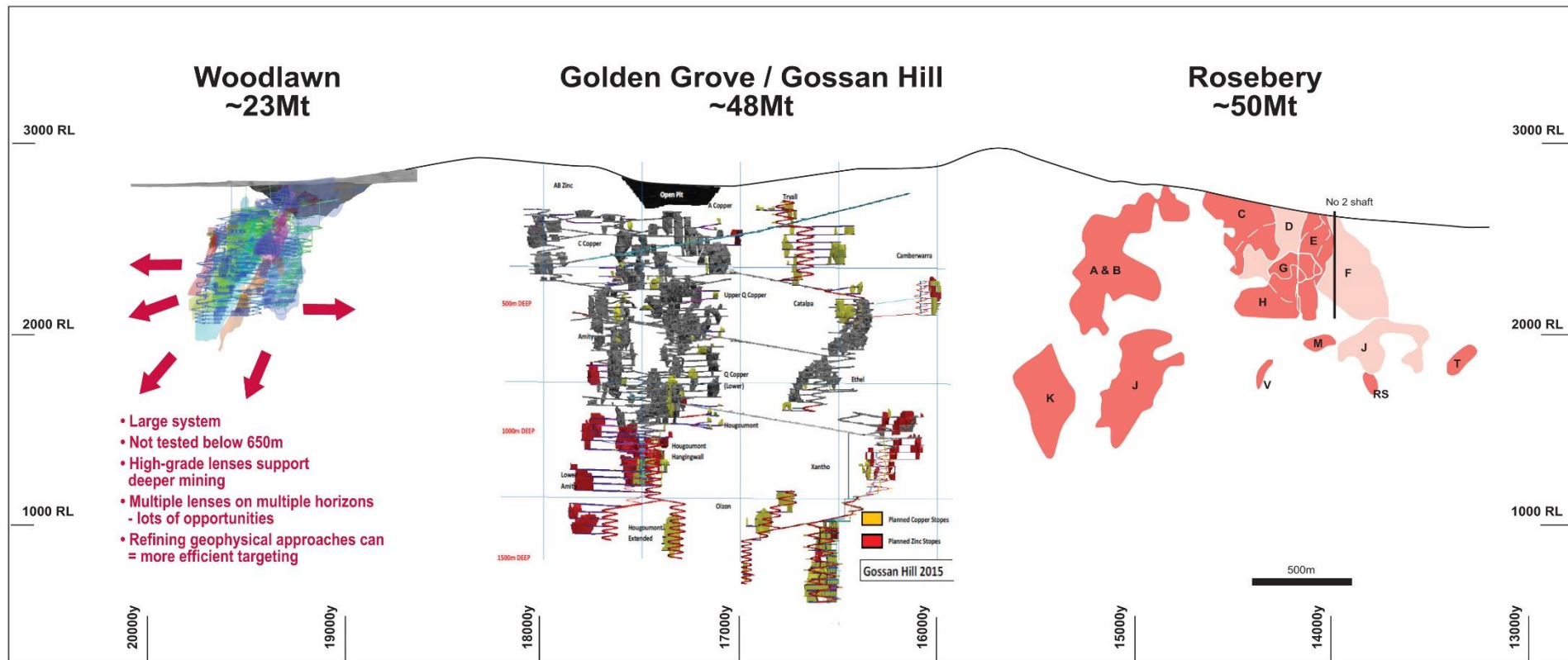
5

- Regional prospects

- Commanding land tenure position

GROWTH WOODLAWN IN-MINE EXPLORATION

Limited Testing - Comparison with more extensively tested Australian VMS deposits



GROWTH WOODLAWN IN-MINE EXPLORATION

Multiple drilling programs – high grades across multiple massive sulphide lenses

Kate Lens Polymetallic
52% ZnEq



31% Zn, 2.0% Cu, 14% Pb, 0.54g/t Au, 96g/t Ag
WNDD0007: 425 – 426m

Kate Lens Polymetallic
33% ZnEq



20% Zn, 3.1% Cu, 1.2% Pb, 0.9g/t Au, 51g/t Ag
WNDD0031: 385.85-386.50m

Kate Lens Copper
30% ZnEq



9.1% Cu, 0.87g/t Au, 26g/t Ag
WNDD0071: 383-384m

B Lens Extension
26% ZnEq



12% Zn, 0.5% Cu, 7.6% Pb, 1.0g/t Au, 169g/t Ag
WNDD0108: 552.17-553.06m

G2 Mass Polymetallic
54% ZnEq



23% Zn, 6% Cu, 14% Pb, 0.11g/t Au, 52g/t Ag
WNDD0114: 150.65-151.65

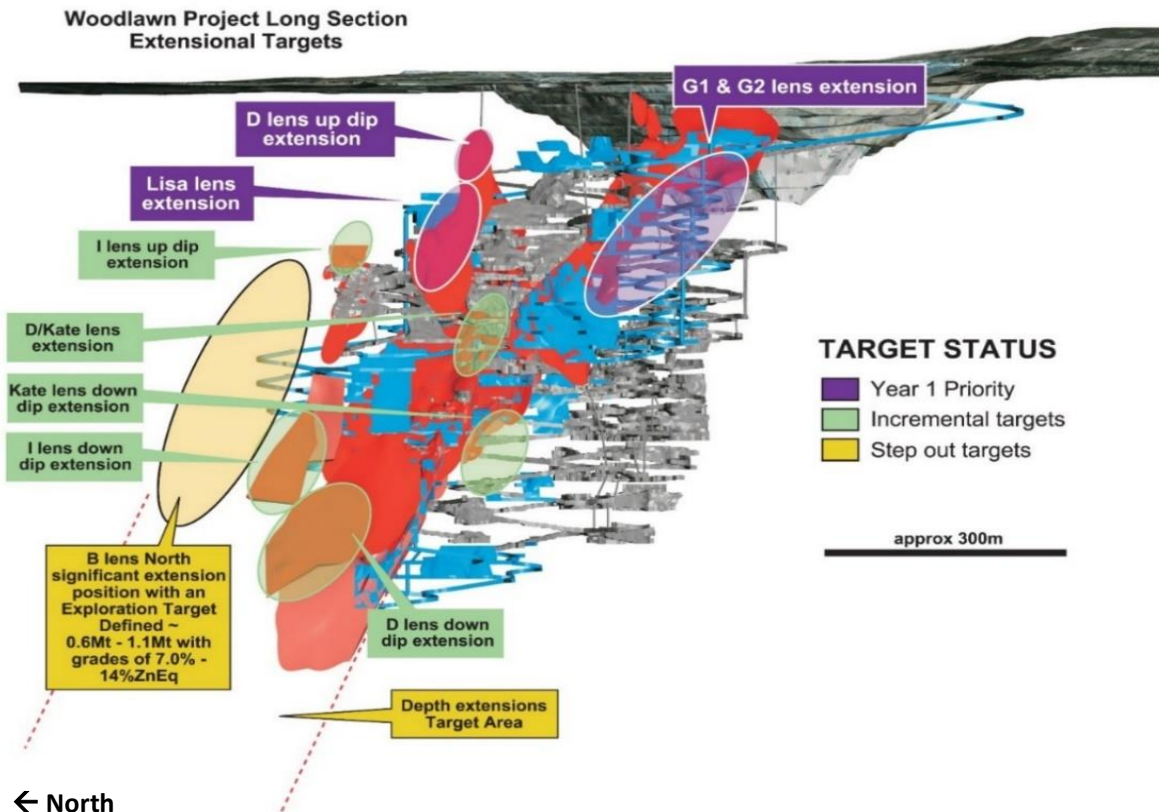
G2 Mass Polymetallic
45% ZnEq



35% Zn, 0.8% Cu, 2.2% Pb, 2.2g/t Au, 114g/t Ag
WNDD0138: 124.04-125.13

GROWTH WOODLAWN IN-MINE EXPLORATION

Targeted additions to the Mine Plan



Immediate Value-Add

Significant untapped potential remains 'in-mine'

14 Massive Sulphide Lenses

- Numerous extensional positions
- 4 new lens discoveries since 2013 - Kate, Lisa, B Nth, G2

Majority supported by existing planned capital development

In-mine focus –

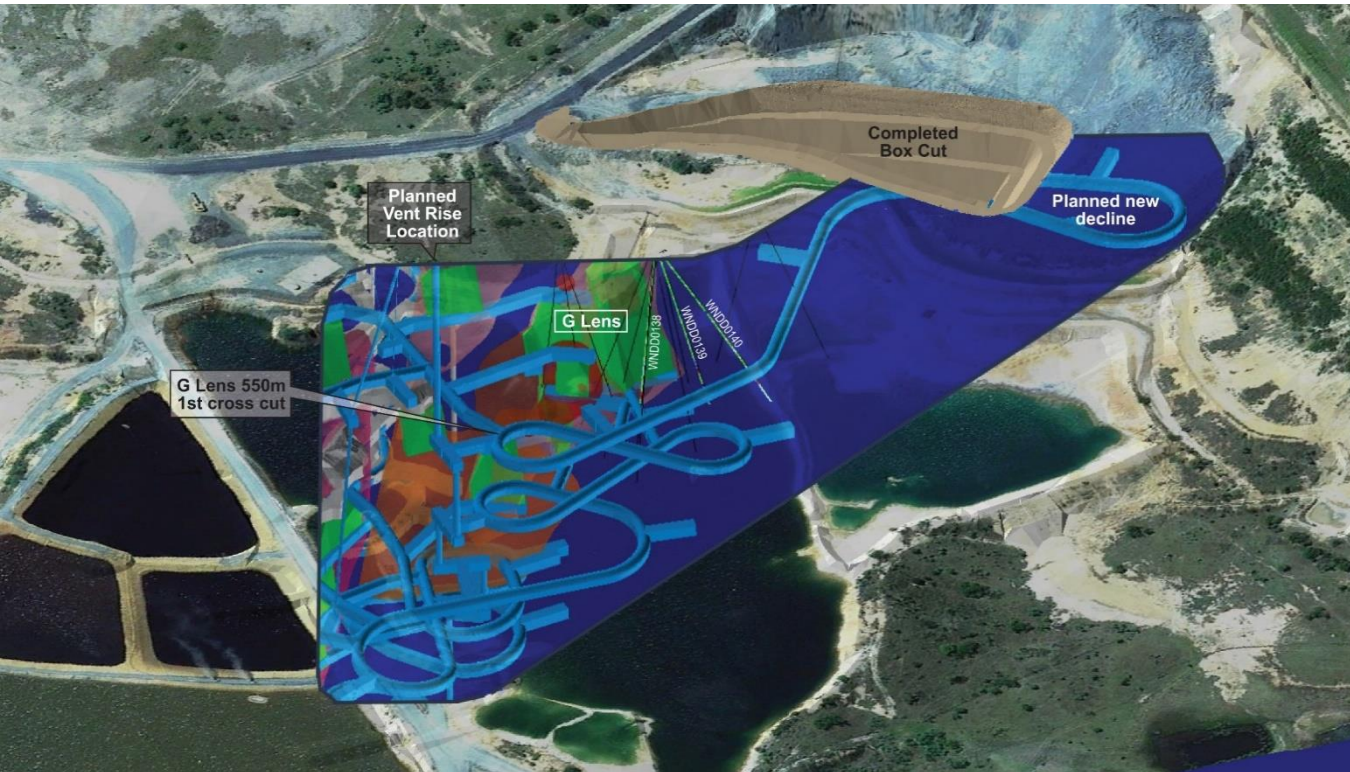
- Shallow, early production sources
- G2 & Lisa

Mine Plan - Integrated drill testing program

GROWTH WOODLAWN IN-MINE EXPLORATION

G2 Main Lens – early stage mine plan addition

Immediate Value-Add



First mineralisation to be accessed underground

Returned high grade results from G2 & G2 H/W

Resource update H2 2018

Positive initial metallurgical test work results

Depth extension potential (not closed off)

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

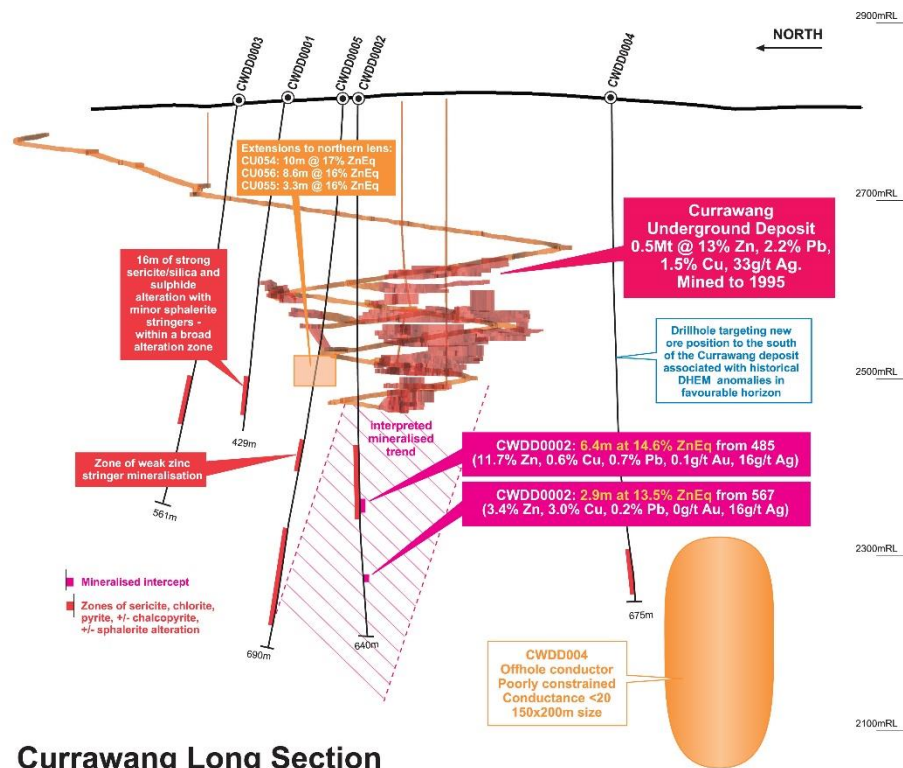
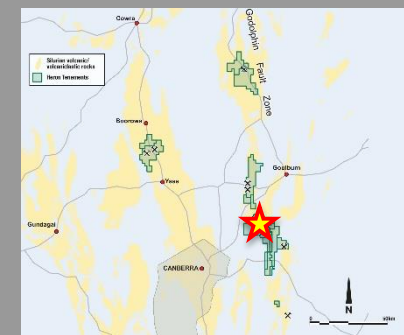
Unmined extensions:

- 8.6m @ 16% ZnEq
- 10.0m @ 17% Zn Eq

2017 – Completed 5 hole drilling program

Intercepted semi-massive zinc and copper sulphides:

- 6.4m @ 14.6% ZnEq from 485m (11.7% Zn, 0.6% Cu, 0.7% Pb, 0.1g/t Au, 16g/t Ag)
- 2.9m @ 13.5% ZnEq from 567m (3.4% Zn, 3.0% Cu, 0.2% Pb, 0g/t Au, 16g/t Ag)

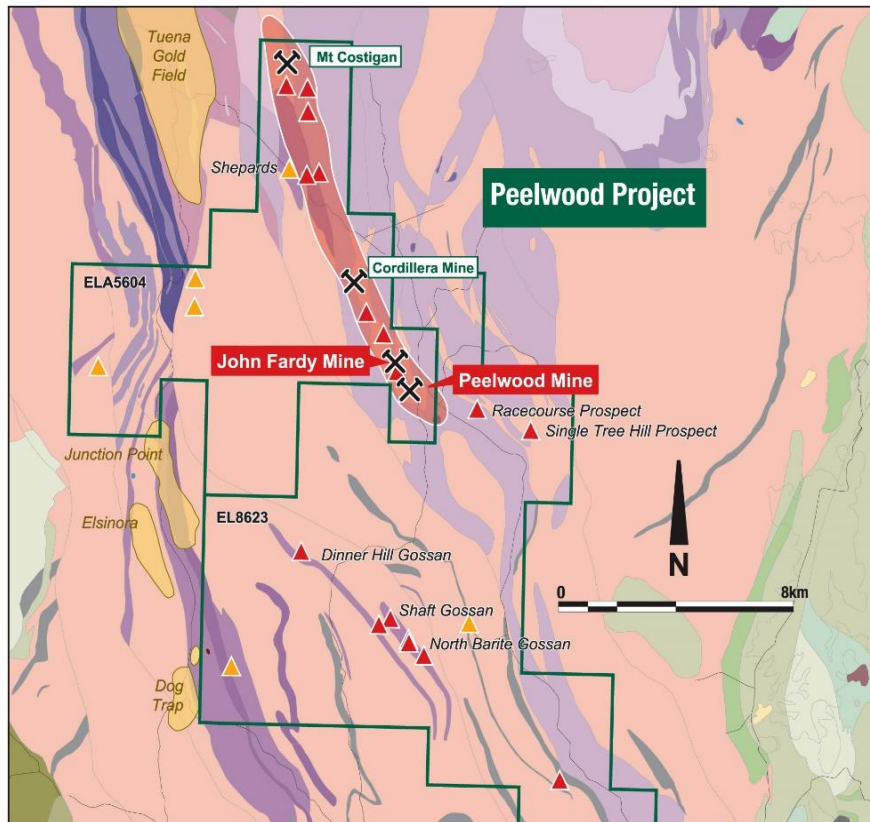


Currawang Long Section

Note: only current program drilling shown - existing drilling removed for clarity

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

- Cuddying Formation, Sandstone, siltstone and shales with rhyolitic to dacitic volcanoclastic rocks and lavas
- Cuddying Formation, Rhyolitic to dacitic, volcanic sandstone and lava
- Cuddying Formation, Quartzose sandstone with interbedded, grey to black siltstone
- Cuddying 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 north of Woodlawn

New ELA5604 – VMS camp coverage

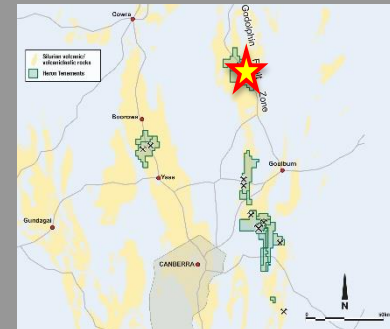
John Fardy & Peelwood Mines – a 'forgotten' asset

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





- Transitioning to PRODUCER
- Commodities with positive fundamentals
- High grade deposit
- Best in class equipment and facilities
- Low cost & long life asset
- Significant growth potential

HERON PRODUCING ZINC & COPPER IN 2019

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