



31 January 2020

HIGHLIGHTS

Woodlawn Zinc-Copper-Lead Project

SHIPMENT OF LEAD CONCENTRATES CONTINUES – INVENTORIES OF COPPER AND ZINC READY TO SHIP

- Lead concentrate shipments of 2,350 tonnes during the quarter.
- Copper concentrate production increasing through the quarter with next shipment planned for February 2020.
- Zinc recovery improving with second 5,000 tonne shipment due in February 2020.

PLANT CONSTRUCTION

- Construction and commissioning activities complete, 12 month defects liability period running on all work portions
- Ramp up progressing with Crusher and Ball Mill having run at design “name-plate” throughputs of 175tph and 125tph respectively.
- Isa Mill and flotation circuits have also run at design “name-plate” throughputs of 190tph.

PROCESSING

- Quarterly zinc concentrate production 35% lower than updated ramp up schedule (6,661 wmt actual) due to recovery issues. Improving recoveries in mid-January towards ramp up targets.
- First underground stope ore from high grade G2 lens processed in early December 2019.
- Tailings reclaim circuit performance improving with increasing plant utilisation and Isa Mill running at design throughput.
- Plant now alternating between campaigns of tailings reclaim and underground ore as ROM inventory is stockpiled from underground mining.
- Improving flotation recoveries with each campaign of underground ore despite lower grade development ore during the commissioning stage. Initial development ore from Kate lens planned for February 2020 with higher grade stope ore in March 2020.
- Plant utilisation increased to 83% through the quarter, up from 63% during the previous quarter.
- December 2019 concentrate production volume increased 65% compared to November 2019. January 2020 production on track for a further 40% improvement compared to December 2019.

UNDERGROUND

- Underground contractor behind budget metres/tonnes for the quarter – action plan in place to remedy performance issues
- First underground ore from the high-grade G2 lens mined and delivered to ROM
- 4,192M of development completed by 31 December 2019
- Development progress made toward Kate lens, first ore due to be mined in February 2020
- 45,000 tonnes of underground ore crushed and processed during the quarter.

TAILINGS RETREATMENT & UNDERGROUND ORE

- Hydraulic mining operation ramped up and running to design capacities.
- 195k tonnes reclaimed during the quarter.

Woodlawn Exploration

- A down-hole electromagnetic survey is scheduled for the March 2020 quarter on the four diamond core holes drilled in 2019 directly north of Woodlawn which intersected a number of significant zones of indicative alteration.



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- Sky Metals completed its first on-ground exploration programme at Heron's Cullarin Project, 30 kilometres north of Woodlawn.

Corporate

- **Cash:** Heron held A\$59.25 million in cash (including bonds of A\$7.88 million) at 31 December 2019.

Capital Raise: On 4 October 2019, Heron announced a A\$91 million funding package in response to a projected cash shortfall due to delays in construction and production ramp-up prior to the quarter. On 8 October 2019, the Company announced the successful completion of the Institutional component of the entitlement offer which raised approximately A\$11.5M. On 25 October 2019, the Company announced the successful completion of the Retail component of the entitlement offer raising a further A\$23.9M bringing the total capital raised to that date to A\$35.4M. Shareholders approved the final component of the funding package, being US\$34.9M in Convertible Notes, at Heron's AGM on 5 December 2019. All funds from the funding package were received by 31 December 2019.

Following underperformance in the quarter against the updated ramp up plan, the Company has also initiated pre-emptive discussions with its lender, key shareholders and other capital providers regarding additional potential sources of finance.

- **Appointment of new CEO:** On 15 January 2020, Heron announced the appointment of Mr. Tim Dobson as the new Chief Executive Officer. Mr. Dobson is currently Senior Vice President Metals for Sherritt International in Canada and former President of Ambatovy in Madagascar. He has over 30 years' technical and executive experience in organisations such as Placer Dome, Lihir Gold and Polymetals. He holds a BSc in Extractive Metallurgy from the WA School of Mines. Mr. Dobson will begin his employment at Heron effective from 23 March 2020.



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Heron Resources Ltd (“Heron” or the “Company”) is pleased to provide its report for the December 2019 Quarter. During this reporting period the Company focussed on final commissioning, ramp-up of production and improving grade and recovery of the processing plant at its Woodlawn Zinc-Copper Project.

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. It is Heron’s aim to create a profitable, long-life, low-cost mining operation, producing base metal concentrates.

The last five years have seen Heron develop the Woodlawn Zinc-Copper Project from planning through to construction, commissioning and now ramping up to commercial production. Construction activities commenced in September 2017 and were completed in the June 2019 quarter. Commissioning activities are nearing completion with the first lead and zinc concentrate produced, transported to- and shipped from Port Kembla and Port Botany in September and October. The first revenue from sales of concentrate was achieved in October 2019.

Woodlawn Project – Progress

Construction activities commenced in September 2017 and construction and commissioning activities are now complete. The plant is ramping up to full production and is processing both underground ore and tailings to produce saleable concentrates. Recent project developments include:

- **Safety:** 3 LTI’s recorded at Woodlawn during the quarter. The Company remains committed to achieving zero harm and much work has been completed by Heron and its contractors on improving safety management systems and procedures.
- **Construction:** Construction and commissioning of the processing plant including the final sections of the crushing plant and ball mill are now complete with the exception of punch list items for the EPC contractor’s attention. A 12 months defects liability period is currently running on all work portions.
- **Tailings Reclaim Processing:** A total of 195kt of reclaimed tailing was processed during the quarter. The reclaim circuit has demonstrated operating capability at design throughput capacity of 190tph. Various issues with the flotation pumping circuit have been encountered, however considerable progress is now being made with pump, sump and pipe modifications having been implemented in the flotation plant.
- **Underground Ore Processing:** A total of 45,000 tonnes of underground ore was processed during the quarter, which enabled completion of commissioning in the crusher and ball mill circuit. This circuit will be ramped up with development ore through February 2020, including from Kate lens.
- **Concentrate Production/Sales:** Planned shipments of lead totalling 2,350 tonnes were delivered during the quarter. The first copper product (commissioning ore and tailings) will be shipped in the coming weeks, and the second shipment of zinc is now ready for shipment and scheduled to be despatched in February. Concentrate production is progressing with grade and recoveries improving, particularly zinc. Copper and lead selectivity has been sub optimal, particularly whilst processing tailings and low grade commissioning ore, however is expected to improve as the circuit continues to be optimised.
- **Underground Mine:** The underground mine operation has continued to make progress with a total of 4.2km of development completed by the end of the quarter. Total development for the quarter increased by 18% (1,043m versus previous quarter of 883m) although development was lower than targeted. Some extraordinary causes of delay included regional bushfire smoke leading to mine air quality issues, and some critical equipment failures with the mining contractor. Despite these delays, mine development remains on target to deliver development ore from Kate lens in late February and stope ore in March 2020. 52,000 tonnes of ore was delivered to the ROM pad during the quarter. Paste filling commenced with the paste plant successfully commissioned and two stopes filled. The south decline is now approximately 275m below surface and there is only approximately 50m of decline development remaining to reach the



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first level of the Kate orebody. The Company has initiated discussions with its mining contractor, Pybar, with the objective of delivering an improvement in mine productivity.

- **Hydraulic Mining:** Hydraulic mining has continued in the main production area of Tailings Dam South (TDS). Efficient hydraulic mining practices have now been established and work has progressed on improving the reliability of monitoring and pumping infrastructure.
- **Community:** Heron have continued to develop strong links in the community involving regular meetings with local government and emergency services leaders, and meetings with local representatives to provide updates on project progress. Air quality monitoring in particular was challenged due to the significant levels of smoke in the atmosphere from regional bushfires. A number of Heron employees were impacted by these regional fires with some absences from work either through personal fire impacts or being involved with volunteer agencies.



Figure 1 - Woodlawn Processing Plant, with ROM Pad, crusher and fine ore bin in the foreground



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Woodlawn Project – Exploration

Woodlawn North Targets

Heron's exploration is currently focused on the discovery and delineation of additional mineralised VMS lenses directly north of the Woodlawn mine. Prospects targeted are within a 2.5km arc to the NW and NE of Woodlawn. A down-hole electromagnetic survey is being scheduled for the next quarter on the four diamond core holes drilled earlier in 2019 which intersected a number of significant zones of indicative alteration.

Farm-out Agreement with Sky Metals Ltd

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

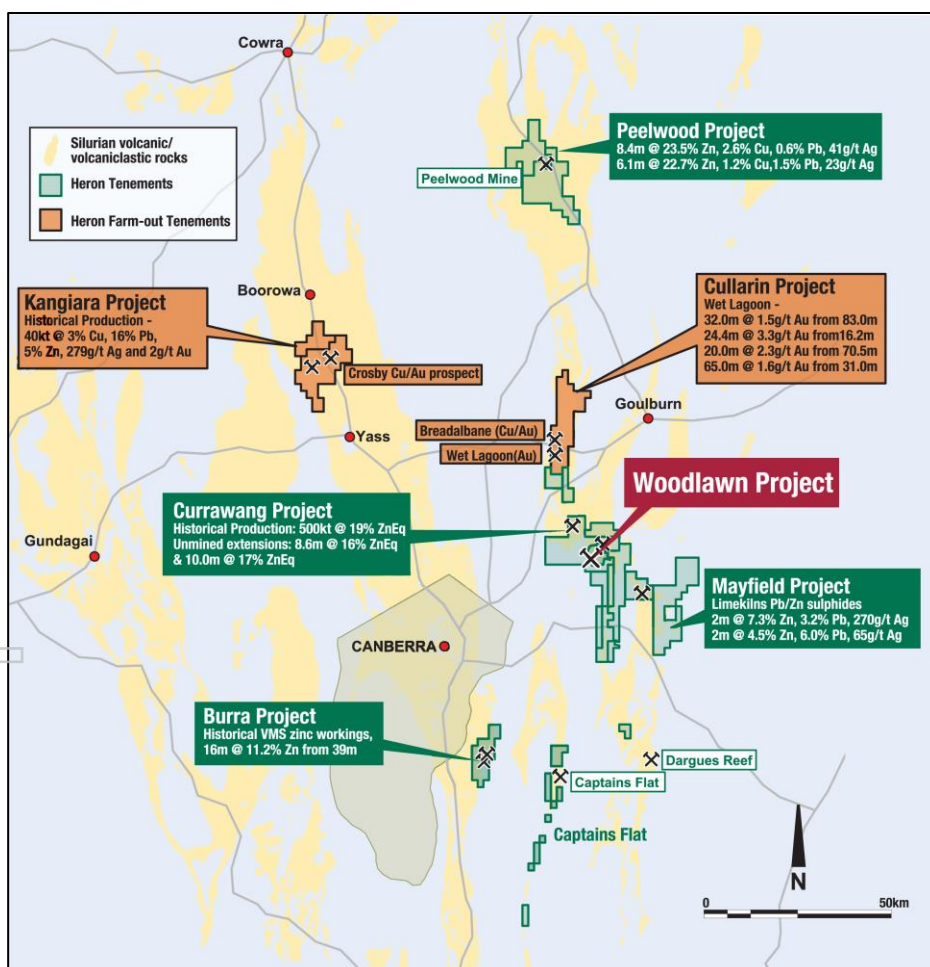


Figure 2: Heron's Projects in eastern New South Wales, including Kangiara and Cullarin (highlighted) farmed out to Sky Metals Limited.



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During the quarter Sky completed its first exploration programme at Heron's Cullarin Project. Sky completed a soil geochemistry programme (360 samples) and two diamond drill holes totalling 755.3 metres at the Hume gold prospect (previously known as Wet Lagoon). Drilling was designed to validate historical results and test the geometry and depth extensions of previously identified mineralisation. This is the first drilling at this prospect since 2008.

Cooperative Drilling Applications

During the quarter Heron made two Cooperative Drilling Fund applications to the NSW Department of Planning, Industry and Environment. The applications were for drilling programmes at the historic Currawang mine adjacent to Woodlawn and also at the Peelwood project, 100 km north of Woodlawn.

APPENDIX A – REGIONAL EXPLORATION PROJECTS

WOODLAWN REGIONAL PROSPECTS

Heron continues to maintain and explore a strategic 1,372km² tenement package which covers the prospective Silurian volcanic rocks which host the Woodlawn VMS deposit. Heron's exploration strategy is to focus on historically known mineralisation zones with prospective geology and comparable grade and metallurgy to Woodlawn, and within potential trucking distance of the Woodlawn 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 which results in minimal costs to Heron.

ALCHEMY FARM-IN AND JV (OVERFLOW, GIRILAMBONE, EUROW AND YELLOW MOUNTAIN)

Heron entered into a Farm-In Agreement with Alchemy Resources Limited (Alchemy) (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 3). At the end of the previous 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. Current expenditure for this second phase is estimated by Alchemy to \$0.6M.

During the quarter a Cooperative Drilling grant application was submitted to the NSW Department of Planning, Industry and Environment for a deep diamond hole targeting high-grade gold-silver-zinc-lead mineralisation down plunge to the south of the Overflow historic workings. If successful, 50% of Alchemy's direct drilling costs will be reimbursed by the NSW Government. Irrespective of the outcome of the application diamond drilling is expected to commence early Q2 2020.



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Figure 3 Heron NSW Projects (including Alchemy JV tenure).

Compliance Statements (JORC 2012)

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.



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Corporate Directory

| Directors | Issued Share Capital | Registered Office and Address for Correspondence | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|-------|-----|-------|--------|------|------|------|--------|------|-------|------|--------|-------|------|------|--------|------|------|------|--------|------|------|------|---------|------|-------|-------|--------|------|------|------|-----------------------|------|------|------|------------------------|------|------|------|-----------------------|------|------|------|--------|------|------|------|--------|------|------|------|---|
| <p>Stephen Dennis** Chairman Borden Putnam III** Fiona Robertson ** Ian Pattison ** Mark Sawyer** Peter Rozenauers** Ricardo De Armas**</p> <p>* Denotes Non-executive + Denotes Independent</p> | <p>As at the date of this report, Heron Resources Limited had 428,664,605 ordinary shares, 895,000 Employee options and 2,371,667 Performance Rights.</p> <p>The options have expiry dates ranging from 4TH 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>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> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Executive Management | Monthly Share Price Activity | Share Registry (Australia) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Simon Smith <i>General Manager – Finance & Administration & Company Secretary.</i></p> <p>David von Perger <i>General Manager - Exploration</i></p> <p>Brian Hearne <i>General Manager - Woodlawn</i></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>Jan 19</td><td>0.66</td><td>0.56</td><td>0.63</td></tr> <tr><td>Feb 19</td><td>0.60</td><td>0.505</td><td>0.57</td></tr> <tr><td>Mar 19</td><td>0.685</td><td>0.55</td><td>0.64</td></tr> <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> </tbody> </table> <p>(1) HRR was in 'voluntary suspension' from 16th August 2019 to 08th October 2019.</p> | Month | High | Low | Close | Jan 19 | 0.66 | 0.56 | 0.63 | Feb 19 | 0.60 | 0.505 | 0.57 | Mar 19 | 0.685 | 0.55 | 0.64 | 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 | <p>Automatic 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Jan 19 | 0.66 | 0.56 | 0.63 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Feb 19 | 0.60 | 0.505 | 0.57 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mar 19 | 0.685 | 0.55 | 0.64 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



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Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HERON RESOURCES LIMITED

ABN

30 068 263 098

Quarter ended

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Consolidated statement of cash flows

| | Current Qtr. \$A'000 | Year to Date (6 months) \$A'000 |
|--|--------------------------------------|---------------------------------------|
| Cash flows related to operating activities | | |
| 1.1 Receipts from product sales and related debtors | 4,860 | 4,860 |
| 1.2 Payments for: (a) production (b) development (c) administration | (3,077) | (4,810) |
| 1.3 Dividends received | | |
| 1.4 Interest and other items of similar nature received | 976 | 1,705 |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Taxes (paid)/refunded (GST) | 1,590 | 3,898 |
| 1.7 Other | - | - |
| Net Operating Cash Flows | 4,348 | 5,652 |
| 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 | (160) - (32,531) (208) - | (240) - (55,182) (509) - |
| 1.9 Proceeds from sale of: (a) prospects (b) equity investment (c) other fixed assets | - - - | - - - |
| 1.10 Loans to other entities | | |
| 1.11 Loans repaid by other entities | - | - |
| Net Investing Cash Flows | (32,900) | (55,932) |
| 1.12 Total operating and investing cash flows (carried forward) | (28,552) | (50,280) |



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| | | |
|---|---------------|---------------|
| 1.12 Total operating and investing cash flows (brought forward) | (28,552) | (50,280) |
| Cash flows related to financing activities | | |
| 1.13 Proceeds from the issue of shares, options, etc. | 28,790 | 28,790 |
| 1.14 Realised foreign exchange loss – equity raise | - | - |
| 1.15 Payment for FX Hedges | - | - |
| 1.16 Proceeds/(repayment) of borrowings | 41,910 | 41,910 |
| 1.17 Dividends paid | - | - |
| 1.18 Payment of Share issue costs | (416) | (416) |
| Net financing cash flows | 70,284 | 70,284 |
| Net increase (decrease) in cash held | 41,732 | 20,004 |
| 1.19 Cash at beginning of quarter/year | 17,514 | 39,371 |
| 1.20 Other (Fx translation) | - | (129) |
| 1.21 Cash at end of quarter | 59,246 | 59,246 |

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 | 211 |
| 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\$147,789) Related Entity of director for technical consultancy services (A\$63,594) |
|--|

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



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Financing facilities available

Add notes as necessary for an understanding of the position

| | Amount available \$A'000 (US\$69M at exchange rate of AUD:USD\$0.7016) | Amount used \$A'000 |
|---------------------------------|---|------------------------|
| 3.1 Loan facilities | \$98,346 | \$98,346 |
| 3.2 Credit standby arrangements | | |

Estimated cash outflows for next quarter

| | \$A'000 |
|--------------------------------|---------------|
| 4.1 Exploration and evaluation | 200 |
| 4.2 Development | 9,300 |
| 4.3 Production | 23,350 |
| 4.4 Administration | 1,600 |
| Total | 34,450 |

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 | 50,367 | 3,636 |
| 5.2 Deposits at call | 1,001 | 6,000 |
| 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) | 59,246 | 17,514 |



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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 |
|----------|----------------------------|--------------------|------------------------|---------------------|
| ELA 5811 | 20km southeast of Woodlawn | New application | 0 | 0 |
| ELA 5832 | 20km southeast of Woodlawn | New application | 0 | 0 |

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 | |
| 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 |



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| 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



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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 <i>(description)</i> | | | | |
| 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 | 186,977,693 | 186,977,693 | \$0.20 | \$0.20 |
| (b) Decreases through returns of capital, buybacks | | | | |
| 7.4 Convertible debt securities <i>(description)</i> | 34,995,220 | 34,995,220 | US\$1.00 | US\$1.00 |
| 7.5 Changes during Quarter | | | | |
| (a) Increases through issues | 34,995,220 | 34,995,220 | US\$1.00 | US\$1.00 |
| (b) Decreases through securities matured, converted | | | | |
| 7.6 Options/Performance Rights <i>(description and conversion factor)</i> | 730,000 | Nil | <i>Exercise Price</i> \$0.72 | <i>Expiry Date</i> 4/12/2020 |
| | 165,000 | Nil | \$1.10 | 01/02/2022 |
| | 1,605,000 (Perf Rights) | Nil | \$Nil | 1 July 2020 |
| | 766,667 (Perf Rights) | Nil | \$Nil | 1 July 2021 |
| 7.7 Issued during Quarter | | | | |
| 7.8 Exercised during Quarter | | | | |
| 7.9 Expired during Quarter | 2,545,000 Performance Rights | Nil | \$nil | 1 July 2020/1 July 2021 |
| 7.10 Debentures <i>(totals only)</i> | | | | |
| 7.11 Unsecured notes <i>(totals only)</i> | | | | |



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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: 31 January 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.