



30 July 2018

## HIGHLIGHTS

### Woodlawn Zinc-Copper Project – Project Development Progress

- On track to start commissioning in fourth quarter – on time and within budget
- Final major operating contracts now in place – tailings mining, electricity supply & concentrate logistics
- Overall EPC completion at 62% by 30 June – including earthworks 100%, equipment procurement 93%, concrete placement 87%
- Progressive establishment of underground and reclaimed mining areas
- Good progress with operational recruitment
- Key fine grinding equipment, IsaMill™, delivered to site after the end of the quarter

### Woodlawn Exploration

- **Diamond core drilling:** 17 holes for 3,225m targeting the G2 and Lisa Lens positions completed
- **G2 Lens:** (14 holes for 2,411m) extension and definition program completed with significant results to date of:
  - 6.1m grading 37.2% ZnEq from 120.3m (22.0% Zn, 1.0% Cu, 7.1% Pb, 3.3g/t Au, 115g/t Ag) WNDD0138 G2HW
  - 1.9m grading 8.2% ZnEq from 138.3m (4.1% Zn, 0.3% Cu, 2.2% Pb, 0.5g/t Au, 27g/t Ag) WNDD0138 G2 Main
  - 8.3m grading 15.6% ZnEq from 128.7m (8.2% Zn, 0.3% Cu, 4.8% Pb, 0.6g/t Au, 62g/t Ag) WNDD0139 G2 Main
  - 6.5m grading 5.6% ZnEq from 153.5m (3.7% Zn, 0.2% Cu, 1.2% Pb, 0.1g/t Au, 9g/t Ag) WNDD0140 G2 Main
  - Several sulphide intercepts were drilled late in the quarter with assays pending
- **Lisa Lens:** (3 holes for 725m) a significant copper intercept was returned in the upper part of the lens providing support to add to the early mine schedule. Further definition drilling to be conducted from underground
  - 8.6m @ 12.5% ZnEq (3.6% Cu) from 203m (WNDD0135)

### Woodlawn Regional Exploration

- **Peelwood:** Electromagnetic anomalies (2014 airborne survey) potentially related to base metal mineralisation defined north of the John Fardy and Cordillera prospects provide walk-up drill targets, with drill approvals currently being progressed

### Corporate

- **Cash:** Heron held A\$74.3 million in cash (including bonds of A\$8.77 million) and A\$7.9 million in investments as at 30 June 2018
- **Debt:** US\$20 million senior secured facility was drawn down during the June quarter. US\$40 million senior secured facility remains undrawn



# Heron Resources Limited

## Quarterly Report

June 2018

Heron Resources Ltd (“Heron” or the “Company”) is pleased to provide its report for the June 2018 Quarter. During this reporting period the Company focused on the construction of the Woodlawn Zinc-Copper Project.

### WOODLAWN ZINC-COPPER PROJECT

Heron holds a direct 100% ownership of the mineral rights at the Woodlawn Mine site situated 40km south of Goulburn and 250km south-west of Sydney, in southern NSW, Australia (Figure 1). It is Heron’s aim to create a profitable, long-life, low-cost mining operation producing base metal concentrates.

Heron also holds a portfolio of advanced stage exploration tenements adjacent to, and contiguous with, the Woodlawn site covering the prospective felsic volcanic units that host the Volcanogenic Massive Sulphide (VMS) deposit at Woodlawn.

The last 36 months have seen Heron directing its efforts to developing the Woodlawn Zinc-Copper Project with the successful completion of a Preliminary Economic Assessment (PEA) in 2015, followed by the Feasibility Study (FS) in June 2016 and the completion of project financing in September 2017. Construction activities commenced in September 2017 and the Project is expected to start commissioning late in the fourth quarter 2018. The price outlook for all metals to be produced at Woodlawn, while seeing some recent volatility, remains strong, particularly zinc which continues to face a significant supply shortfall.

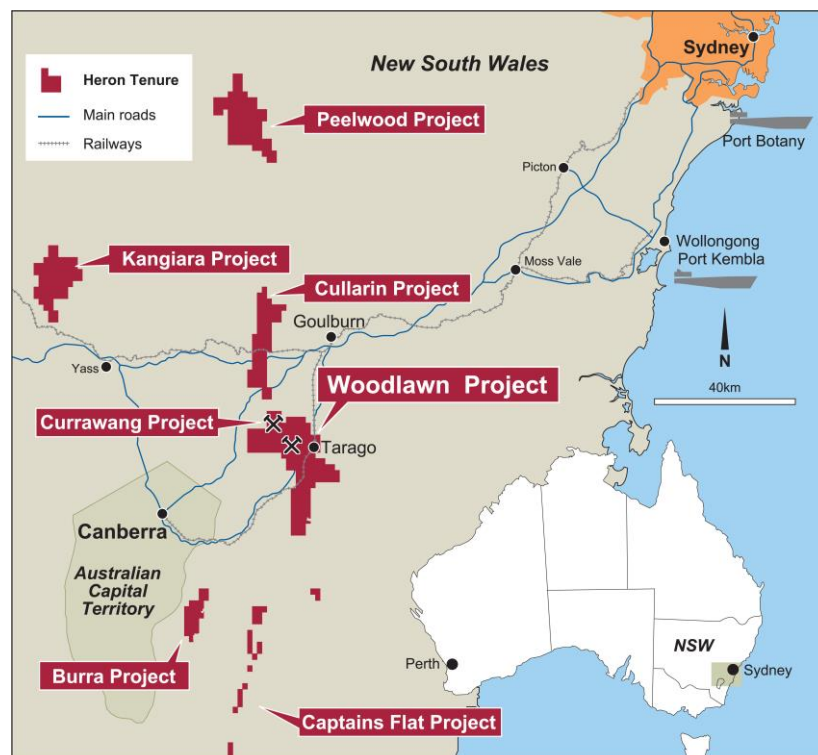


Figure 1: Woodlawn Project location and tenement map



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### Woodlawn Project – Development Progress

Construction commenced in September 2017 and project development is now well into structural, mechanical and piping installation with civil (concrete) works nearing completion. Electrical work has also commenced. The project remains on schedule to commence commissioning the processing plant late in 2018 and deliver the first shipment of concentrate to market in the first quarter of 2019. Activities completed during the June Quarter include:

- **Safety & Environment:** There have been no significant safety or environmental incidents since construction commenced. From the commencement of construction the site has achieved 263 days Lost Time Injury free to the end of June.
- **Schedule:** The overall project schedule remains on track for the commencement of commissioning in the fourth quarter and the overall project progress was reported at 62% completed at the end of June.
- **Earthworks:** All major earthworks are complete with only minor items to be finalised.
- **Project EPC Works:** Engineering design and procurement are both now at 93% complete. Civil works nearing completion with a cumulative 3,300m<sup>3</sup> of concrete foundations poured by the end of the quarter or 87% complete. Process plant equipment deliveries are progressing and 93% complete. The 3MW IsaMill™ was delivered to site on 23 July. Off-site fabrication is 71% complete.
- **Water Treatment:** The supply, installation and commissioning of a water treatment plant continues with civil work now underway.
- **Underground Mine Contract:** The underground mining contractor, Pybar Mining Services, is established on site. Work has commenced on infrastructure areas and planning for a major equipment and personnel mobilisation exercise in the third quarter.
- **Tailings Mining Contracts:** The award of a mining equipment supply, installation and commissioning contract to National Pump & Energy Pty Ltd and the award of a specialist hydraulic mining services contract to Paragon Tailings Australia Pty Ltd was completed during the quarter (Heron announcement 22 May 2018). The combination of project partners brings the complementary skill sets of proven equipment supply and operational expertise to the tailings hydraulic mining operations. Work commenced on the hydraulic mining plant and includes overland pipelines.
- **Electricity Supply Contract:** An electricity supply contract was entered into with a major electricity provider (Heron announcement 18 June 2018).
- **Transportation Contract:** The domestic transportation was awarded to a Goulburn-based road and rail services provider; Crawfords Freightlines Pty Ltd Pty Ltd (Heron announcement 21 June 2018) covering the transport of the zinc, copper and lead concentrates to Port Botany and Port Kembla.
- **Water Management:** Water management activities and mine dewatering continue. The EPA approved Stage 3 dewatering (ongoing operations). The new water bore for mine dewatering is underway and expected to be commissioned in the third quarter.
- **Compliance Activities:** Various project management plans have been submitted and awaiting approval or feedback from various agencies.
- **Community:** A quarterly project community consultation committee meeting was held on 23 May with community relations remaining strong.
- **Personnel:** Recruitment activities continued and at the end of the quarter the site operational team status was:
  - Management – 100%
  - Superintendents – 80%
  - Staff – 44%
  - Operators and Maintenance – recruitment commenced





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*Figure 2: Woodlawn construction site.*



*Figure 3: IsaMill™ feed tank and foundations. Tailings and reclaimed tailings thickeners (background).*





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**Figure 4: Flotation building – first floor structural steelwork.**



**Figure 5: Concentrate handling area.**





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*Figure 6: Flotation tanks stored on the ROM pad ready for installation.*



*Figure 7: Arrival of the IsaMill™ 23 July*



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**Figure 8: Completed box cut and foundations for the paste plant.**

### Woodlawn Project – Exploration Drilling Programs

A diamond core drilling (DDH) program commenced in March 2018 aimed at better delineating the Lisa and G2 lenses for extraction in the early mine schedule. The program is now complete with 17 holes for 3,225m being drilled with 15 holes for 2,654m drilled in the June 2018 Quarter.

The majority of the drilling was focused on the G2 Lens with significant assays received to date including:

- 6.1m grading 37.2% ZnEq from 120.3m (22.0% Zn, 1.0% Cu, 7.1% Pb, 3.3g/t Au, 115g/t Ag) WNDD0138 G2HW
- 1.9m grading 8.2% ZnEq from 138.3m (4.1% Zn, 0.3% Cu, 2.2% Pb, 0.5g/t Au, 27g/t Ag) WNDD0138 G2 Main
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Several intercepts were drilled late in the quarter with assays pending, these include:

- WNDD0144: 6.7m of low density Zn stringers from 117.8m (G2 Main)
- WNDD0145: 7.4m of low density Zn stringers from 120.6m (G2 Main)
- WNDD0146: 12.4m of Zn stringers from 134.6m (G2 Main)
- WNDD0147: 9.2m of low density Zn stringers from 136.8 (G2 Main)
- WNDD0147: 15.5m of low to mod density Cu/Zn stringers from 159.5m (G2 Copper)
- WNDD0148: No significant result
- WNDD0149: 4.8m of HG Zn stringers from 126.7m (G2HW)
- WNDD0150: 2.0m of HG massive sulph from 102.1m (G2HW)
- WNDD0150: 12.8m of Zn stringers and Cu chlorite zone from 149.2m (G2 Main)
- WNDD0151: 11.7m of semi massive and stringer sulph in chlorite zone (G2 Main/Cu).

The drilling has provided greater confidence to the limits and internal definition of G2 mineralisation which in turn will provide greater confidence to stope definition for this earliest stage production target.





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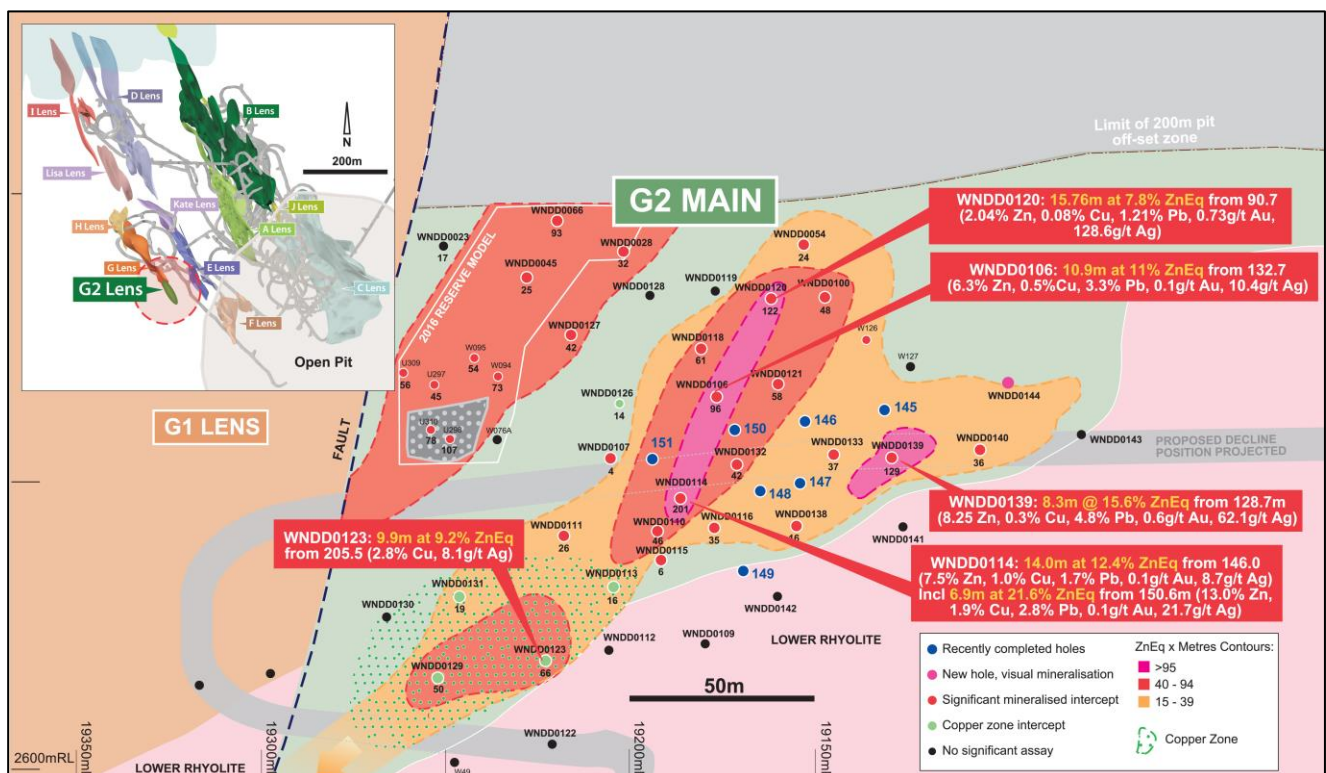
June 2018

Drilling at Lisa Lens consisted of 3 hole for 725m in the upper part of the lens. The central hole intersected a strong copper result of:

- 8.6m @ 12.5% ZnEq (3.6% Cu) from 203m (WNDD0135)

This high grade copper intercept in the upper part of the lens is encouraging and further drilling is warranted (from underground) to better define this position which still has good potential to add to the early mine production profile.

Full details of these drilling results, including JORC compliance tables can be found in the ASX release dated 4 June 2018.



**Figure 9: Long-section of the G2 Main Lens showing interpreted lens shape, previous drill pierce points and the two recent drill intercepts. View to northeast. Descriptions of the mineralised intercepts for the recent holes (shown in blue) is provided in the text above.**

## Additional In Mine Exploration Targets

A number of in-mine exploration targets are currently being reviewed for their potential to add significantly to the mining inventory further into the mine life. One of the immediate targets is the combination of the B Extension Lens and the B Copper Lens. The B Extension Lens was drilled in November 2016 and an Exploration Target of 0.6 – 1.1Mt at grades between 7.0 and 14% ZnEq<sup>1</sup>. The B Copper Lens has an Inferred Resource of approximately 325,000t grading 2.7% Cu at a 0.5% Cu cutoff (2017 estimate) with a number of key intercepts that are open and warrant additional drilling including:

- 26m @ 2.7% Cu from 383m (U458), true width approximately 18m
- 30m @ 2.4% Cu from 849m (WLTD011), true width approximately 28m

<sup>1</sup> An Exploration Target is a term used within the JORC 2012 Code for an estimate of the exploration potential of a mineral deposit. As used in this release the stated exploration target is based upon the parameters described in the text, however the potential quantity and grade is conceptual in nature and there is insufficient information to estimate a Mineral Resource and it remains uncertain if further exploration will result in the estimation of a Mineral Resource in this area of recent drilling.





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A review of the electro-magnetic surveys completed in this area is being undertaken with at least one anomaly of interest to provide a follow-up target. Drilling requirements are also being reviewed and an assessment of whether surface or underground drilling is best suited (or a combination of both).

### G2 Lens - Metallurgical Results

The G2 lens contains three key geo-metallurgical types: 1) G2 Hanging Wall (G2HW) – high grade polymetallic mineralisation with elevated precious metals; 2) G2 Main Lens (G2 Main) – polymetallic and zinc stringer mineralisation; and 3) G2 Copper (GC) – copper mineralisation. Composite samples of each G2 lens type and representative of run-of-mine ore (including dilution) were sent for metallurgical test work to test flotation yields of zinc, copper and lead mineral concentrates. Overall the results were very encouraging and showed better recoveries and concentrate grades compared to the feasibility study results.

The G2HW sample contained notably higher grades of precious metals with resulting elevated grades reported through to the copper and lead concentrates. Copper and lead concentrates are of very good quality (28-32% and 56-59% concentrate grades respectively). Zinc concentrate grades and recoveries were also good, being on or slightly better than target. In addition, 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. Full results are provided in the ASX release dated the 8<sup>th</sup> May 2018.

## CORPORATE

**Cash:** Heron held A\$74.3 million in cash (including bonds of A\$8.77 million) and A\$7.9 million in investments as at 30 June 2018.

**Debt:** During the June quarter the Company drew down the first US\$20 million debt tranche from Orion Mine Finance. The remaining US\$40 million facility is undrawn as at 30 June 2018.

**Share Registry Services:** As of 23 July 2018 Heron changed its provider for shareholder registry services from Security Transfer Australia to Automic Registry Services.



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## APPENDIX A – REGIONAL EXPLORATION PROJECTS

### WOODLAWN REGIONAL PROSPECTS

Heron continues to maintain and explore a strategic 1206km<sup>2</sup> tenement package over the prospective Silurian volcanic rocks which host the Woodlawn VMS deposit. Heron's exploration strategy is to focus on known mineralisation zones with comparable grade and metallurgy to Woodlawn and within potential trucking distance of the Woodlawn processing facility. The key project areas include Currawang, Peelwood, Kangiara and Cullarin. In addition, the Burra Project, 60km south of Woodlawn was acquired during the quarter. Figure 10 shows the location of these projects.

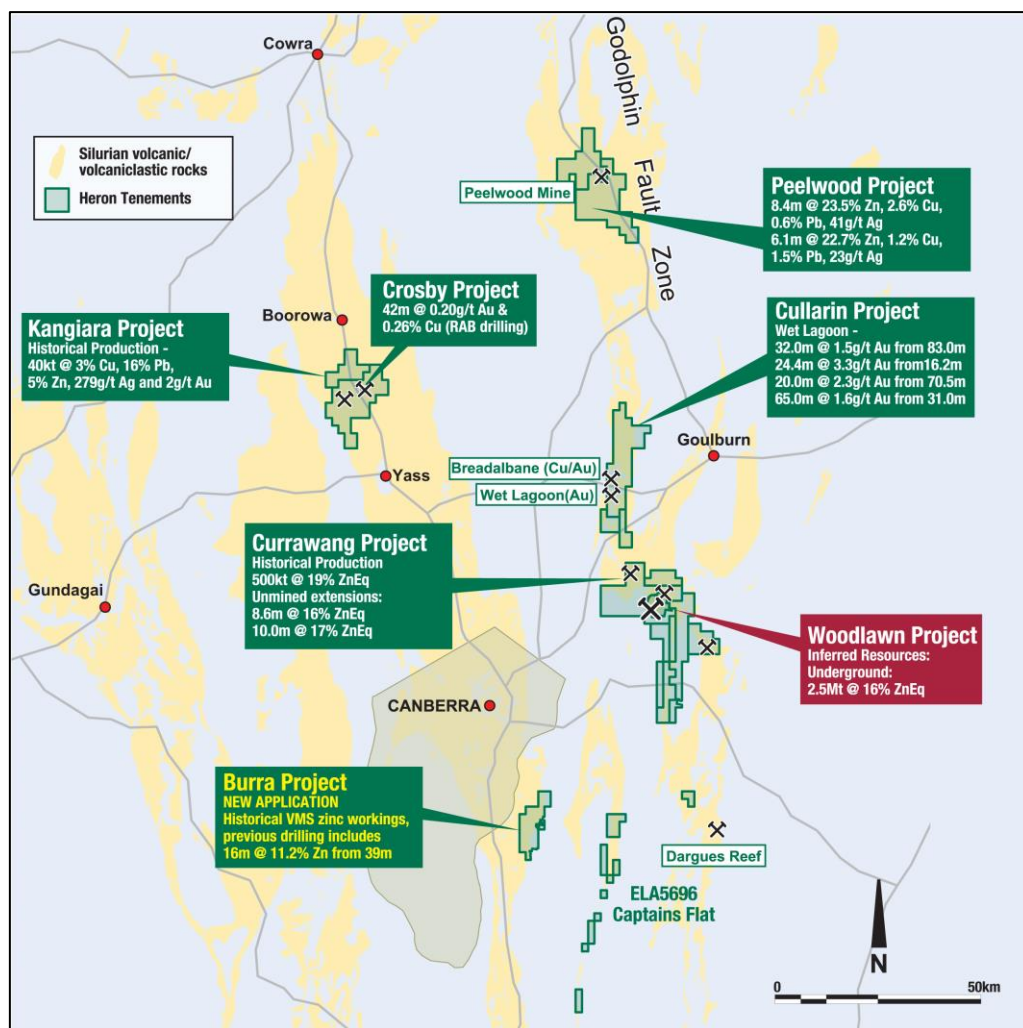


Figure 10: Heron's Woodlawn Regional Projects

### Currawang Prospect

During the quarter the results of the Down-Hole Magneto Metric Resistivity (DHMMR) program (completed March 2018) were assessed for four of the Currawang drill holes (5 DDH holes drill in total for 2,994m, ASX release 16 October 2017). DHMMR is designed to detect poorly conducting mineralisation such as sphalerite (zinc sulphide) rich bodies and did show a significant anomaly to the east and below the existing drilling. A review of this anomaly is being undertaken in relation to the geology and alteration in this zone. A review of the other geophysical data-sets available for the area is also being undertaken.





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### Peelwood Project (EL8712, EL8623, 100% Heron)

The Peelwood Project is located 165km west of Sydney and 105 km north from the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia (Figure 10). Peelwood lies within undulating, mostly forested country, 800m above sea level, and is underlain by Silurian aged shales and other fine grained sedimentary rocks of the Cuddiyong Formation and the felsic Kangaloolah Volcanics. VMS style deposits were first mined here in 1880's with key centres occurring on the Heron tenements, namely the Peelwood, John Fardy and Cordillera deposits (Figure 11). Each of these historical deposits include a number of massive sulphide lenses located at, or adjacent to, the sheared contact between the Cuddiyong Formation and the Kangaloolah Volcanics.

### Cordillera Prospect

The Cordillera Prospect is centered on the historic Cordillera mine located 4km north-west of Peelwood (Figure 11). The mine was opened in 1883 and production peaked in 1888 with 9,000t of ore being treated that year producing copper, lead, silver and gold from oxidised ore down to a depth of 60m. Underground production continued until 1889 and the dumps were reworked in 1928. The mineralisation is considered to be of a Volcanogenic Massive Sulphide (VMS) type consisting of lenses contained within shales close to the steeply (75-85°) dipping structural contact with the overlying coarse grained felsic volcanics (Figure 12).

Evidence of the historical mining activity is still present at the site. The Cordillera Mine and other mines in the district were generally worked to a depth where fresh sulphides were encountered. A recent grab sample of such massive base metal sulphides from the Cordillera dumps returned assays of **16% Zn, 25% Pb and 497g/t Ag** providing support for the presence of high-grade mineralisation. The mined lode at Cordillera was reported as being 1.2m wide and 107m in strike. However, DDH coring in 1971 by A1 Consolidated Gold Pty Ltd<sup>2</sup> intercepted **2.2g/t Au**, 11.6g/t Ag, 0.78% Zn, 0.1% Cu and 0.44% Pb over 17m from 111.6m downhole depth. A core intercept to the south returned a similar broad zone 24m wide with a better portion of **2.9g/t Au**, 10.2g/t Ag, 0.3% Zn, 0.24% Cu and 0.83% Pb over 2.7m from 89m downhole depth. The intercepts indicate a broad zone of alteration associated with the mineralisation at Cordillera.

A 2014 Airborne Electro-Magnetic (AEM) survey undertaken by previous owners has been reviewed by Heron's geophysical consultant who has identified several bedrock conductors potentially related to mineralisation. In particular, these Electro-Magnetic (EM) conductors (Figure 12) occur along the line of the historically mined mineralisation and have not been tested at depth. The conductors north of the old mine are modelled starting at some 50m below the surface in an area of known workings (shafts and costeans) with moderate pyrite alteration seen in the surface felsic volcanic and shale rocks (Figure 13). A program of drilling is being planned to test these conductors. The Company is working through land owner access arrangements and statutory approvals.

A number of additional modelled EM anomalies at the John Fardy prospect are also being assessed and may provide further drill targets as part of this program. Subject to suitable drill rig availability, the Company is aiming to drill a number of these targets before the end of the year.

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<sup>2</sup> Bratt, B.T. 1998 Annual exploration report for EL 2934 (GS 1998-301).



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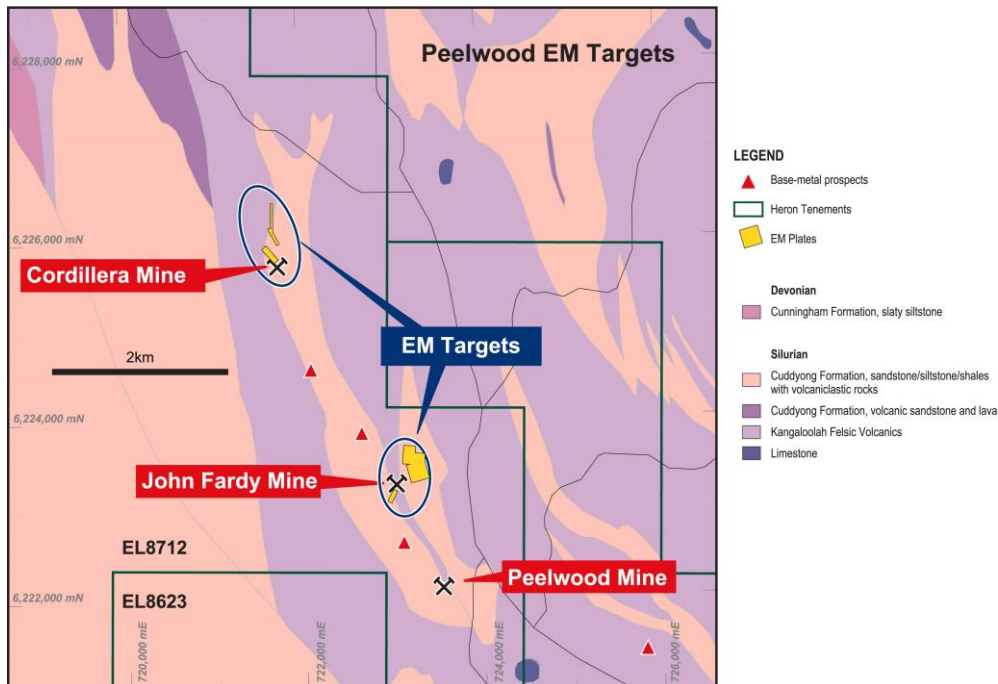


Figure 11: Geological Map of the Peelwood area showing the location of the key EM anomalies.

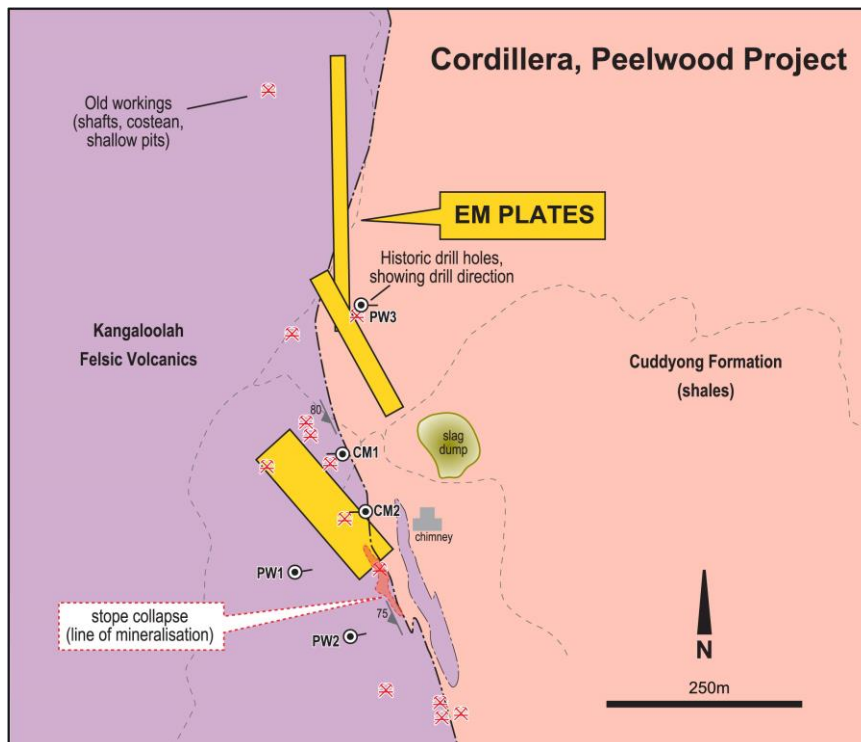


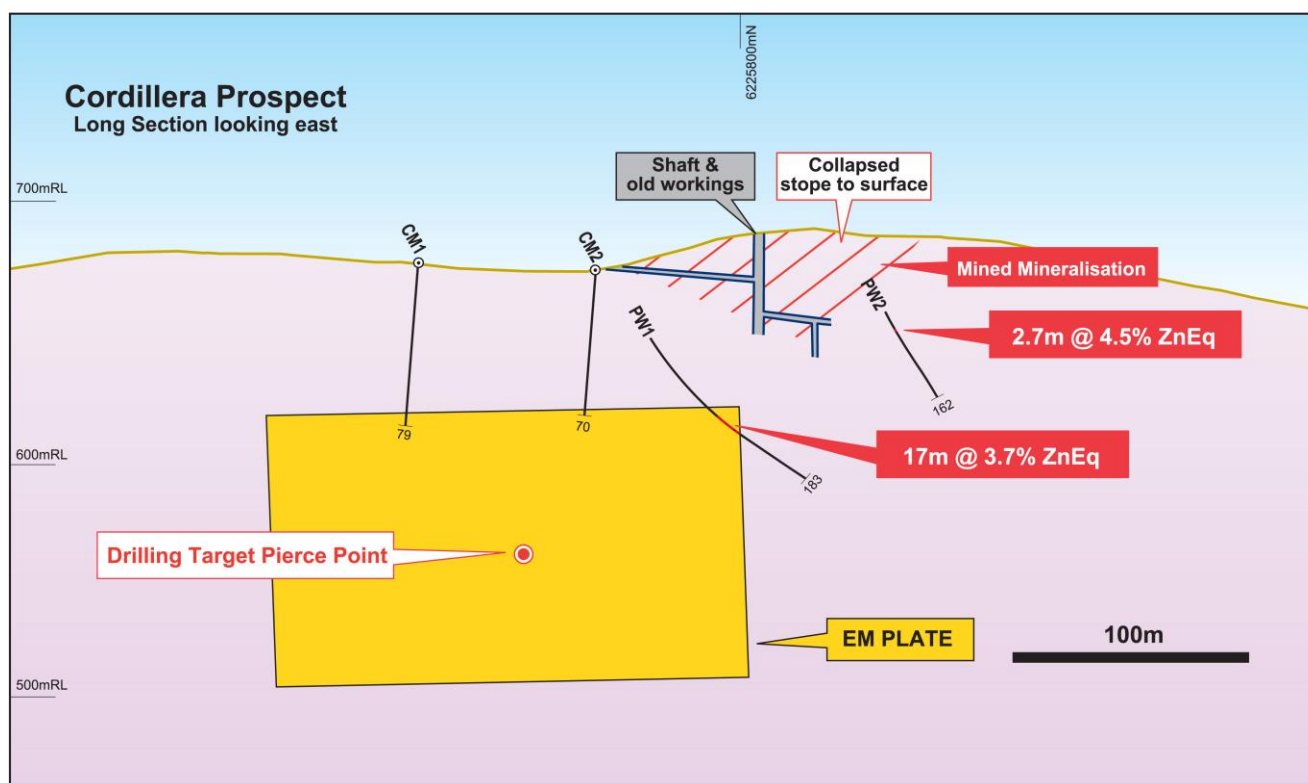
Figure 12: Cordillera Prospect detail - showing location of EM anomalies in relation to the geology and previous mine workings. The VMS mineralisation occurs close to the contact between the felsic volcanics and shale units. Refer to legend in Figure 11.





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**Figure 13: Cordillera Prospect Long Section looking east showing position of modelled AEM plate and how historical drilling failed to test the target. Pierce-point for the proposed hole shown as red dot.**

## Burra Project (ELA5701, 100% Heron)

ELA5701 is located over the Queanbeyan Thrust on the eastern side of the Cowra-Yass Trough within the eastern Lachlan Fold Belt and approximately 65km southwest of Woodlawn. It covers the historic London Bridge and Burra Pb-Ag deposits that were worked in the early 1900's with London Bridge having a reported average production grade of 15% Pb and 765 g/t Ag. The area contains Siluro-Devonian sequences of felsic flows, marine sediments, carbonates and intermediate intrusions known as the Colinton Volcanics, Capanana Formation and Bransby Beds. Mineralisation at London Bridge and Burra is hosted within limestone lenses of the Capanana Formation which is overlain by the Colinton Volcanics, a time equivalent to the Woodlawn Volcanics to the north. The area is prospective for VMS base metal mineralisation and previous work most recently by Alderan Resources Ltd has defined a number of significant targets for future work.

## APPENDIX B - EXPLORATION JOINT VENTURE PROJECTS

Heron retains an interest in a high quality tenement holding in the Lachlan Fold Belt of NSW and the Eastern Goldfields of Western Australia. This tenure is held through farm-in and joint ventures interests and includes several other free-carried residual or royalty interests which results in minimal costs to Heron.

### **Alchemy Farm-In and JV (Overflow, Girilambone, Eurow and Yellow Mountain)**

Heron entered into a Farm-In Agreement with Alchemy Resources Limited (Alchemy) (ASX: ALY) covering a portfolio of Heron's NSW exploration tenements (see Figure 14) in May 2016. The Farm-In Agreement covers 674 km<sup>2</sup> of the central Lachlan Orogen in NSW, including the following exploration tenements: EL5878 Overflow, EL7941 Overflow, EL8267 Overflow, EL8192 Eurow, EL8318 Girilambone, and EL8356 Yellow Mountain. An Option Agreement was also finalised in



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March 2018 with the addition of two tenements EL 8631 Nyngan (Ni-Co) and EL 8711 Barraba (Mn-Ni-Co) into the existing Alchemy JV for 10M ALY shares (2.3c) and 10M ALY options (strike at 5c).

A program of aircore drilling commenced in early July on the Nyngan project with 80 holes for 4,300m planned. The drilling is designed to better delineate and expand the known nickel/cobalt mineralisation. Previous drilling results in the area include: 19m @ 1.21% Ni and 0.1% Co from 36m depth. See ALY:ASX announcement dated 13 July 2018.

Approval for follow-up drilling at Overflow has been delayed due to Native Title clearance and negotiations for this are continuing.

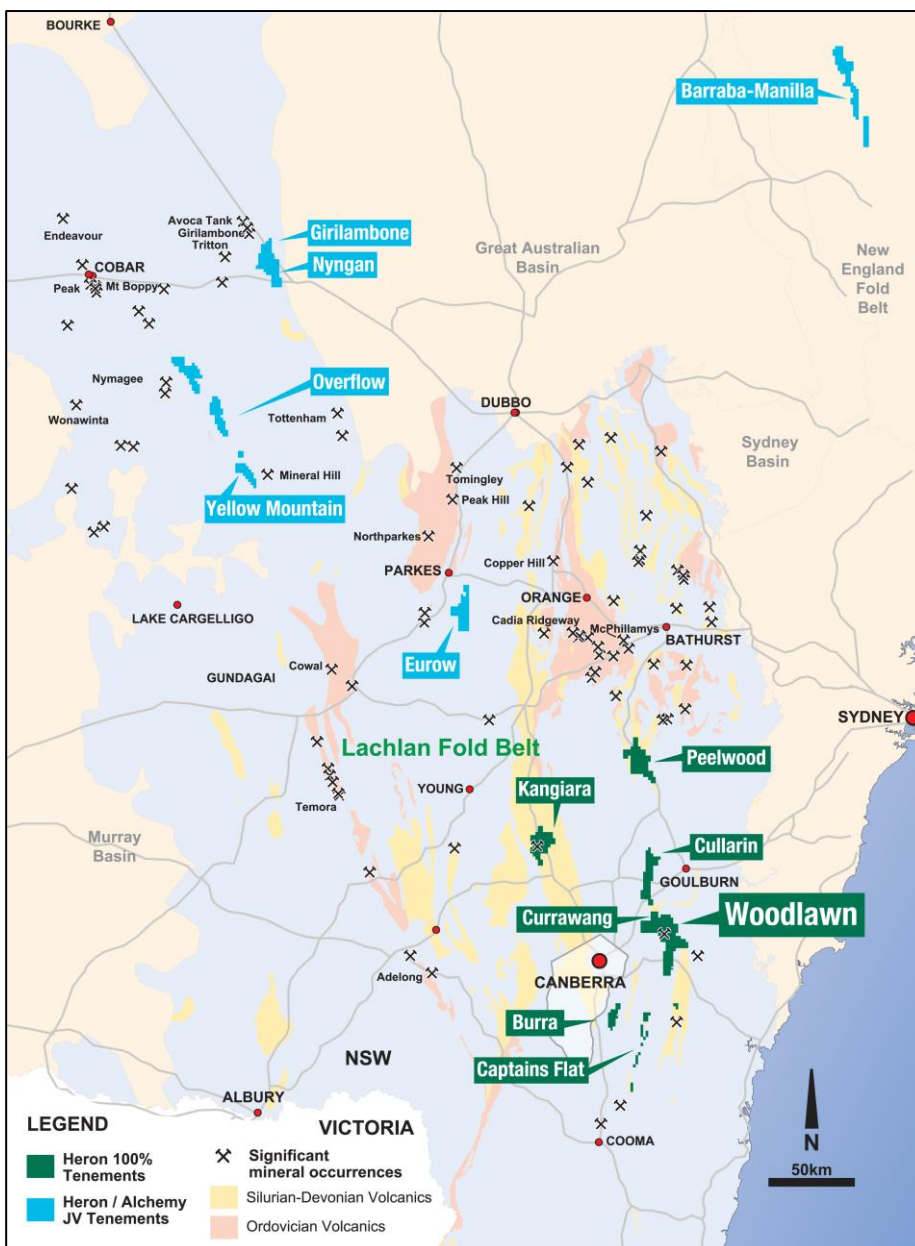


Figure 14: Heron NSW Projects (including Alchemy JV tenure).





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### **Compliance Statements (JORC 2012 and NI43-101)**

*The technical information in this report relating to the exploration results is based on information compiled by Mr. David von Perger, who is a Member of the Australian Institute of Mining and Metallurgy (Chartered Professional – Geology). Mr. von Perger is a full time employee of Heron Resources Limited and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the “Australasian Code for Reporting of Exploration Results and “qualified person” as this term is defined in Canadian National Instrument 43-101 (“NI 43-101”). Mr. von Perger has reviewed this report and approves the scientific and technical disclosure related to exploration results within. He consents to the inclusion in this report of the exploration information in the form and context in which it appears.*

*An Exploration Target is term used within the JORC 2012 Code for an estimate of the exploration potential of a mineral deposit. As used in this release the stated exploration target is based upon the parameters described in the text, however the potential quantity and grade is conceptual in nature and there is insufficient information to estimate a Mineral Resource and it remains uncertain if further exploration will result in the estimation of a Mineral Resource in this area of recent drilling.*

### **Zinc equivalent calculation – Woodlawn**

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. These metal prices are based on Heron’s long-term view on average metal prices. 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 testwork undertaken during the 2015-16 feasibility study.

### **Hand Held XRF Device**

A hand held XRF (Thermo Scientific Niton XL3t XRF Analyser) device is used routinely to provide first pass Zn, Cu and Pb (plus other elements) analyses of the core. This instrument is regularly serviced and calibrated by qualified technicians and the Company conducts its own QAQC on the results to confirm they are reasonable. The results from this device are not considered properly representative of the core intervals, however, they do provide a broad indication of the likely grade of mineralised zones.



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June 2018

### Corporate Directory

<p><b>Directors</b></p> <p>Stephen Dennis** <i>Chairman</i>          Borden Putnam III**          Fiona Robertson **          Wayne Taylor          Ian Pattison **          Mark Sawyer**          Peter Rozenauers**          Ricardo De Armas**</p> <p>* Denotes Non-executive          + Denotes Independent</p> <p><b>Executive Management</b></p> <p>Wayne Taylor  <i>Managing Director &amp; Chief Executive Officer</i></p> <p>Simon Smith  <i>General Manager – Finance &amp; Administration &amp; Company Secretary.</i></p> <p>David von Perger  <i>General Manager - Exploration</i></p> <p>Charlie Kempson  <i>General Manager - Strategy &amp; Business Development</i></p> <p>Andrew Lawry  <i>Chief Operating Officer</i></p> <p>Brian Hearne  <i>General Manager - Woodlawn</i></p>	<p><b>Issued Share Capital</b></p> <p>As at the date of this report, Heron Resources Limited had 241,666,912 ordinary shares, 2,000,836 Employee options and 4,916,667 Performance Rights.</p> <p>The options have expiry dates ranging from 20 November 2018 to 1 February 2022 and have exercise prices ranging from A\$0.70 to A\$1.10.</p> <p>The Performance rights are \$nil exercise price options and expire on 1 July 2020 and 1 July 2021.</p> <p>Heron trades on the ASX as 'HRR'.</p> <p><b>Monthly Share Price Activity</b></p> <table border="1"> <thead> <tr> <th colspan="5">(A\$ per share - ASX)</th> </tr> <tr> <th>Month</th> <th>High</th> <th>Low</th> <th colspan="2">Close</th> </tr> </thead> <tbody> <tr> <td>Jul 17</td> <td>0.074</td> <td>0.070</td> <td colspan="2">0.074</td> </tr> <tr> <td>Aug 17</td> <td>0.086</td> <td>0.066</td> <td colspan="2">0.072</td> </tr> <tr> <td>Sept 17</td> <td>0.076</td> <td>0.065</td> <td colspan="2">0.065</td> </tr> <tr> <td>Oct 17</td> <td>0.081</td> <td>0.065</td> <td colspan="2">0.075</td> </tr> <tr> <td>Nov 17</td> <td>0.079</td> <td>0.068</td> <td colspan="2">0.068</td> </tr> <tr> <td>Dec 17*</td> <td>0.70</td> <td>0.64</td> <td colspan="2">0.65</td> </tr> <tr> <td>Jan 18</td> <td>0.775</td> <td>0.76</td> <td colspan="2">0.77</td> </tr> <tr> <td>Feb 18</td> <td>0.77</td> <td>0.76</td> <td colspan="2">0.76</td> </tr> <tr> <td>Mar 18</td> <td>0.70</td> <td>0.68</td> <td colspan="2">0.70</td> </tr> <tr> <td>Apr 18</td> <td>0.73</td> <td>0.61</td> <td colspan="2">0.63</td> </tr> <tr> <td>May 18</td> <td>0.64</td> <td>0.53</td> <td colspan="2">0.60</td> </tr> <tr> <td>Jun 18</td> <td>0.68</td> <td>0.60</td> <td colspan="2">0.63</td> </tr> </tbody> </table> <p>* Share price reflects 1 for 10 consolidation</p>	(A\$ per share - ASX)					Month	High	Low	Close		Jul 17	0.074	0.070	0.074		Aug 17	0.086	0.066	0.072		Sept 17	0.076	0.065	0.065		Oct 17	0.081	0.065	0.075		Nov 17	0.079	0.068	0.068		Dec 17*	0.70	0.64	0.65		Jan 18	0.775	0.76	0.77		Feb 18	0.77	0.76	0.76		Mar 18	0.70	0.68	0.70		Apr 18	0.73	0.61	0.63		May 18	0.64	0.53	0.60		Jun 18	0.68	0.60	0.63		<p><b>Registered Office and Address for Correspondence</b></p> <p><b>Sydney</b>          Suite 702, 191 Clarence Street          Sydney NSW 2000          Telephone +61 2 9119 8111</p> <p><b>Perth</b>          Level 1, 7 Havelock Street          West Perth, WA 6005          Telephone +61 8 6500 9200</p> <p>Email <a href="mailto:heron@heronresources.com.au">heron@heronresources.com.au</a></p> <p>Website <a href="http://www.heronresources.com.au">www.heronresources.com.au</a></p> <p><b>Share Registry (Australia)</b></p> <p>Automic          Level 3, 50 Holt Street          Surry Hills NSW 2010          P: 1300 288 664 (within Australia)          P: +61 (2) 9698 5414 (outside Australia)          E: <a href="mailto:hello@automic.com.au">hello@automic.com.au</a>          W: <a href="http://www.automic.com.au">www.automic.com.au</a></p> <p>All security holder correspondence to:          PO BOX 2226, Strawberry Hills, NSW 2012</p> <p>Please direct enquiries regarding Australian shareholdings to the Share Registrar.</p>
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# Heron Resources Limited

## Quarterly Report

June 2018

1.12 Total operating and investing cash flows (brought forward)	(54,742)	(114,515)
<b>Cash flows related to financing activities</b>		
1.13 Proceeds from the issue of shares, options, etc.	-	140,115
1.14 Realised foreign exchange loss – equity raise	-	(4,956)
1.15 Payment for FX Hedges	-	(689)
1.16 Proceeds/(repayment) of borrowings	25,864	46,358
1.17 Dividends paid	-	-
1.18 Payment of Share issue costs	-	(3,925)
<b>Net financing cash flows</b>	<b>25,864</b>	<b>176,903</b>
<b>Net increase (decrease) in cash held</b>	<b>(28,878)</b>	<b>62,619</b>
1.19 Cash at beginning of quarter/year	103,027	11,690
1.20 Other	160	231
1.21 <b>Cash at end of quarter</b>	<b>74,309</b>	<b>74,309</b>

### Payments to directors of the entity and associates of the directors, payments to related entities of the entity and associates of the related entities

	Current Qtr \$A'000
1.22 Aggregate amount of payments to the parties included in item 1.2 and 1.8	
1.23 Aggregate amount of loans to the parties included in item 1.10	

### 1.24 Explanation necessary for an understanding of the transactions

Director's fees, salaries and superannuation for the quarter (A\$312,820).

### Non-cash financing and investing activities

#### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

#### 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

See attached schedule



# Heron Resources Limited

## Quarterly Report

June 2018

### Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000 (at exchange rate of AUD:USD\$0.76)	Amount used \$A'000
3.1 Loan facilities	\$100,000	\$46,358
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	35,000
4.3 Production	-
4.4 Administration	1,600
<b>Total</b>	<b>37,000</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to related items in the accounts as follows.

	Current Quarter \$A'000	Previous Quarter \$A'000
5.1 Cash on hand and at bank	25,532	13,344
5.2 Deposits at call	40,000	80,906
5.3 Bank Overdraft		
5.4 Other (provide details)		
Environmental bonds	3,577	3,577
Bank Guarantee	5,200	1,200
<b>Total: cash at end of quarter (Item 1.21)</b>	<b>74,309</b>	<b>103,027</b>





# Heron Resources Limited

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### 6.1 Interests in Mining Tenements transferred, relinquished, withdrawn, reduced or lapsed.

#### Interests in Mining Tenements sold, reduced or relinquished

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter <sup>a</sup>

#### Interests in Mining Tenements acquired or increased

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter
ELA5696	65km south-south west of Woodlawn	100		Pending
ELA5701	65km south-south west of Woodlawn	100		Pending

### Heron Resources Ltd Tenement Schedule for March 2018 Quarterly Report

Tenement	Location	Heron Interest (%)	Status	Note
<b>New South Wales Projects</b>				
<b>Woodlawn Project</b>				
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	
<b>Alchemy Farm in &amp; JV Tenements</b>				
<b>Barraba-Manilla</b>				
EL8711	90km W of Armidale	100	Live	Alchemy
<b>Nyngan/Girilambone</b>				
EL8631	10km NW of Nyngan	100	Live	Alchemy
EL8318	27km NW of Nyngan	100	Live	Alchemy
<b>Overflow/Eurow/Parkes</b>				
EL5878	100km NW of Condobolin	100	Live	Alchemy
EL7941	100km NW of Condobolin	100	Live	Alchemy
EL8267	70km SE of Cobar	100	Live	Alchemy
EL8356	59km WSW of Tottenham	100	Live	Alchemy
EL8192	23km SE of Parkes	100	Live	Alchemy
<b>Western Australia Projects – Joint Ventures</b>				
<b>Southern Gold Farm In Project – Southern Gold Ltd 80%, HRR 20%</b>				
M25/00059	34km East of Kalgoorlie	20	Live	1
M25/00134	40km E of Kalgoorlie	20	Live	1
M25/00145	40km E of Kalgoorlie	20	Live	1
M25/00161	40km E of Kalgoorlie	20	Live	1
M25/00171	40km E of Kalgoorlie	20	Live	1



# Heron Resources Limited

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Tenement	Location	Heron Interest (%)	Status	Note
M25/00209	40km E of Kalgoorlie	20	Live	1
P25/02256	40km E of Kalgoorlie	20	Live	1
P25/02257	40km E of Kalgoorlie	20	Live	1
P25/02258	40km E of Kalgoorlie	20	Live	1

Notes:

- Subject to Farm In agreement with Southern Gold Ltd (who have earned an 80% interest). Heron retains 100% of nickel laterite.
- Subject to Farm-in and Joint Venture and Option Agreement between Alchemy Resources Ltd and Heron.

### 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) (\$)
<b>7.1 Preference securities</b> (description)				
<b>7.2 Changes during Quarter</b>				
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks, redemptions				
<b>Ordinary securities</b>	241,666,912	241,666,912		
<b>7.3 Changes during Quarter *</b>				-
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks				
* During the quarter the Issued Capital was subject to a 1 for 10 Consolidation				
<b>7.4 Convertible debt securities</b> (description)				
<b>7.5 Changes during Quarter</b>				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
<b>7.6 Options/Performance Rights</b> (description and conversion factor)	1,650,000	Nil	Exercise Price \$0.72	Expiry Date 4/12/2020
	85,836	Nil	\$0.70	20/11/2018
	265,000	Nil	\$1.10	01/02/2022
	2,895,000 (Perf Rights)	Nil	\$Nil	1 July 2020
	2,021,667 (Perf Rights)	Nil	\$Nil	1 July 2021
<b>7.7 Issued during Quarter</b>				



# Heron Resources Limited

## Quarterly Report

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7.8 Exercised during Quarter			
7.9 Expired during Quarter			
7.10 Debentures (totals only)			
7.11 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.

*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: \_\_\_\_\_  
 Company Secretary  
 Print name: Simon Smith

Date: 30 July 2018

**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.