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ASX Release

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Heron's G2 Lens Delivers Strong Metallurgical Results

- **Shallow G2 Lens represents the first mineralisation to be accessed in the underground mine**
- **Three mineralisation styles identified in G2 Lens:**
  - **G2 Hanging Wall (G2HW) – high grade polymetallic mineralisation with elevated precious metals**
  - **G2 Main Lens (G2 Main) – polymetallic and zinc stringer mineralisation**
  - **G2 Copper (GC) – copper mineralisation**
- **Testwork on all mineralisation styles returned results exceeding Feasibility Study metallurgical recovery assumptions**
- **G2HW returned very high precious metals in copper and lead concentrates**
- **Further drilling scheduled to expand G2 Lens towards mine access point**

Heron Resources Limited (ASX:HRR, "Heron" or the "Company") is pleased to report results from a metallurgical testwork program undertaken on the shallow G2 Lens at its wholly owned Woodlawn Zinc-Copper Project in New South Wales, Australia. The G2 Lens represents the first mineralisation to be accessed in the underground operation and is not currently reported within the operations Ore Reserves.

Commenting on these results Heron's Managing Director, Mr Wayne Taylor said: *"The Company is extremely pleased with the developing tonnage and the recently received metallurgical testwork results for the G2 Lens. The results demonstrate that a significantly better concentrate product quality can be produced at higher recoveries in most cases when compared to the assumptions applied in the Woodlawn Feasibility Study (FS). All three mineralisation styles performed extremely well and, while of very limited tonnage, the precious metal levels in the G2HW copper and lead concentrates were particularly exciting. We are looking to target an expansion to the G2 and G2HW mineralisation in the expanded drilling program that is currently underway."*

G2 Lens Metallurgical Test Work

The shallow position of the G2 Lens has resulted in this area becoming a focus for recent exploration activity. The first concerted phase of work in 2017 resulted in the reporting of an initial Mineral Resource for this area (refer to Mineral Resource table at the end of this release and Heron's release to the ASX dated 13 November 2017). The first phase of work did not close off the lens to the south (towards the mine access point) and the initial drill holes in the second phase intersected strong mineralisation in both the G2 and G2HW. While the G2 Lens is currently of limited tonnage, it represents the likely first production source for the underground operation. A metallurgical testwork program was undertaken to assess processing performance and the resulting zinc, copper and lead concentrate qualities. Diamond drill core from this area has resulted in the identification of three different mineralisation styles - polymetallic containing high grade precious metals (G2HW); polymetallic and zinc stringer (G2 Main); and copper mineralisation (GC).

Drill core samples were composited to provide representative samples of the expected run-of-mine ore (with dilution included) for each of the three mineralisation types. Testwork program design started with the standard flotation reagent regime used in the Feasibility Study (FS) and involved further optimisation tests. The testwork was carried out at AMML laboratories in Gosford, NSW (AMML). AMML have provided metallurgical services for Heron since the Company's involvement in the project, and have considerable experience with flotation of mineral concentrates.

The testwork results are provided in Table 1 below. Copper and lead concentrates are of very good quality, and are well above the targets that were established during the FS. Zinc concentrate grades and recoveries are also good, being on or slightly better than target. Also, the G2HW sample contained notably higher grades of precious metals in the feed ore with resulting elevated grades reported through to the copper and lead concentrates.

The strong results returned for the G2 mineralisation provides the Company with confidence that these ore types will be able to be readily processed through the plant and may provide the project with enhanced revenue results in the early stages of underground mining operations.

Table 1: G2 Lens Metallurgical Test Results May 2018

			Feasibility Study UG Feed	GC Copper	G2 Main	G2HW
Head Grades	Copper	%	1.3	1.3	0.4	0.7
	Lead	%	2.6	0.0	2.0	6.2
	Zinc	%	7.2	0.1	5.4	10.2
	Silver	ppm	50.0	5.0	12.0	504.0*
	Gold	ppm	0.9	N/A	N/A	4.0
Copper Concentrate	Copper	Grade %	27.0	31.6	28.5	27.7
		Cu Recovery %	60.0	81.2	77.7	62.8
	Silver	Grade ppm		58.0	200.0	5500.0
		Ag Recovery %	10.0	28.0	18.0	25.0
	Gold	Grade ppm		0.4	4.0	17.0
		Au Recovery %	7.0	10.0	25.0	6.0
Lead Concentrate	Lead	Grade %	45.0		56.2	59.6
		Pb Recovery %	70.0		88.3	89.2
	Silver	Grade ppm			258.0	1900.0
		Ag Recovery %	46.0		60.8	58.0
	Gold	Grade ppm			2.8	30.0
		Au Recovery %	30.0		26.2	64.0
Zinc Concentrate	Zinc	Grade %	55.0		55.0	62.7
		Zn Recovery %	88.0		89.5	79.5
	Silver	Grade ppm			19.0	149.0
		Ag Recovery %	25.0		11.9	6.8

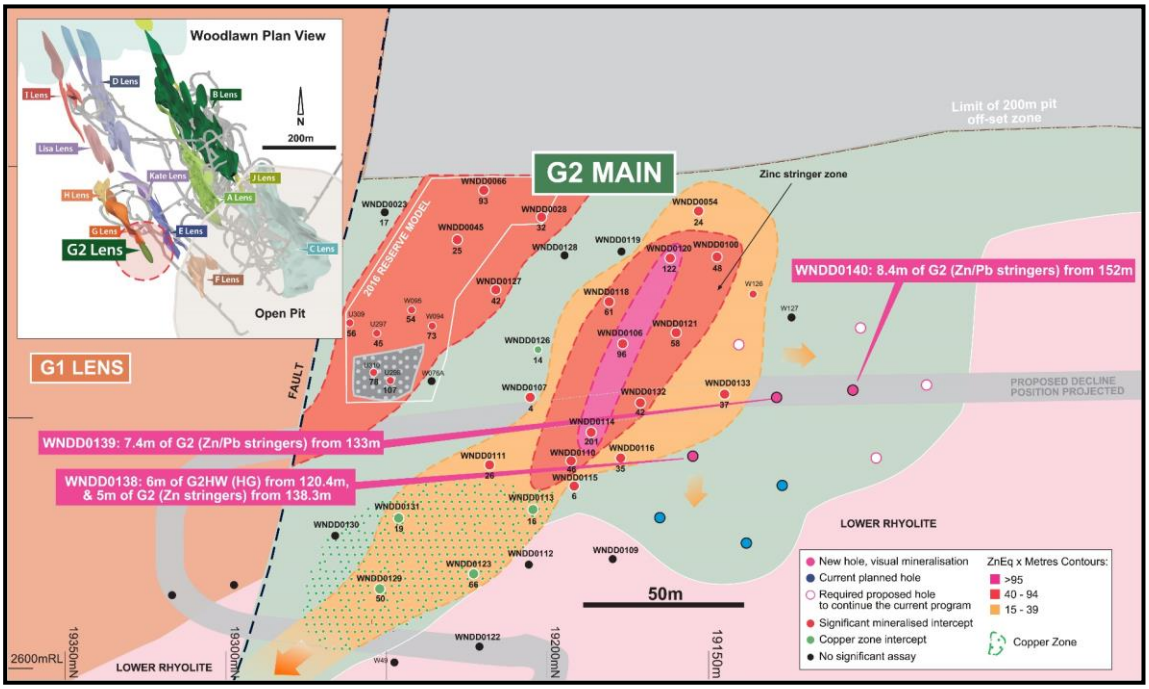
* Result is an estimate due to mass balance and assayed head grade discrepancy for Ag.

An exercise was undertaken to compare the relative values of the different concentrates to that assumed in the FS. The results show that the G2HW generated a copper concentrate four times the value of that determined for copper concentrates in the FS under the same commercial terms, whilst the lead and zinc concentrates were three and two times their respective values in the FS. In the case of the copper and lead this was at recoveries above that assumed in the FS, with zinc being slightly less. As previously noted, production from G2 Main and G2HW is not currently included in the FS mine plan, which is based upon Ore Reserves only, thereby providing upside potential to the early stage project economics.

Additional G2 Lens Drilling

The recent G2 Lens drilling has shown the mineralisation to continue to the south and is not closed off. This trend extends the lens towards the underground portal and for early stage mine planning further definition of the lens extents is required. The Company will undertake a further seven hole (1,200m) DDH program targeting the interpreted limits of the G2 Lens to the southeast, and infill areas to finalise mine access design and stope planning.

Figure 1: G2 Main Long Section showing recent drilling intercepts and planned drilling. View to northeast.



About Heron Resources Limited:

Heron's primary focus is the development of its 100% owned, high grade Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, Australia.

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G2 Mineral Resource Estimate 2017 (reported in Heron's ASX release 13 November 2017)

(Cut-off grades are 7% ZnEq for polymetallic, and 1% Cu for copper mineralization)

Indicated Mineral Resources

Lens	Domain	Resource Category	Quantity (kt)	ZnEq (%)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
G2 Main	Polymetallic	Indicated	100	11.9	6.3	0.5	3.1	0.41	41
GC	Copper	Indicated	39	5.5	0.1	1.5	0.0	0.36	10
Total	**Combined**	**Indicated**	**139**	**10.1**	**4.5**	**0.8**	**2.3**	**0.40**	**33**

Inferred Mineral Resources

G2 Main	Polymetallic	Inferred	25	11.9	6.1	0.4	3.2	0.76	46
G2HW	Polymetallic	Inferred	6	54.0	13.7	0.7	7.9	6.33	878
GC	Copper	Inferred	28	5.3	0.1	1.5	0.0	0.34	8
Total	**Combined**	**Inferred**	**58**	**13.3**	**4.0**	**0.9**	**2.2**	**1.16**	**117**

Compliance Statement (JORC 2012 and NI43-101)

The technical information in this report is based on information reviewed 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 and "qualified person" as this term is defined in Canadian National Instrument 43-101 ("NI 43-101"). Mr. von Perger has approved the scientific and technical disclosure in the news release.

Zinc equivalent calculation

The zinc equivalent ZnEq calculation takes into account, mining costs, milling costs, recoveries, payability (including transport and refining charges) and metal prices in generating a Zinc equivalent value for Au, Ag, Cu, Pb and Zn. ZnEq = Zn%+Cu%*3.12+Pb%*0.81+*Au g/t*0.86+Ag g/t*0.03. Metal prices used in the calculation are: Zn US$2,300/t, Pb US$ 2,050/t, Cu US$6,600/t, Au US$1,250/oz and Ag US$18/oz. It is Heron's view that all the metals within this formula are expected to be recovered and sold. Metallurgical metal recoveries used for the formula are 88% Zn, 70% Pb, 70% Cu, 33% Au and 82% Ag; these are based on historical recoveries at Woodlawn and supported by metallurgical test work undertaken during the 2015-16 feasibility study.

JORC 2012 Table 1 (provides information for drill sample collection and metallurgical methods)

Section 1: Sampling Techniques and Data - this applies to both the elemental analysis that is relevant to the metallurgical results plus the actual metallurgical testwork undertaken.

(Criteria in this section applies to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to*	• Samples from the diamond-core holes are taken from HQ3 sized core and sampled on a nominal 1 metre basis taking into account smaller sample intervals up to geological contacts. The core is cut in along the core orientation line (where available). Generally in massive sulphide zones one portion is quartered for assaying, half the core is preserved for metallurgical testing and the remaining quarter is retained as reference material in the core trays.

Criteria	JORC Code explanation	Commentary
	ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • *Aspects of the determination of mineralisation that are Material to the Public Report.*	• The metallurgical samples are placed in core trays and labelled, prior to transport to the Company's metallurgical laboratory, Australian Minmet Metallurgical Laboratories Pty Ltd (AMML) in West Gosford, NSW, Australia. The samples are stored in a freezer at Woodlawn and AMML to minimise any oxidation prior to the testwork.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details.*	• Diamond-core drilling is being undertaken by Sandvik DE710 rigs with mostly HQ3 sized core being drilled. Various techniques are employed to ensure the hole is kept within limits of the planned position. The core is laid out in standard plastic cores trays.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• The core is transported to an enclosed core logging area and recoveries are recorded. Recoveries to date have been better than 95%. The core is orientated where possible and marked with 1 metre downhole intervals for logging and sampling.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• The diamond core is geologically logged by qualified geologists. Geotechnical logging is also being undertaken on selected sections of the core. Samples for metallurgical testing are being kept in a freezer to reduce oxidation prior to being transported to the metallurgical laboratory.
Sub-sampling techniques and sample preparation	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• For elemental determination, all core samples are crushed then pulverised in a ring pulveriser (LM5) to a nominal 90% passing 75 micron. An approximately 250g pulp sub-sample is taken from the large sample and residual material stored. • A quartz flush (approximately 0.5 kilogram of white, medium-grained sand) is put through the LM5 pulveriser prior to each new batch of samples. A number of quartz flushes are also put through the pulveriser after each massive sulphide sample to ensure the bowl is clean prior to the next sample being processed. A selection of this pulverised quartz flush material is then analysed and reported by the lab to gauge the potential level of contamination that may be carried through from one sample to the next. • The metallurgical samples are composited based on estimated Ore Reserve grades allowing for mining dilution. The composites are prepared by mixing the various crushed combinations of the original metallurgical samples together at AMML. The composite head assay of the sample is compared to calculated head assay as a check that the compositing and mixing procedure has been effective.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *Nature of quality control procedures adopted*	**Elemental Analysis** • Sample preparation and assaying is being conducted through ALS Laboratories, Orange, NSW with certain final analysis of pulps being undertaken at the ALS Laboratory in Brisbane QLD.

Criteria	JORC Code explanation	Commentary
	(eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Gold is determined by 30g fire assay fusion with ICP-AES analysis to 1ppb LLD. • Other elements by mixed acid digestion followed by ICP-AES analysis. • Assay laboratory quality control standards (blanks, standards and duplicates) are inserted at a rate of 5 per 35 samples for ICP work. **Metallurgical Testwork** • The metallurgical testwork has been undertaken by AMMML under the supervision of Heron's Process Manager, Mr Desmond O'Sullivan (MAusIMM). • Only sighter tests were undertaken at this stage. That is, no locked cycle tests have been done. • The test followed the standard Heron processing flowsheet described in the Woodlawn feasibility study reports available in Heron's website. This entailed: ○ Crush to nominal 1mm size ○ Pulverise to 75 micron ○ Conduct Cu float ○ Pulverise to 30 micron and conduct Zn & Pb float ○ Pulverise rougher concentrate to 15 micron and produce cleaner Cu, Zn and Pb floats. • Results are reported for grade and recovery for the Cu, Zn and Pb concentrates. • Au and Ag grades and recoveries are also reported for the 3 concentrates. • A mass balance calculation is performed as part of the checking procedure. • Some 5-6 float tests were performed on each of the 3 samples types with only reagents being adjusted each time to optimise results. The final optimised test was then re-done to check the repeatability of the result. • All assays were determined through ALS Laboratory in Brisbane, Australia,
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• An internal review of results was undertaken by Company personnel. No independent verification was undertaken at this stage. • All field and laboratory data has been entered into an industry standard database (DataShed) using a contract database administrator (DBA) in the Company's Perth office. Validation of both the field and laboratory data is undertaken prior to final acceptance and reporting of the data. • Quality control assay samples from both the Company and the Laboratory are assessed by the DBA and reported to the Company geologists for verification. All assay data must pass this data verification and quality control process before being reported.

Criteria	JORC Code explanation	Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• The drill collars were initially located with a combination of handheld GPS and licenced surveyor using a DGPS system, with accuracy of about 1m. The final drill collars are "picked up" by a licenced surveyor with accuracy to 1 centimetre. • While drilling is being undertaken, downhole surveys are conducted using a downhole survey tool that records the magnetic azimuth and dip of the hole. These recordings are taken approximately every 30 metres downhole. As a check, certain holes are also being surveyed with gyroscopic methods, with some 10 percent of holes drilled in the current program also surveyed by this method after drilling has been completed.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The diamond drilling is mostly following-up in various directions from previous intercepts with a nominal spacing in the range 20-40m. This drill hole spacing will be sufficient to provide Mineral Resource estimates in the future.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• The drilling orientation is designed to intersect the mineralised lenses at a close to perpendicular angle. The mineralised lenses are dipping at approximately 50-70 degrees to the west and the drilling is approximately at 60 degrees to the east. This will vary from hole to hole.
Sample security	• *The measures taken to ensure sample security.*	• The cut core samples are secured in green plastic bags and are being transported to the ALS laboratory in Orange, NSW via a courier service or with Company personnel/contractors.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• A review and assessment of the assay (ALS) laboratory procedures was under taken by Company personnel in late 2014 and again in 2017 resulting in some changes to their sample pulverising procedure. • The metallurgical laboratory (AMML) procedures are reviewed by Company personnel from time to time during visits to their facilities.

Section 2: Reporting of Results (this provide general information and background to the results)

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national*	• The Woodlawn project is located 250km south-west of Sydney in the state of New South Wales. The area is on the Great Australian Dividing range and has an elevation around 800m above sea-level. The mineral and mining rights to the project are owned 100% by the Company

Criteria	JORC Code explanation	Commentary
	park and environmental settings. • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	through the granted, special (Crown and Private Land) mining lease 20 (SML20). The lease has been renewed to the 16 November 2029. • The project area is on private land owned by Veolia who operate a waste disposal facility that utilises the historical open-pit void. An agreement is in place with Veolia for the Company to purchase certain sections of this private land to facilitate future mining and processing activities. A cooperation agreement is also in place between Veolia and the Company that covers drilling and other exploration activities in the area.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Woodlawn deposit was discovered by the Jododex JV in 1970 and open-pit mining began in 1978 and continued through to 1987. The project was bought outright by Rio Tinto Ltd (CRA) in 1984 who completed the open-pit mining. Underground operations commenced in 1986 and the project was sold to Denehurst Ltd in 1987 who continued underground mining up until 1998. The mineral rights to the project were then acquired by TriAusMin Ltd in 1999 who conducted studies on a tailings re-treatment process and further underground operations. Heron took 100% ownership of the project in August 2014 following the merger of the two companies. Some 980 surface and underground drill holes have been completed on the project to date and various studies undertaken.
Geology	• *Deposit type, geological setting and style of mineralization.*	• The Woodlawn deposit comprises volcanogenic massive sulphide mineralisation consisting of stratabound lenses of pyrite, sphalerite, galena and chalcopyrite. The mineralisation is hosted in the Silurian aged Woodlawn Felsic Volcanic package of the Goulburn sub-basin on the eastern side of the Lachlan Fold Belt.
Drill hole Information	○ *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*	• A table detailing the drill hole information is given in the body of the report.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• The reported assays are weighted for their assay interval width. The majority of the assay interval widths are 1 metre, but this weighting does take into account the non 1 metre intervals and weights the average assay results accordingly. • For the results reported here no weighting was included for specific gravity (SG) measurements that have been taken for all sample intervals as the samples within the intervals are of a similar SG.
Relationship between mineralization widths and	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• The massive sulphide zone intercepted in the drilling to date is at an angle to the drill axis and therefore the true width is estimated to be some 0.8 of down-hole width. That is, a down-hole intercept of 16m equates to a true width of 12m. This is only an approximation at this stage and will

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intercept lengths		be better estimated as the orientation of the Lenses is better defined.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Where relevant, a diagram showing the hole positions relevant for current phase of exploration is included in the release. Other maps and diagrams showing the location of the Woodlawn Project are included in other recent Company releases.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Results.*	• The reporting is considered to be balanced and all relevant results have been disclosed for this current phase of exploration.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Selected drill holes are being cased with 50 millimetre PVC tubing for potential down-hole DHEM surveying which is undertaken on the majority of the holes drilled. • Geotechnical logging is undertaken nominally 25m either side of the massive sulphide lenses. • Archimedes method SG measurements are determined for all sampled intervals.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• The fifth phase of drilling at Woodlawn commenced in March 2018 with some 2,000 to be drilled initially. The program was primarily designed to infill and expand the Lisa and G2 Lens positions. This program is ongoing and will be expanded to better delineate the G2 mineralisation at its southern end (additional 7 holes for 1,200m). • The results of the metallurgical are being further assessed, however, no further testwork on G2 material is currently planned.