



Heron Resources Limited

Quarterly Report

March 2020

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ABN: 30 068 263 098

28 April 2020

SUMMARY

Woodlawn Zinc-Copper-Lead Project

- Operations suspended at Woodlawn on 24 March 2020 due to travel and other restrictions imposed by Australian Federal and State Governments in response to the COVID 19 pandemic, along with related health and safety concerns for site personnel.
- Site currently in care & maintenance to preserve mining and processing infrastructure for future restart.
- Independent technical reviews of mine and process plant operations completed and will support restart planning.
- Underground grade-control drilling of Kate lens orebody confirmed resource model and reserve base.
- Production campaigns of both tails reclaim feed and underground ore were completed prior to the suspension of operations, with improvements in process plant throughput and flotation performance observed.
- A total of 5,368 dry metric tonnes (dmt) of zinc concentrate and 1,796 dmt of copper concentrate were shipped during the quarter.

Woodlawn Exploration Highlights

- New Frontiers Cooperative Drilling grant awarded by NSW government for Peelwood project, 100 km north of Woodlawn.
- Down-hole electromagnetic survey completed at Murphy's and Montrose prospects with a number of EM conductors identified for follow up work.
- Sky Metals (ASX:SKY) announced significant gold results from its maiden drilling program at Heron's Cullarin Project, 30 kilometres north of Woodlawn.

Corporate

- **Cash:** Heron held A\$29.2 million in cash (including bonds of A\$7.8 million) at 31st March 2020.
- **Stakeholder review:** Heron announced on 25 March 2020 that it had received a waiver from OMF, its senior debt holder, covering the suspension of operations as an event of default until 23 April 2020. Heron further announced on 23 April an extension to that waiver until 15 May 2020, providing further time for the Company to review recently completed independent expert reports and work with its key stakeholders to determine a path forward for Woodlawn.
- **Commencement of new CEO:** On 15 January 2020, Heron announced the appointment of Mr. Tim Dobson as the new Chief Executive Officer. Mr. Dobson has over 30 years' relevant experience and holds a BSc in Extractive Metallurgy from the WA School of Mines. Mr. Dobson commenced his employment at Heron on 23 March 2020.
- **Resignation of Director:** Mr Peter Rozenauers resigned as a Non-Executive Director effective from 20 March 2020.



Heron Resources Limited

Quarterly Report

March 2020

Heron Resources Ltd (“Heron” or the “Company”) is pleased to provide its report for the March 2020 quarter.

WOODLAWN ZINC-COPPER PROJECT

Heron holds a direct 100% ownership of the mineral rights at the Woodlawn Mine site situated 40km south of Goulburn and 250km south-west of Sydney, in southern NSW, Australia. Heron’s aim is to create a profitable, long-life, low-cost mining operation, producing base metal concentrates.

Over the past five years Heron has developed the Woodlawn Zinc-Copper Project through planning, construction, commissioning and ramp up to commercial production. Construction was completed in the June 2019 quarter and the first lead and zinc concentrates were produced and shipped in September and October 2019. The first concentrate sales revenue was received in October 2019.

Woodlawn Project – Operations Report

January saw the highest monthly throughput to date with 109kt of tails reclaim feed processed and 4,300 tonnes of combined concentrate produced. Planned underground ore processing in February was adversely impacted by a significant and prolonged wet weather event that significantly reduced crusher throughput, with maintenance on tails reclaim equipment impacting the option of postponing the crushing campaign. During March, reasonable tails reclaim feed throughput rates were being achieved, averaging 166tph, until the suspension of operations on 24 March 2020.

- **Suspension of Operations:** Heron announced on 25 March 2020 that operations were suspended at Woodlawn the previous day due to travel and other restrictions imposed by Australian Federal and State Governments in response to the COVID-19 pandemic, along with related health and safety concerns for site personnel. The site is currently in care & maintenance mode with the majority of employees and all contractors now demobilised. The mine and process plant infrastructure assets are being maintained by remaining personnel to a level that will support a rapid re-start of operations. Regulatory compliance is being maintained along with stringent security, health, safety and environmental protection protocols.
- **Safety:** Safety performance improved significantly relative to the previous quarter with zero Lost Time Injuries (LTIs) incurred. No known cases of COVID-19 were recorded in the Woodlawn workforce, and protocols aligned with the Minerals Council of Australia COVID-19 protocols have been put in place across the site.
- **Hydraulic Mining:** Hydraulic mining continued in the main production area of Tailings Dam South (TDS). Performance was impacted by poor hydraulic mining and pumping equipment reliability. The improvements required to achieve the required reliability have been identified and included in re-start plans for the operation.
- **Tailings Reclaim Processing:** A total of 204kt of tails reclaim feed was processed during the quarter with a number of positive indicators achieved with respect to throughput and flotation performance, however feed stability issues impacted overall production performance.
- **Underground Mine:** Underground mine development was below target in the December 2019 quarter due to mining contractor personnel and equipment issues, and this continued into January 2020. Mining performance improved significantly in February and March up until the suspension of operations on 24 March. A total of 1,079 metres of development was completed during the quarter, and at the point of suspension, the planned development drives for access to Kate lens had been achieved. Ore production for the quarter was below target with 23.5kt delivered to the ROM pad, with the mining of lower grade ore lenses substituted for development activity, particularly in the decline. Paste filling continued, although limited stopes required fill.



Heron Resources Limited

Quarterly Report

March 2020

- **Underground Ore Processing:** A total of 28.5kt of underground ore was processed during the quarter, all in February. The campaign was significantly impacted by an unusually heavy and persistent wet weather sequence which caused material handling issues throughout the crushing and screening circuit. These issues have been clearly identified and included in the re-start plans for the operation.
- **Concentrate Production/Sales:** A total of 5,368 dry metric tonnes (dmt) of zinc concentrate and 1,796 dmt of copper concentrate were shipped during the quarter. Concentrate grade and metal recoveries continued to improve during the quarter, particularly during periods of stable operation.

Woodlawn Project – Exploration

- **Woodlawn North Targets:** Heron's current exploration focus is on the discovery and delineation of additional mineralised VMS lenses directly north of the Woodlawn mine's known ore resources. Prospects targeted are within a 2.5km arc to the NW and NE of Woodlawn. A down-hole electromagnetic (EM) survey was completed in the quarter on the four diamond core holes drilled in 2019 (CHDD0002, CHDD0003, WNDD0152, WNDD0153), which intersected a number of zones of significant indicative alteration. Two strong EM conductors were identified and coincided with graphitic shales which is sufficient to explain these anomalies. A number of weak, late time conductors were also identified and current work is focussed on constraining the extent of these anomalies. A further down-hole EM survey was completed at the Montrose prospect, 6.5km NW of Woodlawn, and returned a complex array of highly conductive EM anomalies. Further work is planned to constrain these anomalies and establish a drill target.
- **New Frontiers Cooperative Drilling Grant Awarded:** During the quarter Heron was awarded a New Frontiers Cooperative Drilling grant from the NSW government for its Peelwood project, 100 km north of Woodlawn. This grant will subsidise 50% of the direct drilling costs of the planned exploration drilling program at Peelwood.
- **Woodlawn Regional Prospects:** Heron continues to hold a strategic 1,372 km² tenement package covering the prospective Silurian volcanic rocks, which hosts the Woodlawn VMS base metal deposit. Heron's exploration focus is on historically known mineralisation zones with prospective geology and comparable grade and metallurgy to Woodlawn, and within potential trucking distance of the Woodlawn mine and processing facility.

Exploration Joint Venture Projects

Heron retains interests in tenement holdings within the Lachlan Fold Belt of NSW and the Eastern Goldfields of Western Australia. This tenure is held through farm-in and joint venture interests, which include a number of other free-carried residual or royalty interests that results in minimal costs to Heron.

- **Sky Metals Farm-In And Joint Venture Agreement**

As announced on the 9 October 2019, a farm-in agreement was signed with Sky Metals Ltd (ASX:SKY) relating to three tenements at Cullarin (EL 7954) and Kangiara (EL 8400, EL 8573), targeting initially McPhillamy's style gold mineralisation (refer to Figure 1 for project locations). Key terms of the agreement are \$400k minimum expenditure in first year, a further \$1.6M expenditure over the next 2 years to earn 80% with Heron free carried to DFS or \$10M of expenditure, and the issue to Heron of 10M Sky options at a strike price of 15c.

Sky announced (ASX:SKY 1 April 2020) that it has reached its initial minimum expenditure (\$400k) and is moving to earn an 80% interest in the tenements. In accordance with agreement, Heron's 10 million options have now vested and can be exercised by the Company at any time. Sky also announced assay results from its maiden drilling program at the Hume prospect (previously known as Wet Lagoon) within the Cullarin tenement. Exceptional results were returned and verified the gold intercepts announced in historic drilling (ASX:SKY 10 February 2020).



Heron Resources Limited Quarterly Report

March 2020

Highlights include:

- 93m @ 4.24 g/t gold from 56m (66% core recovery), Hole HUD002: including:
 - 36m @ 2.88 g/t gold from 56m (28% core recovery), and
 - 14m @ 20.2 g/t gold from 92m (63% core recovery), and 43m @ 1.30 g/t gold from 106m (>95% core recovery):
- 54m @ 0.84g/t gold from 116m, Hole HUD00, including:
 - 5m @ 5.76g/t gold from 128m, and
 - 23m @ 0.76 g/t gold from 224m

Sky has raised an additional \$10.5 million and is pursuing a vigorous exploration program at Cullarin.

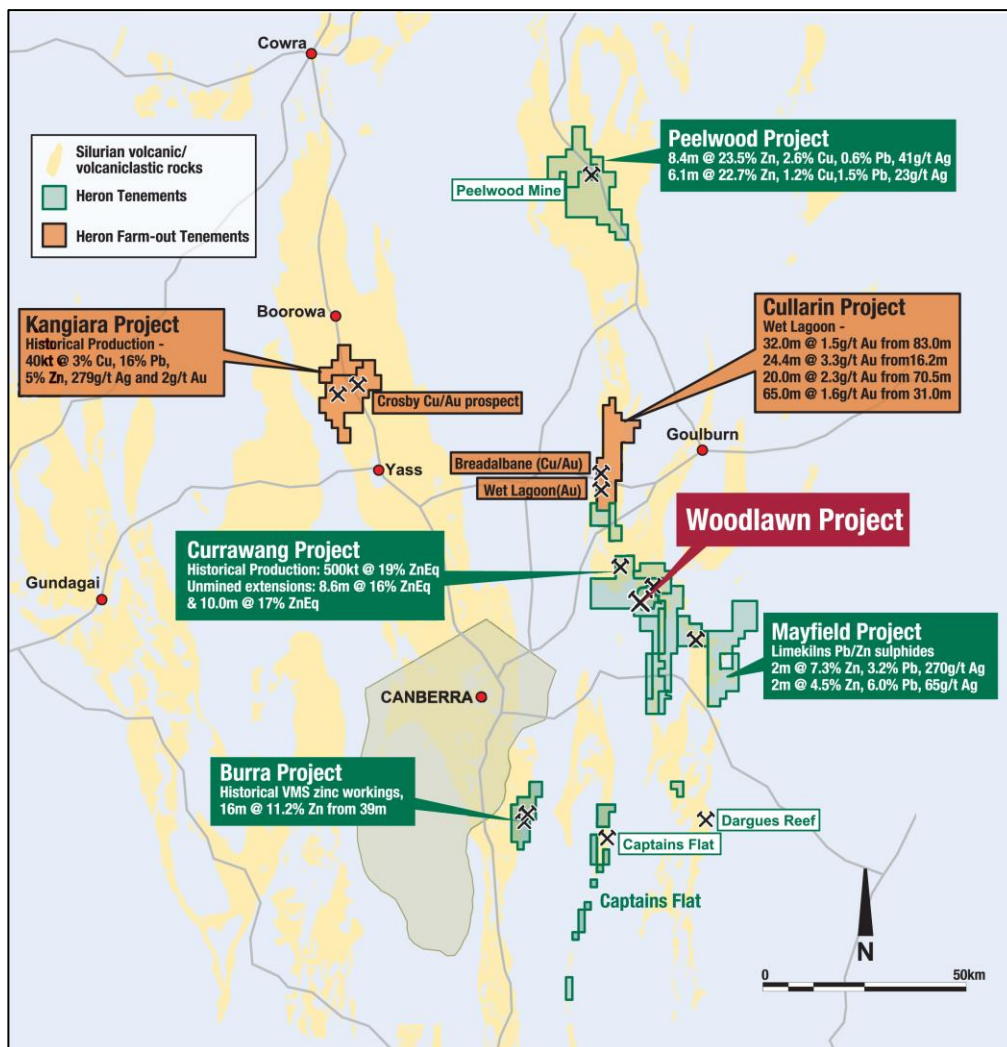


Figure 1: Heron's Projects in eastern New South Wales, including Kangiara and Cullarin (highlighted) farmed out to Sky Metals Limited.



Heron Resources Limited Quarterly Report

March 2020

- **Alchemy Farm-In and Joint Venture (Overflow, Girilambone, Eurow And Yellow Mountain)**

Heron entered into a Farm-In Agreement with Alchemy Resources Limited (ASX:ALY) covering a portfolio of Heron's NSW exploration tenements in May 2016. The Farm-In Agreement covers 674 km² of the central Lachlan Orogen in NSW (refer Figure 2). At the end of the December 2019 quarter Alchemy had earned a 51% interest in the JV tenements after spending \$1 million and has the option to earn 80% by spending an additional \$1 million by 30 May 2021.

During the current quarter Alchemy has continued drill site preparations for drilling of the down plunge extensions of the gold-silver-zinc-lead mineralised zone at Overflow. No ground work was completed on other NSW projects due to interstate travel restrictions associated with the COVID-19 pandemic.

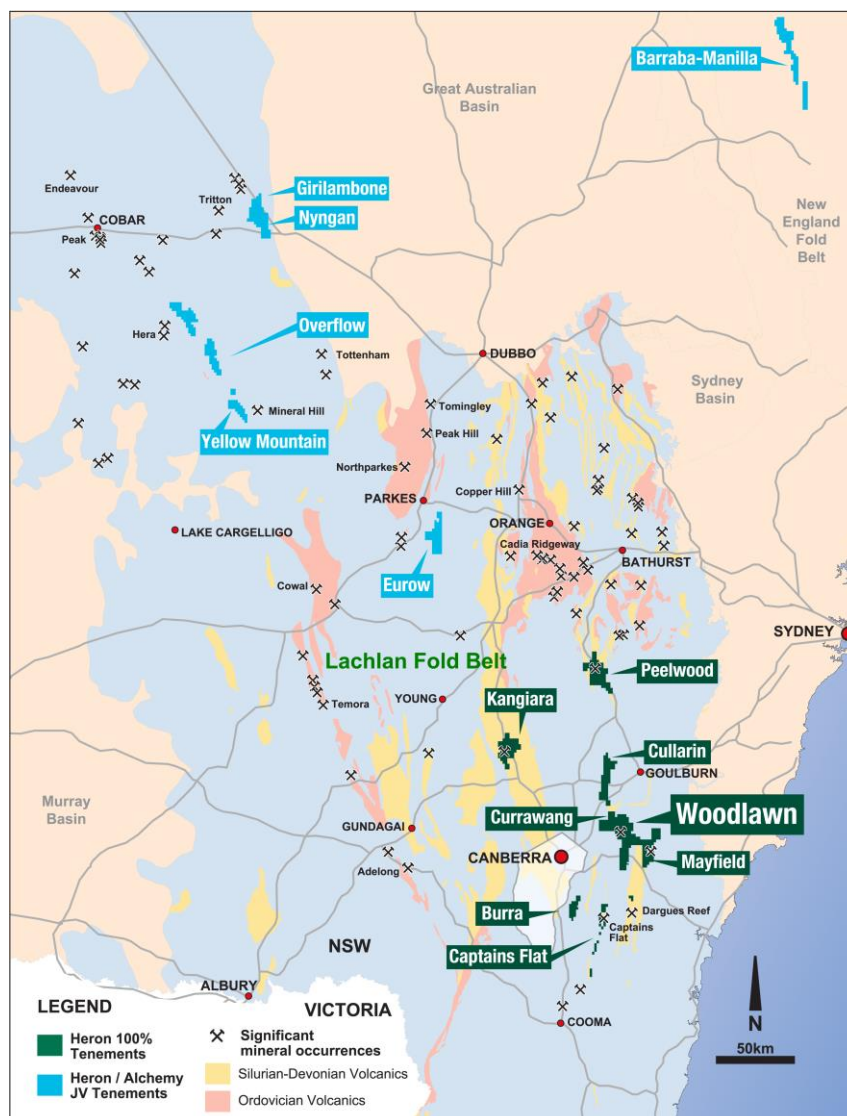


Figure 2: Heron NSW Projects (including Alchemy JV tenure).

Compliance Statements (JORC 2012)



Heron Resources Limited

Quarterly Report

March 2020

The technical information in this report relating to the exploration results 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 mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results. Mr. von Perger has reviewed this report and approves the scientific and technical disclosure related to exploration results within.

Corporate Directory

| <p>Directors</p> <p>Stephen Dennis*⁺ <i>Chairman</i> Borden Putnam III*⁺ Fiona Robertson *⁺ Ian Pattison *⁺ Mark Sawyer*⁺ Ricardo De Armas*⁺</p> <p>* Denotes Non-executive + Denotes Independent</p> <p>Executive Management</p> <p>Tim Dobson <i>Chief Executive Officer</i> Simon Smith <i>General Manager – Finance & Administration & Company Secretary.</i></p> | <p>Issued Share Capital</p> <p>As at the date of this report, Heron Resources Limited had 428,664,605 ordinary shares, 730,000 Employee options and 1,160,000 Performance Rights.</p> <p>The options have expiry dates ranging from 4 December 2020 to 1 February 2022 and have exercise prices ranging from A\$0.72 to A\$1.10.</p> <p>The Performance rights are \$nil exercise price options and expire on 1 July 2020 and 1 July 2021.</p> <p>Heron trades on the ASX as HRR.</p> <p>Monthly Share Price Activity</p> <p>(A\$ per share - ASX)</p> <table border="1"> <thead> <tr> <th>Month</th> <th>High</th> <th>Low</th> <th>Close</th> </tr> </thead> <tbody> <tr> <td>Apr 19</td> <td>0.66</td> <td>0.60</td> <td>0.61</td> </tr> <tr> <td>May 19</td> <td>0.64</td> <td>0.54</td> <td>0.61</td> </tr> <tr> <td>June 19</td> <td>0.61</td> <td>0.535</td> <td>0.575</td> </tr> <tr> <td>Jul 19</td> <td>0.47</td> <td>0.38</td> <td>0.38</td> </tr> <tr> <td>Aug 19⁽¹⁾</td> <td>0.39</td> <td>0.26</td> <td>0.30</td> </tr> <tr> <td>Sept 19⁽¹⁾</td> <td>0.30</td> <td>0.30</td> <td>0.30</td> </tr> <tr> <td>Oct 19⁽¹⁾</td> <td>0.30</td> <td>0.17</td> <td>0.17</td> </tr> <tr> <td>Nov 19</td> <td>0.18</td> <td>0.11</td> <td>0.11</td> </tr> <tr> <td>Dec 19</td> <td>0.12</td> <td>0.09</td> <td>0.10</td> </tr> <tr> <td>Jan 20</td> <td>0.105</td> <td>0.082</td> <td>0.084</td> </tr> <tr> <td>Feb 20</td> <td>0.09</td> <td>0.068</td> <td>0.069</td> </tr> <tr> <td>Mar 20</td> <td>0.071</td> <td>0.017</td> <td>0.019</td> </tr> </tbody> </table> <p>(1) HRR was in 'voluntary suspension' from 16th August 2019 to 08th October 2019.</p> | Month | High | Low | Close | Apr 19 | 0.66 | 0.60 | 0.61 | May 19 | 0.64 | 0.54 | 0.61 | June 19 | 0.61 | 0.535 | 0.575 | Jul 19 | 0.47 | 0.38 | 0.38 | Aug 19 ⁽¹⁾ | 0.39 | 0.26 | 0.30 | Sept 19 ⁽¹⁾ | 0.30 | 0.30 | 0.30 | Oct 19 ⁽¹⁾ | 0.30 | 0.17 | 0.17 | Nov 19 | 0.18 | 0.11 | 0.11 | Dec 19 | 0.12 | 0.09 | 0.10 | Jan 20 | 0.105 | 0.082 | 0.084 | Feb 20 | 0.09 | 0.068 | 0.069 | Mar 20 | 0.071 | 0.017 | 0.019 | <p>Registered Office and Address for Correspondence</p> <p>Sydney Suite 2, Level 8, 309 Kent Street Sydney NSW 2000 Telephone +61 2 9119 8111</p> <p>Email heron@heronresources.com.au Website www.heronresources.com.au</p> <p>Share Registry (Australia)</p> <p>Automic Level 5, 126 Philip Street Sydney NSW 2000 P: 1300 288 664 (within Australia) P: +61 (2) 9698 5414 (outside Australia) E: hello@automic.com.au W: www.automic.com.au</p> <p>All security holder correspondence to: PO BOX 2226, Strawberry Hills, NSW 2012</p> <p>Please direct enquiries regarding Australian shareholdings to the Share Registrar.</p> |
|--|---|-------|-------|-----|-------|--------|------|------|------|--------|------|------|------|---------|------|-------|-------|--------|------|------|------|-----------------------|------|------|------|------------------------|------|------|------|-----------------------|------|------|------|--------|------|------|------|--------|------|------|------|--------|-------|-------|-------|--------|------|-------|-------|--------|-------|-------|-------|--|
| Month | High | Low | Close | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Apr 19 | 0.66 | 0.60 | 0.61 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| May 19 | 0.64 | 0.54 | 0.61 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| June 19 | 0.61 | 0.535 | 0.575 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jul 19 | 0.47 | 0.38 | 0.38 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Aug 19 ⁽¹⁾ | 0.39 | 0.26 | 0.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sept 19 ⁽¹⁾ | 0.30 | 0.30 | 0.30 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Oct 19 ⁽¹⁾ | 0.30 | 0.17 | 0.17 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nov 19 | 0.18 | 0.11 | 0.11 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dec 19 | 0.12 | 0.09 | 0.10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 20 | 0.105 | 0.082 | 0.084 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feb 20 | 0.09 | 0.068 | 0.069 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 20 | 0.071 | 0.017 | 0.019 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



Heron Resources Limited

Quarterly Report

March 2020

Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

| |
|-------------------------|
| HERON RESOURCES LIMITED |
|-------------------------|

ABN

| |
|----------------|
| 30 068 263 098 |
|----------------|

Quarter ended

| |
|---------------|
| 31 March 2020 |
|---------------|

Consolidated statement of cash flows

| | Current Qtr. \$A'000 | Year to Date (9 months) \$A'000 |
|--|--------------------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | 4,049 | 8,909 |
| 1.2 Payments for: (a) production (b) development (c) administration | (1,845) | (6,656) |
| 1.3 Dividends received | 96 | 1,801 |
| 1.4 Interest and other items of similar nature received | (2,271) | (7,010) |
| 1.5 Interest and other costs of finance paid | 2,447 | 6,345 |
| 1.6 Taxes (paid)/refunded (GST) | | |
| 1.7 Other | | |
| Net Operating Cash Flows | 2,476 | 2,003 |
| Cash flows related to investing activities | | |
| 1.8 Payment for purchases of: (a) plant and equipment (b) equity investment (c) mine under construction (d) exploration activities (e) prospects | (332) - (32,026) (111) - | (573) - (87,648) (620) - |
| 1.9 Proceeds from sale of: (a) prospects (b) equity investment (c) other fixed assets | - - - | - 1,386 - |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | - | - |
| Net Investing Cash Flows | (32,469) | (87,455) |
| 1.12 Total operating and investing cash flows (carried forward) | (29,993) | (85,452) |



Heron Resources Limited

Quarterly Report

March 2020

| | | |
|---|----------|----------|
| 1.12 Total operating and investing cash flows (brought forward) | (29,993) | (85,452) |
| Cash flows related to financing activities | | |
| 1.13 Proceeds from the issue of shares, options, etc. | - | 28,790 |
| 1.14 Realised foreign exchange loss – equity raise | | |
| 1.15 Payment for FX Hedges | | |
| 1.16 Proceeds/(repayment) of borrowings | - | 47,089 |
| 1.17 Dividends paid | | |
| 1.18 Payment of Share issue costs | - | (416) |
| Net financing cash flows | - | 75,463 |
| Net increase (decrease) in cash held | (29,993) | (9,989) |
| 1.19 Cash at beginning of quarter/year | 59,246 | 39,371 |
| 1.20 Other (Fx translation) | - | (129) |
| 1.21 Cash at end of quarter | 29,253 | 29,253 |

Payments to directors of the entity and associates of the directors, payments to related entities of the entity and associates of the related entities

| | Current Qtr. \$A'000 |
|---|-------------------------|
| 1.22 Aggregate amount of payments to the parties included in item 1.2 and 1.8 | 161 |
| 1.23 Aggregate amount of loans to the parties included in item 1.10 | |

1.24 Explanation necessary for an understanding of the transactions

| |
|--|
| Director's fees, salaries and superannuation for the quarter (A\$138,539) Related Entity of director for technical consultancy services (A\$22,285) |
|--|

Non-cash financing and investing activities

2.1 Details of financing and investing transactions that have had a material effect on consolidated assets and liabilities but did not involve cash flows

| |
|--|
| |
|--|

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

| |
|-----------------------|
| See attached schedule |
|-----------------------|



Heron Resources Limited

Quarterly Report

March 2020

Financing facilities available

Add notes as necessary for an understanding of the position

| | Amount available \$A'000 (US\$56M at exchange rate of AUD:USD\$0.6175) | Amount used \$A'000 |
|---------------------------------|---|------------------------|
| 3.1 Loan facilities | \$91,056 | \$91,056 |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|---|---------------|
| 4.1 Exploration and evaluation | 100 |
| 4.2 Development (*) | 3,200 |
| 4.3 Production (*) | 5,500 |
| 4.4 Administration/Care and Maintenance | 3,300 |
| Total | 12,100 |

(*) – represents accounts payable payments following suspension of operations

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

| | Current Quarter \$A'000 | Previous Quarter \$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank | 11,375 | 50,367 |
| 5.2 Deposits at call | 10,000 | 1,001 |
| 5.3 Bank Overdraft | - | - |
| 5.4 Other (provide details) | | |
| Environmental bonds | 3,577 | 3,577 |
| Bank Guarantee | 4,301 | 4,301 |
| Total: cash at end of quarter (Item 1.21) | 29,253 | 59,246 |



Heron Resources Limited

Quarterly Report

March 2020

6.1 Interests in Mining Tenements transferred, relinquished, withdrawn, reduced or lapsed.

Interests in Mining Tenements sold, reduced or relinquished

| Tenement | Location | Nature of Interest | % Beginning of Quarter | % At end of Quarter |
|----------|----------|--------------------|------------------------|---------------------|
| Nil | | | | |

Interests in Mining Tenements acquired or increased

| Tenement | Location | Nature of Interest | % Beginning of Quarter | % At end of Quarter |
|----------|----------------------------|--------------------|------------------------|---------------------|
| EL8945 | 20km southeast of Woodlawn | New tenement | 0 | 100 |

Heron Resources Ltd Tenement Schedule for December 2019 Quarterly Report

| Tenement | Location | Heron Interest (%) | Status | Note |
|---|----------------------------|--------------------|--------|------|
| New South Wales Projects | | | | |
| Woodlawn Project | | | | |
| EL7257 | 40km SSW of Goulburn | 100 | Live | |
| EL7468 | 5km E of Collector | 100 | Live | |
| EL7469 | 15km E of Bungendore | 100 | Live | |
| EL7954 | 25km W of Goulburn | 100 | Live | |
| EL8325 | 60km ENE of Canberra | 100 | Live | |
| EL8353 | 7.5km SE of Woodlawn | 100 | Live | |
| S(C&PL)L20 | 40km SSW of Goulburn | 100 | Live | |
| EL8400 | 27km NNE of Yass | 100 | Live | |
| EL8573 | 30km NNW of Yass | 100 | Live | |
| EL8623 | 90km north of Woodlawn | 100 | Live | |
| EL8712 | 100km north of Woodlawn | 100 | Live | |
| EL8796 | 65km south of Woodlawn | 100 | Live | |
| EL8797 | 65km south of Woodlawn | 100 | Live | |
| EL8945 | 20km southeast of Woodlawn | 100 | Live | |
| Alchemy Farm in & JV Tenements¹ | | | | |
| Barraba-Manilla | | | | |
| EL8711 | 90km W of Armidale | 49 | Live | 1 |
| Nyngan/Girilambone | | | | |
| EL8631 | 10km NW of Nyngan | 49 | Live | 1 |
| EL8318 | 27km NW of Nyngan | 49 | Live | 1 |
| Overflow/Eurow/Parkes | | | | |
| EL5878 | 100km NW of Condobolin | 49 | Live | 1 |
| EL7941 | 100km NW of Condobolin | 49 | Live | 1 |
| EL8267 | 70km SE of Cobar | 49 | Live | 1 |
| EL8356 | 59km WSW of Tottenham | 49 | Live | 1 |
| EL8192 | 23km SE of Parkes | 49 | Live | 1 |
| Sky Metals Farm-in Tenements² | | | | |
| Cullarin & Kangiara Projects | | | | |
| EL7954 | 25km W of Goulburn | 100 | Live | 2 |
| EL8400 | 27km NNE of Yass | 100 | Live | 2 |
| EL8573 | 30km NNW of Yass | 100 | Live | 2 |



Heron Resources Limited

Quarterly Report

March 2020

| Tenement | Location | Heron Interest (%) | Status | Note |
|--|------------------------|-------------------------------------|---------|------|
| Western Australian Projects – Royalty Interests | | | | |
| E24/00203 | 78km NW of Kalgoorlie | Retains gold royalty | Pending | 3 |
| E29/00889 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00634 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00660 | 75km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00663 | 75km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00664 | 75km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00686 | 75km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00915 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00916 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00665 | 75km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00683 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00772 | 71km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00797 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| M24/00757 | 63km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| P24/04395 | 70km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| P24/04396 | 70km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| P24/04400 | 70km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| P24/04401 | 70km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| P24/04402 | 70km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| P24/04403 | 70km NW of Kalgoorlie | Retains gold royalty | Live | 3 |
| E15/01010 | 60km SSE of Kalgoorlie | Retains gold and base metal royalty | Live | 4 |

Notes:

1. Subject to Farm-in and Joint Venture Agreement between Alchemy Resources Ltd and Heron.
2. Sky Metals Ltd: Subject to Farm-In agreement between Heron and Sky where Sky earning 80% by spending \$2 million over 3 years.
3. Eastern Goldfields Ltd hold 100% interest, Heron retains gold royalty, Ardea Resources Ltd receiving non-gold rights.
4. St Ives Gold Mining, Heron retains gold royalty and the right to explore and mine nickel



Heron Resources Limited

Quarterly Report

March 2020

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

| | Total number | Number quoted | Issue price per security (see note 3) (\$) | Amount paid up per security (see note 3) (\$) |
|--|-----------------------|---------------|--|---|
| 7.1 Preference securities (description) | | | | |
| 7.2 Changes during Quarter | | | | |
| (a) Increases through share issues | | | | |
| (b) Decreases through returns of capital, buybacks, redemptions | | | | |
| Ordinary securities | 428,664,605 | 428,664,605 | | |
| 7.3 Changes during Quarter | | | | |
| (a) Increases through share issues | | | | |
| (b) Decreases through returns of capital, buybacks | | | | |
| 7.4 Convertible debt securities (description) | 34,995,220 | 34,995,220 | US\$1.00 | US\$1.00 |
| 7.5 Changes during Quarter | | | | |
| (a) Increases through issues | | | | |
| (b) Decreases through securities matured, converted | | | | |
| 7.6 Options/Performance Rights (description and conversion factor) | 730,000 | Nil | Exercise Price \$0.72 | Expiry Date 4/12/2020 |
| | 910,000 (Perf Rights) | Nil | \$Nil | 1 July 2020 |
| | 250,000 (Perf Rights) | Nil | \$Nil | 1 July 2021 |
| 7.7 Issued during Quarter | | | | |
| 7.8 Exercised during Quarter | | | | |
| 7.9 Expired during Quarter | 165,000 Options | Nil | \$1.10 | 01/02/2022 |
| | 960,000 (Perf Rights) | Nil | \$Nil | 1 July 2020 |
| | 516,667 (Perf Rights) | \$Nil | \$Nil | 1 July 2021 |
| 7.10 Debentures (totals only) | | | | |
| 7.11 Unsecured notes (totals only) | | | | |



Heron Resources Limited

Quarterly Report

March 2020

Compliance 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

Nothing to report

Compliance Statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:  _____ Date: 28 April 2020

Print name: Company Secretary
Simon Smith

Notes

1. The Quarterly Report is to provide a basis for informing the market how the entity's activities have been financed for the past Quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of Interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.