



Heron Resources Limited

**HERON RESOURCES LIMITED
AN AUSTRALIAN ZINC PRODUCER**

EUROZ ROTTNEST ISLAND CONFERENCE

13 MARCH 2019

AGENDA

ASX: HRR

- ▶ COMPANY
 - ▶ OVERVIEW | BOARD & MANAGEMENT | INVESTMENT PROPOSITION
- ▶ ASSET
 - ▶ WOODLAWN ZINC-COPPER PROJECT | KEY PROJECT PHYSICALS | PATH TO PRODUCTION
- ▶ FOCUS
 - ▶ OPERATIONAL READINESS | HYDRO MINING | UNDERGROUND MINING | PROCESS PLANT
- ▶ BASE METALS MARKET
 - ▶ ZINC FUNDAMENTALS
- ▶ EXPLORATION
 - ▶ STRATEGY | IN-MINE | REGIONAL
- ▶ MINERAL RESOURCE & RESERVES
 - ▶ UNDERGROUND | TAILINGS



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Compliance Statement (JORC 2012)

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). 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, 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.

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. $ZnEq = Zn\% + Cu\% \times 3.12 + Pb\% \times 0.81 + Au\ g/t \times 0.86 + Ag\ g/t \times 0.03$. 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 test work undertaken during the 2015-16 feasibility study.



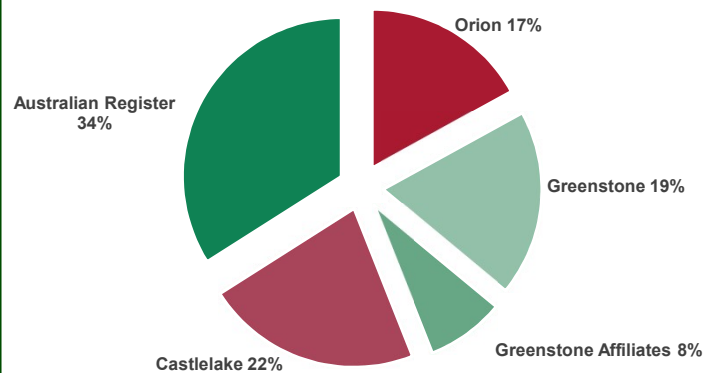
HERON RESOURCES OVERVIEW

Company snapshot

CAPITAL STRUCTURE

Shares	242 million
Options/Perf. rights	6.7 million
Share price	A\$ 0.595
Market cap	A\$ 144 million
Cash (as at 28 Feb 2019)	A\$ 69 million
Debt	US\$ 60 million facility
Listed Investments	Ardea Resources, Alchemy Resources Centennial Mining

SHARE REGISTER



HERON RESOURCES TEAM

Experienced Board & Management team

BOARD



Stephen Dennis
Chairman (Non-Executive)



Mark Sawyer
Director (Non-Executive)



Wayne Taylor
Managing Director & CEO



Ricardo De Armas
Director (Non-Executive)



Borden Putnam III
Director (Non-Executive)



Peter Rozenauers
Director (Non-Executive)



Fiona Robertson
Director (Non-Executive)



Ian Pattison
Director (Non-Executive)

MANAGEMENT



Andrew Lawry
Chief Operating Officer



Simon Smith
General Manager, Finance & Company Secretary



David von Perger
General Manager, Exploration & Geology



Charlie Kempson
General Manager, Strategy & Business Development



Brian Hearne
General Manager, Woodlawn Mine



HERON RESOURCES INVESTMENT PROPOSITION

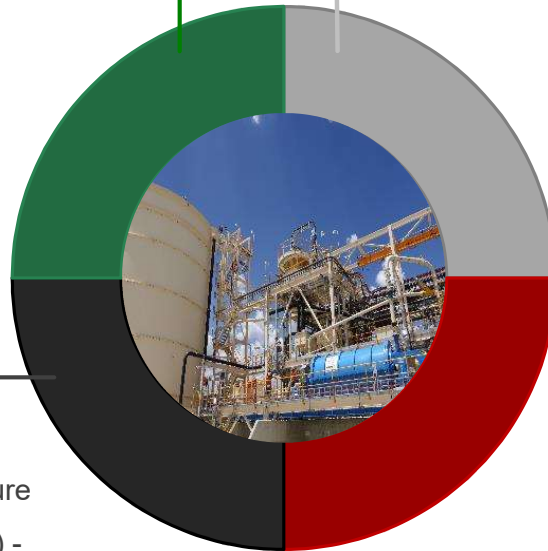
Production and first shipment of concentrate

FOCUS

- 100% Woodlawn
- Imminent producer
- Growth through strong regional position and exploration strategy

ASSET - WOODLAWN PROJECT

- High quality deposit
- Favourable jurisdiction and exceptional infrastructure
- Two production sources (underground and tailings) - reduced risk, operational flexibility and low cost
- Longevity through resource conversion & discovery



HERON RESOURCES LTD

- Experienced Board & Management team
- AU\$69 million cash
- Three supportive cornerstone investors
- Offtake agreements in place

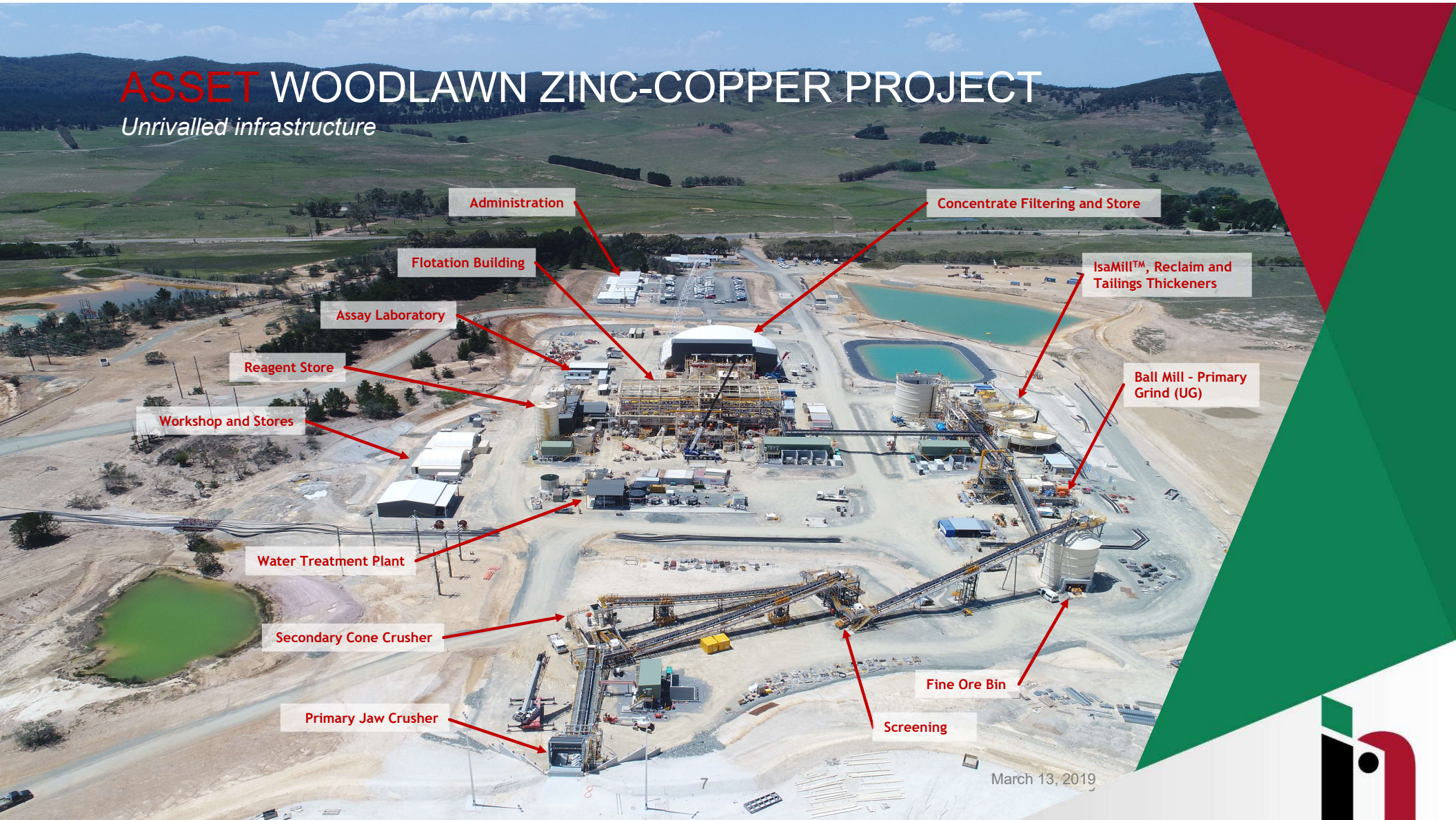
BASE METALS

- Exposure to commodities with positive supply / demand fundamentals
- Global inventories remain at low levels
- Woodlawn production timed to meet tight physical market



ASSET WOODLAWN ZINC-COPPER PROJECT

Unrivalled infrastructure



Administration

Concentrate Filtering and Store

Flotation Building

IsaMill™, Reclaim and Tailings Thickeners

Assay Laboratory

Ball Mill - Primary Grind (UG)

Reagent Store

Workshop and Stores

Water Treatment Plant

Secondary Cone Crusher

Primary Jaw Crusher

Fine Ore Bin

Screening

March 13, 2019



ASSET WOODLAWN ZINC-COPPER PROJECT

Key Project Physicals – 2016 Feasibility Study

- ▶ 1.5Mtpa Production Rate
- ▶ 9.3 year LOM (Reserves only)
 - ▶ Significant potential for upside
- ▶ Reserves
 - ▶ Underground 2.8Mt @ 14% ZnEq¹
 - ▶ Reprocessing 9.5Mt @ 6% ZnEq¹
- ▶ Steady State Gross Production
 - ▶ 40ktpa Zn (88Mlbs)
 - ▶ 10ktpa Cu (20Mlbs)
 - ▶ 12ktpa Pb (15Mlbs)
 - ▶ +Ag/+Au

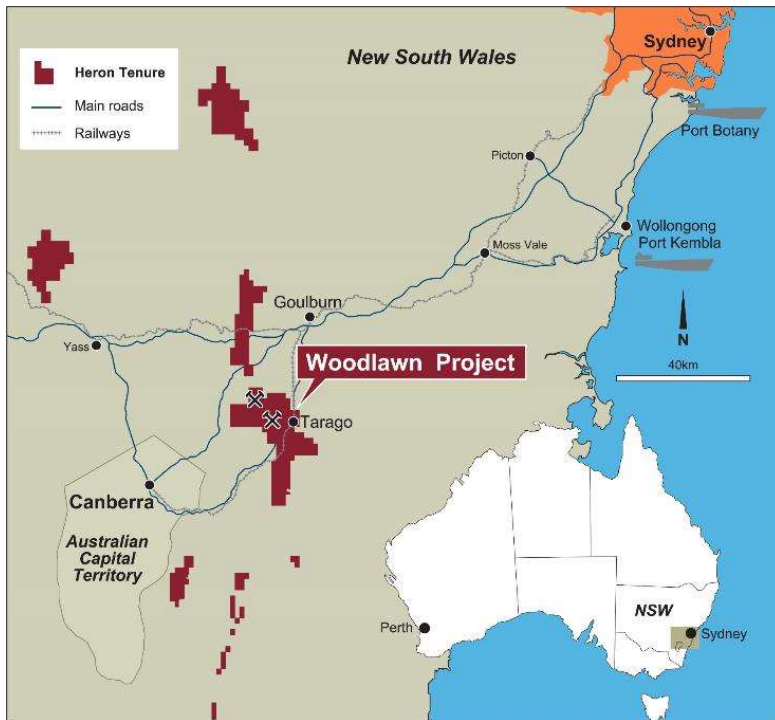


¹ Refer to slide 3 for ZnEq definition and slides 26-27 for Reserves table



WOODLAWN ZINC-COPPER PROJECT

Premier location in favorable jurisdiction with existing infrastructure – cost effective solutions



- ▶ Transport – Base metal concentrates to Port Botany and Port Kembla via existing road-rail infrastructure:
 - ▶ Roads - accessible sealed B-double rated
 - ▶ Rail - proximity to rail yard in Goulburn (approximately 50km from the mine site)
 - ▶ Intermodal solution is highly attractive
- ▶ Power – NSW State grid sub-station
- ▶ Water – Willaroo Bore Field, Goulburn Fractured Rock Aquifer
- ▶ Population Centres – skilled labour and community infrastructure



HERON PATH TO PRODUCTION

The focused delivery of Woodlawn



MARCH 2018 QTR

- ✓ 930m³ foundation concrete
- ✓ 1st equipment deliveries
- ✓ Port and Underground mining contracts awarded
- ✓ G2 & Lisa lens drilling

39%



JUNE 2018 QTR

- ✓ Major contracts – tailings mining, electricity supply & concentrate logistics
- ✓ Earthworks completed
- ✓ Structural, mechanical, piping well underway

62%



SEPTEMBER 2018 QTR

- ✓ Underground mining commences
- ✓ State of the art, key fine grinding equipment, IsaMill™ delivered and installed
- ✓ Majority of equipment in place

79%



DECEMBER 2018 QTR

- ✓ Hydraulic mining circuit commissioning
- ✓ Water treatment plant commissioning
- ✓ Operational roles appointed
- ✓ Training underway

95%



PRODUCTION

To commence first-half 2019

PROJECT

CORPORATE

- ✓ JV expansion – Alchemy Resources Limited (ASX:ALY)
- ✓ Voluntary delisting from TSX

- ✓ Acquisition of Burra Project (60km S)

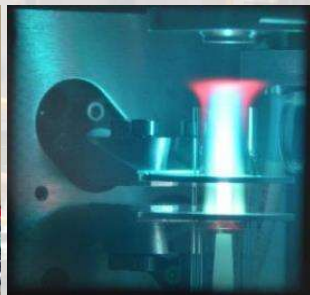
- ✓ Completed Orion debt facility drawdown (US\$60M)



FOCUS WOODLAWN OPERATIONAL READINESS

Production and first shipment of concentrate

- ▶ Operational and commissioning personnel in place
- ▶ First fills and maintenance spares sourced
- ▶ Operational and support mobile plant on site
- ▶ Hydraulic mining in advanced commissioning
- ▶ Underground mining in steady state development cycle
- ▶ Process plant commissioning underway
- ▶ Concentrate containers stored in Goulburn



FOCUS HYDRO MINING

- ▶ Hydraulic mining circuit commissioning commenced during the December quarter
- ▶ Final hand-over of the plant is expected to occur in the first quarter 2019
- ▶ Ramp-up continues under the guidance of Paragon Tailings - commissioning and operator training scope
- ▶ Clinical removal of tailings from base of dam
- ▶ Training area to set-up first production slot
- ▶ Removal of a thin low-grade cap on Tailing Dam South has commenced – expected to improve the processing performance and recoveries



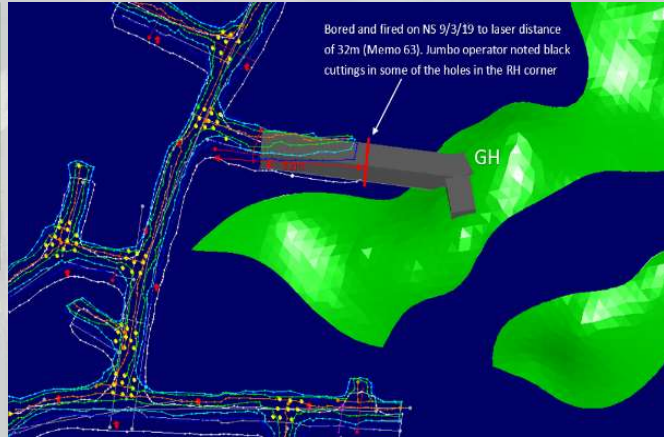
FOCUS UNDERGROUND MINING

- ▶ Underground operation commenced September 2018 quarter
- ▶ Increasing monthly advance rates – 913m to date
- ▶ G2 lens is the first ore source
- ▶ Primary ventilation raise from surface underway



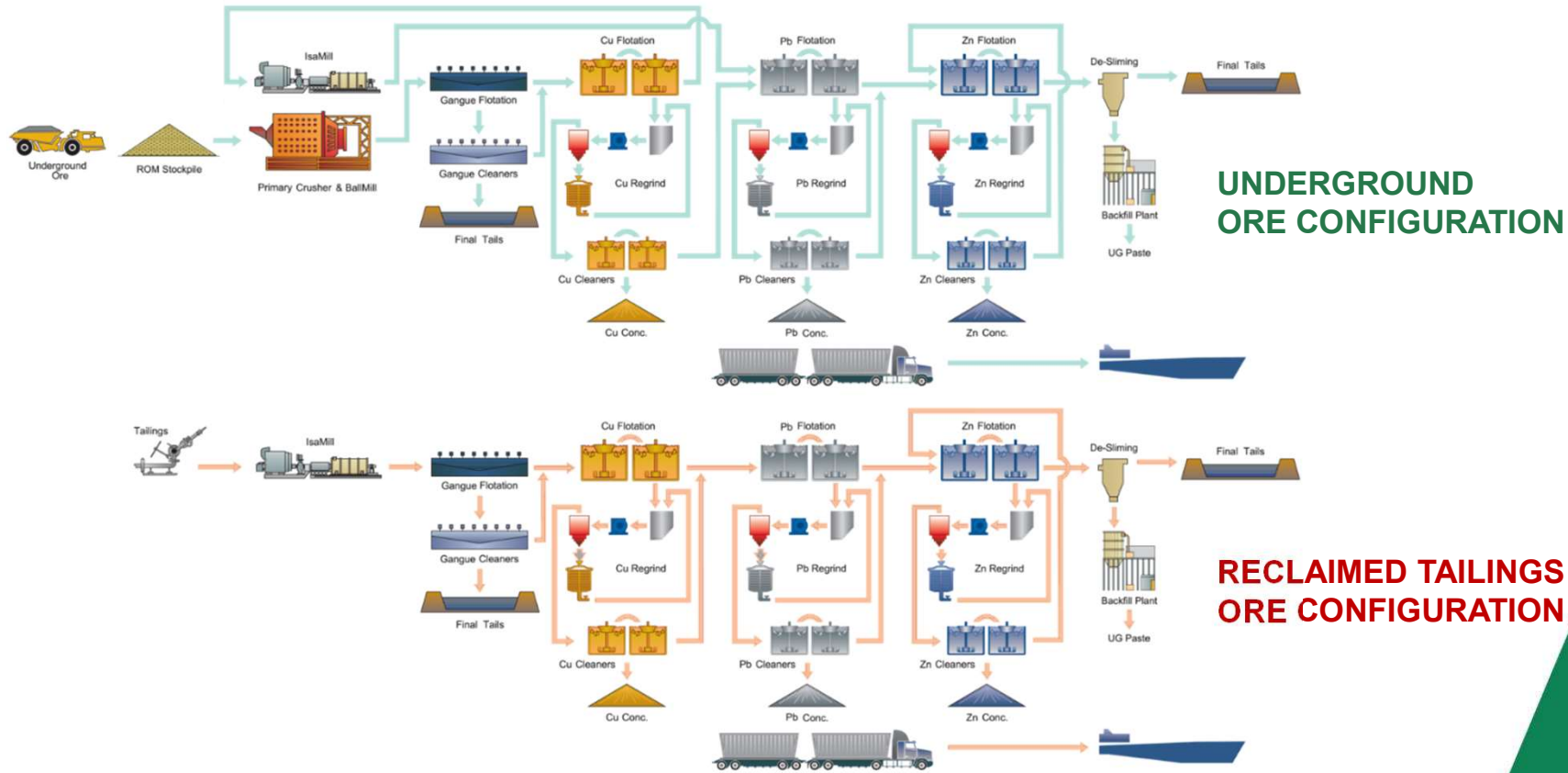
FOCUS UNDERGROUND MINING

- ▶ First Underground Ore
- ▶ 10 March 2019
- ▶ G2 Hanging wall



FOCUS PROCESS PLANT

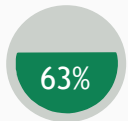
Two ore sources (underground and tailings) reduce risk and increase operational flexibility.



FOCUS PROCESS PLANT

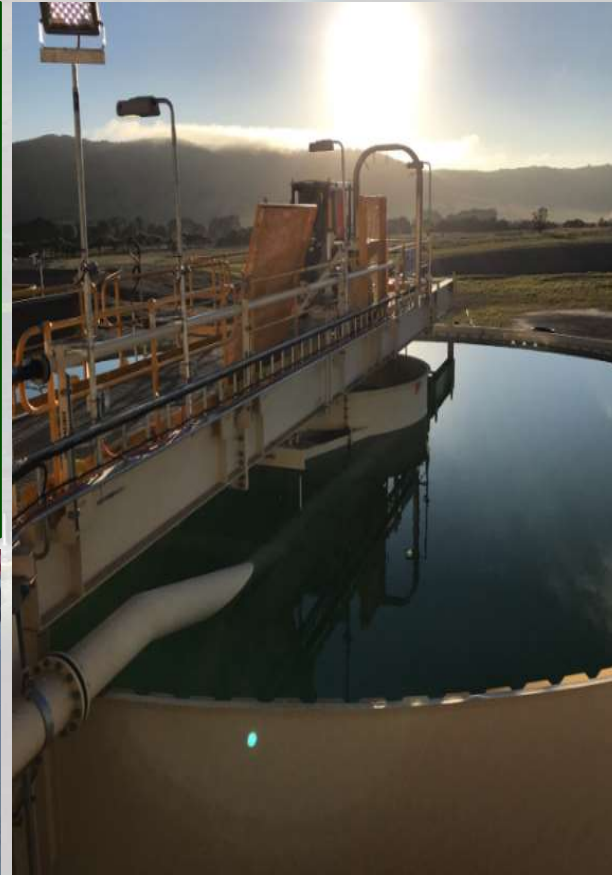
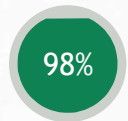
- ▶ Ramping down construction crews
- ▶ Plant on mains power
- ▶ Wet commissioning underway
- ▶ Specialist vendors onsite assisting with their equipment
- ▶ Water Treatment Plant commissioning well advanced

COMMISSIONING



Feb 2019

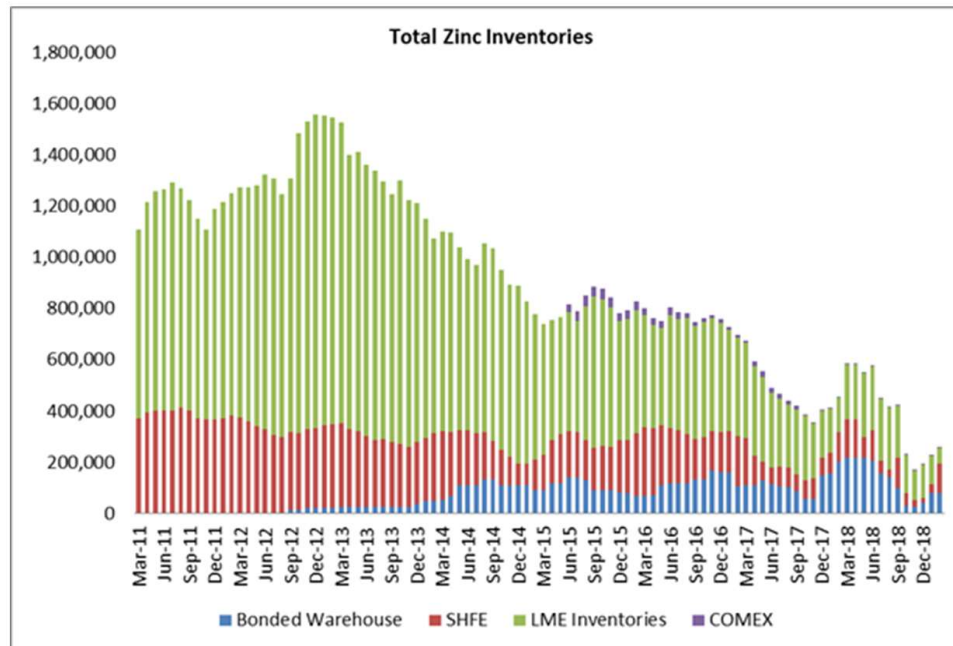
OVERALL PROJECT



MARKET ZINC FUNDAMENTALS

Current prices remain above both feasibility study and financing case levels.

- ▶ Supply Shortage and Diminishing Stocks
- ▶ Market Commentators¹
 - ▶ Refined metal deficit in 2019
 - ▶ Prices to US\$3,500/t (8 Mar US\$2,712/t)
- ▶ Stocks²
 - ▶ 255kt (LME, SHFE, Bonded, COMEX)
 - ▶ 6.2 days consumption (<10 considered tight)
- ▶ Teck³
 - ▶ Forecasting a requirement for 5Mtpa new project production by 2027
 - ▶ Current uncommitted projects are insufficient to meet low demand scenario



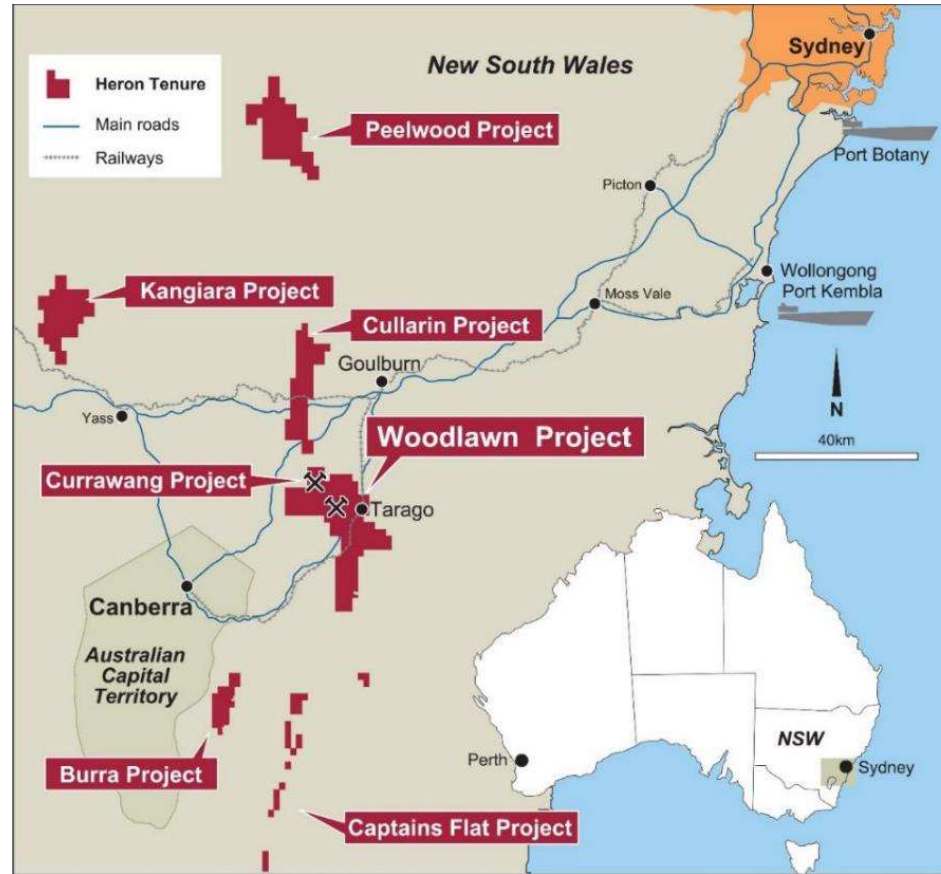
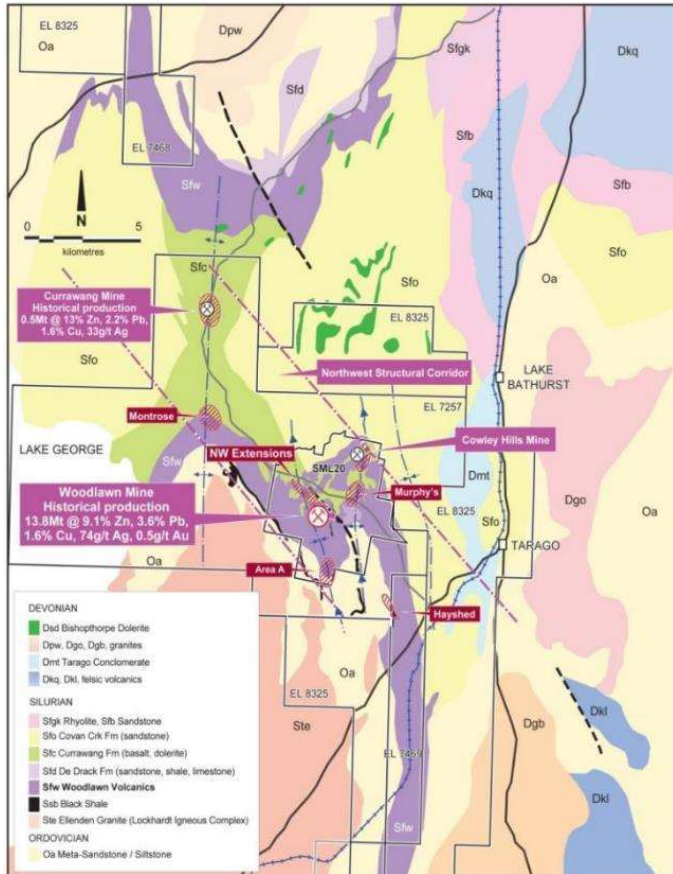
Source: Scotia Bank

1. Reuters, 5 March 2019. Shortages, shrinking stocks to energize zinc bulls.
2. The Daily Mining Scoop, Scotia Bank 8 March 2019.
3. Teck BMO presentation 25 February 2019



FOCUS EXPLORATION STRATEGY

Targeted additions to the mine plan with immediate value-add



COPPER ORE

Chalcopyrite and pyrite



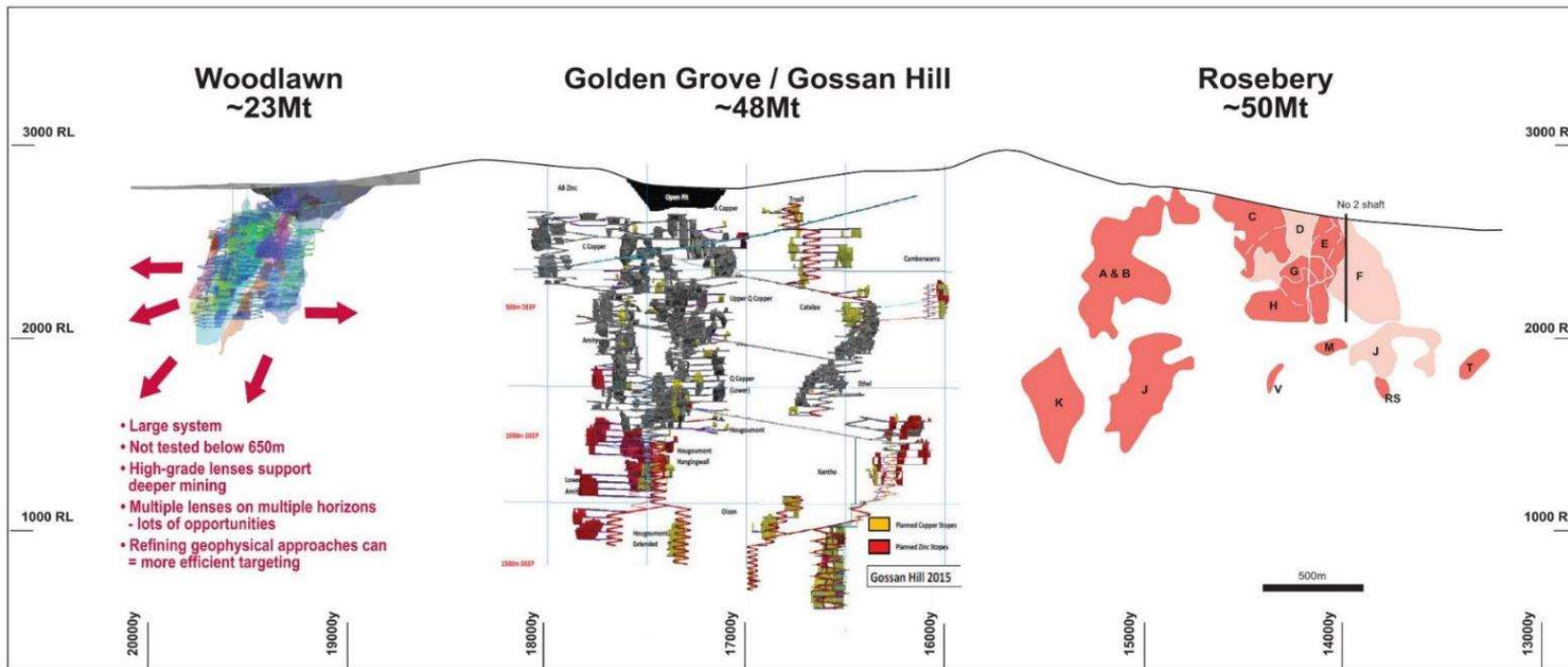
POLYMETALLIC ORE

Layered sphalerite, galena, chalcopyrite with pyrite



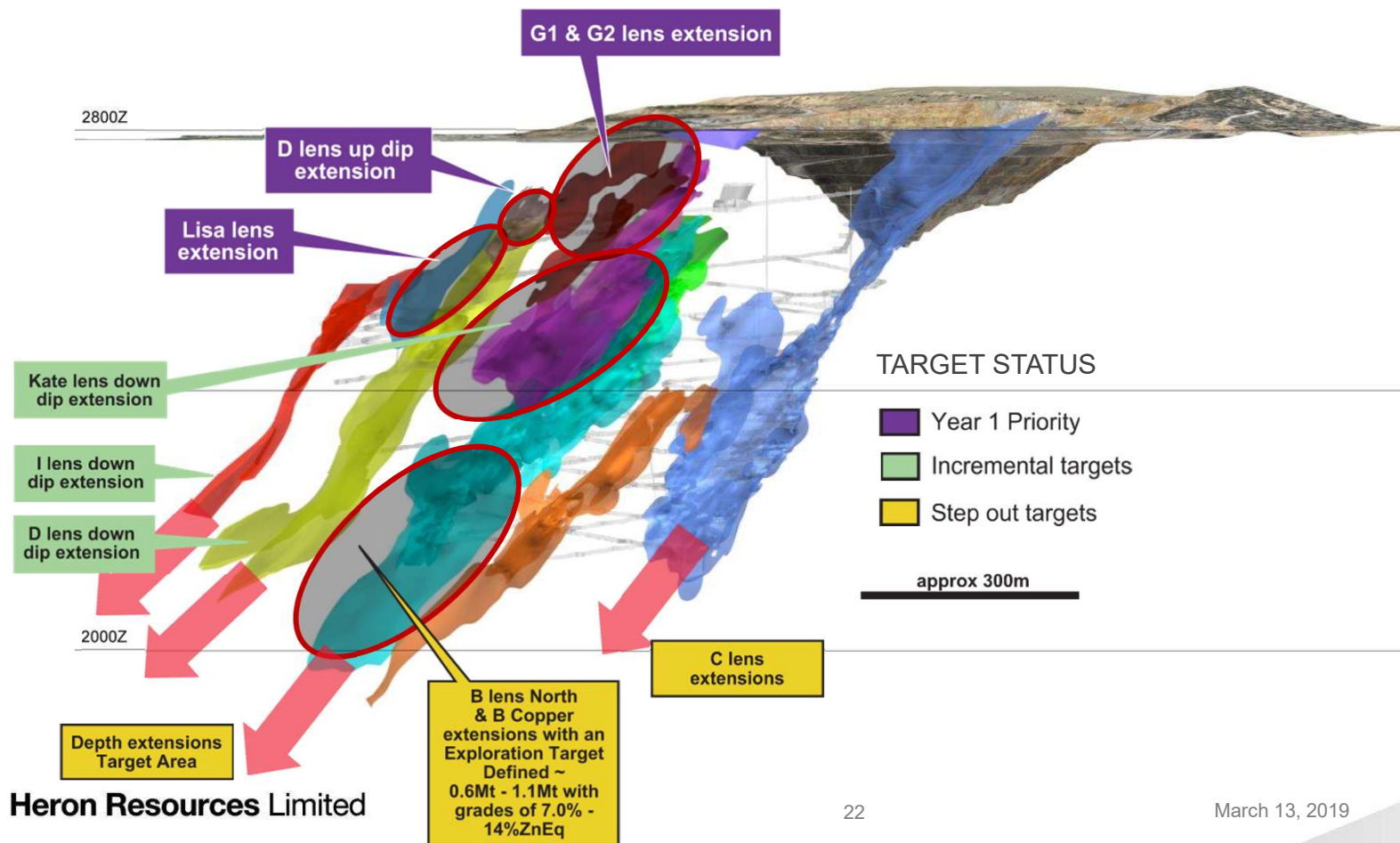
GROWTH WOODLAWN IN-MINE EXPLORATION

Limited Testing – Comparison with more extensively tested Australian VMS deposits.



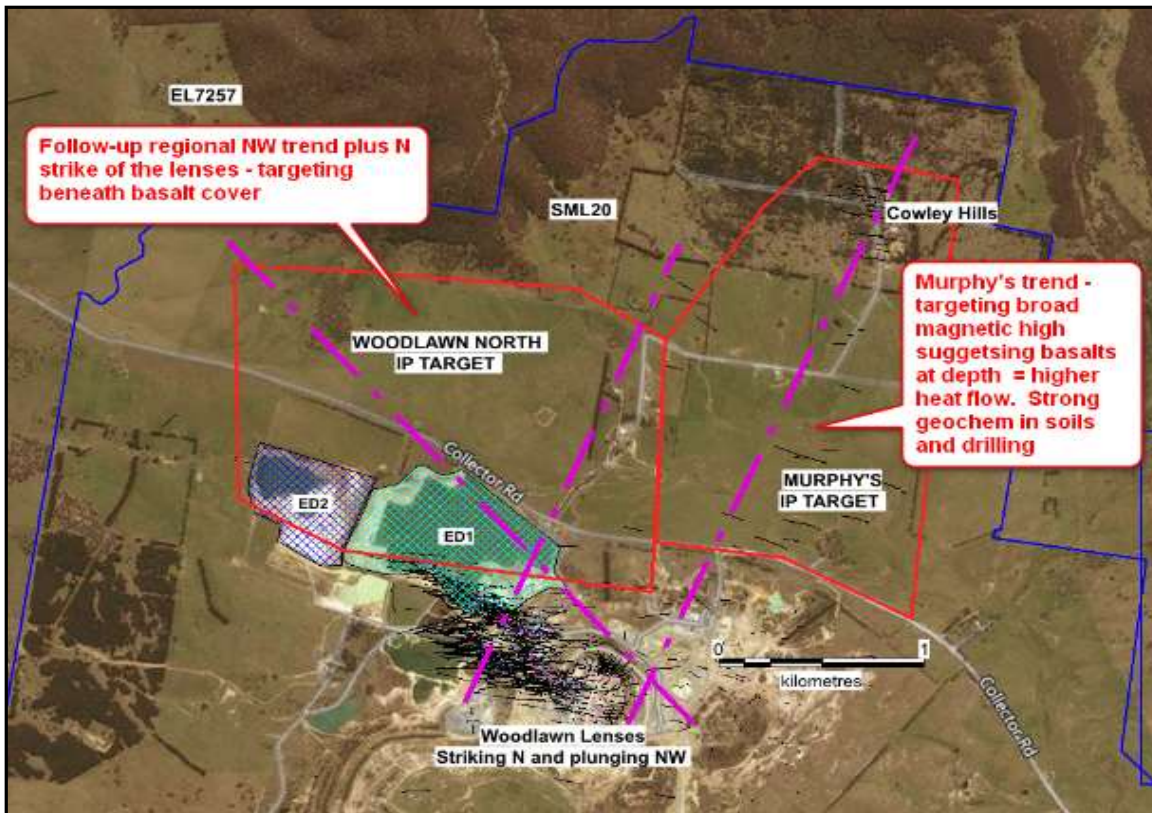
GROWTH WOODLAWN IN-MINE EXPLORATION

Targeted additions to the mine plan with immediate value-add – significant untapped potential remains 'in-mine'



GROWTH WOODLAWN REGIONAL POTENTIAL

Modern Deep IP Survey Planned for north of Woodlawn

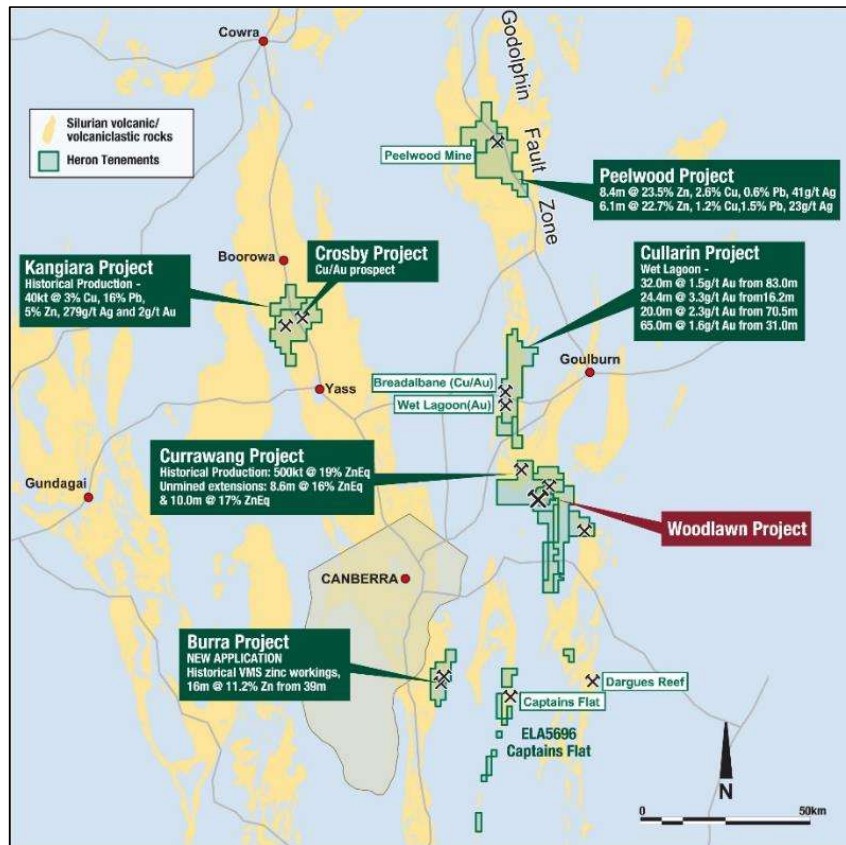


- ▶ Seeking a Woodlawn repeat beneath mafic (basalt/dolerite) cover sequences
- ▶ Ability to map broad scale alteration to 300-400m depth
- ▶ Evidence of mineralisation (surface geochem and historical drilling) extending to Cowley Hills deposit
- ▶ On existing Mining lease (blue line)
- ▶ One landowner (Veolia) – no access issues or impediments
- ▶ Commenced March 2019



GROWTH WOODLAWN REGIONAL POTENTIAL

Growth potential across a number of Heron tenements in 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 years



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Heron Resources Limited



UNDERGROUND – MINERAL RESOURCES AND ORE RESERVES

Woodlawn Total Underground Mineral Resource 2017 (ASX Release 13 Nov 2017)
(7% ZnEq cog for Polymetallic and 1% Cu cog for Copper)

Indicated + Measured Mineral Resource

			Tonnes Mt	ZnEq %	Zn %	Cu %	Pb %	Au g/t	Ag g/t
All Lenses	Polymetallic	Ind+Mea	2.7	21.6	10.9	1.5	4.0	0.7	79
All Lenses	Copper	Ind+Mea	1.9	9.7	0.7	2.6	0.1	0.2	14
Total	Combined	Ind+Mea	4.6	16.7	6.7	1.9	2.4	0.5	52

Inferred Mineral Resource

			Tonnes Mt	ZnEq %	Zn %	Cu %	Pb %	Au g/t	Ag g/t
All Lenses	Polymetallic	Inf	1.9	16.9	7.3	1.5	3.0	0.8	61
All Lenses	Copper	Inf	0.7	9.2	0.7	2.5	0.1	0.2	12
Total	Combined	Inf	2.6	14.9	5.6	1.8	2.2	0.6	48

Total Mineral Resource

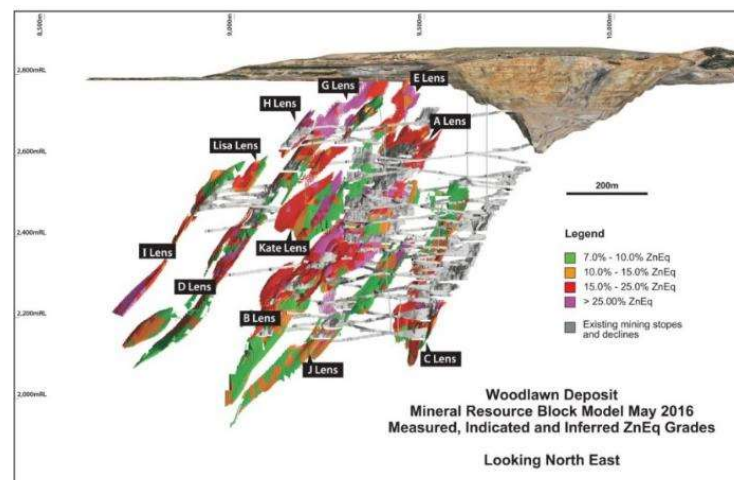
			Tonnes Mt	ZnEq %	Zn %	Cu %	Pb %	Au g/t	Ag g/t
All Lenses	Polymetallic	Ind+Mea+Inf	4.6	19.7	9.4	1.5	3.6	0.7	71.6
All Lenses	Copper	Ind+Mea+Inf	2.6	9.6	0.7	2.6	0.1	0.2	13.5
Total	Combined	Ind+Mea+Inf	7.2	16.0	6.3	1.9	2.3	0.5	50.6

Woodlawn Underground Mineral Reserve Estimate 2016

Type	Reserve Category	Quantity (Mt)	ZnEq(%)	Zn(%)	Cu(%)	Pb(%)	Au(g/t)	Ag(g/t)
Polymetallic	Proven	0						
Polymetallic	Probable	1.8	16	8.1	1.2	2.9	0.56	57
Copper	Proven	0						
Copper	Probable	0.96	8.8	0.61	2.4	0.13	0.23	14
Total	Probable	2.8	14	5.5	1.6	1.9	0.45	42

Heron Resources Limited

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March 13, 2019



TAILINGS – MINERAL RESOURCES AND ORE RESERVES

Mineral Resource Estimate - Woodlawn Retreatment Project (2016)

Resource Category	Grades						
	Quantity (Mt)	ZnEq (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Measured + Indicated Mineral Resources							
North Dam	2.7	6.0	2.40	0.42	1.30	0.27	34
South Dam	3.3	6.0	2.50	0.46	1.20	0.25	27
West Dam	3.8	6.5	2.0	0.62	1.40	0.40	35
Total Mea+ Ind	9.8	6.2	2.30	0.51	1.3	0.31	32
Inferred Mineral Resources							
North Dam	0.2	6.2	2.40	0.42	1.30	0.27	34
South Dam	0.9	5.6	2.30	0.48	1.20	0.25	24
West Dam	0.0	-	-	-	-	-	-
Total Inferred	1.1	5.8	2.30	0.47	1.20	0.25	27
Total Mea+Ind+Inf	10.9	6.2	2.30	0.51	1.29	0.30	32



Woodlawn Tailings Mineral Reserve Estimate 2016

Reported with no cut-off grade applied

Reserve Category	Quantity (Mt)	ZnEq(%)	Zn(%)	Cu(%)	Pb(%)	Au(g/t)	Ag(g/t)
Proven	6.4	6.0	2.2	0.5	1.3	0.29	31
Probable	3.2	6.0	2.1	0.5	1.3	0.33	32
Total (Proven + Probable)	9.5	6.0	2.2	0.5	1.3	0.31	31

