



Heron Resources Limited

ASX: HRR

TSX: HER

Diggers & Dealers
Mining Forum 2015
Kalgoorlie WA
3-5 August 2015

Forward Looking & Compliance Statements



CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release 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 news release. 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 news release 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 news release.

Compliance Statement (JORC 2012 and NI43-101)

This Report incorporates by reference the complete ASX announcement relating to the PEA results which were released to the market on 22 April 2015 and is entitled "Preliminary Economic Assessment Delivers Strong Business Case for the Woodlawn Zinc-Copper Project" ("PEA Announcement"). The PEA 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 Underground Mineral Resources as well as the detailed technical and financial assumptions which underpin the PEA results.

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 report.

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 each block grade 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. It is Heron's view that all the metals within this formula are expected to be recovered and sold.



Woodlawn VMS Zinc-Copper Project

- High grade / high value deposit
- Zinc – strong supply/demand fundamentals
- Established Mineral Resources & Ore Reserves
- High grade underground (“WUP”) and advanced tailings project (“WRP”)
- Granted mining lease and project approvals in place
- Excellent infrastructure: road, rail, power, water



Heron Resources

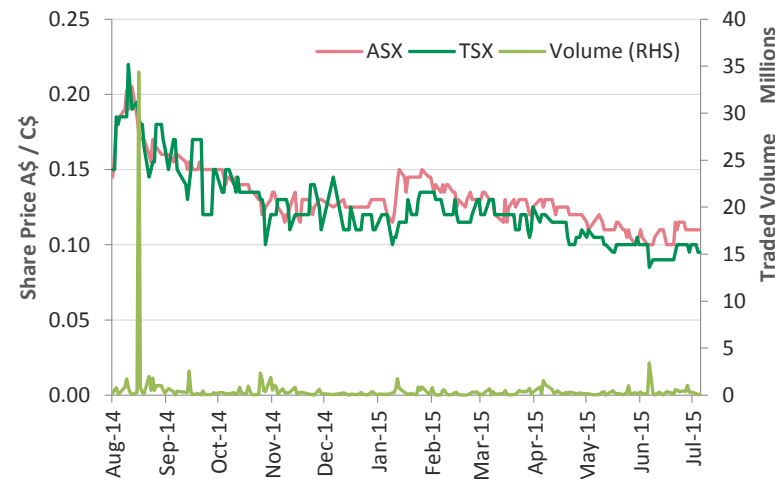
Corporate Summary (ASX:HRR / TSX:HER)



Capital Structure¹

	TSX : HER	ASX : HRR
Shares:	360.9m	
Options:	16m	
Share Price:	\$0.11 (27 Jul 2015)	
Market Capitalisation:	\$40M	
Cash:	\$24M (30 Jun 2015)	
Listed Investments:	\$2.3M	

Share Price

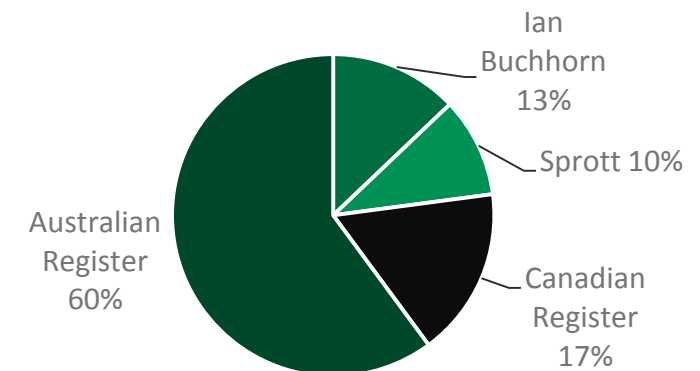


1: Before the pending investment by Greenstone of \$6.8m at 12.6c

Board & Management¹

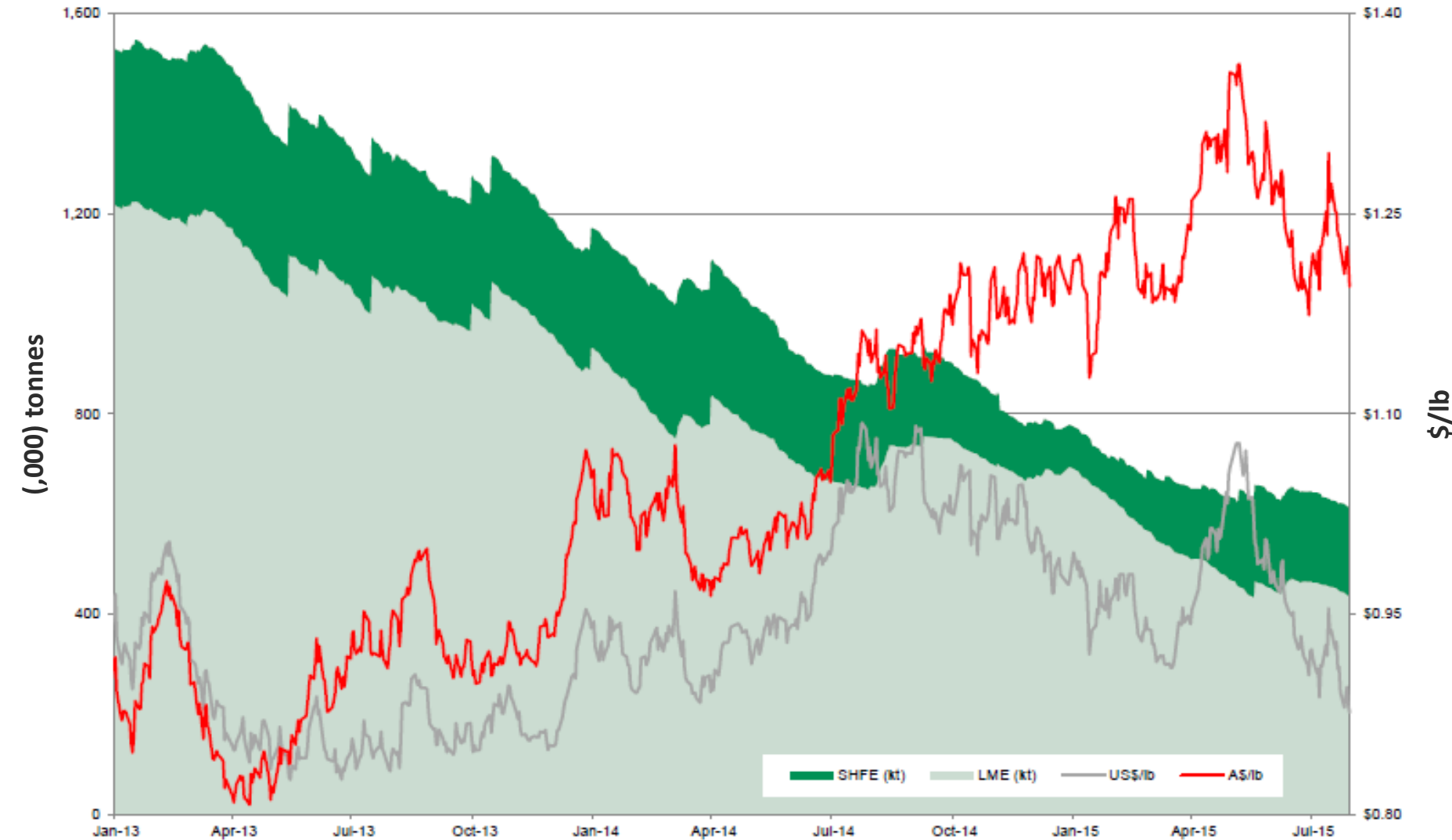
Chairman	Stephen Dennis
Non-Executive Director	Borden Putnam III
Non-Executive Director	Fiona Robertson
Executive Director	Ian Buchhorn
Managing Director & CEO	Wayne Taylor
Chief Operating Officer	Andrew Lawry
General Manager Exploration	Dave von Perger
General Manager Strategy	Charlie Kempson
CFO & Company Secretary	Simon Smith

Share Register¹



Compelling Fundamentals

Zinc market entering a period of sustained strength



- **Mine closures will impact global supply**
- **Mine Supply < Usage** (last 3 consecutive months and YTD)¹
- **Falling warehouse stocks** (2015 YTD -162kt or 21% - LME+SHFE)
- **Few near term development projects**
- **Average production grades are falling**
- **Strong price outlook from major commodities forecasters**

1. ILZSG – July 2015

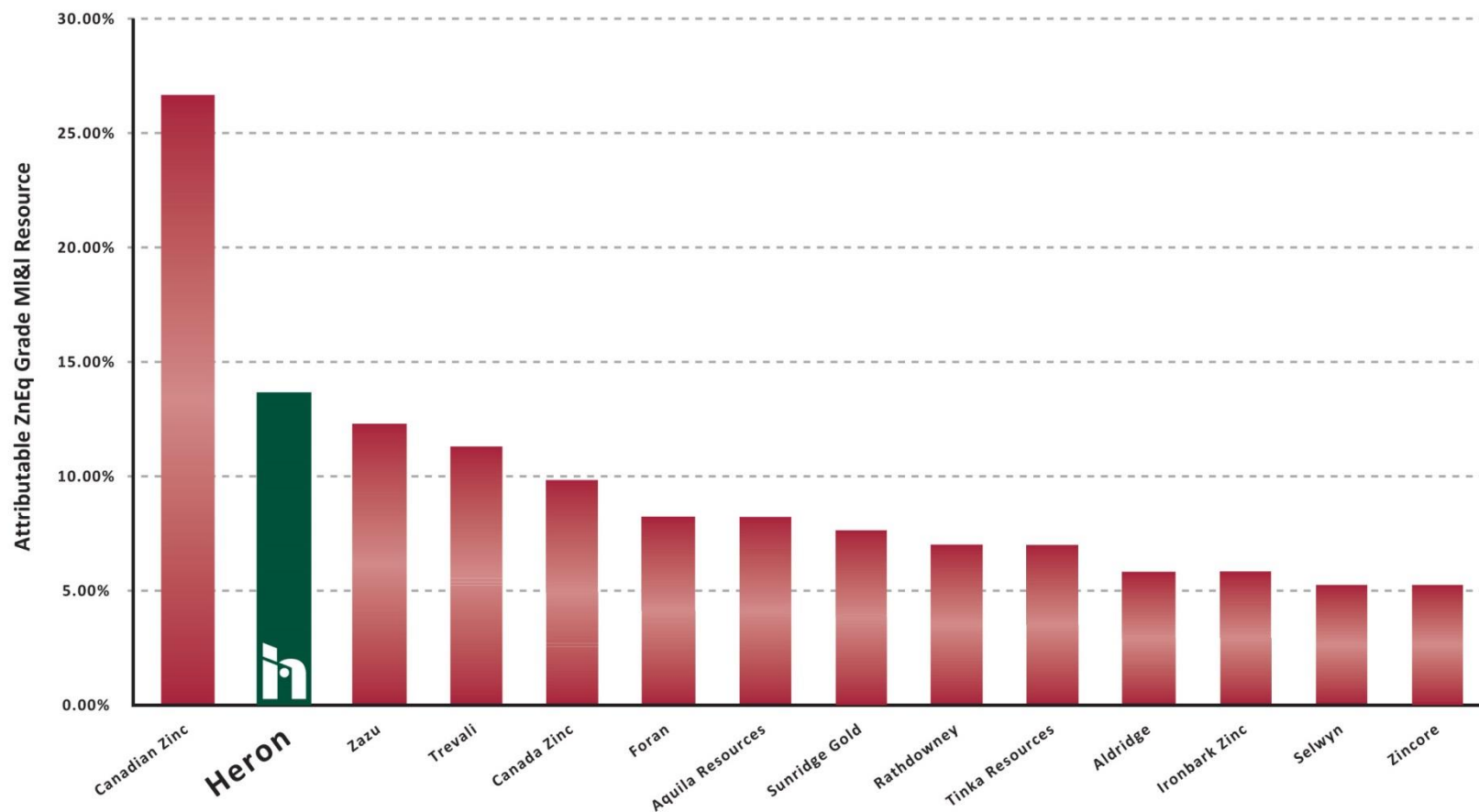
Woodlawn – a High Grade Deposit

Underground deposit continues to deliver new high-grade mineralisation



- Mine grades are falling globally, new high grade mines are scarce and/or inaccessible
- Woodlawn high grade historical production (13.8Mt @ 9.1% Zn, 3.6% Pb, 1.6% Cu, 0.5g/t Au, 74g/t Ag)
- The new 6.5Mt WUP Resource compares extremely well to global peers
- Even the WRP Resource grade of ~6% ZnEq is above some greenfields peers

Relative ZnEq Resource Grade of Peer Group – New Zinc Mine Developers



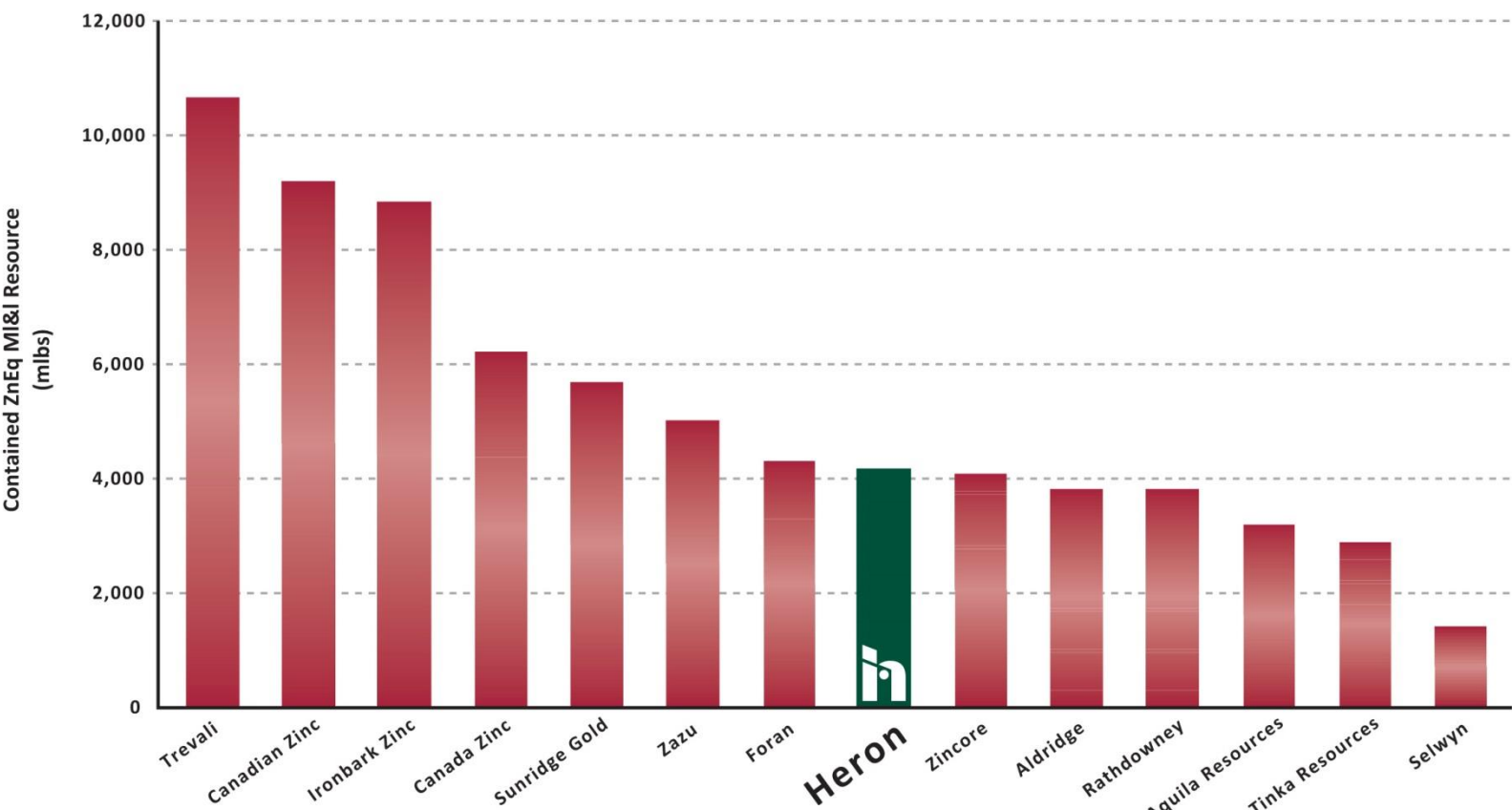
Source: Company filings, Paradigm Capital Inc.

PEA Resource & Production Target

‘Starter Case’ Production Target of significant size

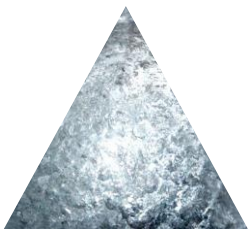


Relative Resource Size of Peer Group – New Zinc Mine Developers

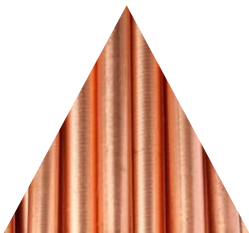


Source: Company filings, Paradigm Capital Inc.

Source (Production Target):
Heron Preliminary Economic Assessment (PEA) - “steady state”



Zn metal in concentrate
Annual Production Target
51Ktpa Zn
(112Mlb)



Cu metal in concentrate
Annual Production Target
10Ktpa Cu
(22Mlb)
+ Ag +Au



Pb metal in concentrate
Annual Production Target
16Ktpa Pb
(35Mlb)
+Ag +Au

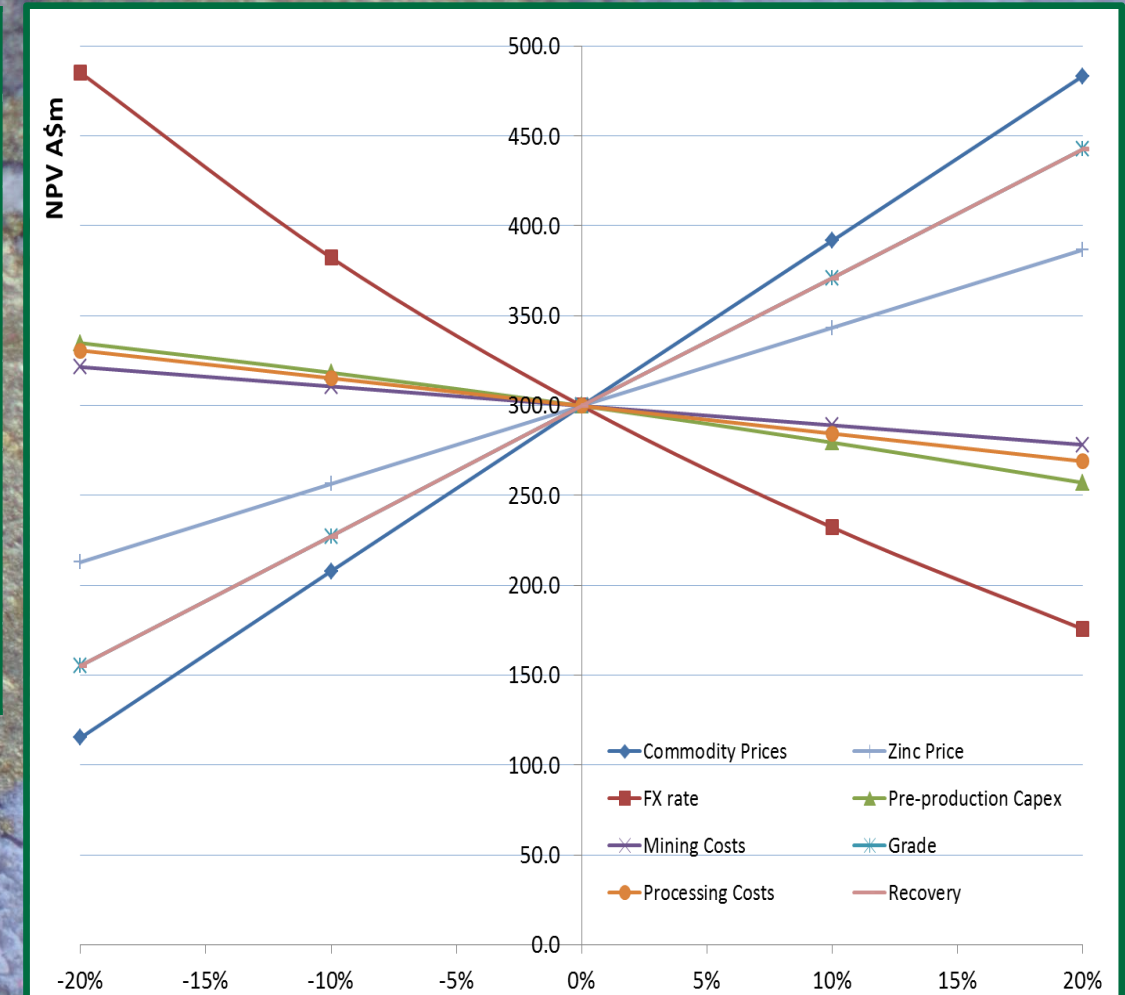
Proving the Case for a Woodlawn Restart

PEA “Starter Underground” delivers a strong business case



Post-tax NPV _{8.3} *	A\$291 million
Post-tax IRR	46%
Initial Capital	A\$140M
Payback Period	2 years from commissioning
Mine life	11 years
Post-tax Cash Flow	A\$577M
C1 Cash Cost	US\$(0.00)/lb Zn
C3 Total Cost	US\$0.30/lb Zn

**Results reported using an 8.3% post tax real discount rate (approx. 10% post-tax nominal). AUD/USD FX trending from 0.73 to 0.69 by 2021. Flat real commodity prices of US\$1.09/lb Zn, US\$0.93/lb Pb, US\$2.90/lb Cu, US\$18.50/oz Ag and US\$1,200/oz Au. All other material assumptions as per the release of 22 April 2015 with the following adjustments - amended modelled treatment of recoverability of tax losses and updated opening tax loss assumptions (opening tax losses increased to \$77M, opening capitalised exploration increased to \$32.3M); and various adjustments to operation cost modelling (no changes to the underlying assumptions). The PEA document which may be downloaded from SEDAR or the Company's web site.



Delivering

PEA complete, funding options progressing, Feasibility Study under way



✓ **8 months PEA finalised** delivering compelling business case

- On-time, on-budget
- Multiple high grade extensions
- Significant new shallow Resource
- New mine plan
- Successful metallurgical testwork
- Single plant WUP + WRP
- Strong business case
 - Compelling economics
 - Potential staged development
 - 11 year mine life

12 Months Feasibility Study commenced assessing “staged development” options

- Fully funded with Cash & Investments of \$26.3m (30 June)
- \$11m Feasibility budget approved and under way
- New strategic partner Greenstone announced 24 July (up to additional \$20m)
- Decision on staged development early start based on shareholder returns potential

18 Months Decision to Mine, Project Funding, Construction and Commissioning

- Feasibility Study completion expected H1 calendar 2016
- To be followed by project funding, construction (12-18 months)
- First production target is Q1 2018 (and up to 12 months earlier if staged development is approved)





Equity Funding Package of up to \$20M with Greenstone Resources L.P.

- Initial raising of \$6.8M through a placement of 54.1M shares to Greenstone Resources L.P. at 12.6 cents per share representing a significant premium to Heron's share price
- Potential additional investment by Greenstone of \$13.2M (or capping Greenstone's interest to 19.9% of Heron) as part of the potential staged development of the Woodlawn Project
- Strategic relationship under which Heron will have access to Greenstone's technical and financial expertise, and Greenstone will nominate a director to the Heron Board
- Greenstone is a specialist London-based mining and metals private equity fund with extensive experience in project development and operations, risk management and execution of project financing plans
- Strengthens Heron's balance sheet in preparation for a decision to mine, regardless of development timing

High Quality Underground Resource

A new underground Mineral Resource targeted lower risk, shallow areas

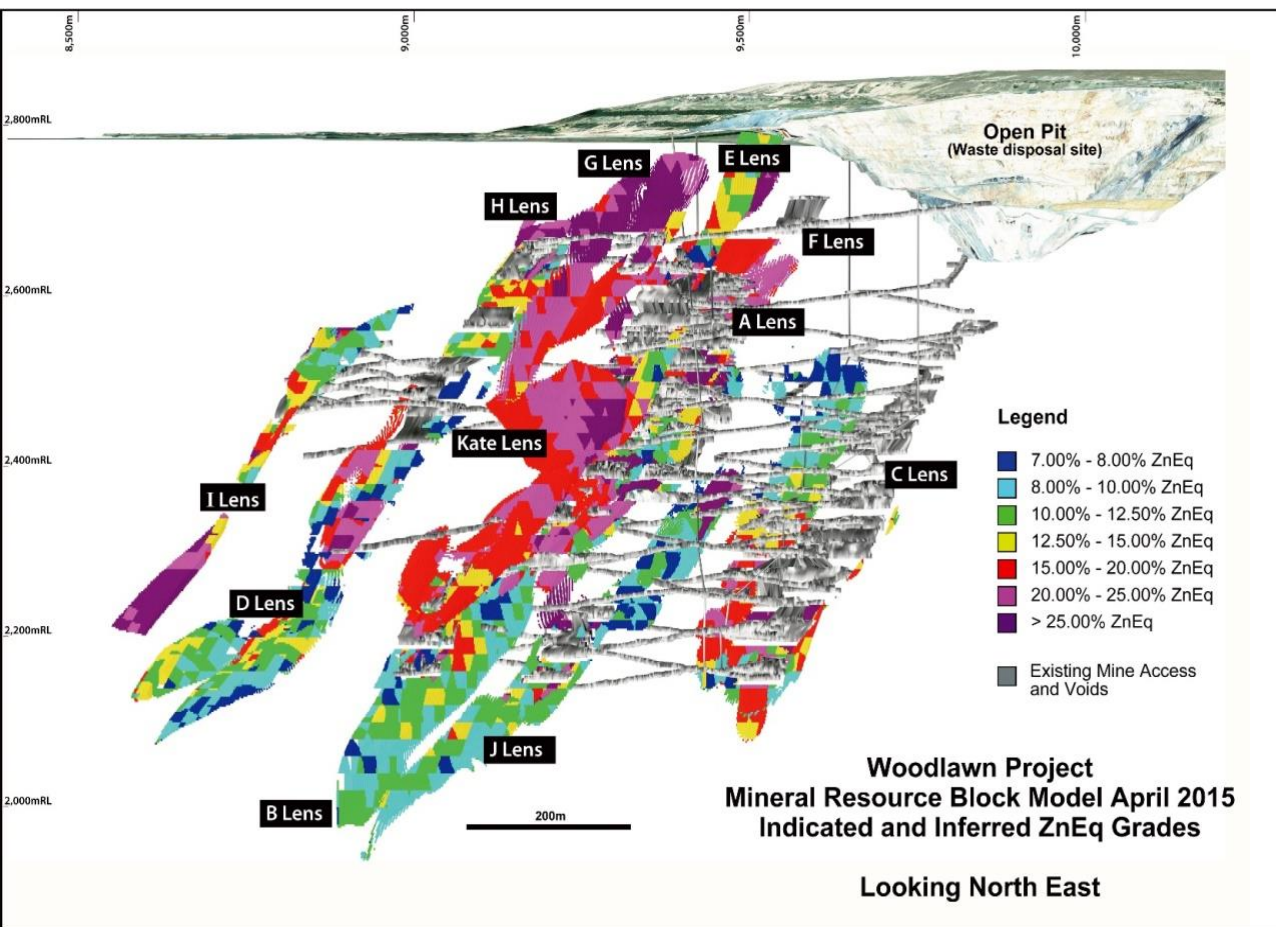


Mineral Resource Estimate

Type	Resource Category	Quantity (Mt)	Zn Eq. (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Woodlawn Underground Project (WUP)								
Polymetallic	Indicated	1.6	21	10.7	1.5	4.0	0.46	78
Polymetallic	Inferred	3.0	19	8.1	1.6	3.2	0.88	70
Copper	Indicated	0.8	10	1.0	2.8	0.3	0.07	16
Copper	Inferred	1.1	11	1.1	2.8	0.2	0.14	15
Woodlawn Retreatment Project (WRP)								
	Measured + Indicated	9.40	6.3	2.33	0.52	1.36	0.30	32
	Inferred	2.25	5.7	2.10	0.44	1.30	0.27	31

WUP - Reported at a 7% ZnEq lower cut-off grade. WRP - Reported at a 0% ZnEq lower cut-off grade

- Drilling focused on shallow positions for new resources
- New Kate Lens discovery added 0.5Mt @ 22% Zn eq.
- Added ~2.8Mt of new Inferred Resources



Notes to accompany Woodlawn Mineral Resource Estimate : 1) Please refer to ASX announcement relating to the PEA results which was released to the market on 22 April 2015 and is entitled "Preliminary Economic Assessment Delivers Strong Business Case for the Woodlawn Zinc-Copper Project" ; 2) Zn Eq% refers to a calculated Zn equivalent grade, the formula for which is stated on page 2 of the presentation. Values are rounded to two significant numbers and some rounding related discrepancies may occur in the totals.

LEGEND

- Dolerite
- Woodlawn Volcanics
- Stoped areas
- Current resource outlines:
 - Kate Lens
 - E Lens
 - D Lens
- Fault
- No significant assay
- Pre 1999 resource drillholes
- Px polymetallic (Zn/Pb rich) sulphides
- Phase 2 drilling WNDD0021 onwards
- ZnEq x Metres Contours:
 - >300
 - 200 to 300
 - 100 to 200
 - < 100

34/21 - 34 m @ 21% ZnEq

Please Note: downhole widths used, true widths for Kate Lens are approximately on average 90% of downhole widths

WNDD0033: 34.0m @ 10.1% Zn, 1.1% Cu, 3.5% Pb, 1.6g/t Au, 97.5g/t Ag (20.8% ZnEq) from 326m

WNDD0037: 20.5m of Px sulphides in 4 zones to 11.1m wide

WNDD0038: 19.4m of mostly Cu / pyrite sulphides from 351.1m

WNDD0035: 9.85m of Cu sulphides with 3.7m of pyrite waste from 389.7m

Kate Lens

E Lens

Kate Current Resource Outline

50m

W149

W176

U354

U353

U355

U356

W047

W097A

W097

W146

U281

U287

U277

WNDD0009

8/14

WNDD0002

9/30

WNDD0001

14/21

WNDD0007

12/34

WLT0015

9/28

WNDD0032

12/14

W059

position uncertain, limited survey control

WNDD0008

5/18

WNDD0003

WNDD0034

WNDD0003

WNDD0011

6/21

WNDD0031

20/21

WNDD0010

WNDD0016

15/6 (Cu only)

100ZnEqxm

300ZnEqxm

200ZnEqxm

95 fault

Kate/E lens extension area up dip

1 Lens

D Lens

B Lens

J Lens

A Lens

E Lens

F Lens

G Lens

H Lens

Lica Lens

Existing underground access

Open Pit

D, E, F and Kate lens long section projection (looking towards mine grid 060 bearing)

Figure 1 displays two photographs of drill core sections from the Woodlawn Volcanics. The left photograph shows core sections from 383.2m to 388.5m, with labels for 'Woodlawn Volcanics', 'START', and 'T116'. The right photograph shows core sections from 389.5m to 396.0m, with labels for 'START', 'T117', and 'WNB0031'. Red arrows indicate the direction of the core sections.

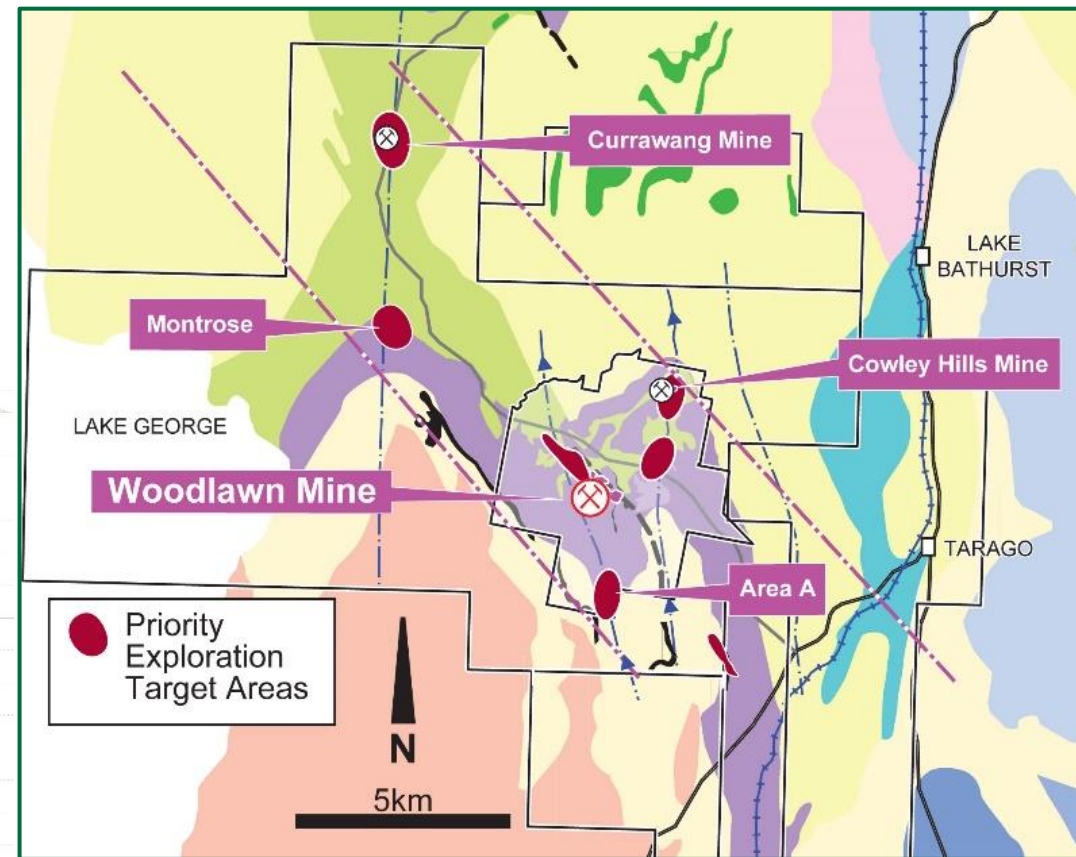
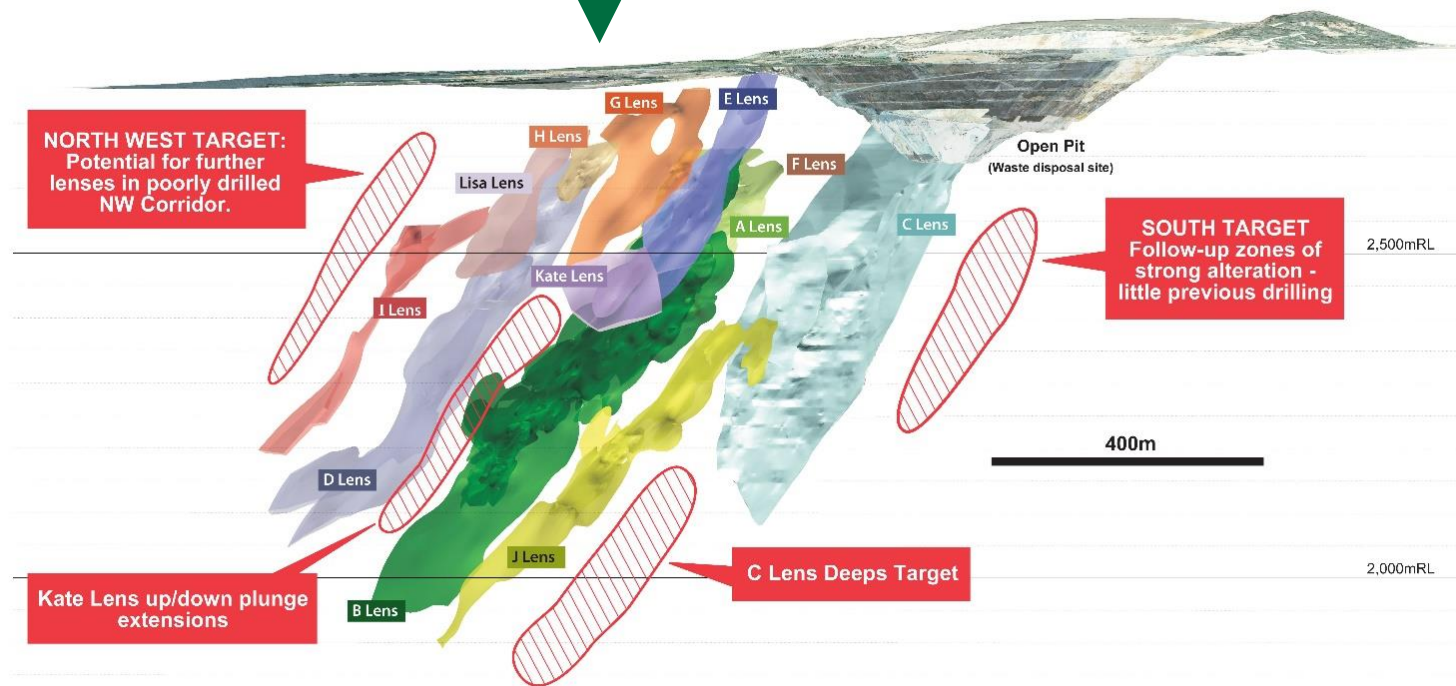
12

Other Mine & Near Mine Exploration Potential

Multiple Targets ♦ Historic Production ♦ Modern EM Applied

Feasibility Study Drilling Program:-

- 19,000 diamond drill metres
- Resource upgrade
- Lens extensions
- Targeting new lens discoveries



Testing high priority regional targets:-

- Currawang (historical prod.)
- Cowley Hills (historical prod.)

Underground Mine Planning

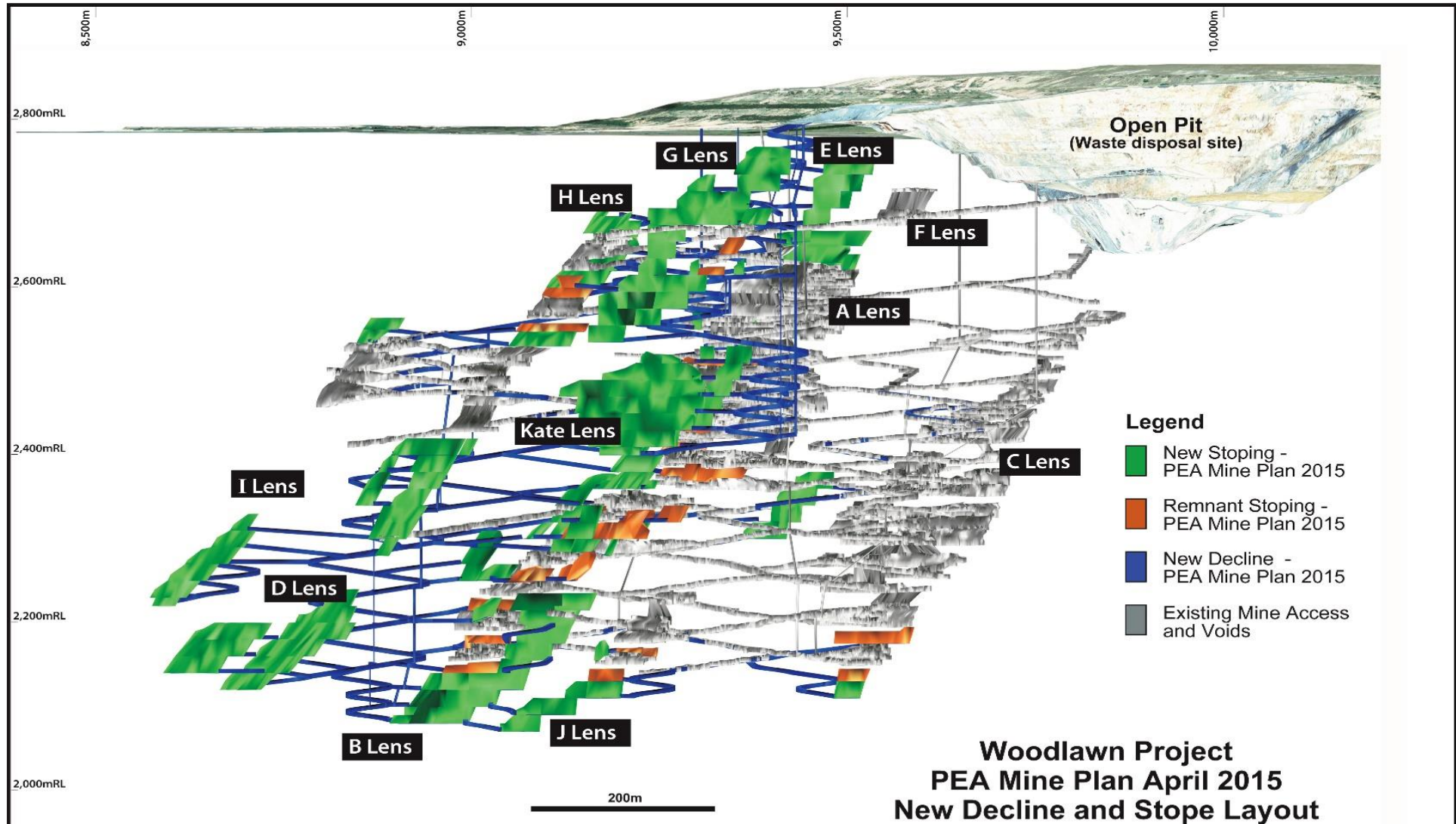
A “new” mine

PEA Target:

- Sufficient inventory to support underground operations “UG Starter Case”
- Combination of new and existing resources
- Significant upside potential

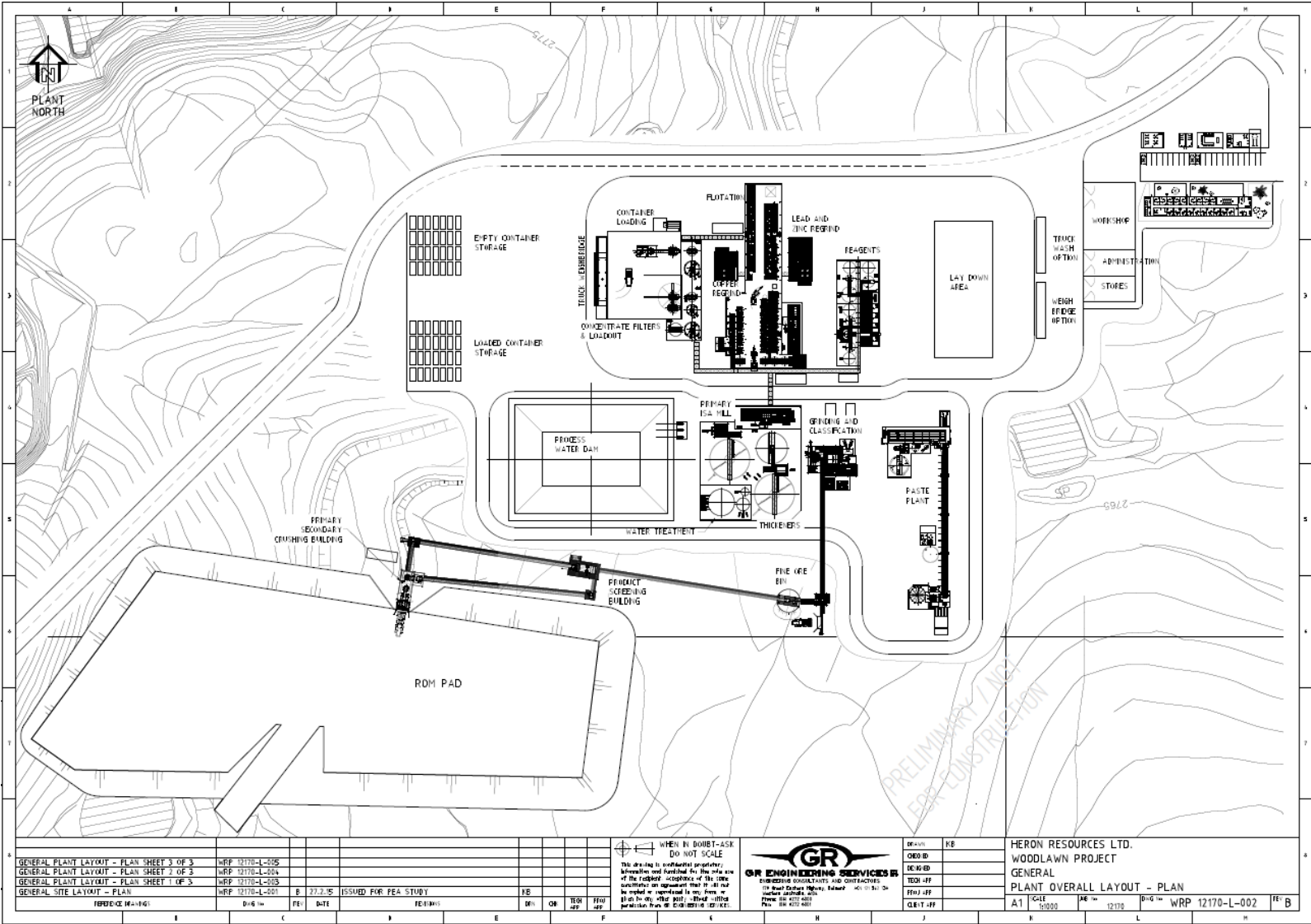
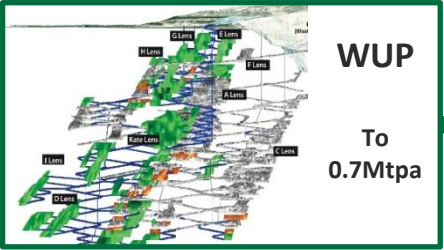
PEA Outcomes:

- 80% of WUP plant feed estimate from new resources
- Mine depth extension limited to 80m
- WUP + WRP = 11 year mine life



Advanced Dual-Feed Plant Design

GR Engineering Services plant design based on modified FEED, metallurgically validated



Woodlawn Infrastructure Advantages

Fully Permitted ♦ People ♦ Sealed Roads ♦ Water ♦ Power ♦ Ports



- Extensive stakeholder consultation through EA process
- Strong local community & government support
- Single immediate landowner - Veolia
- Agreements in place to purchase land over operational footprint
- On-site collaboration – Veolia

State Government Project Approval – 4 July 2013

Mining Lease – SML20 renewed for 15 Years – Feb 2015

Advanced Management Plans – positioning to commence development

COMMUNITY



POWER



WATER



PERMITTING



ACCESS



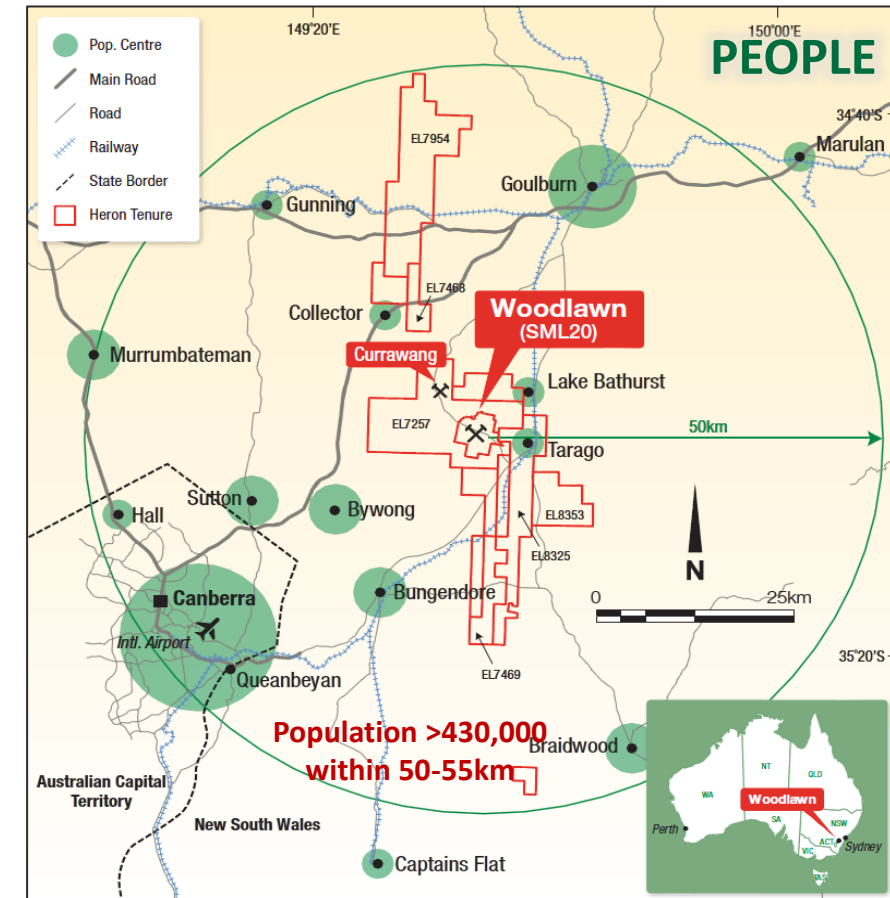
PORT



LABOUR



MINING LEASE



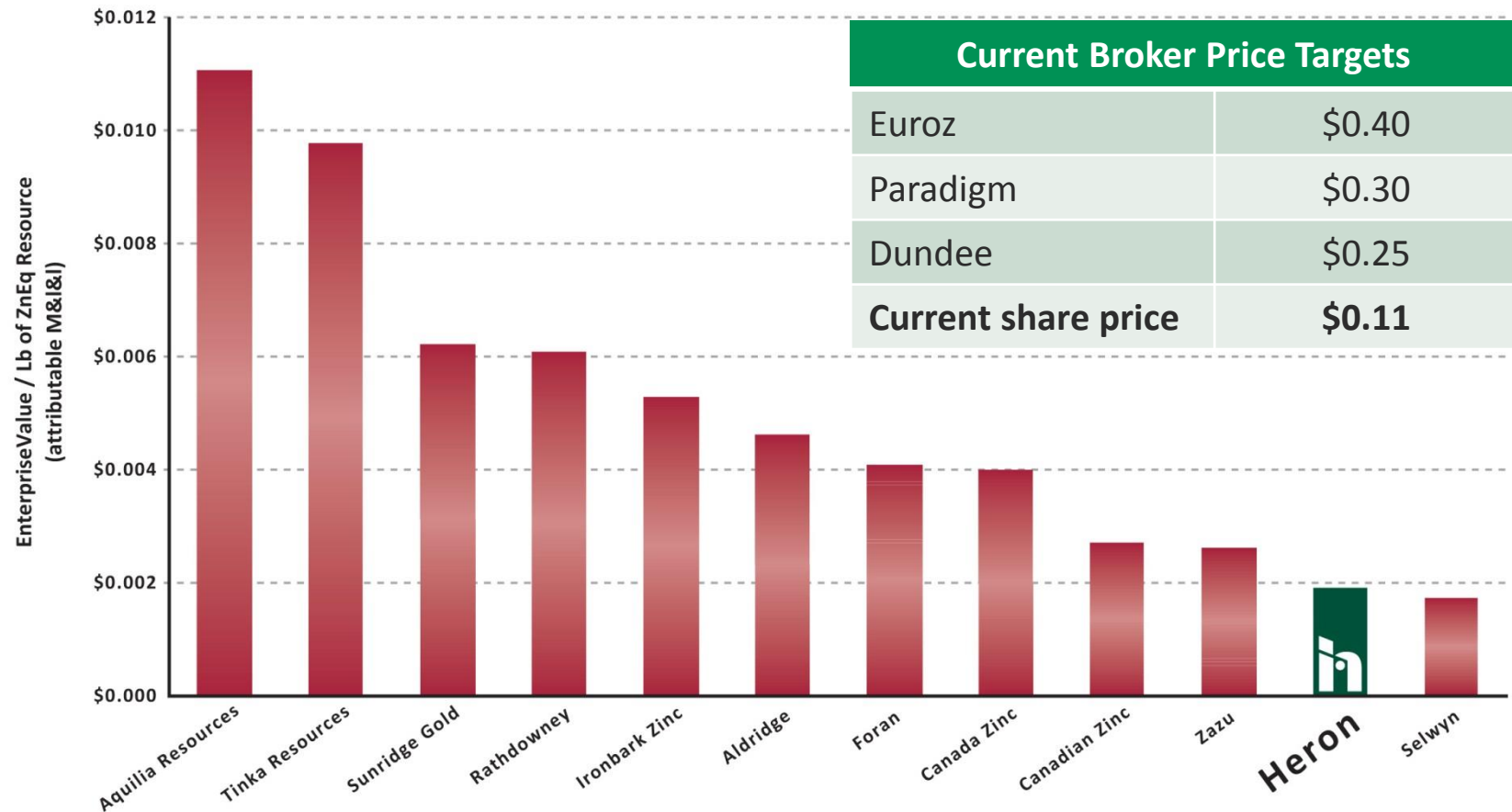
Well Capitalised but Undervalued Relative to Peers

Positioned for potential uptick in EV as Project progresses

- ✓ Attractive cash position, and
- ✓ A clear route to market...
- ✗ But, trades at a significant discount to peers

Cash & Equivalents at 30 June	
Cash	\$24.0M
Listed Investments	\$2.3M
Subtotal	\$26.3M
Greenstone placement (completion pending)	\$6.8M
Subtotal	\$33.1M
Greenstone potential (subject to decision to proceed with early-start)	\$13.2M

Relative Valuation of Peer Group Zinc Developers (EV/lb ZnEq)



Source: Company filings, Paradigm Capital Inc.

Heron Resources

Investment Proposition



- ✓ Zinc – strong and transparent market
- ✓ High grade / low risk / long life asset
- ✓ PEA – finalised & delivered compelling development case
- ✓ Feasibility Study and next drill program underway
- ✓ Short lead time to production with early start potential
- ✓ Demonstrated discovery upside
- ✓ Favourable jurisdiction supported by excellent infrastructure
- ✓ Well capitalised and fully funded to Feasibility Study
- ✓ Strategic investor backing, a “value” stock

ASX : HRR

TSX : HER

Please visit us at

Booth 4

Diggers & Dealers
August 3 to 5, 2015
Kalgoorlie, Western Australia

REGISTERED OFFICE:

1/37 Ord Street
West Perth WA 6005
T: +61 8 6500 9200

SYDNEY OFFICE:

Suite 702/191 Clarence Street
Sydney NSW 2000
T: +61 2 9119 8111

www.heronresources.com.au
heron@heronresources.com.au

Contacts

Wayne Taylor (Managing Director)
Ian Buchhorn (Executive Director)
Andrew Lawry (Chief Operating Officer)
Simon Smith (Chief Financial Officer)
David von Perger (GM Exploration)
Charlie Kempson (GM Strategy / BD)

