**Heron Resources** Limited

# Quarterly Report

September 2020

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29 October 2020

## SUMMARY

### Woodlawn Zinc-Copper-Lead Project

- The Woodlawn Mine site remains on Care & Maintenance (C&M) following the suspension of operations on 24 March 2020, with current activities focused on preserving mining and processing infrastructure for future re-start, along with environmental management of the site.

### Exploration Projects

- Near mine exploration at Woodlawn remains suspended during C&M.
- Sky Metals Ltd (ASX:SKY) continued to fulfil its Cullarin & Kangiara Farm-In & JV expenditure commitments during the quarter and have now earned an 80% interest in these projects. During the quarter, Sky announced results from its Hume target drilling program (HUD011 and HUD012) and re-sampling of historic drill core (WL28, WL31) with a number of significant intercepts returned. Drilling at the Hume target continued during the quarter targeting strike and depth extent of the high-grade gold target.
- Alchemy Resources Ltd (ASX:ALY) continued to fulfil its expenditure commitments under the Overflow, Girilambone and Eurow Farm-In and JV Agreement with Heron. During the quarter, ALY completed a diamond drill hole (OFDD003) at Overflow (EL 5878) and has intercepted significant quartz veining and sulfide mineralisation, with assays pending. A second hole targeting down-plunge extension to the mineralisation intersected in OFDD003 has commenced.

### Corporate

- **Cash**: Heron held A$11.8 million in cash (including bonds of A$3.7 million) at 30 September 2020.
- **Strategy:** On 14 August 2020, the Company announced the appointment of Azure Capital to explore strategic options for Woodlawn including refinancing, joint ventures, and partial or complete divestment. The strategic process is being supported by long term standstill agreements with the Company's secured lenders and major unsecured creditors. Optimisation studies and key work programs targeting value-add opportunities at Woodlawn are being completed and the strategic process, led by Azure, is underway.

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**Heron Resources Ltd ("Heron" or the "Company") is pleased to provide its report for the June 2020 quarter.**

## WOODLAWN ZINC-COPPER PROJECT

Heron holds a direct 100% ownership of the mineral rights at the Woodlawn Mine site situated 40km south of Goulburn and 250km south-west of Sydney, in southern NSW, Australia.

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

## Woodlawn Project – Operations Report

On 24 March 2020, operations were suspended at Woodlawn due to travel and other restrictions imposed by Australian Federal and State Governments in response to the COVID-19 pandemic, and also to safeguard the financial position of the Company. The majority of employees and all contractors were demobilised following the announcement, and the site has remained in C&M since that time. All mine and process plant infrastructure assets are being maintained by a small team of remaining personnel to a level that will support a rapid re-start of operations. Regulatory compliance is being maintained along with stringent security, health, safety and environmental protection protocols. Operational activities under C&M during the September quarter were:

- **Safety:** One lost time injury (LTI) was recorded during the quarter when an employee suffered a lower back injury whilst opening a shipping container door. The Company remains committed to achieving zero harm. Site access and hygiene procedures aligned with the Minerals Council of Australia COVID-19 protocols were maintained throughout the quarter.
- **Environment:** One incident was reported to the EPA during the quarter when very heavy rainfall that caused flooding across south-eastern NSW resulted in an overflow event of the site's pollution control dam. Downstream surface water sampling indicated that there was no adverse off-site impacts caused by this event.
- **Underground Mine:** There was no underground mine development or production during the quarter. Routine inspections, dewatering and ventilation to the base of the current mine development are being maintained.
- **Tailings Reclaim:** No tailings were reclaimed. Water levels on the historic and new tailings storage facilities are being managed in accordance with good geotechnical practice.
- **Process Plant:** There was no process plant production during the quarter. All plant facilities, including the process plant, tailings reclaim, water treatment and paste fill, are being routinely inspected and maintained by a small team of Heron employees in accordance with a C&M program designed to maintain the facilities in a state of readiness for a re-start of operations. Sedgman carried out a number of projects during the quarter to rectify defects identified during operations as part of their ongoing warranty obligations.
- **Concentrate Production/Sales:** There was no production or sales of concentrate during the quarter.
- **Optimisation studies and key work programs:** A number of studies and engineering programs were commenced during the quarter aimed at addressing technical issues that were identified during Woodlawn's operational phase, including mine design optimisation, flotation flow sheet development, and site water usage and balancing. These studies and programs are being undertaken to identify value-adding opportunities in support of the strategic process.

## Woodlawn Exploration

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- **Woodlawn Near-Mine Targets:** Heron's current exploration focus is discovery and delineation of additional mineralised Volcanogenic Massive Sulfide (VMS) lenses directly north of the Woodlawn orebody. Prospects targeted are within the NW-oriented "Woodlawn Corridor" of prospective stratigraphy and within a NW to NE trending 2.5 km arc from the mine (Figure 1).
- **Woodlawn Regional Prospects:** Heron continues to hold a strategic 1,372 sq-km tenement package covering the prospective Silurian volcanic rocks, similar to those which hosts the Woodlawn VMS base metal deposit. Heron's exploration focus is on historically known mineralisation zones with prospective geology, with the objective of locating comparable grade and metallurgy to that characterising Woodlawn, and within potential trucking distance of the Woodlawn mine and processing facility.

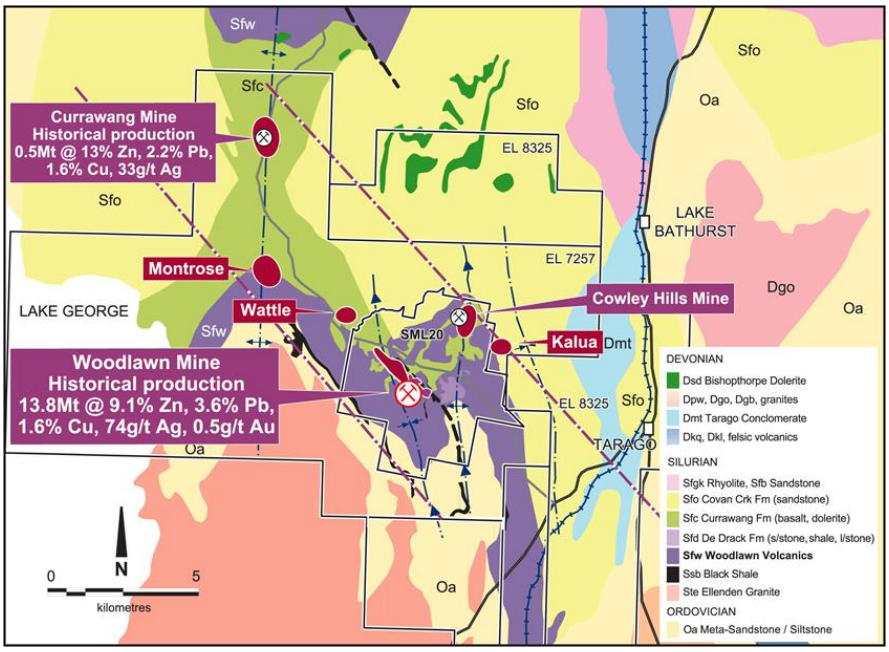



*Figure 1: Woodlawn near-mine exploration prospects within NW striking Woodlawn Corridor.*

## Exploration Joint Ventures

Heron retains interests in tenement holdings within the Lachlan Fold Belt of NSW and the Eastern Goldfields of Western Australia. These tenures are held through farm-in and joint venture interests, which include a number of other free-carried residual or royalty interests with minimal cost to Heron.

### Sky Metals Farm-In and Joint Venture Agreement

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

Sky announced (ASX:SKY 4 August 2020) it had reached total expenditure of $2 million thereby earning its 80% interest in the Cullarin and Kangiara projects. Sky have continued to report strong results from drilling at its Hume target on the Cullarin project with significant results summarised below.

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Significant Hume Target diamond drill hole (DDH) results included:

- HUD001: 54 m @ 0.84 g/t Au from 116 m, including 5 m @ 5.76 g/t Au from 128 m, and 23 m @ 0.76 g/t Au from 224 m.
- HUD002: 93 m @ 4.24 g/t Au from 56 m, including 36 m @ 2.88 g/t Au from 56m, 14m @ 20.2 g/t Au from 92 m, and 43 m @ 1.30 g/t Au from 106 m.
- HUD003: 20 m @ 0.95 g/t Au from 37 m, including 7.3 m @ 2.08 g/t Au from 49.3 m.
- HUD005: 6 m @ 6.61% Zn, 5.83% Pb, 1.28% Cu from 273 m.
- HUD007: 69 m @ 2.2 g/t Au from 49 m, including 33 m @ 3.58 g/t Au from 51 m, and 14 m @ 6.76 g/t Au from 68 m.
- HUD012: 12 m @ 1.49 g/t Au from 172 m, including 2 m @ 8.36 g/t Au from 172 m; and 9 m @ 1.42 g/t Au from 197 m, including 3 m @ 3.93 g/t Au from 198 m.

A high-grade intersection of VMS base metal mineralisation was intersected by HUD005, located 250 m north of HUD002 intercepting:

- HUD005: 6 m grading 6.61% Zn, 5.83% Pb, 1.28% Cu from 273 m.

Re-sampling of historic drill core confirmed historically recorded drill intersections:

- WL28: 134.1 m @ 1.10 g/t Au from 25.9 m, including 12 m @ 3.96 g/t Au from 32 m, including 4 m @ 7.15 g/t Au from 32 m.
- WL31: 135.8 m @ 0.73 g/t Au from 23.8 m, including 7 m @ 5.14 g/t Au from 24 m.
- WL24c: 12.8 m @ 2.81 g/t Au from 70.5 m, including 5.3 m @ 4.61 g/t Au from 70.5 m.

Sky recently resumed diamond drilling at the Hume target and also commenced a program of RC drilling at Hume North to follow up a significant geochemical anomaly discovered during a soil sampling program the previous quarter.

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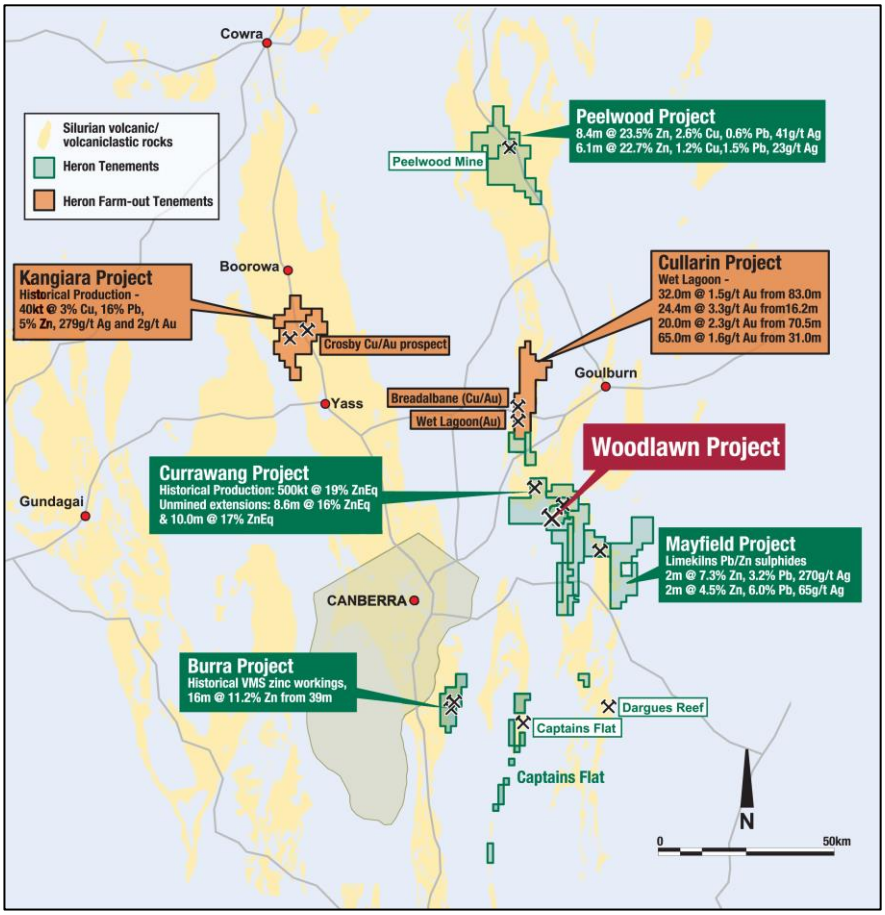



***Figure 2: Heron NSW projects, including Kangiara and Cullarin farmed out to Sky Metals Ltd.***

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

Heron entered into a Farm-In Agreement with Alchemy Resources Limited (ASX:ALY) in May 2016. The Farm-In Agreement includes eight Exploration Licences comprising 674 sq-km in the central Lachlan Fold Belt in NSW (Figure 3). Alchemy has earned a 51% interest in the tenements after spending $1 M and has moved to earn 80% by spending an additional $1 M by 30 May 2021.

During the quarter Alchemy announced (ASX:ALY 12 October 2020) that it had completed a diamond drill hole OFDD003 to 351.5 m depth at the Overflow Mine (EL 5878), located in the Cobar Basin NSW. Drill hole OFDD003 was targeted approximately 100 m down plunge and to the south of previous drilling including:

- TBB008: 7m @ 6.7g/t Au, 19g/t Ag, 1.9% Zn, 1.4% Pb, 0.3% Cu from 236 m
- OFDD001: 18 m @ 2.1 g/t Au, 111 g/t Ag, 1.1% Zn from 245 m
- OFDD001: 3 m @ 7.3 g/t Au, 43 g/t Ag, 4.6% Zn, 4.2% Pb, 0.3% Cu from 236 m

A follow up hole at 100 m down plunge and to the south of OFDD003 has commenced.

Alchemy announced (ASX:ALY 9 June 2020) it had identified two significant Cu-Au porphyry exploration targets at the Melrose and Yellow Mountain mine prospects within EL 8356. The Melrose target is located within a major hydrothermal

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alteration system with geochemical signatures similar to large Cu-Au porphyry deposits (e.g., Newcrest's Cadia). At Yellow Mountain, Alchemy has identified a strong IP anomaly using legacy data that to-date has not been drill tested. Alchemy intends to conduct IP surveys over the targets to better prioritise drill targets.

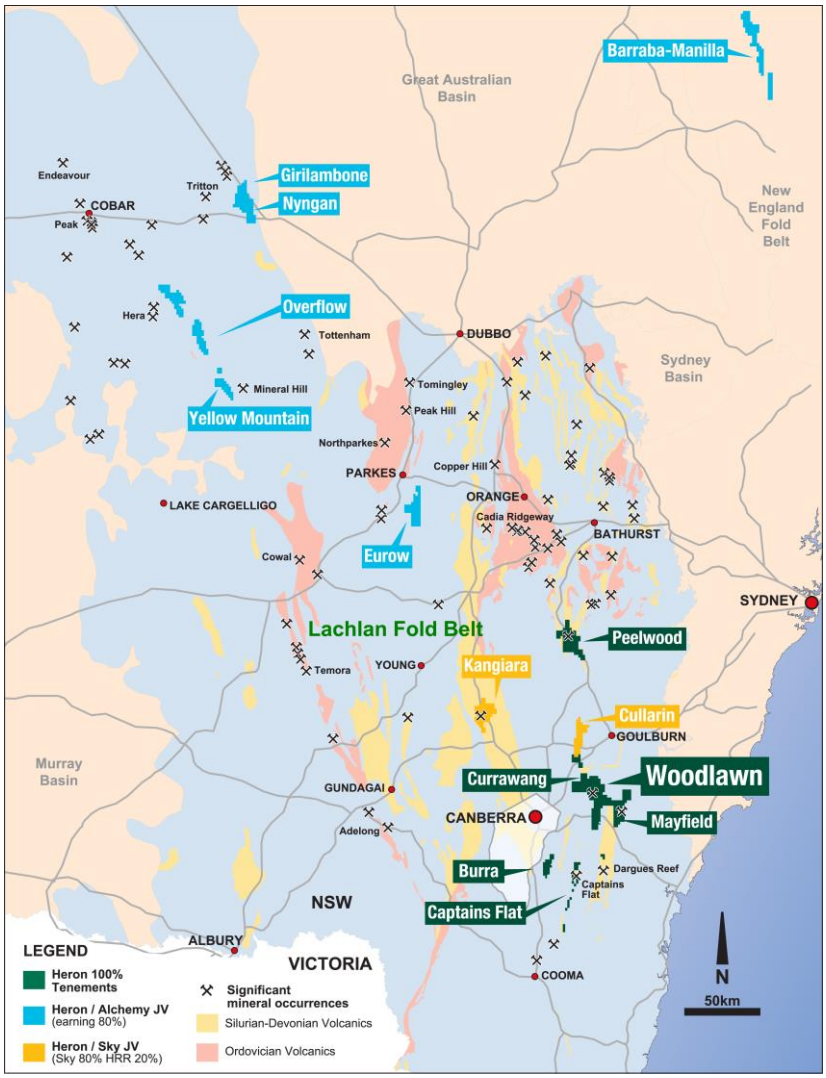



***Figure 3: Heron NSW Projects (including Sky Metals & Alchemy JV projects).***

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***Compliance Statements (JORC 2012)***

*The technical information in this report relating to the exploration results is based on information compiled or reviewed by Ms. Alexandra Bonner, who is a Member of the Australian Institute of Mining and Metallurgy. Ms. Bonner 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. Ms. Bonner has reviewed this report and approves the scientific and technical disclosure related to exploration results within.*

## Corporate Directory

**Directors**

Stephen Dennis*+ *Chairman*
Ian Pattison *+
Mark Sawyer*
Ricardo De Armas*

* *Denotes Non-executive*
\+ *Denotes Independent*

**Executive Management**

Tim Dobson
*Chief Executive Officer*

Simon Smith
*Chief Financial Officer and Company Secretary.*

**Issued Share Capital**

As at the date of this report, Heron Resources Limited had 428,664,605 ordinary shares, 565,000 Employee options and 250,000 Performance Rights.

The options have an expiry date of 4 December 2020 and have an exercise price of A$0.72.

The Performance rights are $nil exercise price options and expire on 1 July 2021.

Heron trades on the ASX as HRR.

**Monthly Share Price Activity**

**(A$ per share - ASX)**

| *Month* | *High* | *Low* | *Close* |
|---|---|---|---|
| Oct 19 (1) | 0.30 | 0.17 | 0.17 |
| Nov 19 | 0.18 | 0.11 | 0.11 |
| Dec 19 | 0.12 | 0.09 | 0.10 |
| Jan 20 | 0.105 | 0.082 | 0.084 |
| Feb 20 | 0.09 | 0.068 | 0.069 |
| Mar 20 | 0.071 | 0.017 | 0.019 |
| Apr 20 | 0.075 | 0.019 | 0.048 |
| May 20 | 0.052 | 0.039 | 0.047 |
| Jun 20 | 0.058 | 0.040 | 0.044 |
| Jul 20 | 0.048 | 0.036 | 0.038 |
| Aug 20 | 0.041 | 0.030 | 0.031 |
| Sep 20 | 0.059 | 0.030 | 0.045 |

*(1) HRR was in 'voluntary suspension' from 16th August 2019 to 08th October 2019.*

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Email heron@heronresources.com.au
Website www.heronresources.com.au

**Share Registry (Australia)**

Automic
Level 5,126 Philip Street
Sydney NSW 2000
P: 1300 288 664 (within Australia)
P: +61 (2) 9698 5414 (outside Australia)
E: hello@automic.com.au
W: www.automic.com.au

All security holder correspondence to:

PO BOX 2226, Strawberry Hills, NSW 2012

Please direct enquiries regarding Australian shareholdings to the Share Registrar.

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**Appendix 5B**

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

| Name of entity | |
|---|---|
| Heron Resources Limited | |
| **ABN** | **Quarter ended ("current quarter")** |
| 30 068 263 098 | 30 September 2020 |

| | **Consolidated statement of cash flows** | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 532 | 532 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation | | |
| | (b) development | | |
| | (c) production | | |
| | (d) staff costs | | |
| | (e) administration and corporate costs | (1,209) | (1,209) |
| 1.3 | Dividends received (see note 3) | | |
| 1.4 | Interest received | | |
| 1.5 | Interest and other costs of finance paid | (202) | (202) |
| 1.6 | Taxes refunded/(paid) (GST) | 892 | 892 |
| 1.7 | Government grants and tax incentives | 234 | 234 |
| 1.8 | Other (provide details if material) | | |
| **1.9** | **Net cash from / (used in) operating activities** | **247** | **247** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire or for: | | |
| | (a) entities | | |
| | (b) tenements | | |
| | (c) property, plant and equipment | | |
| | (d) exploration & evaluation | | |
| | (e) investments | | |
| | (f) other non-current assets (mine development) | (5,821) | (5,821) |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | | |
| | (b) tenements | | |
| | (c) property, plant and equipment | | |
| | (d) investments | | |
| | (e) other non-current assets | | |
| 2.3 | Cash flows from loans to other entities | | |
| 2.4 | Dividends received (see note 3) | | |
| 2.5 | Other (provide details if material) | | |
| **2.6** | **Net cash from / (used in) investing activities** | **(5,821)** | **(5,821)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | | |
| 3.2 | Proceeds from issue of convertible debt securities | | |
| 3.3 | Proceeds from exercise of options | | |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | | |
| 3.5 | Proceeds from borrowings | 3,500 | 3,500 |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (provide details if material) | | |
| **3.10** | **Net cash from / (used in) financing activities** | **3,500** | **3,500** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 13,789 | 13,789 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | 247 | 247 |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (5,821) | (5,821) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 3,500 | 3,500 |
| 4.5 | Effect of movement in exchange rates on cash held | 141 | 141 |
| **4.6** | **Cash and cash equivalents at end of period** | **11,856** | **11,856** |

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| 5. | **Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | **Current quarter $A'000** | **Previous quarter $A'000** |
|---|---|---|---|
| 5.1 | Bank balances | 8,155 | 10,088 |
| 5.2 | Call deposits | | |
| 5.3 | Bank overdrafts | | |
| 5.4 | Other (environmental bond) | 3,701 | 3,701 |
| **5.5** | **Cash and cash equivalents at end of quarter (should equal item 4.6 above)** | **11,856** | **13,789** |

| 6. | **Payments to related parties of the entity and their associates** | **Current quarter $A'000** |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1 | 91 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | |

*Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.*

Expenses relate to Director fees

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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities | 84,831 | 84,831 |
| 7.2 | Credit standby arrangements | | |
| 7.3 | Other (please specify) | | |
| 7.4 | **Total financing facilities** | **84,831** | **84,831** |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | - |

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Senior debt loan facility from Orion Mine Finance is for USD $50 million and fully drawn down.

The funding rate is the aggregate of a margin of 7.25% and the applicable LIBOR rate, being a minimum of 2.5%, for each interest period.

"Care and Maintenance" loan facility from funds managed by Castlelake L.P is for AUD $3.5 million and fully drawn down.

The funding rate is the aggregate of a margin of 12.5% and the applicable BBSY Bid rate, being a minimum of 2.5%, for each interest period.

The Company has received an event of default waiver from Orion Mine Finance, Greenstone & funds managed by Castlelake L.P until 13 August 2021.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (item 1.9) | (2,074) |
| 8.2 | (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (item 8.1 + item 8.2) | (2,074) |
| 8.4 | Cash and cash equivalents at quarter end (item 4.6) | 8,155 |
| 8.5 | Unused finance facilities available at quarter end (item 7.5) | - |
| 8.6 | Total available funding (item 8.4 + item 8.5) | 8,155 |
| 8.7 | **Estimated quarters of funding available (item 8.6 divided by item 8.3)** | **3.9** |

*Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.*

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

The Woodlawn mine and operations have transitioned to care and maintenance effective from 25 March 2020.

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| | |
|---|---|
| 8.8.2 | Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful? |
| The Company has received a default event waiver from Orion Mine Finance, Greenstone & funds managed by Castlelake L.P until 13 August 2021. | |
| 8.8.3 | Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis? |
| The event of default waiver provides the necessary time for the Company to work with its key stakeholders to determine a path forward for the Woodlawn mine. | |
| *Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.* | |

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## 8.1 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 |
|---|---|---|---|---|
| | | | | |

### Heron Resources Ltd Tenement Schedule for June 2020 Quarterly Report

| Tenement | Location | Heron Interest (%) | Status | Note |
|---|---|---|---|---|
| **New South Wales Projects** | | | | |
| **Woodlawn Project** | | | | |
| EL7257 | 40km SSW of Goulburn | 100 | Live | |
| EL7468 | 5km E of Collector | 100 | Live | |
| EL7469 | 15km E of Bungendore | 100 | Live | |
| EL7954 | 25km W of Goulburn | 100 | Live | |
| EL8325 | 60km ENE of Canberra | 100 | Live | |
| EL8353 | 7.5km SE of Woodlawn | 100 | Live | |
| S(C&PL)L20 | 40km SSW of Goulburn | 100 | Live | |
| EL8400 | 27km NNE of Yass | 100 | Live | |
| EL8573 | 30km NNW of Yass | 100 | Live | |
| EL8623 | 90km north of Woodlawn | 100 | Live | |
| EL8712 | 100km north of Woodlawn | 100 | Live | |
| EL8796 | 65km south of Woodlawn | 100 | Live | |
| EL8797 | 65km south of Woodlawn | 100 | Live | |
| EL8945 | 20km southeast of Woodlawn | 100 | Live | |
| **Alchemy Farm in & JV Tenements[1]** | | | | |
| **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 Tenements[2]** | | | | |
| **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 |

| Tenement | Location | Heron Interest (%) | Status | Note |
|---|---|---|---|---|
| **Western Australian Projects – Royalty Interests** | | | | |
| E24/00203 | 78km NW of Kalgoorlie | Retains gold royalty | Live | 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 |
| G24/40 | 14km N of Kalgoorlie | Retains gold royalty | Live | 5 |

Notes:

1. Subject to Farm-in and Joint Venture Agreement between Alchemy Resources Ltd and Heron.
2. Sky 80%, Heron 20%. Heron free carried to DFS or $10 million expenditure.
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
5. Kalgoorlie Consolidated Gold Mines (KCGM), Heron retains Au royalty.

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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) ($) | Amount paid up per security (see note 3) ($) |
|---|---|---|---|---|
| 9.1 **Preference securities** (*description*) | | | | |
| 9.2 Changes during Quarter<br>(a) Increases through share issues<br>(b) Decreases through returns of capital, buybacks, redemptions | | | | |
| **Ordinary securities** | 428,664,605 | 428,664,605 | | |
| 9.3 Changes during Quarter<br>(a) Increases through share issues<br>(b) Decreases through returns of capital, buybacks | | | | |
| **9.4 Convertible debt securities** (*description*) | 34,995,220 | 34,995,220 | US$1.00 | US$1.00 |
| 9.5 Changes during Quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted | | | | |

| | | | | |
|---|---|---|---|---|
| 9.6 **Options/Performance Rights** (*description and conversion factor*) | 565,000<br>250,000 (Perf Rights | Nil<br>Nil | *Exercise Price*<br>$0.72<br>$Nil | *Expiry Date*<br>4 Dec 2020<br>1 July 2021 |
| 9.7 Issued during Quarter | | | | |
| 9.8 Exercised during Quarter | | | | |
| 9.9 Expired during Quarter | | | | |
| | | | | |
| 9.10 Debentures (totals only) | | | | |
| 9.11 Unsecured notes (totals only) | | | | |

**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.**

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*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: 29 October 2020

Company Secretary

Print name: 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.