



## Woodlawn Project Remains on Track to Deliver 1<sup>st</sup> Concentrate in Q1 2019

- On track for year-end commissioning – on time and on budget
- Final major operating contracts now in place – tailings mining, electrical supply & concentrate logistics
- Overall EPC completion at 55% end May – including earthworks 100%, concrete placement 78%
- Structural steel arriving on site and erection of buildings and plant has commenced
- Ongoing processing plant equipment deliveries have accelerated
- Appointment of senior mining, processing and support operational personnel continues
- Strong community interest in employment opportunities, senior citizen and local community group tours
- The zinc, lead and copper markets all continue to be well supported with a favourable longer term outlook

Heron Resources Limited (ASX:HRR “Heron” or the “Company”) is pleased to provide the following update on the Company’s wholly owned Woodlawn Zinc-Copper Project in New South Wales, Australia. Significant progress continues to be made at the site, and construction is progressing on track and within budget. Commenting on the progress, Heron’s Managing Director, Mr Wayne Taylor said:

*“The Woodlawn Zinc-Copper Project remains on track for the start of commissioning by year’s end. Our EPC contractor Sedgman is on schedule with the build and all major operational contracts have now been let. The development is now 55% complete, consistent with the project delivery schedule and importantly within budget. The key operating team employees have been recruited and are focused on the detailed preparations for commissioning and operations. Our timing looks excellent, with ongoing support in all three of our major metals to be produced and is forecast to continue into 2019 when we expect to be making our first product deliveries into the market.”*



Figure 1: Aerial view of the plant site showing construction progress



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### Supply & Service Contracts

During the last few months Heron has announced the award of a number of critical contracts which are required to support operations, including:

1. Port services contract – announced 5 February 2018
2. Underground mining services – announced 27 February 2018
3. Tailings mining equipment supply and services – announced 22 May 2018
4. Electricity supply contract – announced 18 June 2018
5. Logistics / transportation services – announced 21 June 2018

The award of remaining supply contracts (for reagents and leased equipment, for example) are tracking to plan.

### Engineering Procurement & Construction (EPC)

Sedgman continues to advance the EPC works in accordance with the project timeline and with the process plant delivery date for commissioning remaining unchanged at the end of the year. The major project construction progress measures at the end of May were:

- Overall Project (55% complete)
- Earthworks (substantially completed)
- Detailed Design (88% complete)
- Equipment Purchase (92% complete)
- Concrete (78% complete)
- Offsite Fabrication (45% complete)
- Equipment arrivals have accelerated in recent weeks with the delivery of pumps, thickeners and buildings

Further significant progress has been made during June on all major work fronts.

### Concrete Works

Concrete works are progressing well at 78% complete, with a large number of areas completed in preparation for steelwork installation (which has commenced).



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Figure 2: Fine ore bin foundations and feeder vault ("the bunker")



Figure 3: Copper and lead concentrate storage bays

### Fabrication Progress (China) & Equipment Deliveries

Offsite fabrication is 45% complete. Fabrication of ISA Mill screens, concentrate storage tanks, floor sump pump support frames, separators and flotation building steelwork is continuing, and deliveries to site are ongoing. A large number of equipment supplies have also arrived on site, including Outotec flotation cells, a large number of pumps, motors and ancillary equipment, thickeners and surge tanks.





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Figure 4: Process plant equipment deliveries



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Figure 5: Steel work China fabrication – ready for shipment





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### Installation of Tanks & Steelwork

Installation of a number of thickeners including the final tails, reclaimed tailings ore feed and the pre-filtration zinc thickeners have been completed. The main tailings ore feed surge tank is under construction and the underground fine ore bin installation has commenced.



Figure 6: Processing plant feed surge tank being erected



Figure 7: Final tails and reclaimed tailings ore feed thickeners installed





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### Earthworks

The tails storage facility construction and the box cut to access the underground have both now been completed (Figures 8 and 9). The underground mining services area has been prepared and the paste plant foundations installed (Figure 10). Across the site the earthworks are substantially complete, with minor items only to close out.



Figure 8: Tailings storage facility 4 complete



Figure 9: Box cut excavation complete





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Figure 10: Paste plant foundations and underground mine services area preparation

### Production Readiness

The Company continues to recruit personnel in line with the timetable for the start of operations and continues to receive strong interest in employment opportunities at Woodlawn both locally and from across Australia. The senior level operations staff are mostly in place, and recruitment of operating personnel has commenced and will continue until commissioning.

Approximately 20 Heron operational staff are on site at Woodlawn and have as their focus the detailed preparations for underground mining, plant commissioning and operations, site services and logistics, and health, safety, environment and community. The team has moved into the new offices adjacent to the plant site and all site communications services are now active.

The Company is receiving strong interest from the local community in its site activities and development progress. To assist with a first-hand update the Company has undertaken recent local senior citizen and Tarago Men's Shed tours of site activities.

### Commodity Market Outlook

The fundamentals for zinc and all base-metals continue to be very strong. Of note is the annual benchmark treatments costs (TCs) for zinc which have been fixed at US\$147/t with no escalator, which is a 15% reduction from 2017 levels. These TCs continue to reflect very tight demand for zinc concentrates in the market. This is also reflected in the zinc price which continues to trade above US\$1.30/lb (US\$2,850/t).





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Copper benchmark TCs have also shown a very favourable 10% reduction from 2017 levels, also reflecting ongoing tightness in the copper market, and there is a widespread view that copper fundamentals will continue to be positive for producers for some time.

Under the terms of the offtake agreement with IXM (formerly known as Louis Dreyfus Company Metals), Heron will receive further significant discounts to the treatment costs for its base metal concentrates.

### About Heron Resources Limited:

Heron's primary focus is on base and precious metal production in early 2019 from its 100% owned, high grade, Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, Australia. In addition, the Company holds a significant high quality, base and precious metal tenement holding regional to the Woodlawn Project.

**For further information, please visit [www.heronresources.com.au](http://www.heronresources.com.au) or contact:**

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