



Heron Resources Limited

Investor Presentation

Fully Funded to Production at Woodlawn

July 2017

TSX:HER

ASX:HRR

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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 each block grade for Au, Ag, Cu, Pb and Zn. $ZnEq = Zn\% + Cu\% * 3.12 + Pb\% * 0.81 + Au \text{ g/t} * 0.86 + Ag \text{ g/t} * 0.03$
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.

HERON RESOURCES **CORPORATE SUMMARY**

Imminent construction commencement at the high grade Woodlawn Zinc-Copper Project

Woodlawn Project (NSW, Australia)

- Advanced high grade Zn+Cu+Pb+Ag+Au
- Feasibility Study → robust economics and business case
- Granted mining lease and project approvals
- Unrivalled infrastructure
- Significant exploration upside

Zinc – Commodity Market

- Compelling zinc market fundamentals
- Supply shortage forecast to continue

Development Funding

- A\$240M full funding package in place*
- Site construction to commence August 2017

Project Portfolio

- Woodlawn Regional Exploration Projects
- Non-Woodlawn Assets → Ardea Resources Ltd (Spin-Out - trading 9 Feb 2017)

* Subject to shareholder approval, other conditions and full take-up of the SPP

150.6 - 151.6m: 55% ZnEq (23.0% Zn, 14.2% Pb, 6.0% Cu, 0.11g/t Au, 52g/t Ag) WNND0114

HERON OVERVIEW

Heron Resources is focused on the near term development of the high grade Woodlawn Zinc-Copper Project



CAPITAL STRUCTURE

Dual listing:	ASX: HRR TSX: HER
Shares:	461 million (pre completion of funding package)
Options:	25 million
Share Price:	A\$0.075
Market Cap:	A\$35 million
Cash:	A\$11.7 million (excludes A\$3.2M from Castlake Tranche 1 settled 3 July)
Investments:	A\$1.0 million* (Excludes 10 million 25c ARL options)



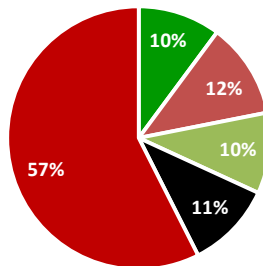
BOARD

<i>Chairman</i> Stephen Dennis
<i>MD & CEO</i> Wayne Taylor
<i>Non-Executive Director</i> Borden Putnam III
<i>Non-Executive Director</i> Fiona Robertson
<i>Non-Executive Director</i> Mark Sawyer

**Supported by strong and
experienced management
team**



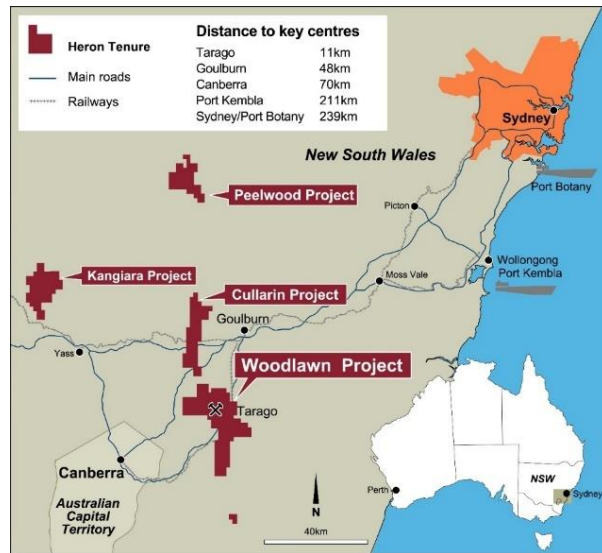
SHARE REGISTER



- Ian Buchhorn
- Greenstone
- Castlake
- Canadian Register
- Australian Register



PROJECT PORTFOLIO



WOODLAWN PROJECT FUNDING SUMMARY

Heron to be fully funded to first production at Woodlawn⁽¹⁾

- Overall package of ~A\$240 million⁽²⁾ means Heron will be fully funded to complete development of its 100% owned Woodlawn Zinc-Copper Project
- Construction works to commence immediately with first production targeted end 2018 / early 2019
- All major project approvals and contracts in place (mining lease, EPC, offtake, environmental, Veolia co-operation agreement)
- Recent shallow exploration success in G2 lens continues to expand the mineralised footprint of the underground

~A\$140m Equity Funding

- Conditional placement to sophisticated and professional investors raising ~A\$32 million
- Three high quality cornerstone PE investors contributing ~A\$103⁽²⁾ million in equity –
 - Greenstone Resources, Castlake L.P. and Orion Mine Finance Group
- Share Purchase Plan to raise up to a maximum of A\$5 million

~A\$100m Debt Funding

- Orion to provide US\$60 million⁽³⁾ senior secured loan facility and US\$16 million silver stream prepayment
- Highly commercial and experienced lender offering low covenant package with major CPs already satisfied

1. Transaction is subject to various conditions precedent including Heron shareholder approval (17 August) and Castlake FIRB approval
2. Based on an exchange rate of 0.76 AUDUSD and full take-up of the A\$5 million SPP
3. Plus interest capitalised during a 15 month period from first drawdown

THE CORNERSTONE INVESTORS



- Founded in 2013, Greenstone Resources is a private equity fund specialising in the mining and metals sector whose approach to investing is to develop a collaborative relationship with management and leverage its own in-house skill, expertise and global network to add value to projects (as well as capital)



Equity-only investment of ~A\$42 million⁽¹⁾
(including co-investment LPs)



- The Orion Mine Finance Group is a mining-focused investment business with approximately US\$3.04 billion⁽²⁾ under management who specialise in providing flexible capital investment solutions to mining companies in the base and precious metals sector



Structured funding package comprising equity, senior debt & stream components to ~A\$129 million⁽¹⁾



- Castlelake was founded in 2005 and currently manages more than US\$10.3 billion⁽²⁾ in assets on behalf of more than 125 endowments, foundations, public and private pension plans, private funds, family offices, insurance companies and sovereign wealth funds

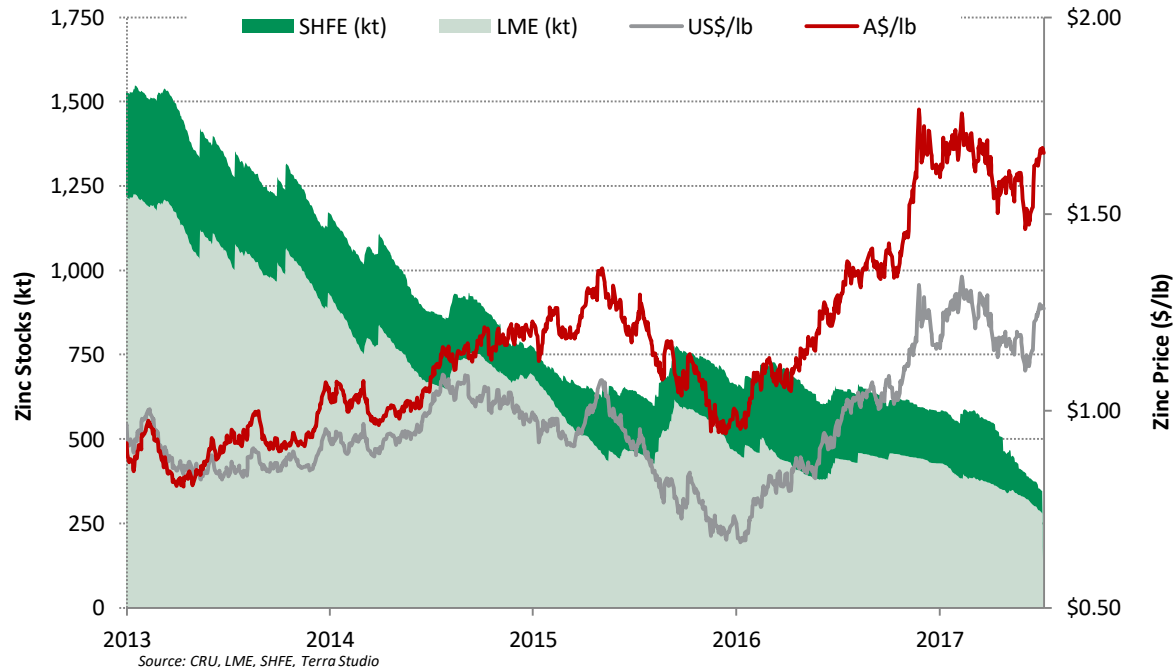


Equity-only investment of ~A\$33 million⁽¹⁾

1) Based on an exchange rate of 0.76 AUDUSD

2) As at 31 March 2017

ZINC MARKET

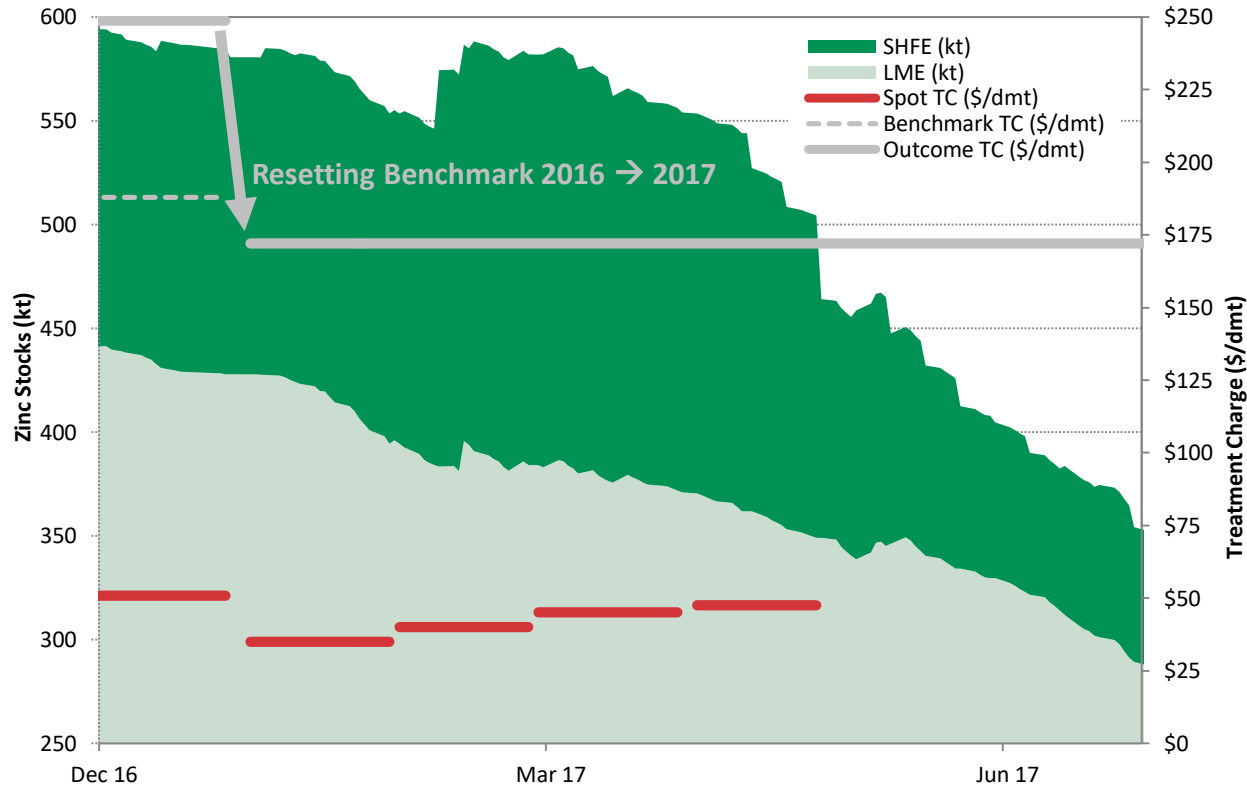


Forecast remains for a continued tightening in the physical market that will support zinc prices

- Market fundamentals:
 - Supply < Consumption
 - Stocks have insulated from a physical metal shortage to date
 - Projections are for a continued draw on remaining stocks
- Forecasters tipping strong price activity when stocks reach 10 day consumption level – currently at 11.7 days¹

¹ Scotiabank 11 July 2017

ZINC MARKET SUPPLY SHORTAGE



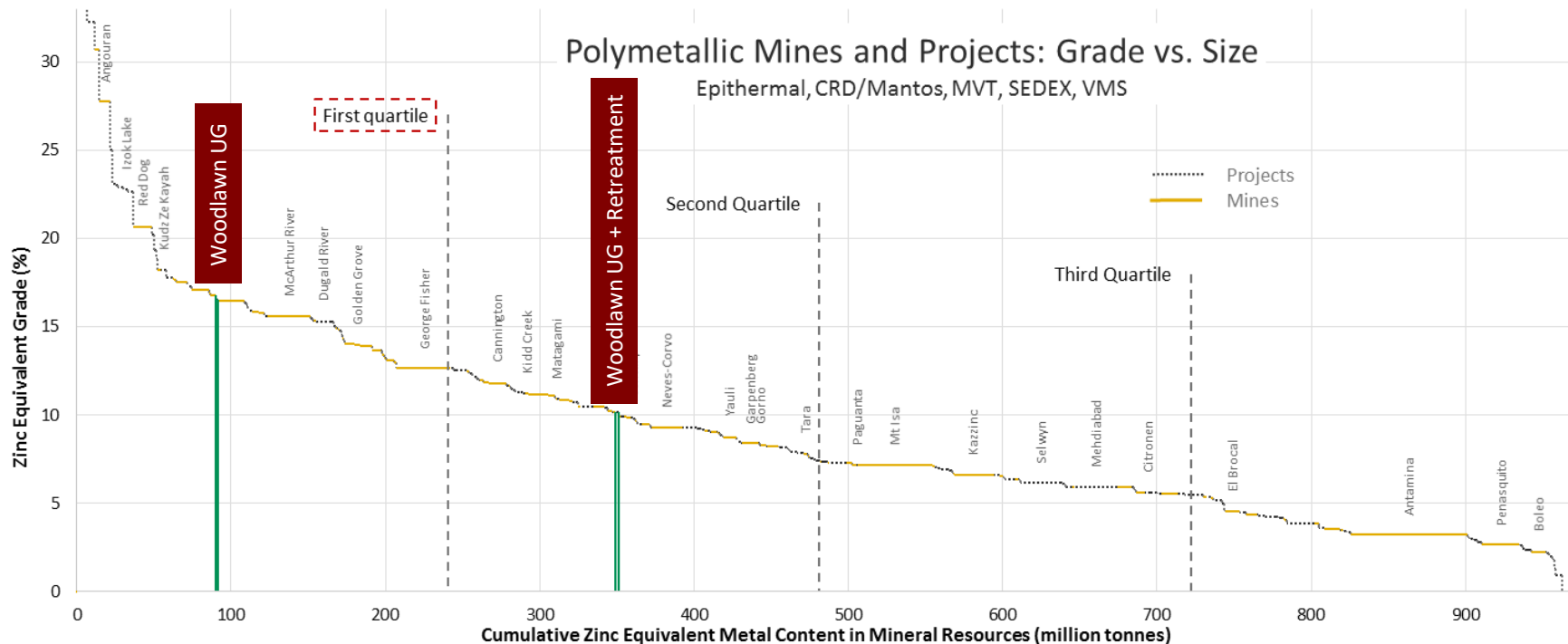
Source: CRU, LME, SHFE, Terra Studio

- Low treatment charge (TC) spot terms and lower reset of the annual Benchmark TC - strong indicators that the front end of the supply chain continues to struggle for material
- Structural shift in 2017 Benchmark TC with removal of escalators:
 - Q4 2016 \$249/dmt (realised with escalators)
 - 2017 \$172/dmt (no escalators)
- Recent rapid draw on SHFE zinc stocks (-56% 2017 YTD)
- Steady draw on LME zinc stocks (-34% 2017 YTD)

**REINFORCES PHYSICAL TIGHTENING
OF AVAILABLE ZINC METAL**

WOODLAWN A HIGH GRADE DEPOSIT

A compelling peer comparison



Notes: Polymetallic deposits containing at least 100,000 t of zinc metal, all deposit types except porphyry and deposit where zinc is non significant compared to other metals. Zinc equivalent grades and metal contents calculated using the following metal prices: copper \$2.20/lb, gold \$1,300/oz, lead \$0.80/lb, silver \$20/oz and zinc \$0.90/lb. Source: SNL Metals & Mining, Terra Studio.

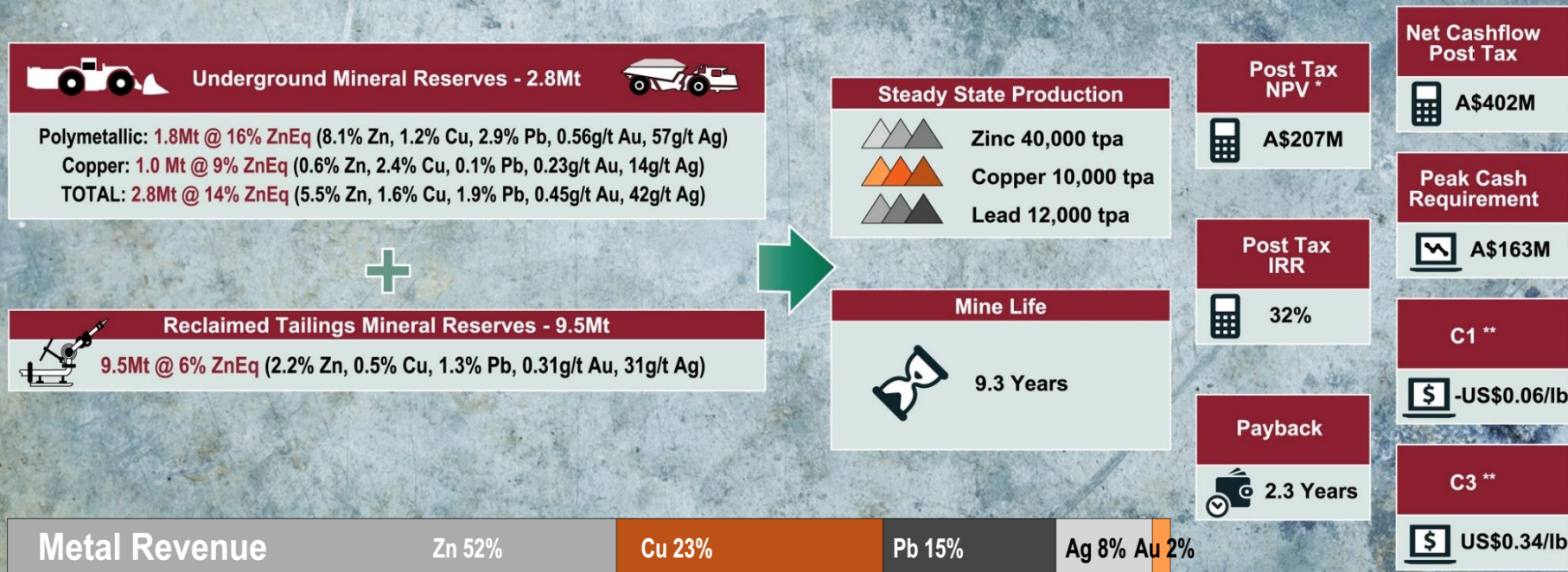
WOODLAWN PROJECT SITE

Unrivalled infrastructure – road & rail access, power, water, labour and port



WOODLAWN FEASIBILITY STUDY

June 2016 – Robust project economics – A Reserves only (“starter”) case



* Results reported using Mineral Reserves as estimated for the FS at an 8% post-tax real discount rate (approximately 10% post-tax nominal), with AUD/USD FX 0.71, and with flat real commodity prices of US\$1.01/lb Zn, US\$3.00/lb Cu, US\$0.91/lb Pb, US\$17.80/oz Ag and US\$1,200/oz Au. Other assumptions are detailed in the release dated 29 June 2016.

** C1 and C3, refer to page 17 of the release dated 29 June 2016 for definitions. All currency amounts are in Australian dollars unless otherwise noted.

KEY INFRASTRUCTURE AND PERSONNEL IN PLACE



ACCESS

- Heavy haulage rated, sealed road – 350m from plant site
- Rail access 6km east



POWER

- NSW State grid substation – 350m from plant site
- Renewable power options available



PEOPLE & COMMUNITY

- Labour source - >400,000 people within driving distance
- Strong local support for project development



WATER

- Existing bore field 6km southwest
- Pump and pipe installation in place



PORT

- 211km to dedicated concentrate berth at Port Kembla
- 239km to Australia's second largest container berth – Port Botany



HIGH CALIBRE TEAM

- General Manager & Process Manager recruited
- Exceptional metallurgical/construction experience base (COO+GM+PM) + 100yrs
- Includes previous Woodlawn operating knowledge

2017 MAJOR MILESTONES



PERMITS & APPROVALS

- Mining Lease – SML 20
- NSW State development approval
- Environmental approval received – EPA Licence (EPL)



AGREEMENTS & MANAGEMENT PLANS

- Veolia Co-operation Agreement in place
- Construction management plans approved by DPE
- Internal Project Execution Plan completed



EPC & EARTHWORKS (SUBJECT TO FINANCING)

- Sedgman – A\$107M Guaranteed Maximum Price EPC
- Front End Engineering Design continued with Sedgman
- Ertech – A\$12M earthworks contract



EARLY OPERATIONS

- Open shallow positions (G2 Lens)
- New high grade intercepts adjacent to existing access
- Underground dewatering commenced



OFFTAKE

- Louis Dreyfus Metals
- First 3 years of production across all concentrates
- Very strong commercial terms



FINANCING

- Debt package agreed
- Strong cornerstone support
- Shareholder approval set for 17 August

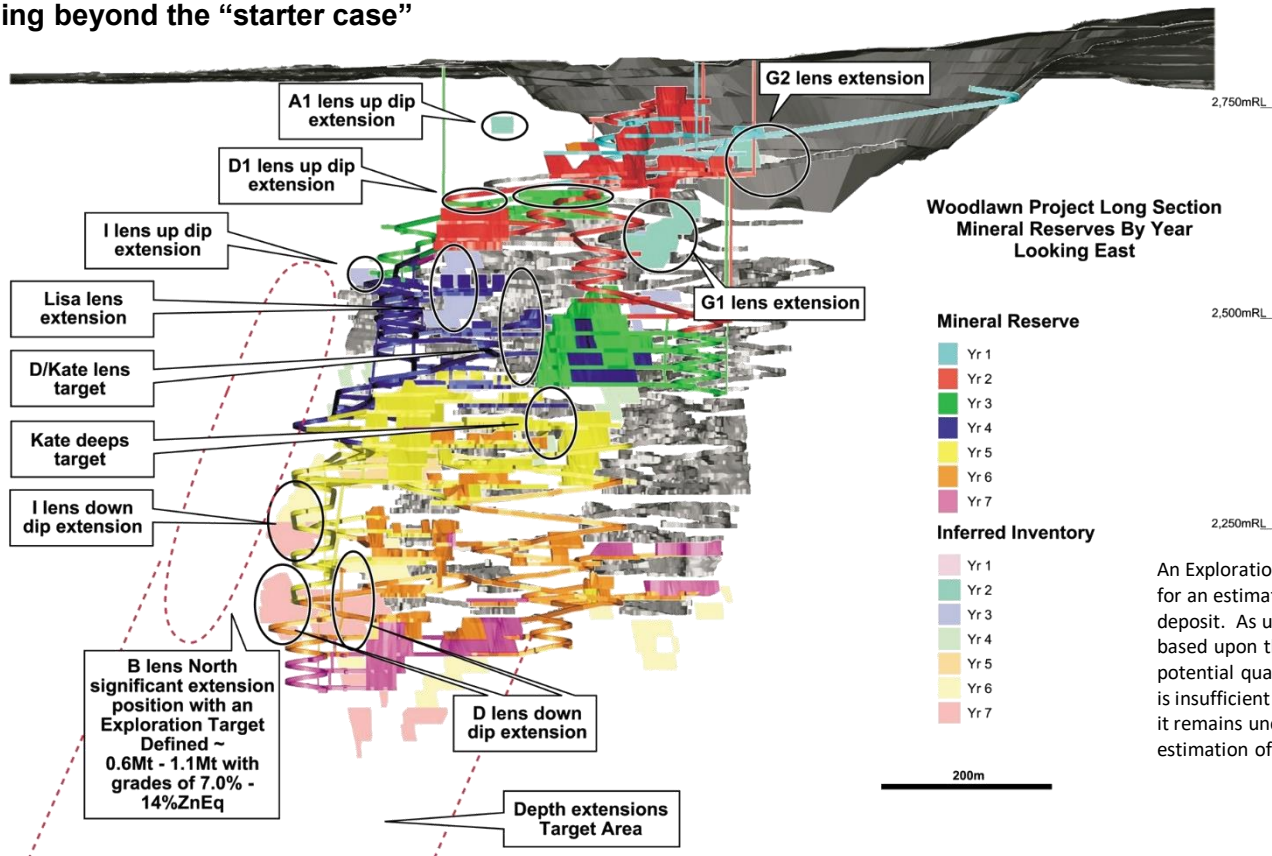
WOODLAWN DEVELOPMENT COSTS AND SCHEDULE

	A\$m	Months	Sep 17	Dec 17	Mar 18	Jun 18	Sep 18	Dec 18
Pre-Production Capital Estimate								
Underground Development and Rehabilitation	5	Earthworks						
Resource Upgrade Drilling	1	Civil Works						
Mining Services	8	SMP works						
Paste Plant	7	Mine Development						
Treatment Plant and Services	88	First Production						★
Earthworks and Roads	8							
Construction and Engineering	12							
Tailings Storage (TSF4)	5							
Commissioning, First Fills, Other	3							
Owners Costs and Pre-Operating Costs	8							
Contingency	12							
Total Pre-Production Capital Estimate	156							
Post-Production Capital Estimate								
Underground Development and Rehabilitation	14							
Resource Upgrade Drilling	1							
Mining Services	5							
TSF4 First Lift	2							
Contingency	2							
Total Post-Production Capital Estimate	23							



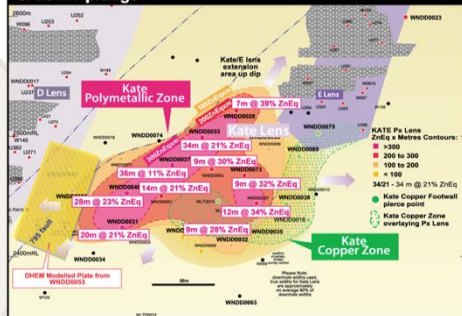
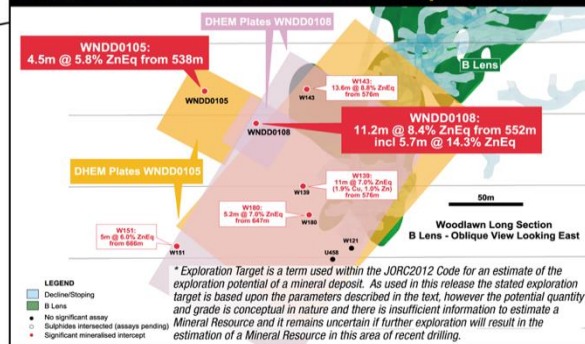
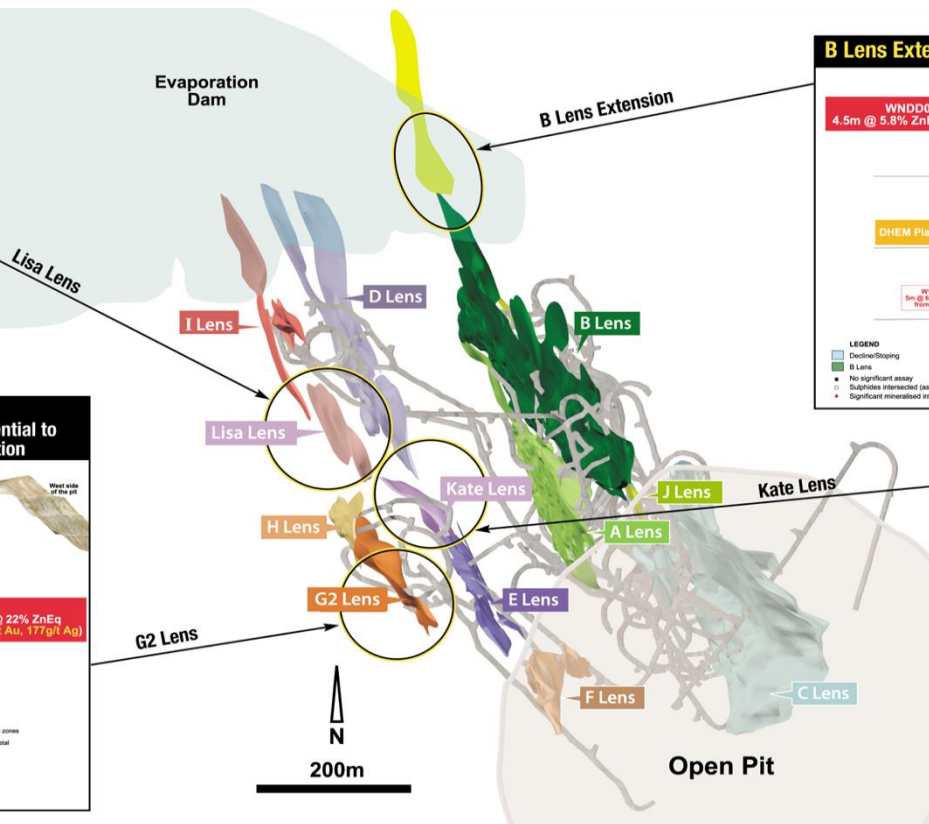
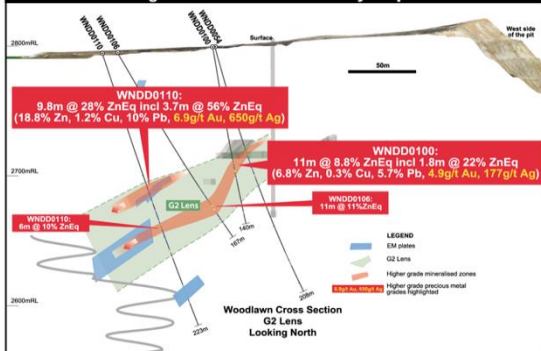
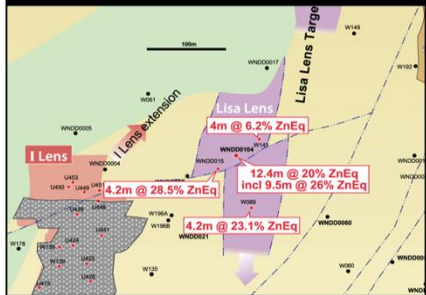
WOODLAWN EXPANSION THROUGH EXTENSIONS

Building beyond the “starter case”



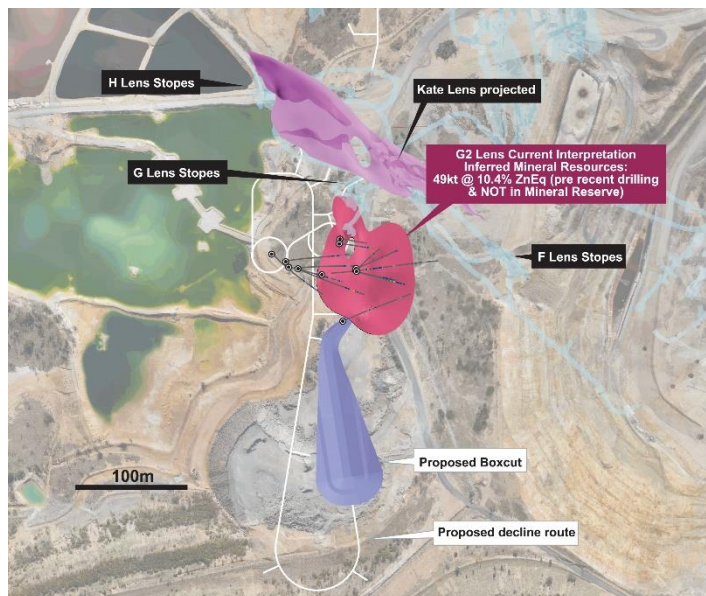
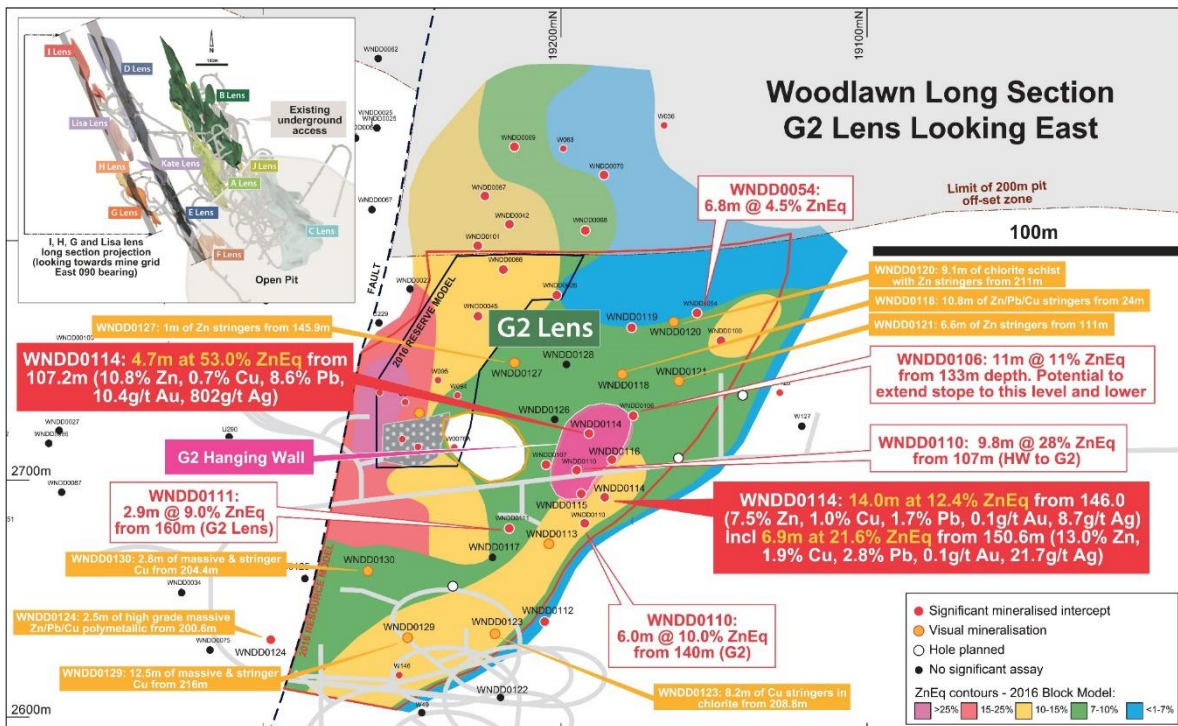
An Exploration Target is term used within the JORC2012 Code for an estimate of the exploration potential of a mineral deposit. As used in this release the stated exploration target is based upon the parameters described in the text, however the potential quantity and grade is conceptual in nature and 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.

Kate, Lisa, B North & G2 Lenses

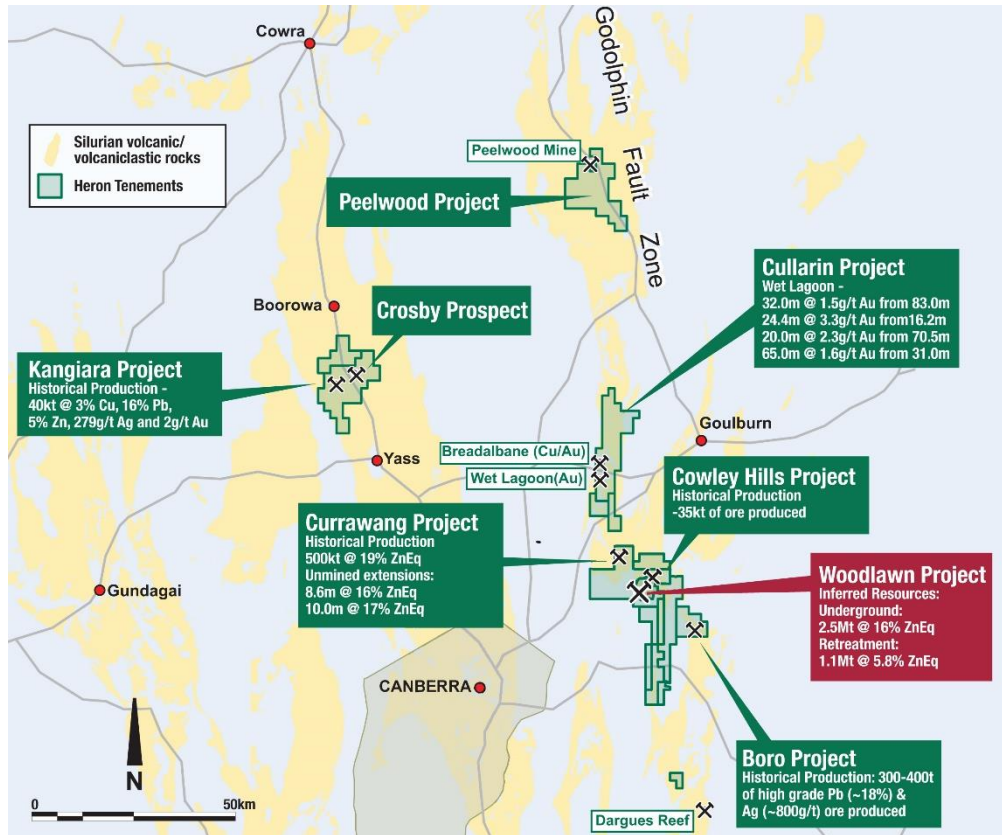


WOODLAWN EXPLORATION

The Shallow G2 Lens – Drilling NOW



WOODLAWN EXPANDING THE POTENTIAL



A High Quality VMS District

Dominant Regional Position

- Tenure of 974 km²
- Coverage of VMS host rocks

Confirmed Prospectivity - 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

HERON INVESTMENT PROPOSITION

TSX: HER ASX:HRR

ZINC STRENGTH

- Leading base metal performer
- Fundamentals for continued price strength
- Important by-products – copper, lead, silver, gold

WOODLAWN ZINC-COPPER PROJECT

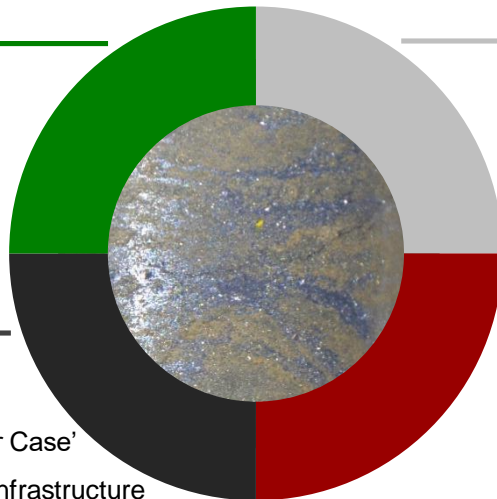
- High grade / low risk / long life asset
- Feasibility Study – delivered compelling ‘Starter Case’
- Favourable jurisdiction supported by excellent infrastructure
- Short lead time to production:
 - Site preparatory works in progress
 - Imminent construction start – 1st production late 2018 / early 2019
 - All permits and approvals in hand
- Demonstrated mine life and discovery upside

EXCLUSIVE WOODLAWN FOCUS

- Reduced asset portfolio gives 100% focus on bringing Woodlawn into production
- Strong regional position with satellite projects still to be exploited

FUNDED FOR DEVELOPMENT

- A\$240M full funding package
- Three supportive cornerstone investors
- A\$11.7M existing treasury¹
- A\$1.0 million in listed investments²



1. Excludes \$3.2M received 3 July
2. Excludes 10 million 25c ARL options

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APPENDIX: OTHER INFORMATION



2016 WOODLAWN MINERAL RESOURCES

Retreatment

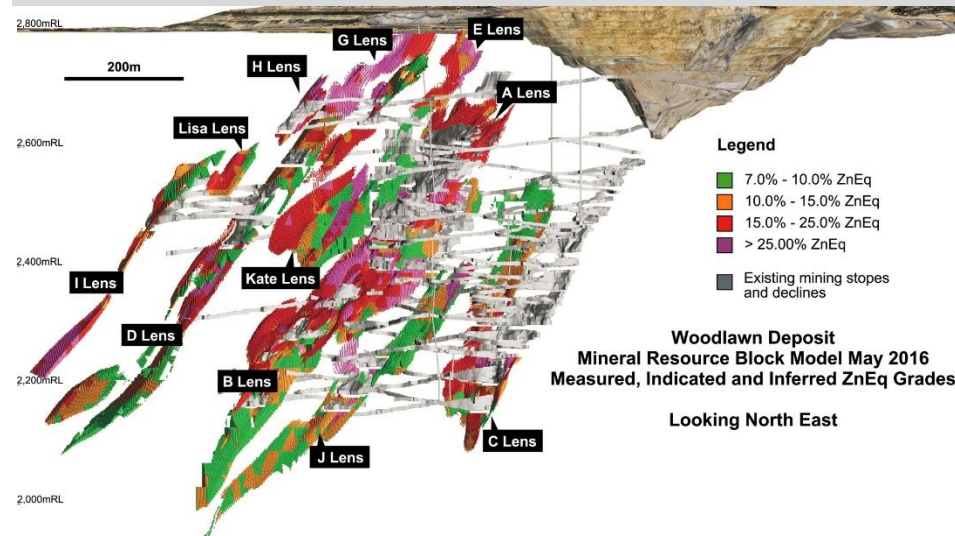


Woodlawn Reclaimed Tailings Mineral Resource – All Dams

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

Notes: Refer to Slide 2 for ZnEq (%) calculation. Mineral Resources are inclusive of Mineral Reserves.

Underground



Reported at a 7% ZnEq lower cut-off grade

Type	Resource Category	Quantity (Mt)	ZnEq (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Poly-metallic	Mea+Ind	2.6	21	10	1.5	4.0	0.69	79
Copper	Indicated	1.5	10	0.8	2.8	0.2	0.23	15
All Total	Mea+Ind	4.1	18	7.2	2.0	2.6	0.52	55
All Total	Inferred	2.5	15	5.9	1.8	2.3	0.61	47

WOODLAWN MINERAL RESERVES & MINE PLANNING

A new high grade underground mine



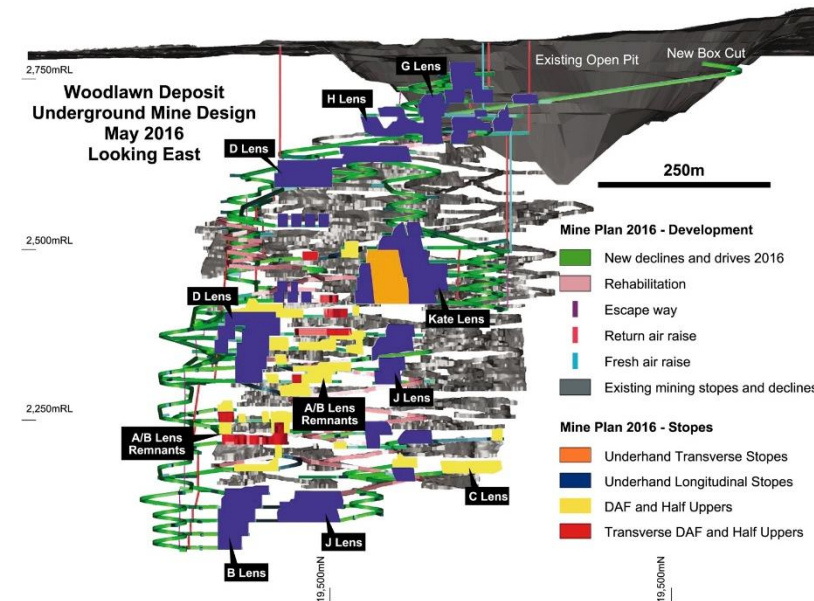
Reclaimed Tailings Mineral Reserves - 9.5Mt

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



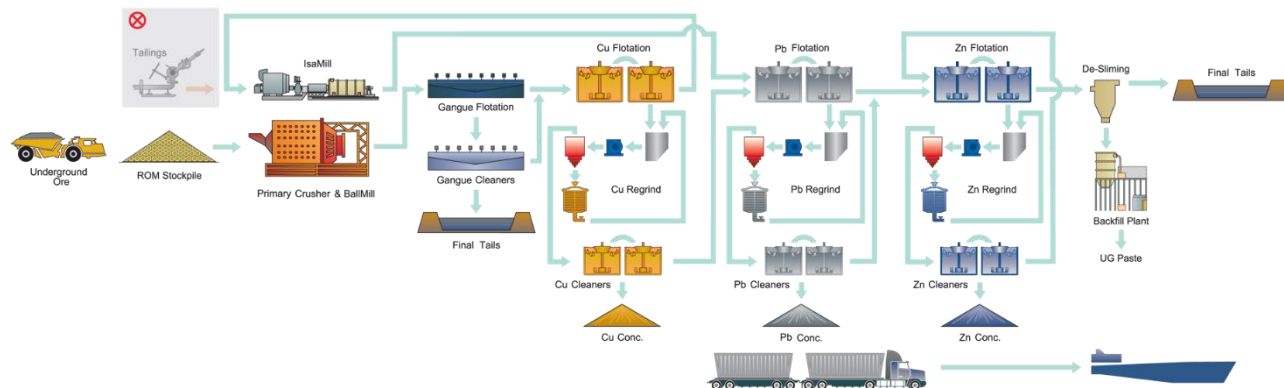
Underground Mineral Reserves - 2.8Mt

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)

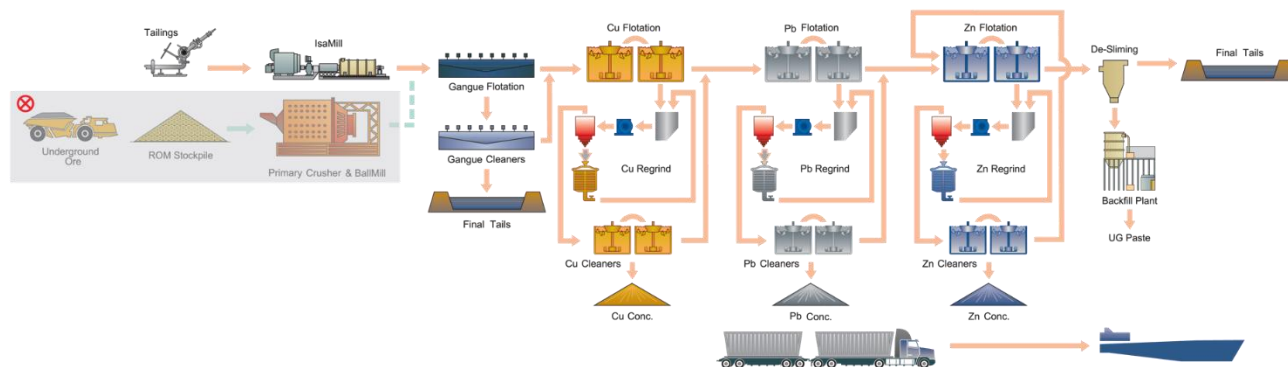


WOODLAWN PROCESS PLANT

Campaign treatment from two de-coupled ore sources



Underground
Ore Configuration
←



Reclaimed Tailings
Ore Configuration
←