
HERON RESOURCES LIMITED

Annual General Meeting - 5 December 2019 – Chairman's Address

1. Good afternoon ladies and gentlemen, it is 2pm and as a quorum is present, I will now declare the 2019 Annual General Meeting of Heron Resources Limited, open.
2. My name is Stephen Dennis and I am the Chairman of Heron Resources. I'd like to begin by welcoming shareholders and visitors and to thank you all for taking the time to attend this year's meeting.
3. Before we begin the formalities, let me introduce our board and some of our senior management who are here today. Firstly, to our Board members:
 - Fiona Robertson
 - Ian Pattison;
 - Borden Putnam III

A number of directors are unable to join us here today - Peter Rozenauers , Mark Sawyer and Ricardo Di Armas.

4. Some of our senior management team are here today:

- Simon Smith, General Manager of Finance and Company Secretary;
- Brian Hearne, General Manager Woodlawn Mine.

5. I also wish to acknowledge the presence of Scott Jarret from Ernst & Young, the auditor of the Company who is here in attendance today.

6. I am going leave it to Brian to provide you with a brief operations update on Woodlawn later on, however I would like to make a couple of introductory comments before we deal with the formal proceedings .

To say that this year has been disappointing for Heron is an understatement. Mid way through the year , the company faced a near death experience .

There are a couple of reasons why this happened . First , delivery of the Woodlawn processing plant was delayed by several months. I am not going to go into all of the reasons as to why this is so, however I will say that are extremely disappointed with the performance of the project engineers we engaged to build Woodlawn. This all culminated in a major contractual dispute with the project engineers over a myriad of issues in the plant , and we were faced with either entering into a protracted legal dispute with Sedgman , or finding a resolution to these issues . As you know , we chose the latter course of action and settled this dispute .

The second main reason for our problems is that when we started to commission the plant at Woodlawn mid year , we encountered a range of technical issues, mainly in the

processing circuit . We continue to work through these issues , and Brian will update us shortly on the latest at Woodlawn . Production ramp up has been well behind plan , and as everyone knows in mining , this places significant pressure on project cashflows. Yes, we did provide for plant contingencies, and had access to working capital facilities , however these were not sufficient to cover the financial deficit which emerged. It became apparent very quickly that a significant amount of additional finance would be required .

Which brings us to the finance package that shareholders are being asked to vote on today. There is no doubt that for minority shareholders , the outcome is not great . But let me say this – the alternative was that the company could easily have fallen into administration , after which a receiver would likely have been appointed by the secured lender . It is true we have three large private equity funds which own a significant chunk of Heron , but I can assure you their decision to invest further funds was never assured . They each undertook a further technical review of the project to be satisfied that Woodlawn remained technical viable , and they were adamant that a number of prerequisites be met , including settlement of our dispute with Sedgman. On a positive note , each of the three main shareholders who reviewed Woodlawn confirmed the technical viability of the project ahead of making an offer of additional finance .

In Heron, we formed a committee of independent directors to examine our financing options, but it soon became obvious that to raise the sort of money we needed to stay viable, we would always need the support of these key shareholders. Time was also of the essence , as we had already technically breached a couple of our lending covenants . And so after extensive negotiations, we were able to secure an offer of finance that comprised

a number of components some of which are laid out in our Notice of Meeting for today , as well as the immediate injection of equity funds in October. Without these funds we could not have continued as a going concern. As a minority shareholder myself, I feel for the loss of value which all shareholders , including for that matter the major shareholders , have suffered . But at least we have a second chance , which many companies in our situation don't get , and so what we have to do now is complete the job at Woodlawn , and to get the plant ramped up to design level . I can assure you our team at Woodlawn, led by Brian, are doing everything they can to achieve this . This will remain our sole objective for the foreseeable future, and I hope that our shareholders will continue to support us along this path .

Finally , we are well advanced in the search for a new Chief Executive Officer , and I hope we are able to bring you some news on this front soon . A number of good people left Heron this year, including our previous MD Wayne Taylor, however these were changes which had to be made as we look to the future .

I thank you for your patience , and hope to bring you better news as the work at Woodlawn continues . As I said before , Brian will shortly us with a project update, and we will endeavor to answer your questions .

PROCEDURE FOR THE MEETING

1. Now for the formal part of the proceedings. The Company's Notice of Meeting has been sent to all shareholders and lodged with ASX. If there is no objection from the meeting I will take the Notice of Meeting as having been read.
2. I remind you that only shareholders, proxy holders or other authorised representatives are entitled to speak and matters raised must be relevant to the business being considered by the meeting. There will also be the opportunity after voting on the resolutions to ask general questions or make comments.
3. I would appreciate if you would clearly state your name before addressing the meeting.
4. I've been advised by the Company Secretary that all valid proxies that have been received within the prescribed time limits have been admitted.
5. The total number of proxy votes and details of them for each item of business will be recorded in the minutes and advised to the Australian Securities Exchange following this meeting.
6. There are six resolutions to be put to this meeting and details of each resolution will be shown on the screen at the time the relevant resolution is being considered by the meeting, together with the details of the proxy votes cast in respect of that resolution.
7. I will ask that the first five resolutions be determined by a show of hands, with the sixth Resolution to be determined by poll, as now required under the ASX Listing Rules. If a poll

is called for on any of the first five resolutions I will wait until all of the remaining resolutions have been considered before asking our share registry, Automic, to conduct the poll. The results of the poll will be announced to the ASX after the meeting.

8. There are voting exclusions in place for resolutions 1 and 3 to 6. Please refer to the Notice of Meeting for specific details. As Chairman of the meeting, I shall be voting all undirected proxies that I am in receipt of in favour of each resolution.
9. I will now move to the matters to be considered at this meeting.

FINANCIAL STATEMENTS AND REPORTS

1. I now table the Financial Statements, Directors' Report, and the Auditor's Report of the Company for the year ended 30 June 2019.
2. This is not a resolution and the financial statements and associated documents do not need to be approved by the meeting.
3. Does anyone have any comments or questions on the financial statements and associated documents?. I note that Mr. Scott Jarrett of EY is in the audience if you wish to direct a question to him.

<<At this point also note, and provide opportunity for discussion about, written questions (if any have been received) from Shareholders to the Company's auditor about:

- o the preparation and content of the Auditor's report;*
- o the conduct of the audit;*
- o accounting policies adopted by the Company in relation to the preparation of the Annual Financial Statements; and*
- o the independence of the auditor in relation to the conduct of the audit.>>*

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

1. I direct the meeting's attention to the screen to view the resolution and the proxies received in respect of the resolution.
2. Do we have someone to move the resolution?
3. I now request questions and comments about this resolution, if any.
4. If there are no questions, I now put the resolution to a vote.
5. Please note the voting exclusion statement that applies to this resolution.
6. All those in favour, please raise your hand.
7. All those against, please raise your hand.
8. I declare the resolution carried/not carried.

RESOLUTION 2 – RE-ELECTION OF BORDEN PUTNAM III AS A DIRECTOR

1. I direct the meeting's attention to the screen to view the resolution and the proxies received in respect of the resolution.
2. Do we have someone to move the resolution?
3. I now request questions and comments about this resolution, if any.
4. If there are no questions, I now put the resolution to a vote.
5. All those in favour, please raise your hand.
6. All those against, please raise your hand.
7. I declare the resolution carried/not carried.

RESOLUTION 3 – APPROVAL OF GREENSTONE CONVERTIBLE NOTE ISSUE

1. I direct the meeting's attention to the screen to view the resolution and the proxies received in respect of the resolution.
2. Do we have someone to move the resolution?
3. I now request questions and comments about this resolution, if any.
4. If there are no questions, I now put the resolution to a vote.
5. Please note the voting exclusion statement that applies to this resolution.
6. All those in favour, please raise your hand.
7. All those against, please raise your hand.
8. I declare the resolution carried/not carried.

RESOLUTION 4 – APPROVAL OF CASTLELAKE CONVERTIBLE NOTE ISSUE

1. I direct the meeting's attention to the screen to view the resolution and the proxies received in respect of the resolution.
2. Do we have someone to move the resolution?
3. I now request questions and comments about this resolution, if any.
4. If there are no questions, I now put the resolution to a vote.
5. Please note the voting exclusion statement that applies to this resolution.
6. All those in favour, please raise your hand.
7. All those against, please raise your hand.
8. I declare the resolution carried/not carried.

RESOLUTION 5 – APPROVAL OF ORION CONVERTIBLE NOTE ISSUE

1. I direct the meeting's attention to the screen to view the resolution and the proxies received in respect of the resolution.
2. Do we have someone to move the resolution?
3. I now request questions and comments about this resolution, if any.
4. If there are no questions, I now put the resolution to a vote.
5. Please note the voting exclusion statement that applies to this resolution.
6. All those in favour, please raise your hand.
7. All those against, please raise your hand.
8. I declare the resolution carried/not carried.

RESOLUTION 6 – APPROVAL OF DEBT RESTRUCTURE

1. I direct the meeting's attention to the screen to view the resolution and the proxies received in respect of the resolution.
2. Do we have someone to move the resolution?
3. I now request questions and comments about this resolution, if any.
4. If there are no questions, we will now proceed to vote on the resolution by poll.
5. Upon registering for the meeting today, if you are entitled to vote you will have been provided with a ballot slip. If you have not received a ballot slip, please obtain one from the registration desk.
6. Shareholders, proxyholders, attorneys and corporate representatives who are allowed to vote in accordance with the voting exclusion statement and wish to vote on the poll should now complete the ballot slip.
7. Please indicate your vote on the ballot slip in respect of Resolution 6 by marking the relevant squares (preferably with a cross) in favour or against or abstaining from the resolution.

8. If a mark is placed in only one square, your total shareholding will be voted in that manner.
9. Your vote will be invalid if a mark is made in more than one box for a resolution unless you split your voting direction. To do so, please write the number of shares you wish to vote next to the appropriate squares. Your vote will be invalid if the total number of shares voted for in respect of the same Resolution is more than your total shareholding on the share register.
10. Proxyholders, it will be necessary for you to indicate your vote by marking the appropriate square or squares, in favour or against or abstaining from each resolution in accordance with any instructions given to you by the relevant shareholder. By completing the ballot slip on behalf of your relevant shareholder, you are deemed to have voted in accordance with those instructions.
11. A proxyholder with open votes may cast some votes for a resolution, some against and some abstaining, if desired, in the same manner as I have described for shareholders.
12. If you are a proxyholder and also a shareholder in your own right, it is important that you complete two ballot slips, one in your own right and the second as a proxy.
13. Please ensure that you print your name where indicated and sign the ballot slip. When you have finished filling in your ballot slip, please hand it to the representatives of Automic to ensure your votes are counted.
14. If you require any assistance, please raise your hand.

15. I now ask you to cast your votes.

16. I believe that all persons who wish to vote on the polls on Resolution 6 have now done so. If there is any person present who has not yet had their completed and handed in their ballot slip would you please raise your hand.
17. (When no-one has indicated they require more time to complete their ballot slip, Chair to close the poll). Have all votes been cast?
18. I now declare the poll closed and request Automic to count the votes. After the votes have been counted, the results of the poll will be disclosed to the meeting attendees after Brian's presentation and will be released to the ASX and will be displayed on the Company's website.

QUESTIONS AND COMMENTS ON MANAGEMENT

1. Under the Corporations Act, shareholders are entitled to ask questions or make comments on the management of the Company.
2. I now invite questions or comments.
3. Thank you for your contributions. Your views are duly noted by the Directors.

CLOSING OF MEETING

1. Thank you ladies and gentlemen, as there are no other matters that can be properly considered in the formal part of this Annual General Meeting, I now declare the meeting closed.
2. Our GM of Woodlawn, Brian Hearne, will now provide you with a Woodlawn operations update, and following his presentation you will have the opportunity to ask any further questions.

Presentation

Thanks Brian for your presentation. I now invite members to ask any questions or make comments.

If that is all the questions, I would like to invite all of you to join us for afternoon tea