



Heron Resources Limited

2018 AGM Presentation

BECOMING AN AUSTRALIAN ZINC AND COPPER PRODUCER

23 NOVEMBER 2017



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

HERON RESOURCES

The Woodlawn Production Commitment

- ▶ Experienced **TEAM** – Board, Management and the Site Crew
- ▶ Strong **MARKET** fundamentals – Zinc & Copper
- ▶ High Quality **ASSET** – Woodlawn VMS deposit
- ▶ Advanced **PROJECT DEVELOPMENT** - 14 months of consistent effort
- ▶ Supportive **COMMUNITY** – social license to operate
- ▶ Singular **FOCUS** – imminent commissioning



HERON RESOURCES OVERVIEW

Company snapshot

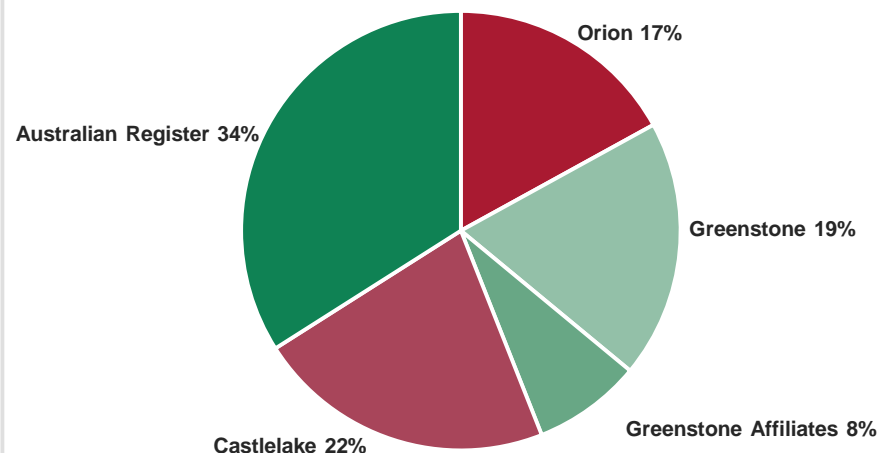


CAPITAL STRUCTURE

Shares	242 million
Options/Perf. rights	6.7 million
Share price	A\$ 0.62
Market cap	A\$ 150million
Cash (30 Sept 2018)	A\$ 67.6million
Debt	US\$ 40million drawn of US\$ 60million facility
Listed Investments	Ardea Resources Alchemy Resources Centennial Mining



SHARE REGISTER



HERON RESOURCES TEAM

Board & Management



Stephen Dennis
Chairman (Non-Executive)



Mark Sawyer
Director (Non-Executive)



Andrew Lawry
Chief Operating Officer

BOARD



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



Simon Smith
General Manager, Finance & Company Secretary



David von Perger
General Manager, Exploration & Geology



Charlie Kempson
General Manager, Strategy & Business Development

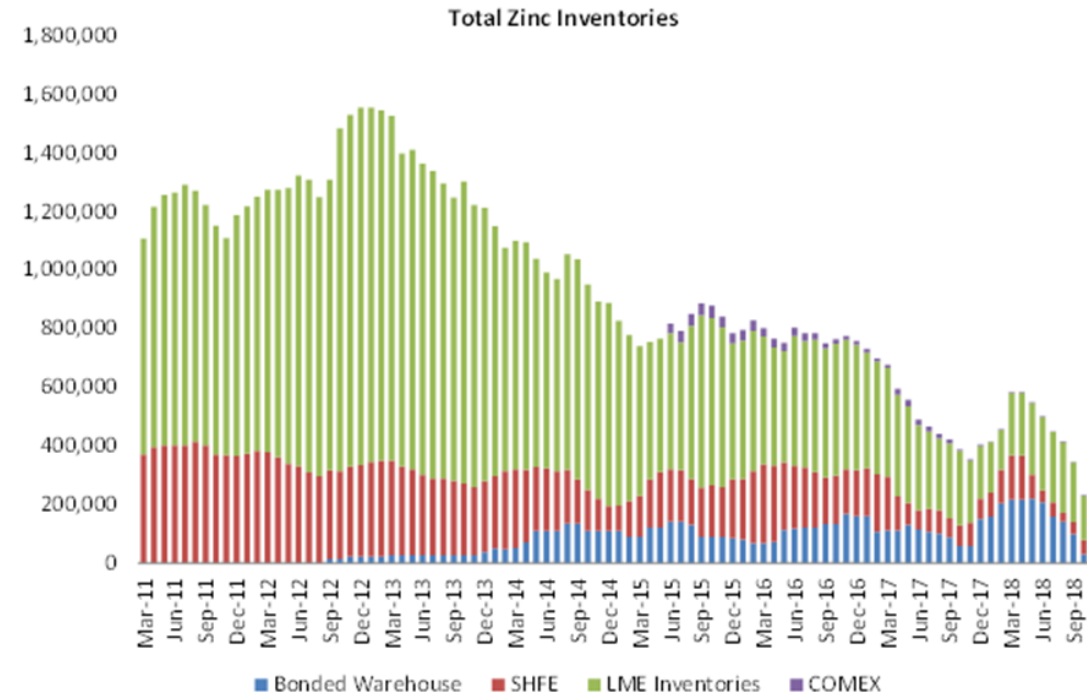


Brian Hearne
General Manager, Woodlawn Mine

MARKET ZINC

Critical level stockpiles and a lag in new supplies provides fundamental support for zinc

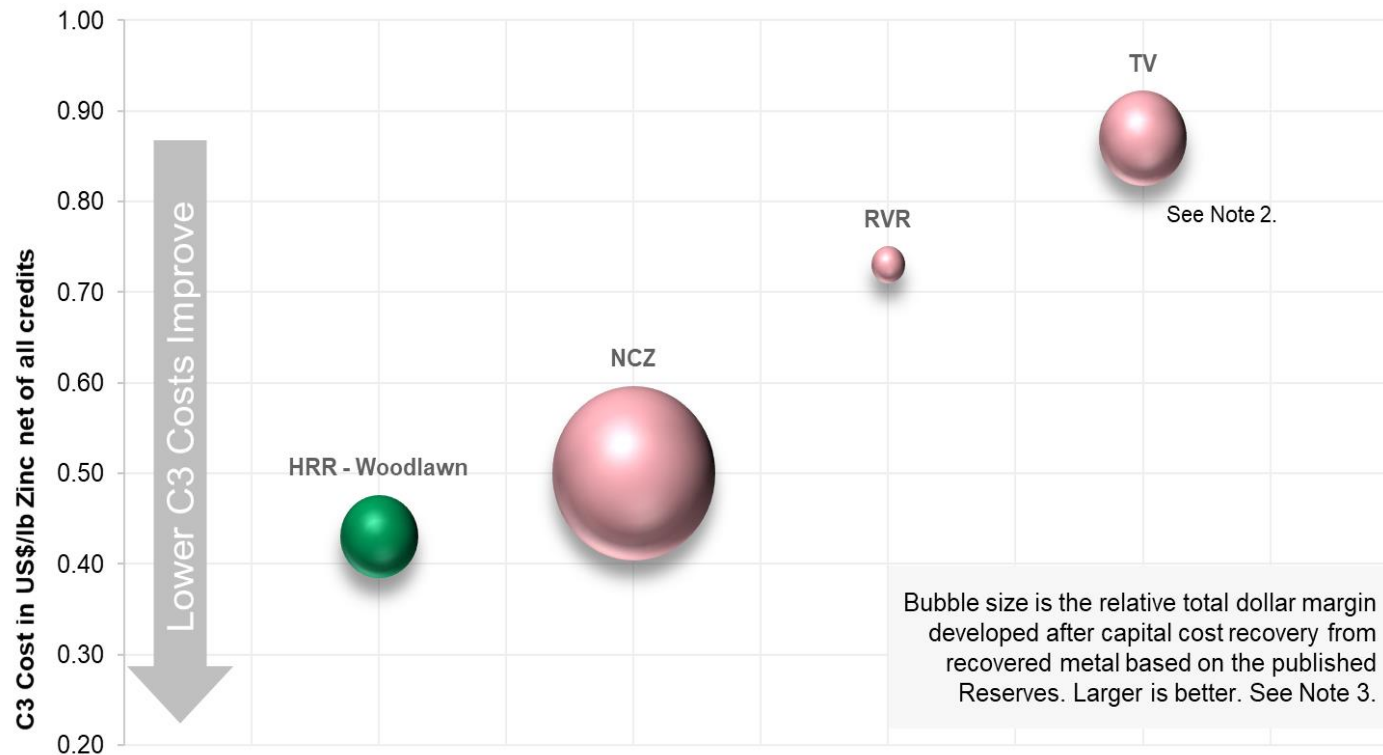
- ▶ Inventories of zinc are at their lowest levels in a decade as demand continues to outstrip supply:
 - ▶ Stocks down 42% YTD and down 46% YoY¹
- ▶ A handful of new producers but continued supply disruptions, and new projects remain hard:
 - ▶ Current prices are below those which would strongly incentivise new production
 - ▶ Look Back – current prices are below the 2012\$ project incentive pricing
- ▶ Bearish market views on base metals also being driven by worries over the US-China trade war:
 - ▶ Divergence of metals pricing from fundamentals in the short term
- ▶ BUT, Heron comfortable with current prices, which remain above both feasibility study and financing case levels



Source (graph and (1)): Scotia Daily Mining Scoop 16 Nov 2018

MARKET COMPETITIVE POSITION

HRR is well-ranked on expected cost of production



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 Q3 CY18 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 Sep-18 quarterly data published by the respective companies, and share prices as at 19 November 2018.

- ▶ Projected Low Cost Production
 - ▶ Woodlawn occupies a very attractive projected position on the cost curve...
 - ▶ ...despite being the only one of its 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 likely to grow with further underground exploration and Resource to Reserve conversion.

HERON 12 MONTH REVIEW

The focused delivery of Woodlawn



DECEMBER 2017 QTR

- ✓ Commencement of earthworks - September
- ✓ 410,000m³ moved
- ✓ Access road, plant pad, box cut commenced
- ✓ EPC design and procurement
- ✓ Water treatment plant contracted

17%



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%



PROJECT

CORPORATE

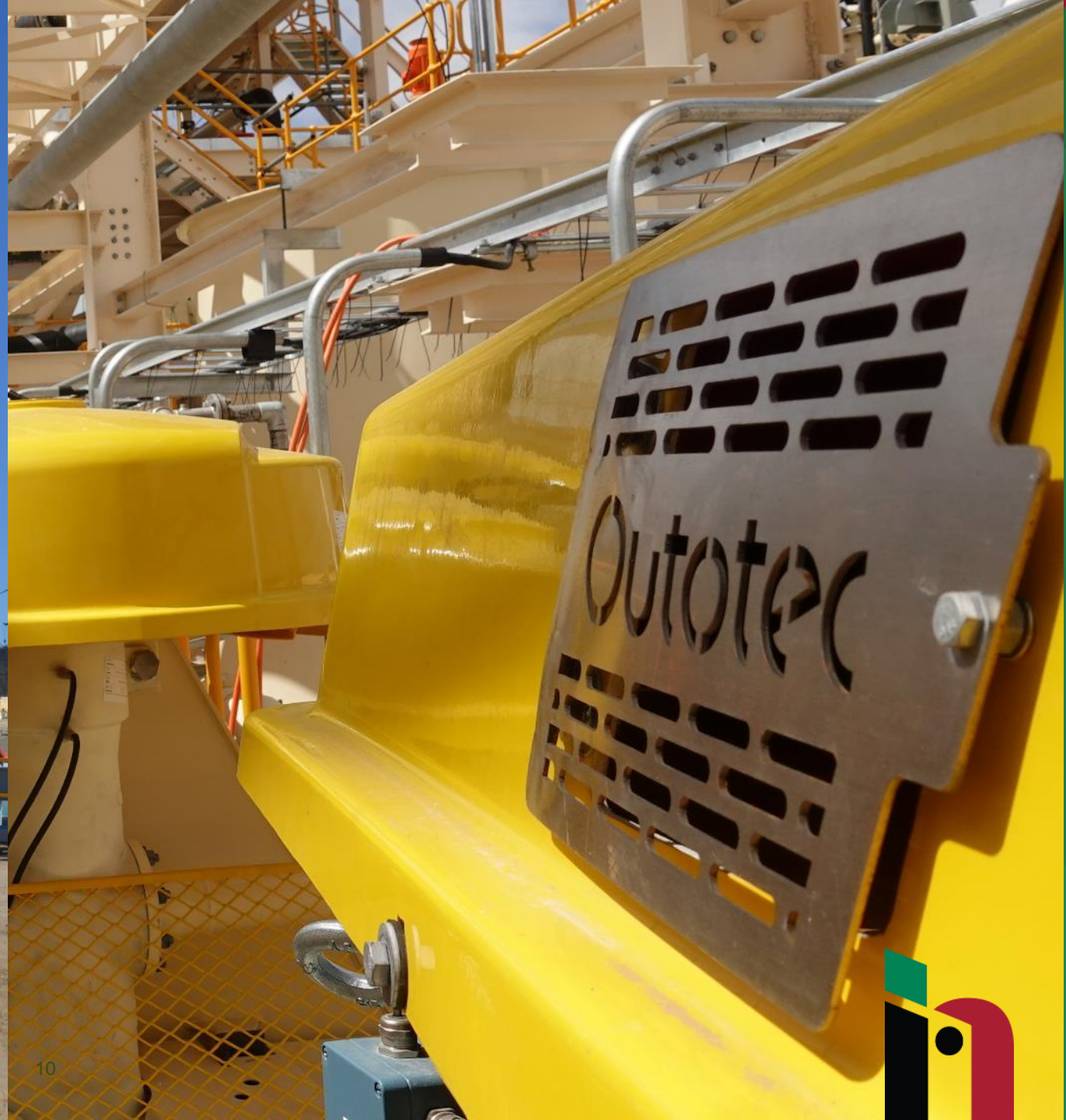
- ✓ Share Consolidation
- ✓ Director Appointment - Dr Ian Pattison
- ✓ Acquisition of Peelwood Project (100km N)

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

- ✓ Acquisition of Burra Project (60km S)

ASSET WOODLAWN SITE TOUR

October - Project Development 86%



MINING UNDERGROUND





MINING TAILINGS



PROCESSING CRUSH





PROCESSING GRIND



PROCESSING FLOAT



PROCESSING CONCENTRATE





SUPPORT PEOPLE COMMUNITY ENVIRONMENT



NATIONAL BREAST CANCER FOUNDATION



TARAGO MEN'S SHED



GOULBURN CAREERS NIGHT

ASSET EXPANDING MINE LIFE

IN-MINE EXPLORATION

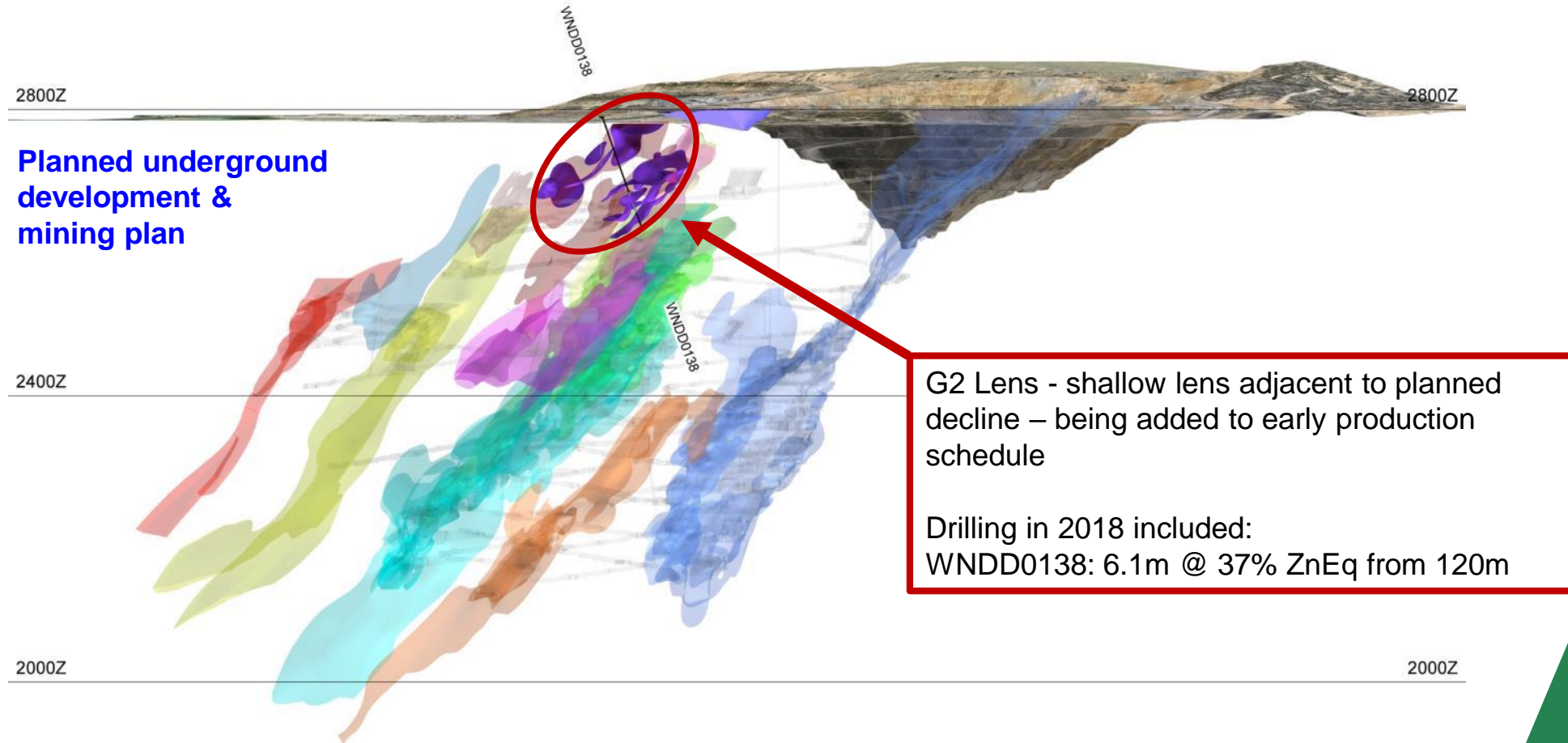


REGIONAL EXPLORATION

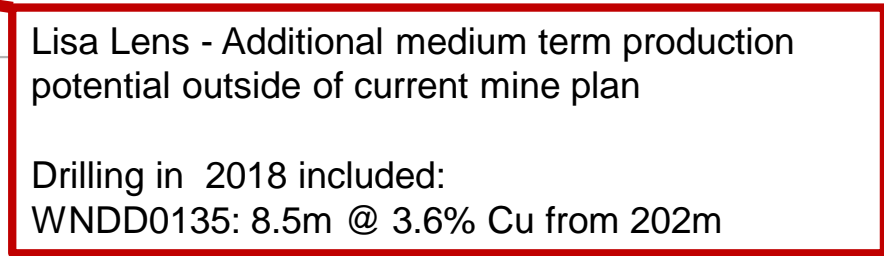


ASSET WOODLAWN IN-MINE EXPLORATION

Targeted additions to the mine plan with immediate value-add

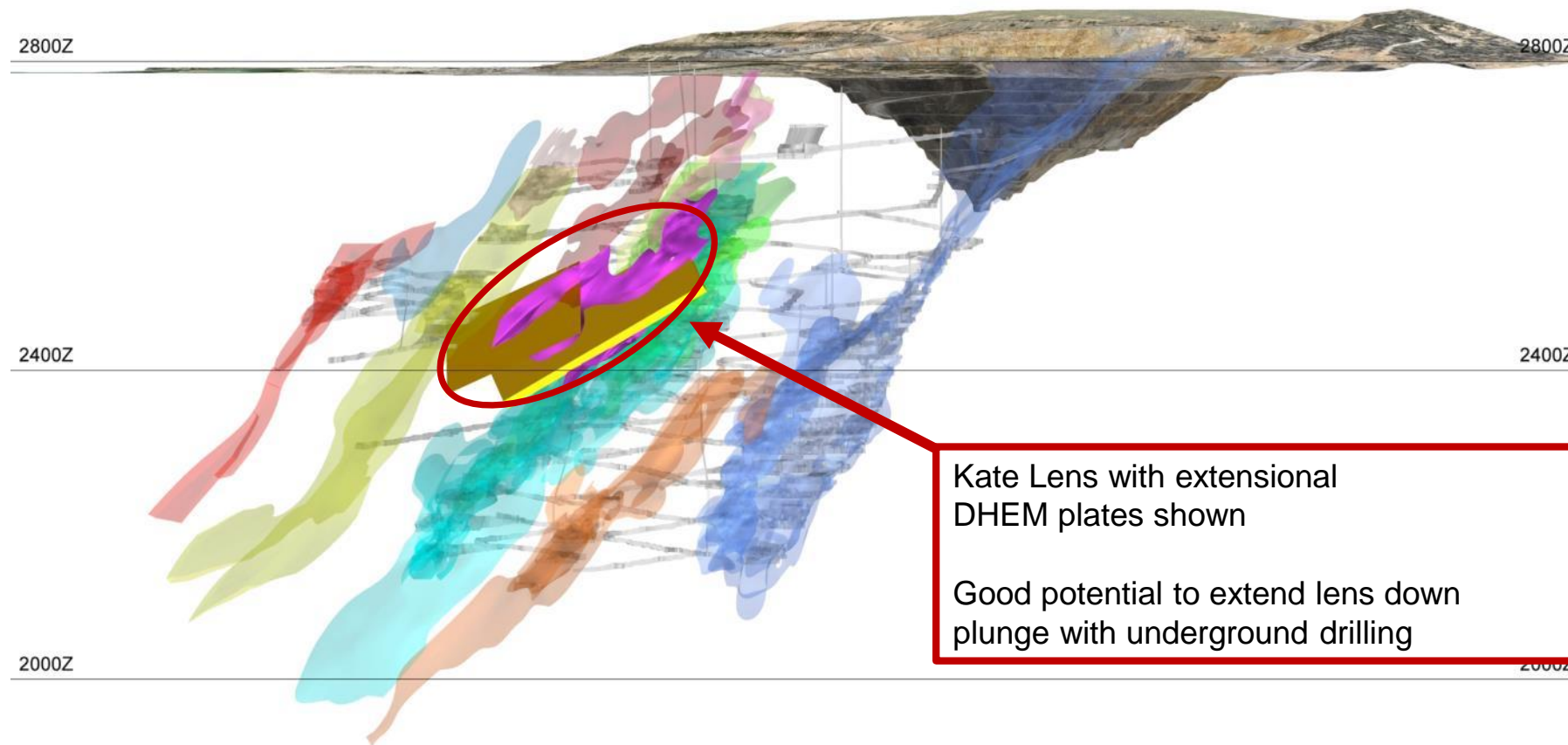


Targeted additions to the mine plan with immediate value-add



ASSET WOODLAWN IN-MINE EXPLORATION

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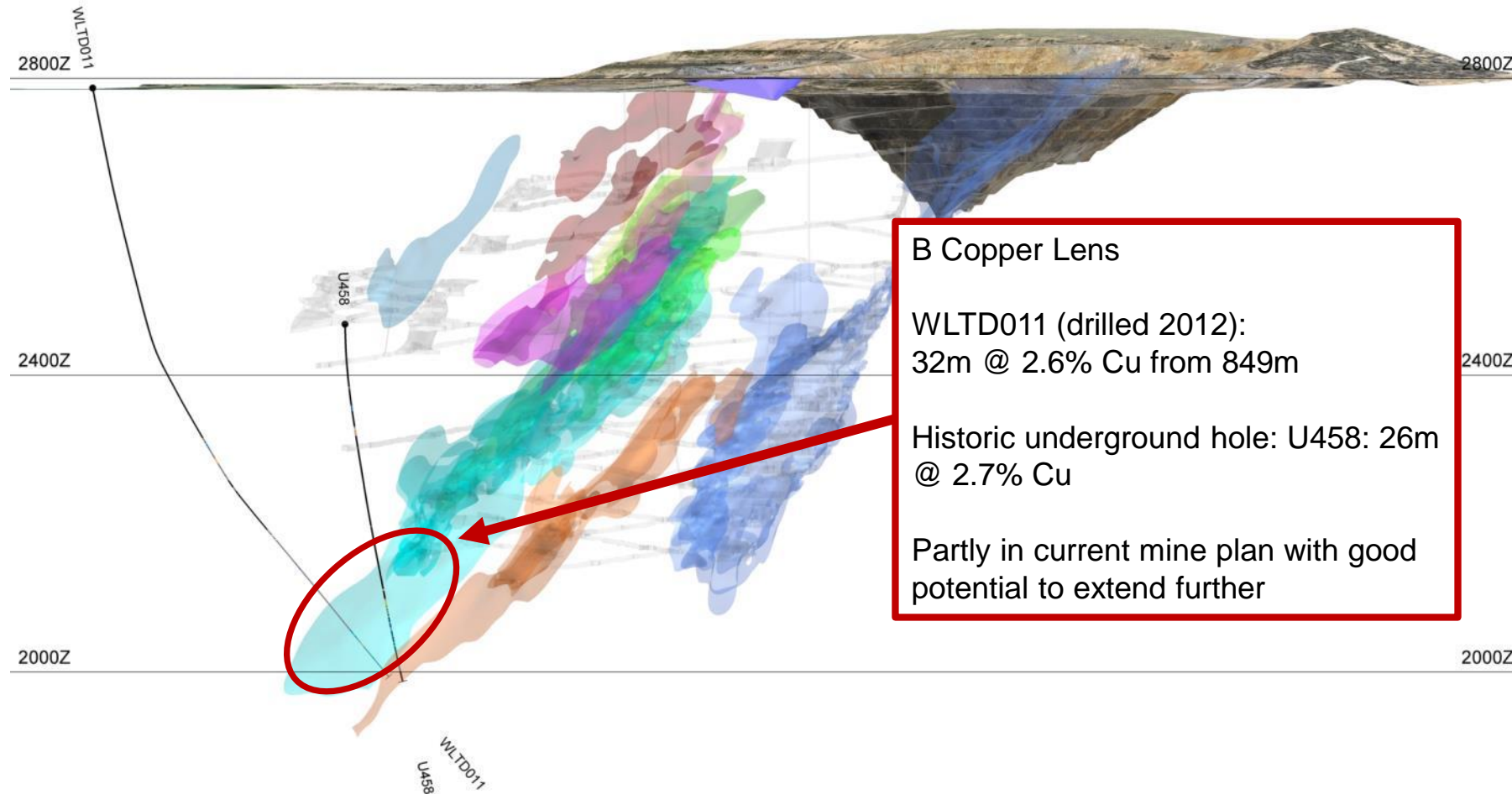


Targeted additions to the mine plan with immediate value-add



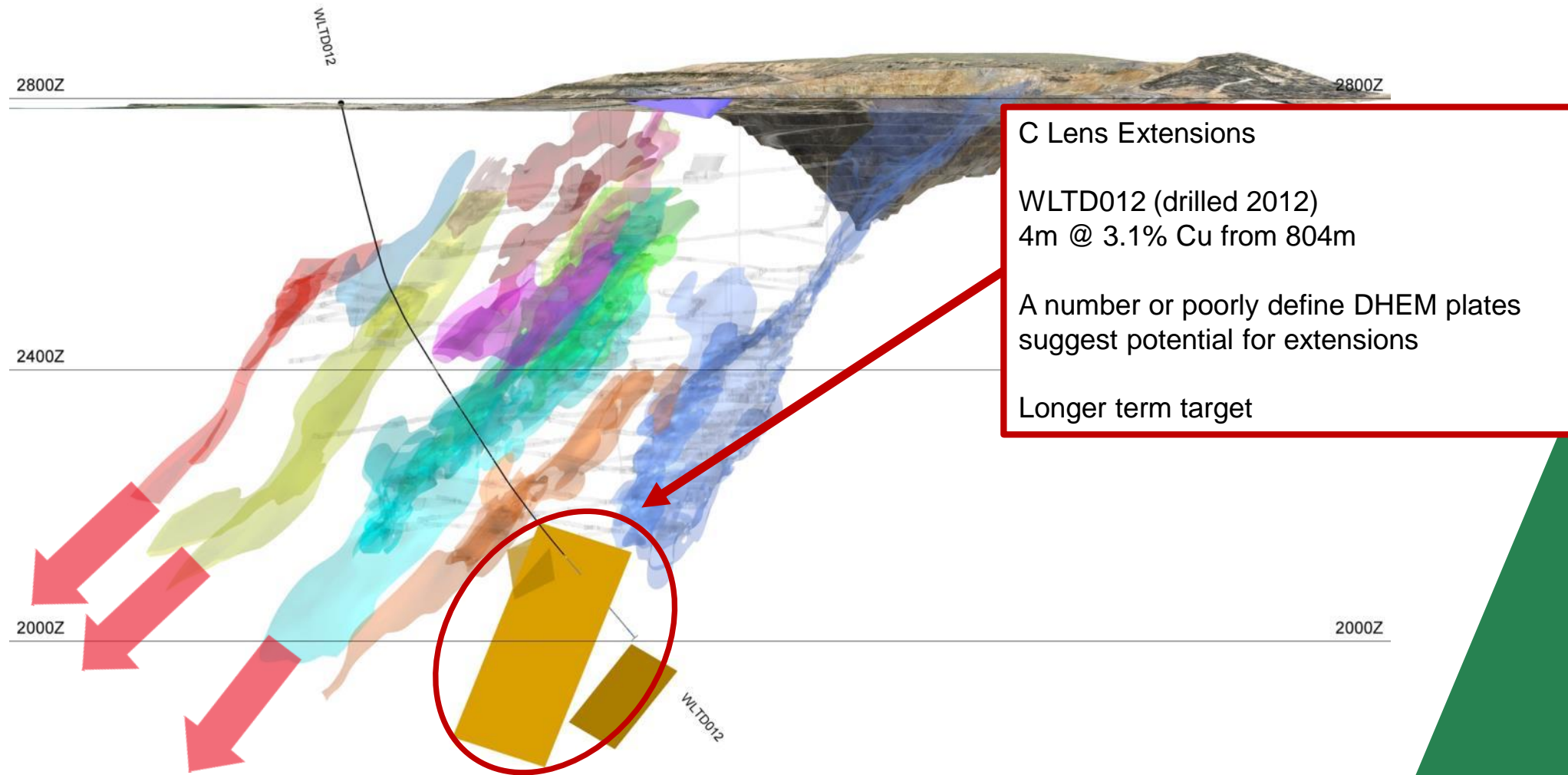
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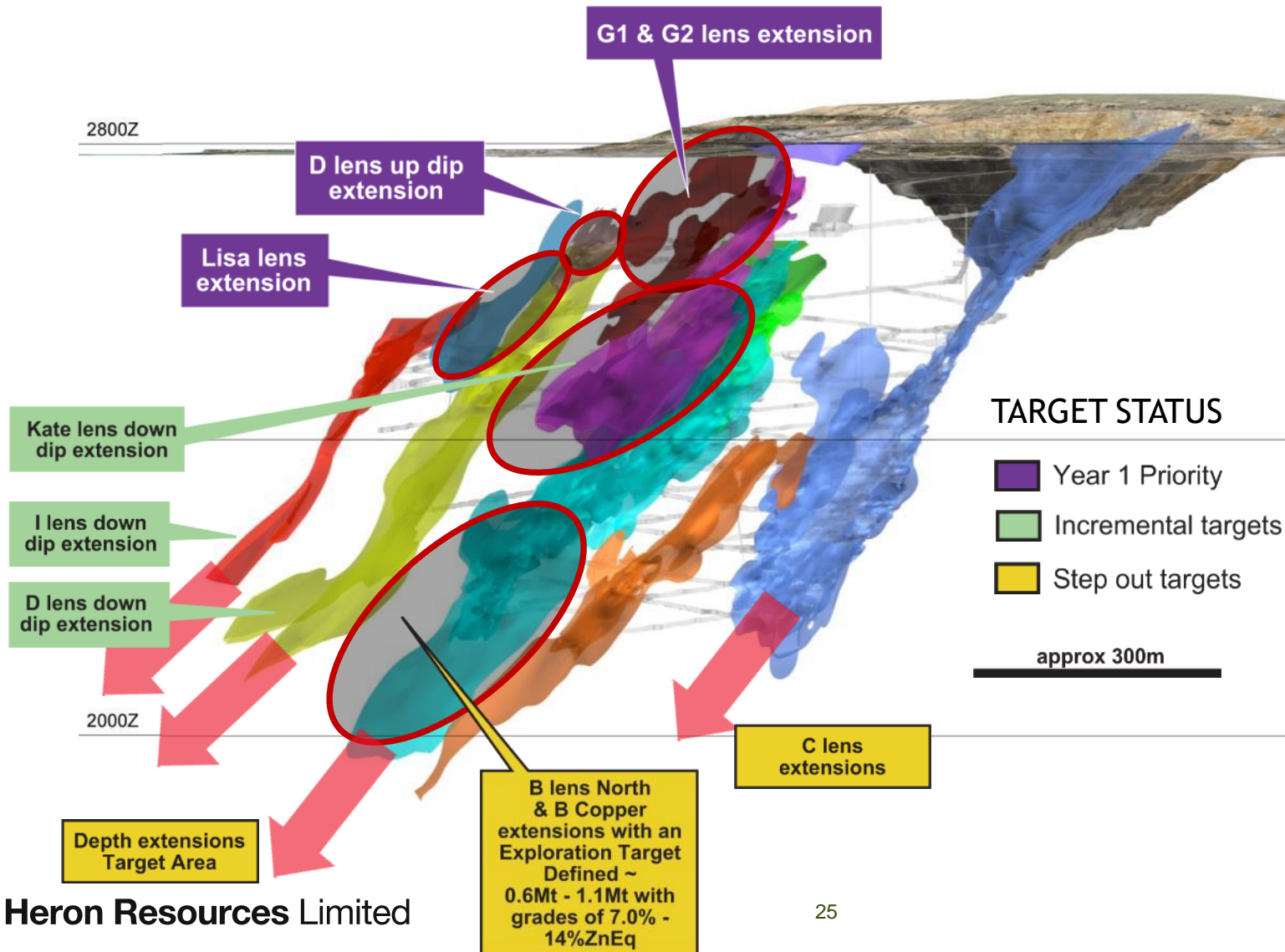
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Targeted additions to the mine plan with immediate value-add



ASSET WOODLAWN IN-MINE EXPLORATION

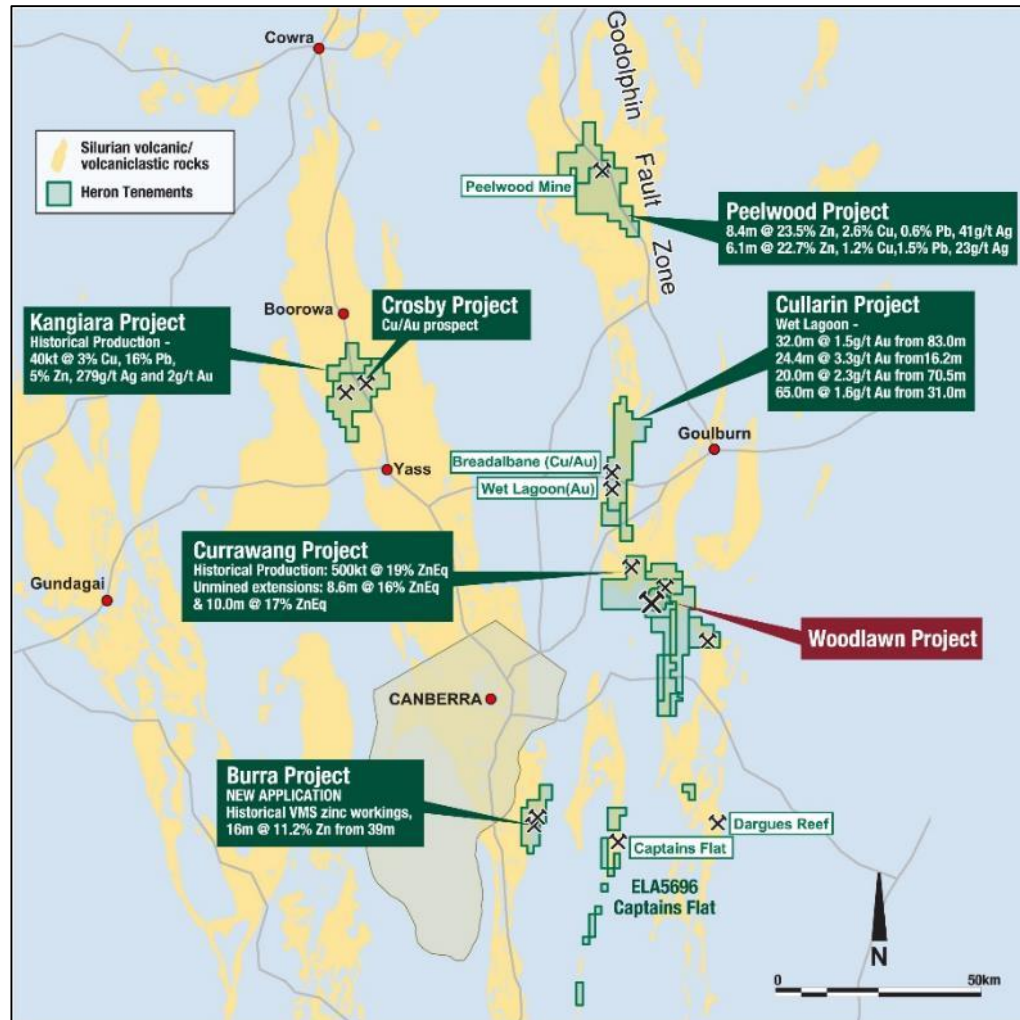
Targeted additions to the mine plan with immediate value-add – significant untapped potential remains 'in-mine'



- ▶ Numerous extensional positions
- ▶ Majority supported by existing planned capital development
- ▶ Initial step - G2 Lens resource addition first mineralisation to be mined
- ▶ Short term – Focus turning to the next shallow positions:
 - ▶ H Lens
 - ▶ D Lens – up dip
 - ▶ Lisa Lens
- ▶ Progressively targeting to optimise mine development:
 - ▶ Kate Lens
 - ▶ B Lens
 - ▶ I Lens
 - ▶ D Lens – down dip

ASSET WOODLAWN REGIONAL POTENTIAL

Growth potential across a number of Heron tenements in high quality VMS district

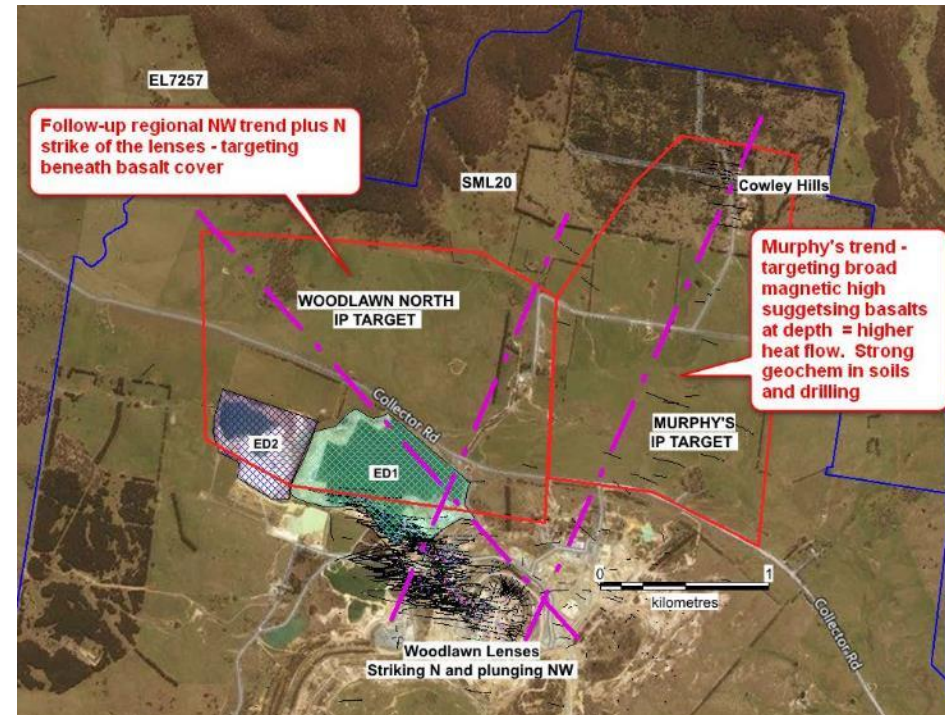
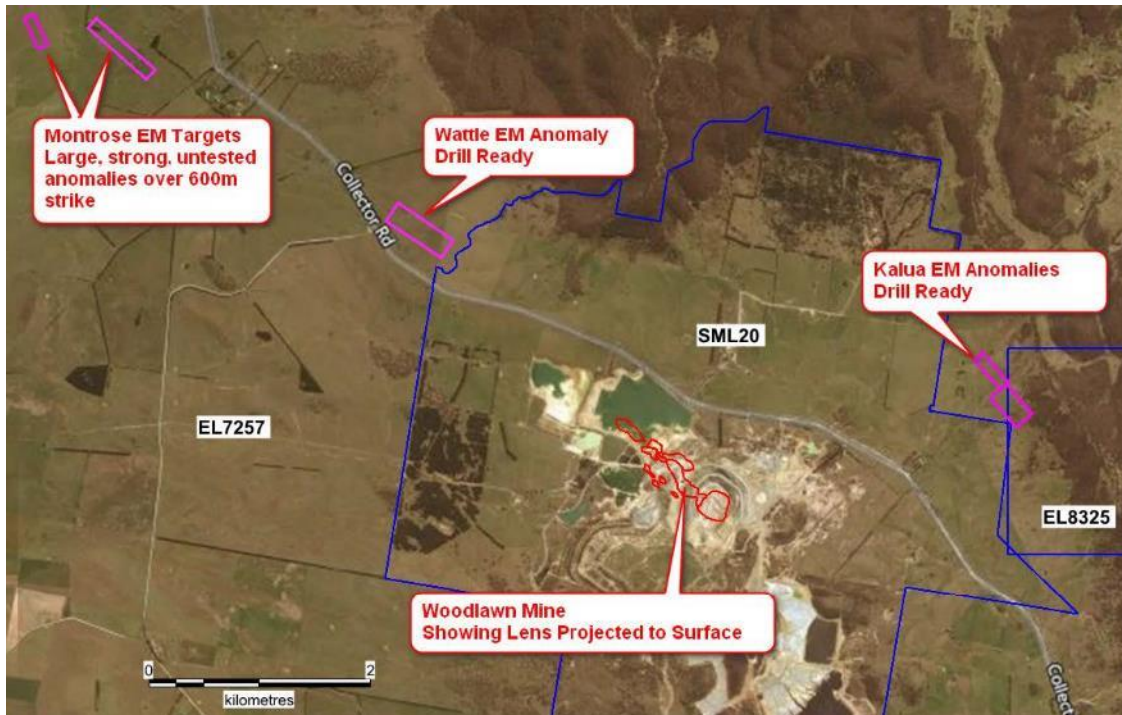


- ▶ Dominant Regional Position
 - ▶ Tenure of 1,200 km²
 - ▶ Coverage of VMS host rocks
 - ▶ Acquiring 'forgotten' projects
- ▶ Confirmed Prospectivity - Historical Satellite Production
 - ▶ Currawang Mine
 - ▶ Cowley Hills Mine
- ▶ Prospect & Target Generation
 - ▶ New and historic remote sensing datasets
 - ▶ Geochem anomalies
 - ▶ Extensive areas under cover
 - ▶ Limited systematic exploration for >30 years



ASSET WOODLAWN REGIONAL POTENTIAL

Near mine regional EM targets to test and IP program over covered structural corridors



Near mine regional program for early 2019

FOCUS 2019 OUTLOOK

Production and Exploration

► The Woodlawn Production Commitment

- Complete project build – well advanced
- Commission – imminent start
- First production – Q1 2019
- Production ramp-up 2019

► Exploration

- In-mine – incremental shallow positions, lens extensions, footprint expansion
- Regional – near mine prospects, structural corridors, geophysical targeting



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