



HERON RESOURCES LIMITED

**UNAUDITED INTERIM FINANCIAL REPORT
(Prepared by Management)**

**For the three months and nine months
ended 31 March 2018**

26 April 2018

Heron Resources Limited

ABN 30 068 263 098

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HERON RESOURCES LIMITED
ABN 30 068 263 098

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HERON RESOURCES LTD

ABN 30 058 263 098

Management Comments on Unaudited Consolidated Financial Statements

26 April 2018

To the Shareholders of Heron Resources Limited

The accompanying unaudited interim Consolidated Financial Statements of Heron Resources Limited for the 3 and 9 month period ended 31 March 2018 have been prepared by management and have been approved by the Board of Directors of the Company.

The Company's independent auditor has not performed a review of these interim Consolidated Financial Statements for the 3 and 9 month period ended 31 March 2018.

For further commentary on the operations of Heron during the quarter ended 31 March 2018, please refer to the Quarterly Activities report lodged on the ASX and SEDAR and posted on the Heron website.

Heron Resources Limited

A handwritten signature in black ink, appearing to read 'S Dennis'.

S Dennis
Chairman

A handwritten signature in black ink, appearing to read 'F Robertson'.

F Robertson
Chair - Audit Committee

HERON RESOURCES LIMITED
ABN 30 068 263 098

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the three and nine months ended 31 March 2018

<i>All amounts shown are expressed in Australian dollars</i>		Three months ended 31 March		Nine months ended 31 March	
		2018	2017	2018	2017
		\$ 000's	\$ 000's	\$ 000's	\$ 000's
Continuing operations					
Other Income	2	586	192	3,089	482
Accountancy & Audit fees		(55)	(17)	(75)	(148)
Consultants expense		(6)	-	(125)	(16)
Depreciation expense		(8)	(13)	(22)	(52)
Directors Fees		(143)	(75)	(340)	(225)
Employee benefits expense		(211)	(314)	(857)	(833)
Insurance expense		(16)	(30)	(42)	(120)
Legal fees		(24)	(8)	(140)	(74)
Equity settled share based payments		-	-	(221)	(354)
Rental expense		(27)	(30)	(124)	(162)
Other expenses from ordinary activities		(381)	(183)	(1,125)	(806)
Exploration expenditure expensed as incurred		(210)	(175)	(990)	(918)
Derivative Asset expensed		(100)	-	(100)	-
Unrealised investment gain/(loss)	5	(6,443)	2,762	5,454	2,984
Unrealised forex gain/(loss)		71	-	(120)	-
Gain/(loss) from ordinary activities before income tax expense		(6,967)	2,109	4,262	(242)
Gain/(loss) from ordinary activities after income tax expense for the period					
Other comprehensive income					
Total comprehensive gain/(loss) for the period attributable to members		(6,967)	2,109	4,262	(242)
Gain/(loss) per share attributable to the ordinary equity of the company (on a weighted average equity basis)					
Basic earnings per share (\$)		(0.061)	0.050	0.037	(0.006)
Diluted earnings per share (\$)		(0.061)	0.050	0.037	(0.006)

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

All amounts shown are expressed in Australian dollars	Note	31 March 2018 \$'000	30 June 2017 \$'000
ASSETS			
CURRENT ASSETS			
Cash assets		94,251	11,690
Trade and other receivables	3	2,323	717
Derivative asset		769	-
Other assets – deferred costs		2,052	2,481
TOTAL CURRENT ASSETS		99,395	14,888
NON-CURRENT ASSETS			
Restricted cash	4	8,777	-
Other receivables		35	35
Investments	5	10,606	5,775
Property, plant and equipment		205	40
Woodlawn mine under construction	6	98,817	-
Exploration and evaluation costs carried forward		-	26,434
TOTAL NON-CURRENT ASSETS		118,440	32,284
TOTAL ASSETS		217,835	47,172
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	14,529	2,461
Provisions – employee entitlements		491	564
TOTAL CURRENT LIABILITIES		15,020	3,025

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

All amounts shown are expressed in Australian dollars	Note	31 March 2018 \$'000	30 June 2017 \$'000
NON-CURRENT LIABILITIES			
Provisions – employee entitlements		126	137
Provisions – rehabilitation		3,577	-
Deferred revenue – silver stream prepayment	8	20,515	-
TOTAL NON-CURRENT LIABILITIES		24,218	137
TOTAL LIABILITIES		39,238	3,162
NET ASSETS		178,597	44,010
EQUITY			
Contributed equity - ordinary shares	9	259,742	129,638
Option reserve		1,710	1,489
Accumulated losses		(82,855)	(87,117)
TOTAL EQUITY		178,597	44,010

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UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the three months ended 31 March 2018

All amounts shown are expressed in Australian dollars ('000)	CONTRIBUTED EQUITY	RETAINED EARNINGS	OPTION RESERVE	TOTAL EQUITY
Note	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	259,742	(75,888)	1,710	185,564
Total Comprehensive profit/(loss) for the quarter	-	(6,967)	-	(6,967)
Balance at 31 March 2018	259,742	(82,855)	1,710	178,597

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes



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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
for the three months ended 31 March 2018

All amounts shown are expressed in Australian dollars	Note	Three months ended 31 March	
		2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		388	180
Expense reimbursed by Ardea		-	145
Payments to suppliers		(2,630)	(1,149)
Exploration expenditure – (Non-Woodlawn)		(210)	-
R&D Tax incentive received		-	3,171
Net cash (used)/provided in operating activities		(2,452)	2,347
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure capitalised - Woodlawn		(87)	(2,607)
Proceeds from sale of listed investments		112	86
Payments for fixed assets		(33)	-
Payment of Bonds/Bank Guarantee		(4,000)	-
Woodlawn Mine – asset under construction		(28,786)	-
Net cash used in investing activities		(32,794)	(2,521)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from silver stream prepayment		20,494	-
Payment for Derivative assets (FX Hedge)		(32)	-
Net cash provided by financing activities		20,462	-
Net decrease in cash & cash equivalents held		(14,784)	(174)
Cash & cash equivalents at the beginning of the reporting period		108,964	16,512
Unrealised Forex gain/(loss) on translation		71	-
Cash & cash equivalents at the end of the reporting period		94,251	16,338

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three months ended 31 March 2018

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

a) General

These general purpose financial statements for the interim reporting period ended 31 March 2018 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit and loss, certain classes of property, plant and equipment and investment property.

The consolidated interim financial report does not include all of the information required for a full annual report and accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by Heron Resources Limited during the period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies and methods of computation adopted in the preparation of this financial report are consistent with those adopted and disclosed in the Company's 2017 annual financial report for the financial year ended 30 June 2017.

Exploration expenditure is transferred from 'Exploration and evaluation assets' to 'Mines under construction' which is a sub-category of 'Mine properties' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'Mines under construction'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the mine. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income. After production starts, all assets included in 'Mines under construction' are then transferred to 'Producing mines' which is also a sub-category of 'Mine properties'.

b) Going concern basis of accounting (all numbers in '000s)

The Company generated a loss for the three month period to 31 March 2018, after tax of \$6,967 (2017: profit of \$2,109) and a net cash out flow from operating and investing activities of \$35,278 (2017: outflow \$174). The interim financial statements for the three month period ended 31 March, 2018 have been prepared on the basis of a Going Concern, notwithstanding the fact that the Company incurred a loss for the three month period.

The Financial Report has been prepared on the basis of a going concern, as the Directors believe that the company has adequate funding to pay its debts as and when they become due for a period of twelve months from the date of approving this Report.

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NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three months ended 31 March 2018

NOTE 2 OTHER INCOME

	Quarter ended 31 March 2018 \$'000	Quarter ended 31 March 2017 \$'000
Profit on Interest received	388	72
Sundry Income	25	34
Drilling Refund under NSW Co-op scheme	161	-
Realised gain on sale of shares	4	86
Option fee received	8	-
Total other income	586	192

NOTE 3 TRADE AND OTHER RECEIVABLES

	Quarter ended 31 March 2018 \$'000	Quarter ended 31 March 2017 \$'000
Loan to Ardea Resources Ltd	-	348
Prepayments	930	146
Accrued Interest	55	26
GST Receivable	1,162	42
Property bonds & Tenement securities	123	327
Other Receivables	53	127
Trade and other receivables	2,323	1,016

NOTE 4 RESTRICTED CASH

	Quarter ended 31 March 2018 \$'000	Quarter ended 31 March 2017 \$'000
Environmental Bond	3,577	-
Veolia Bonds	5,000	-
Westpac Company Credit Card Bond	200	-
Total other income	8,777	-

In September, the Company posted a rehabilitation Bond of \$3,577,000 with the Department of Resources and Energy (DRE) to cover the environmental liabilities at the Woodlawn Mine (excluding Veolia's area of operations).

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The Company also provided a \$5,000,000 Bank Guarantee to Veolia in compliance with its obligations under the Veolia Cooperation Deed. The Company has also provided \$200,000 Bond to Westpac for the Company Credit Cards.

NOTE 5 INVESTMENTS IN ENTITIES - NON CURRENT

Investments in other entities at fair values

	Quarter ended 31 Mar 2018	Half year ended 31 Dec 2017
	\$'000	\$'000
Centennial Mining Limited		
Opening carrying value	253	460
Gain/(Impairment)	92	(207)
Closing carrying value	345	253
Metalicity Limited		
Opening carrying value	108	535
Sold – cash proceeds from sale	(112)	(497)
Gain/(Impairment)	4	70
Closing carrying value	-	108
Alchemy Resources Ltd		
Opening carrying value	36	40
Gain/(Impairment)	12	(4)
Closing carrying value	48	36
Ardea – \$0.25 cent Options:		
Opening carrying value	16,760	4,740
Gain/(Impairment)	(6,547)	12,020
Closing carrying value	10,213	16,760
Summary		
Opening carrying value	17,157	5,775
Sale of shares on market	(112)	(497)
Unrealised gain/(loss) on mark to market	(6,443)	11,809
Realised gain/(loss)	4	70
Closing carrying value	10,606	17,157

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Centennial Mining Ltd (CTL) is an Australian listed public exploration company with 976,564,904 fully paid ordinary shares on issue. Heron holds 23,000,000 fully paid shares at 31 March 2018, which have been valued at the closing price on that day of \$0.015 cents per share.

Metalicity Limited (MCT) is an Australian listed public exploration company with 507,439,136 fully paid ordinary shares on issue. During the 3 months to 31 March 2018, the Company sold 2,850,003 shares on market for cash proceeds of \$111,700 less brokerage fees. Heron held nil shares as at 31 March 2018.

Alchemy Resources Ltd (ALY) is an Australian listed public exploration company with 342,335,585 shares on issue. Heron owns 2,000,000 shares in Alchemy at 31 March 2018, which have been valued at the closing price of \$0.024 on that day and 2,500,000 options with a 3 year term and an exercise price of \$0.10 which have no ascribed value as at 31 March 2018.

On 14 March 2018, Heron signed a binding option agreement to include tenement licences into existing Alchemy/Heron NSW Farm-In and JV agreement. Post 31 March 2018, Alchemy have exercised the option and Heron has been issued 10,000,000 fully paid ordinary shares and 10,000,000 options with an exercise price of \$0.05 cents. The options have a 3 year expiry period.

Ardea Resources Ltd (ARL) is an Australian listed public exploration company that was successfully spun out of Heron in February 2017. To compensate Heron for the costs it incurred during the IPO, Heron was issued 10,000,000 options in Ardea with an exercise price of \$0.25 cents. The options are escrowed until February 2019.

Since 31 December 2017, the Ardea share price has decreased from \$1.90 to \$1.26 as at 31 March 2018. Using the same Black Scholes assumptions as at 31 December 2017, the option value at 31 March 2018 is \$1.02 per option. The 10,000,000 options have been re-valued on this basis as at 31 March 2018.

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NOTE 6 WOODLAWN MINE – ASSET UNDER CONSTRUCTION

	Quarter ended 31 March 2018	Half year ended 31 Dec 2017
	\$'000	\$'000
Rehabilitation Asset	3,577	3,577
Woodlawn - Capitalised exploration	25,078	24,865
Sedgman EPC	50,534	26,482
Earthworks	9,167	4,642
Owners Costs – Construction	10,461	7,375
Balance at end of period	98,817	66,941

	Rehabilitation Asset \$'000	Capitalised Exploration \$'000	Sedgman EPC \$'000	Earthworks \$'000	Owners Costs Construction \$'000	Total \$'000
Balance brought forward	3,577	24,865	26,482	4,642	7,375	66,941
Costs incurred/transferred during period	-	213	24,052	4,525	3,086	31,876
Balance at end of period	3,577	25,078	50,534	9,167	10,461	98,817

In September 2017, the Company commenced Construction activities at Woodlawn. The construction process commenced with Earthworks, Engineering and the ordering of long lead items, and has now progressed to civil works and plant construction in the March 2018 quarter.

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NOTE 7 TRADE AND OTHER PAYABLES - CURRENT

	Quarter ended 31 Mar 2018 \$'000	Half year ended 31 Dec 2017 \$'000
Trade creditors and accruals – Woodlawn	14,488	12,977
Trade creditors and accruals – Corporate	41	266
	<u>14,529</u>	<u>13,243</u>

Trade creditors are non-interest bearing and are normally settled on 30 day terms.

NOTE 8 DEFERRED REVENUE

	Quarter ended 31 Mar 2018 \$'000	Half year ended 31 Dec 2017 \$'000
Silver stream prepayment	20,515	-
	<u>20,515</u>	<u>-</u>

The silver stream prepayment of USD \$16m was received during the March 2018 quarter. USD \$14m was converted into AUD at a spot rate of \$0.7799 and the balance was retained in USD to pay for US dollar denominated invoices.

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NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
for the three months ended 31 March 2018

NOTE 9: CONTRIBUTED EQUITY – ORDINARY SHARES

	Quarter ended 31 Mar 2018 \$'000	Half year ended 31 Dec 2017 \$'000	Quarter ended 31 Mar 2018 Units	Half year ended 31 Dec 2017 Units
<i>Reconciliation of issued capital</i>				
a) <i>Ordinary shares</i>				
Opening balance	259,742	259,742	241,666,912	241,666,912
Heron shares issued	-	-	-	-
Closing balance	259,742	259,742	241,666,912	241,666,912

b) *Unquoted options:*

Date	Details	Exercise price	Expiry date	Units
31 December 2017	Opening balance	\$0.70 - \$2.90	Various	2,140,836
	Options issued	-	-	-
	Options cancelled	\$1.34 - \$2.90	Various	(140,000)
31 March 2018	Closing balance	\$0.70 - \$1.10	-	2,000,836

c) *Performance Rights:*

Date	Details	Exercise price	Expiry date	Units
31 December 2017	Opening balance	-	1 July 2020	2,895,000
	Rights issued	-	-	-
31 March 2018	Closing balance	-	1 July 2020	2,895,000

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NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the three months ended 31 March 2018

NOTE 10: CONTINGENT LIABILITIES

a) Performance bonds and rental bond commitment

The Company has provided cash backed performance bonds with the NSW Dept. of Resources and Energy of \$90,000 (30 June 2017: \$155,000) and a rental bond commitment (\$17,187) over its office in Sydney. The Company also has a rental bond commitment (\$15,623) over its Perth office.

b) Agreement with Veolia Environmental Services (Australia) Pty Ltd ("Veolia")

In 2011, the Company and Tarago Operations Pty Ltd ("TOP"), a wholly owned subsidiary of the Company, entered into an agreement with Veolia. This agreement was further updated during 2017, under which the Company agreed:

(i) To assume the environmental liabilities associated with the Woodlawn site, excluding Veolia's area of operation. The Company has provide a performance bond with the NSW Division of Resources and Energy (DRE) as surety against completion of environmental rehabilitation once mining on the site is complete. The amount of the bond is \$3,577,000 and was lodged with the DRE in September 2017.

(ii) Subject to certain approvals being received by Veolia and the Company, the Company will receive "free-on-board" compost from Veolia to be utilised in the rehabilitation of the site.

(iii) To fully indemnify Veolia for all direct and or consequential loss and damage suffered by Veolia as a result of or caused by or contributed to by any act or omission or default of the Company, or TOP, connected with its operations at the Woodlawn site.

(iv) To provide staged bank guarantees in favour of Veolia up to \$10M of which \$5M has been provided as at 31 March 2018.

c) Other contingent liabilities

Native title claims have been made with respect to areas which include tenements in which the Company has interests. No native title claims are over areas within the Woodlawn Project. The Company is unable to determine the prospects for success or otherwise of the claims and, in any event, whether or not and to what extent the claims may significantly affect the consolidated entity or its projects.

The environmental bond that the Company has lodged with DRE is subject to ongoing review by the DRE and may change over the life of the Woodlawn Project.

None of these contingent liabilities has been provided for in the financial report.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards and the *Corporations Regulations 2001*; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 March 2018 and of the performance for the three and nine month period ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



S Dennis
Chairman



F Robertson
Chair - Audit Committee

Sydney
26 April 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three and nine month period ended 31 March 2018

INTRODUCTION

The following is management's discussion and analysis of the financial condition and the results of operations of Heron Resources Limited, ("Heron" or the "Company") for the three and nine month period ended 31 March 2018, and its financial position as at 31 March 2018 which should be read in conjunction with the Company's audited financial statements as at 30 June 2017, including the accompanying notes thereto.

The Company's audited Financial Statements and Notes to the Financial Statements have been prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Additional information relating to the Company, including press releases, has been filed electronically with the Australian Securities Exchange ("ASX") and through the System for Electronic Document Analysis and Retrieval ("SEDAR") and is available online at www.sedar.com.

The date of this management discussion and analysis is 26 April 2018. Unless otherwise indicated all amounts discussed herein are denominated in Australian dollars. The relevant exchange rates applicable to the three and nine month period ended 31 March, 2018 are as follows.

	Three months ended 31 March, 2018	Nine months ended 31 March, 2018
AUD/CDN \$ Closing Rate	0.989	0.989
Average Rate	0.993	0.996

During the quarter, the Company's common shares traded on the Australian Stock Exchange (the "ASX") under the trading symbol "HRR", and on the Toronto Stock Exchange (the "TSX") under the trading symbol "HER". The Company delisted from the TSX on 29 March 2018.

Cautionary Note Regarding Forward-Looking Information

Certain information included in this management's discussion and analysis may constitute forward-looking information within the meaning of securities laws. In some cases, forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "believe", "plan", "scheduled", "intend", "estimate", "forecast", "predict", "potential", "continue", "anticipate" or other similar expressions concerning matters that are not historical facts. Forward-looking information may relate to management's future outlook and anticipated events or results, and may include statements or information regarding the future plans or prospects of the Company. Without limitation, statements about the Company's planned activities related to exploration or development activities carried out in Australia, constitute forward-looking information. Actual results may vary. See "Risk Factors and Uncertainties".

Forward-looking information is based on certain factors and assumptions regarding, among other things, the estimation of mineral reserves and resources, the realization of mineral reserve and resource estimates, metal prices, the timing and amount of future exploration expenditures, the estimation of initial and sustaining capital requirements, the estimation of labour and operating costs, the availability of necessary financing and materials, including financing to conduct any future drilling program and the other activities necessary to continue to explore and develop the Company's properties in the short and long term, the receipt of necessary regulatory approvals, and assumptions with respect to environmental risks, title disputes or claims, weather conditions, climate change and other similar matters. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Without limitation, in estimating expenditures the Company has assumed, among other things, that metal prices will not change materially from the prices used in its current financial forecasts or those of its affiliate, that it will obtain in a timely fashion all of the financing, regulatory approvals and other authorizations required to enable the continued exploration and development of its properties, and that such activities will proceed in the ordinary course without undue disruption. See "Risk Factors and Uncertainties".

Forward-looking information is subject to certain factors, including risks and uncertainties, which could cause actual results to differ materially from what management currently expects. These factors include risks inherent in the exploration and development of mineral deposits, risks relating to changes in metal prices and the worldwide demand for and supply of metal, uncertainties inherent in the estimation of mineral reserves and resources, risks relating to the remoteness of the Company's properties including access and supply risks, reliance on key personnel, construction and operational risks inherent in the conduct of mining activities, including the risk of increases in capital and operating costs and the risk of delays or increased costs that might be encountered during the construction and development process, the risk of fluctuations in the Canadian/Australian and U.S./Australian dollar exchange rates, regulatory risks, including risks relating to the acquisition of the necessary licences and permits, financing, capitalization and liquidity risks, including the risk that the financing necessary to fund the exploration and development activities of the Company may not be available on satisfactory terms, or at all, environmental risks, including risks relating to climate change and the potential impact of global warming on project timelines and on construction and operating costs, and insurance risks. See "Risk Factors and Uncertainties".

You should not place undue importance on forward-looking information and should not rely upon this information as of any other date. While the Company may elect to, the Company is under no obligation and does not undertake to update this information at any particular time, except as required by law.

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Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Management has completed an evaluation of the design effectiveness of the Company's internal control over financial reporting. Based on this assessment, management has concluded that as at 31 March 2018, the Company's design for internal control over financial reporting was effective. Management has also evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures as of 31 March 2018. Based on this evaluation, management has concluded that the Company's disclosure controls and procedures are effective in ensuring that information required to be disclosed in reports filed or submitted by the Company under Australian and Canadian securities legislation is recorded, processed, summarized and reported within the time periods specified in those rules.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the three month period ended 31 March 2018 that has materially affected or is reasonably likely to materially affect, its internal control over financial reporting.

OVERVIEW

HERON RESOURCES LIMITED ("Heron" or "the Company") is engaged in the exploration and development of base and precious metal deposits in Australia. The Company is focused on the construction and development of the high grade Woodlawn Project located 250km southwest of Sydney in New South Wales.

Selected Annual Financial Information

Set forth below is certain selected financial information expressed in Australian dollars in respect of the six most recently completed financial years of the Company. This audited data is derived from the Company's full year financial statements which are prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All numbers below are in '000s except for the number of shares outstanding and Net Loss per share information.

Financial Year Ended:	Working Capital ⁽¹⁾	Total Assets ⁽²⁾	Shareholders' Equity	Common shares outstanding	Net Gain (Loss)	Net Gain (Loss) per Common Share (in dollars)
June 30, 2017	11,690	47,172	44,010	415,009,381	(2,857)	(0.006)
June 30, 2016	22,891	56,859	55,084	415,009,381	(4,252)	(0.010)
June 30, 2015	24,015	54,352	52,151	360,877,723	(5,674)	(0.016)
June 30, 2014	32,915	42,603	41,762	252,985,787	(6,389)	(0.025)
June 30, 2013	39,597	48,506	47,702	252,985,787	(10,483)	(0.039)
June 30, 2012	43,171	57,910	56,863	252,985,787	(5,356)	(0.022)

(1) See Capital Resources and Liquidity for a further discussion of working capital.

(2) See Critical Accounting Policies and Estimates.

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Quarterly Financial Information

Set forth below is certain selected financial information expressed in Australian dollars in respect of the most recently completed quarter and previous nine quarters of the Company. This unaudited data is derived from the Company's interim financial statements which are prepared in accordance with Australian Accounting Standards, as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. All numbers below are in '000s except for the number of shares outstanding and Net Loss per share information

Quarter Ended:	Working Capital ⁽¹⁾	Total Assets ⁽²⁾	Shareholders' Equity	Common shares outstanding ⁽³⁾	Net Gain (Loss)	Net Gain (Loss) per Common Share (in dollars)
March 31, 2018	94,251	217,835	178,597	241,666,912	(6,967)	(0.061)
December 31, 2017	108,964	199,498	185,564	241,666,912	10,554	0.044
September 30, 2017	128,612	178,794	175,417	2,416,661,640	675	0.022 ⁽⁴⁾
June 30, 2017	11,690	47,172	44,010	415,009,381	(2,614)	(0.0063)
March 30, 2017	16,339	48,031	46,425	415,009,381	2,156	0.0052
December 31, 2016	16,552	54,788	53,042	415,009,381	(1,548)	(0.0037)
September 30, 2016	19,811	55,725	54,235	415,009,381	(851)	(0.0021)
June 30, 2016	22,891	56,859	55,084	415,009,381	(3,601)	(0.0086)
March 31, 2016	25,175	59,725	58,393	415,009,381	(37)	(0.0001)
December 31, 2015	23,634	59,385	57,882	415,009,381	(444)	(0.0011)

⁽¹⁾ See Capital Resources and Liquidity for a further discussion of working capital.

⁽²⁾ See Critical Accounting Policies and Estimates.

⁽³⁾ 1 for 10 Share Consolidation in the December 2017 quarter.

⁽⁴⁾ Re-stated to reflect 1 for 10 Share Consolidation

RESULTS OF OPERATIONS FOR THE THREE MONTH PERIOD ENDED 31 March 2018 (all financial numbers in '000s)

The Company is principally involved in the development of the Woodlawn mine and the exploration and evaluation of other mineral properties. It had no revenues from operations in the three months period to 31 March, 2018. Retained earnings are in a deficit position. The Company has not paid any dividends since inception.

WOODLAWN MINE – ASSET UNDER CONSTRUCTION

In September 2017, the Company began construction activities at the Woodlawn Mine. During the quarter ended 31 March 2018, the Company incurred \$31,876 in construction costs which have been capitalised on the Balance Sheet.

During the nine months to 31 March 2018, the Company incurred \$98,817 in construction costs (including \$25,078 of capitalised exploration costs incurred/transferred at Woodlawn) which have been capitalised on the Balance Sheet. The Company expects to incur further costs for the construction of the Woodlawn Mine throughout 2018.

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	3 Months to 30 Sept 2017	3 Months to 31 Dec 2017	3 Months to 31 Mar 2018	TOTAL
Earthworks	808	3,834	4,525	9,167
EPC Engineering	4,765	21,717	24,052	50,534
Owners Team costs	2,895	4,480	3,086	10,461
Exploration	-	24,865	213	25,078
Rehabilitation Asset	-	3,577	-	3,577
TOTAL	8,468	58,473	31,876	98,817

EXPLORATION AND OTHER EXPENSES (all financial numbers in '000's)

Exploration expenditures on mineral properties are expensed as incurred in the Income Statement, unless there is a reasonable probability that the mineral property may become a productive mine, in which case the expenditure is capitalised onto the Balance Sheet. During the three month period to 31 March 2018 the Company incurred \$423 in exploration expenditure of which \$213 was capitalised onto the Balance Sheet. All of the capitalised expenditure was incurred on the Woodlawn property.

Exploration expenditure requirements to maintain all the exploration licences in good standing total \$528 for FY17-18 and \$481 for FY18-19.

Below is a summary table of the exploration expenditures by tenement group for the three months ended 31 March 2018. (all numbers in '000s)

	Woodlawn (SML20)	Woodlawn Regional	TOTAL
Drilling	\$132	\$35	\$167
Other exploration	\$81	\$175	\$256
TOTAL	\$213	\$210	\$423

The Company's main exploration properties are located around the Woodlawn mine area. The projects on these land holdings are more fully described in the Company's 2017 Annual Report which is available from the Company on request or which may be accessed from the Company's website, www.heronresources.com.au

Corporate and administrative expenses are charged to the Income Statement as incurred. Interest income consists only of interest on short-term invested funds. Listed Investments are marked to market at the Balance Sheet date and revalued accordingly. The Company reported a loss from operations in the three month period ended 31 March, 2018 of \$6,967 compared to a profit of \$2,109 for the corresponding 31 March 2017) due in large part to the mark to market revaluation of its investment in Ardea Resources Ltd.

The Company incurred general and administration expenses of \$871 in the three months to 31 March 2018 compared with the \$845 in the three months to 31 March 2017. The small increase is due to higher Director Fees due to the increase in Board size and other expenses in the March 2018 quarter.

CAPITAL STOCK AND DEFICIT (all financial numbers in '000s)

The authorised capital of the Company consists of an unlimited number of common shares without par value.

At 31 March 2018 the Company had 241,666,912 issued and outstanding common shares, (30 June 2017: 415,009,381). During the December quarter the Company undertook a 1 for 10 share consolidation. The total Contributed Equity as at 31 March 2018 is \$259,742 (30 June 2017: \$129,638) The increase is due to the \$140M equity raising to fund the construction of the Woodlawn Mine, which was completed in the September 2017 quarter.

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As at 31 March 2018 there were 2,000,836 stock options outstanding (30 June 2017: 24,829,828). As at 31 March 2018 there were 2,895,000 Performance Rights outstanding bringing the fully diluted share position of the Company to 246,702,748.

The Company's accumulated deficit at 31 March 2018 is \$82,855 compared to \$87,117 at 30 June 2017. See "Results of Operations".

FINANCIAL CONDITION (all financial numbers in '000s)

The Company's total assets at 31 March 2018 increased to \$217,835 from \$47,172 at 30 June, 2017. This increase is due to the \$140M equity raising completed in the September quarter and the corresponding Woodlawn construction activities.

Assets at 31 March 2018 include cash and cash equivalents of \$94,251 (30 June 2017: \$11,690). Cash not on account at a bank has been invested in bank guaranteed, term deposits. Cash is held predominately in Australian dollars (A\$88,963) with some US Dollar (US\$4,052) holdings to cover Woodlawn US dollar denominated costs.

Cash of \$297 was spent on exploration and evaluation during the three month period ended 31 March 2018 compared to \$2,607 during the corresponding period ended 31 March 2017. This change was due to the Company's focus switching from exploration to construction activities at Woodlawn.

The Company had current liabilities including trade payables and employee provisions of \$15,020 at 31 March 2018 (\$3,025 at 30 June 2017). The Company has no off-balance sheet financing arrangements or material contingent liabilities or contractual obligations other than that disclosed in the financial statements for the half year ended 31 December 2017.

CAPITAL RESOURCES AND LIQUIDITY

During the September quarter the Company began construction of the new processing plant at Woodlawn. The \$240M funding package for the Woodlawn Mine should provide the Company with sufficient capital to complete construction of the processing plant and associated infrastructure and provide sufficient working capital until Woodlawn becomes cash flow positive.

At this time the Company has no operating revenue and does not anticipate earning any operating profits until the Company is able to commission and begin production at the Woodlawn Mine in early 2019.

TRENDS (all numbers in '000s)

Due to the nature of its projects, the Company has a history of incurring operating losses. These losses will continue until Woodlawn becomes a profitable project.

The net loss in the three month period ended 31 March, 2018 of \$6,967 is influenced by the "mark to market" revaluation of the Company's listed investment portfolio and therefore does not provide an accurate trend when compared to the profit incurred in the three month period ended 31 March 2017 of \$2,109.

The Company's current staff headcount is 34 (including staff employed as independent Contractors) compared to 21 at the beginning of the financial year.

CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of properties for minerals.

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The Woodlawn property is in the construction stage. The \$240M funding package for the Woodlawn Mine is expected to provide the Company with sufficient capital to complete construction of the mine and provide sufficient working capital until the Woodlawn Mine becomes cash flow positive.

The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geological or economic potential and if it has adequate financial resources to do so.

Management reviews its capital management approach on an ongoing basis and believes that given the relative size of the Company this approach is reasonable.

COMMITMENTS (all numbers in '000's)

The Company is required to undertake expenditures of \$528 per year (\$481 from June 2018) to keep exploration properties in good standing in the normal course of business. These obligations are subject to renegotiation when application for a mining lease is made and at other times.

The Company is contracted to non-cancellable operating leases in relation to its office premises at Level 1, 7 Havelock St, West Perth and at Suite 702, 191 Clarence Street, Sydney. The lease in Perth is currently on a six month term lease and the lease in Sydney expires in September 2019. A performance bond of \$15 and \$17 for the Perth and Sydney offices respectively has been lodged as surety against performance of the leases.

RELATED PARTY TRANSACTIONS (all numbers in '000's)

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. There have been no related party transactions during the nine months to 31 March 2018.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

New Accounting Policies and Accounting Standards and Interpretations issued, but some not yet applicable at 31 March, 2018.

New, revised or amending Accounting Standards and Interpretations adopted.

Heron Resources has adopted the following new and amended accounting standards from 1 July 2017:

AASB 2015-2 Disclosure Initiative Amendment to AASB 101 - This Standard amends AASB 101 Presentation of Financial Statements to clarify existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying the Standard in determining what information to disclose, where and in what order information is presented in their financial statements.

AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation. The amendments clarify the principle in AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset.

Adoption of these standards did not have any material effect on the Statement of Financial Performance, Statement of Comprehensive Income and Statement of Financial Position of the Group.

Accounting standards issued but not yet effective.

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Consolidated Entity for the year ended 30 June 2017. At this time the following standards and interpretations may have an impact, but the extent of this is not expected to be material:

AASB 2016-1 Recognition of Deferred Tax Assets for Unrealised Losses - The amendments to AASB 12 Income Taxes clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. Effective for annual periods beginning on or after 1 January 2017. (Company 1 July 2017).

ASB 2016-2 Disclosure Initiative - The amendments to AASB 107 Statement of Cash Flows require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

AASB 9 Financial Instruments - A new standard which replaces AASB 139. This new principal version includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. Effective for annual periods beginning on or after 1 January 2018. (Company 1 July 2018).

AASB 15 Revenue from Contracts with Customers. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Effective for annual periods beginning on or after 1 January 2018. (Company 1 July 2018).

AASB 16 Leases. AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases. Effective for annual periods beginning on or after 1 January 2019. (Company 1 July 2019).

At this time the following interpretation may have an impact, but the extent of this has not been determined:

IFRIC 23 Uncertainty over Income Tax Treatments. The Interpretation clarifies the application of the recognition and measurement criteria in IAS 12 Income Taxes when there is uncertainty over income tax treatments. Effective for annual periods beginning on or after 1 January 2019. (Company 1 July 2019). New Accounting Policies and Accounting Standards and Interpretations issued, but some not yet applicable at 30 June, 2017.

Future Accounting Changes

Other than those noted above, the Company is unaware at this time of any future changes to accounting standards that are contemplated by the Australian Accounting Standards Board and are relevant to the Company and which might impact future accounting reporting periods.

Summary of Significant Accounting Policies

For a complete description of the significant accounting policies used by the Company in the preparation of its financial statements, please review the notes to the 30 June 2017 audited financial statements included in the Company's Annual Report. This Management Discussion and Analysis should also be read in conjunction with the Company's quarterly financial statements and the notes thereto.

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Going concern basis of accounting (all numbers in '000s)

The interim financial statements for the three and nine month period ended 31 March 2018 have been prepared on the basis of a Going Concern, notwithstanding the fact that the Company incurred a net cash out flow from operating and investing activities for the nine month period of \$68,597 (2017: out flow \$6,378).

The Financial Report has been prepared on the basis of a going concern, as the Directors believe that the Company has adequate funding to pay its debts as and when they become due for a period of twelve months from the date of approving this report.

Remuneration of Directors and Key Management Personnel Including Share Based Payments

The cost to the Company of share options and performance rights granted to Directors and Key Management Personnel is included at fair value as part of the Directors' and Key Management Personnel's aggregate remuneration in the financial year the options and performance rights are granted.

The fair value of the share option is calculated using the Black Scholes option pricing model, which takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the current price and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The cost of these options is expensed in the Income Statement on a pro rata basis to the vesting dates. Unvested options are cancelled upon termination of service with the Company.

The fair value of the performance rights are independently valued using Monte Carlo analysis.

At the AGM in November 2017, shareholders approved a new Long Term Incentive program which provides for the granting of Performance Rights to Directors and employees.

Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognized from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognized to the extent that there is convincing evidence that it is probable that future tax profits will be available against which deductible temporary differences can be utilized.

The amount of benefits brought to account or which may be realized in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realized and comply with the conditions of deductibility imposed by the law.

Earnings per share

Basic earnings per share are determined by dividing the operating profit or loss after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share adjusts the figures used in determining earnings per share by taking into account non anti-dilutive options outstanding during the quarter. The diluted earnings per share are capped at the basic earnings per share in circumstances of losses.

Exploration expenditure and mineral leases

Exploration expenditures on mineral properties are expensed as incurred in the Income Statement, unless there is a reasonable probability that the mineral property may become a productive mine, in which case the expenditure is capitalised onto the Balance Sheet. These capitalised costs are only carried forward if the rights to the area of interest are current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against the results in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental expenditure

Restoration, rehabilitation and environmental expenditure to be incurred during the production phase of operations is accrued when the need for such expenditure is established, and then written off as part of the costs of production of the mine property concerned. Significant restoration, rehabilitation and environmental expenditures to be incurred subsequent to the cessation of production at each mine property are accrued, in proportion to production, when its extent can be reasonably estimated.

Business undertakings – joint ventures

The Company has certain exploration activities conducted through joint ventures with other parties. Where relevant, the Company's interest in these joint ventures is shown in the notes to the financial statements under the appropriate heading.

RISK FACTORS AFFECTING FINANCIAL INSTRUMENTS

The Company's major mineral property is the Woodlawn mine in NSW (the "Property"). Unless the Company acquires or develops additional material properties, the Company will be mainly dependent upon its existing Property. If no additional major mineral properties are acquired by the Company, any adverse development affecting the Company's Property would have a material adverse effect on the Company's financial condition and results of operations.

Other risk factors and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfil its payment obligations. The Company's credit risk is primarily attributable to cash and accounts receivable. Cash consists of cash on hand with reputable financial institutions. Financial instruments included in accounts receivable consist of GST receivable from government authorities in Australia and deposits held with vendors. Management believes that credit risk with respect to financial instruments included in cash and accounts receivable is low.

Liquidity risk (all financial numbers in '000s)

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at 31 March 2018, the Company had cash of \$94,251 (30 June 2017: \$11,690) to settle current liabilities of \$15,020 (30 June 2017: \$3,025).

A significant portion of the current cash on the Balance Sheet will be utilised for the construction of the Woodlawn mine via the EPC contract with Sedgman. As at the date of this report, the Company is yet to draw down on the US\$60M Debt facility provided by Orion Mine finance.

Apart from provision for employee entitlements (e.g. Annual Leave), most of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity prices. The Company continues to monitor the long term assets and assesses the value of the asset on a regular basis.

Interest rate risk

The Company has cash balances. The Company's current policy is to invest excess cash in term deposits with banks.

Foreign currency risk

The Company's functional reporting currency is the Australian dollar and major purchases are transacted in Australian dollars and to a lesser extent, US dollars.

The Company funds the development of Woodlawn and administrative expenses using a combination of Australian dollars and US dollars. The company holds sufficient currency in native denominations to fund its ongoing currency obligations.

During the 3 month period to 31 March 2018, the Company continued to hedge the conversion of the majority of the US denominated debt into Australian dollars upon its intended draw down during the remainder of 2018.

Commodity price risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as it relates to valuable minerals to determine the appropriate course of action to be taken by the Company. The ability of the Company to develop its properties and the future profitability of the Company is directly related to the market price of nickel, zinc, lead and copper and certain other metals.

As the Company moves closer to commercial production in early 2019, the Company will investigate appropriate commodity hedging strategies.

Fair value

AIFRS accounting principles require that the Company disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates.

The carrying values for short-term investment, sundry receivables and prepaid expenses, subscription receivable, and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

The Company has designated its cash as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over the next year:

- (i) Interest rate risk is immaterial.
- (ii) The Company holds all of its cash in low risk, secure Australian dollar and US dollar term deposits at Australian banks. Movements in the Australian and US Dollars may have a detrimental impact on the Company and as a result the Company is implementing appropriate foreign currency hedges.
- (iii) Commodity price risk could adversely affect the Company. In particular, the Company's future profitability and viability from mineral exploration depends upon the world market price of valuable minerals. Commodity prices have fluctuated significantly in recent years. There is no assurance that, even as commercial quantities of valuable minerals may be produced in the future, a profitable market will exist for them.

As of 31 March 2018, the Company is not yet a producer of valuable minerals, however it has signed an Offtake agreement covering zinc, copper and lead production at Woodlawn.

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RISK FACTORS AND UNCERTAINTIES

The Company is in the business of developing the Woodlawn Mine and is exposed to a number of risks and uncertainties that are common to other development companies in the same business. The industry is capital intensive at all stages and must rely on equity financing to fund exploration and development activities.

The ability of the Company to realize and profit from a mine development is dependent upon its ability to define and delineate an ore body, to finance development costs, adhere to government and environmental regulations, and/or be able to realize the costs incurred on disposition of a property.

The future prospects of the Company are subject to a variety of risks that may cause actual results to differ materially from projected outcomes. Factors that could cause such differences include: world commodities markets, foreign exchange markets, equity markets, access to sufficient working capital, the ability to attract mining partners, the loss of or inability to hire key personnel, as well as government and environmental restrictions. Most of these factors are beyond the control of the Company which consequently cannot guarantee future results, levels of activity or ensure that a mineral discovery can be developed into a profitable mining operation. In addition, prices for the commodities contained in the Company's mineral resources at its exploration properties have fluctuated significantly over the last few years and may continue to do so. Such volatility may affect the timing and magnitude of funds which the Company may seek to raise to support further exploration and development.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found at www.heronresources.com.au or on the SEDAR website at www.sedar.com, or on the website of the ASX, www.asx.com.au.

APPROVAL

The Board of Directors of Heron Resources Limited has approved the disclosure contained in this Management Discussion and Analysis dated 26 April, 2018.

HERON RESOURCES LIMITED

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CORPORATE DIRECTORY

Directors

Stephen Dennis (Chair)

Wayne Taylor

Borden Putnam III

Fiona Robertson

Mark Sawyer

Peter Rozenauers

Ricardo De Armas

Ian Pattison

Company Secretary

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Toronto, ON M5H 4H1

Telephone 416 361 0152

The company is listed on both the Australian Stock Exchange (ASX) under the symbol HRR and the Toronto Stock Exchange (TSX) under the symbol HER. The Company delisted from the TSX effective on 29 March 2018.

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Auditors

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Sydney, NSW, 2000
Australia