



Heron Resources Limited

Quarterly Report

September 2018

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ABN: 30 068 263 098

30 October 2018

HIGHLIGHTS

Woodlawn Zinc-Copper Project – Project Development Progress

PLANT CONSTRUCTION

- Remains on track to start commissioning in fourth quarter
- Overall EPC completion at 79% as at the end of September
- Key fine grinding equipment, IsaMill™, delivered and installed
- Stage 1 grid power connected and energised

UNDERGROUND

- Decline development commenced
- Paste plant construction advancing

RETREATMENT

- Initial hydraulic mining equipment delivered
- Civils works at Tailings Dam South completed

OPERATIONAL READINESS

- Supply agreements established for major consumables and reagents
- Concentrate container construction commenced
- Progress continues with operational recruitment

Woodlawn Exploration

- Latest G2 Lens drilling results, including: -

Thickness (m)	ZnEq ¹ (%)	Downhole start (m)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)	Drill hole
4.0	26.4	116	1.4	0.1	1.9	7.7	550	WNDD0144
3.4	15.6	124.7	6.5	0.3	3.1	4.0	68	WNDD0145
3.2	20.9	140	11.2	0.5	6.9	0.5	69	WNDD0146
6.9	20.7	132	9.9	0.7	4.9	2.2	88	WNDD0149
2.0	88.8	102.1	28.8	1.0	16.8	14.2	1,035	WNDD0150
3.0	27.9	153	19.5	1.4	4.3	0.2	14	WNDD0151

- Gravity geophysical survey of the prospective north-west corridor from Woodlawn outlines additional targets

Corporate

- **Cash:** Heron held A\$67.6 million in cash (including bonds of A\$8.77 million) and A\$3.9 million in investments as at 30 September 2018.
- **Debt:** The 2nd tranche of US\$20 million senior secured facility was drawn down during the September quarter. US\$20 million of senior secured facility remains undrawn.



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Heron Resources Ltd ("Heron" or the "Company") is pleased to provide its report for the September 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 4 years 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 December 2018 quarter. The price outlook for all metals to be produced at Woodlawn, while seeing some recent volatility, remains strong, particularly for zinc which continues to face a significant supply shortfall.

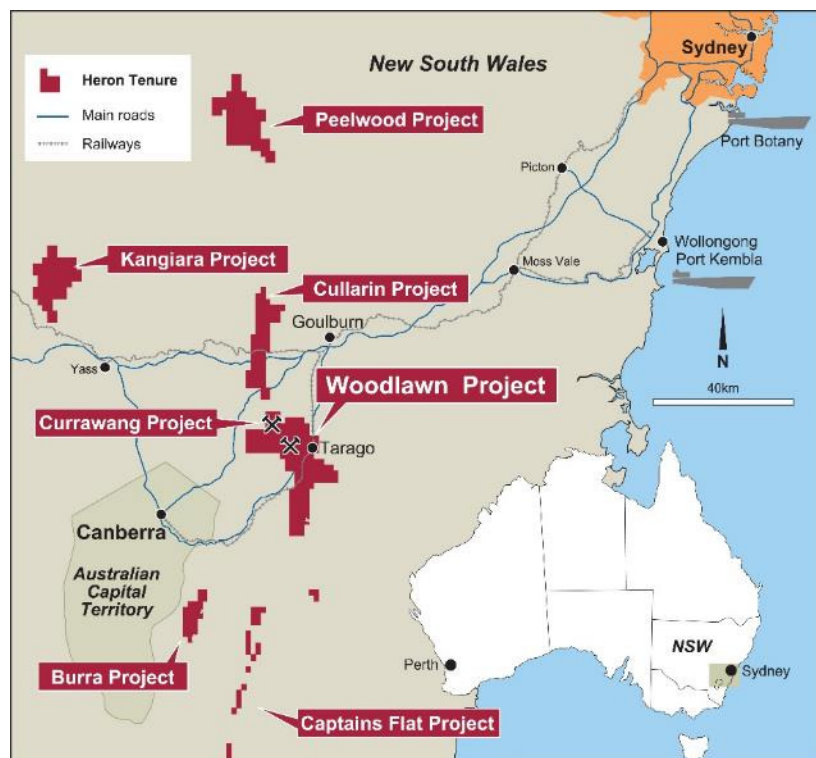


Figure 1: Woodlawn Project location and tenement map



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Woodlawn Project – Development Progress

Construction activities commenced in September 2017, and overall works were 79% complete by the end of the quarter. Structural, mechanical and piping installation is well advanced, and civil works are 100% complete. Electrical and instrumentation works have commenced. The project remains on schedule to commence commissioning of the processing plant late in 2018 and deliver the first shipment of concentrate to market in the first quarter of 2019. Recent project developments include:

- **Safety & Environment:** Disappointingly the project recorded its first lost time injury in August 2018 with investigation recommendations being adopted and acted on. The Company remains focused on the continuous improvement of its risk management systems and processes that target the wellbeing of our employees and contractors, and remains committed to achieving zero harm. There has been a significant increase in resources applied to environmental management on site commensurate with the ramp-up in site activity. This includes trial works that will support the longer-term site rehabilitation.
- **Project Development Schedule:** The EPC Contractor, Sedgman, is reporting the overall project schedule remains on track for the commencement of commissioning in the December quarter and at the end of September the overall project progress was 79% complete.
- **Earthworks:** All major earthworks are complete.
- **Project EPC Works:** Engineering design and procurement are now both complete. Off-site fabrications are complete. Of special note is the 3MW IsaMill™ which was delivered to site on 23 July and was lifted into position on 15 August (Figure 5). Current work is focused on piping and electrical works. The ball mill shell (last of the major equipment items) was transported from Adelaide, arriving on site 26 September, and is now in place. Site activity and workforce numbers continue to ramp-up as additional construction work fronts become available. At the end of the quarter workforce numbers were at approximately 85% of the expected peak numbers and will reach maximum levels in the last few remaining months of construction.
- **Water Treatment:** The supply and installation of the water treatment plant continues with civil work now complete.
- **Underground Mine:** The underground mining contractor, Pybar Mining Services, has mobilised to site an underground mining fleet for the initial mine access works. The initial mining fleet consists of a twin boom development drill, load haul dump unit, underground dump truck, charge-up unit, shotcrete machine and utility vehicles. This equipment list will be expanded as additional work areas underground are opened and activities move toward ore production. Additional infrastructure to support the underground mine is either in place, or under construction, including a concrete batch plant, explosives emulsion plant, heavy vehicle workshop and paste plant. At the end of the September quarter access works to the underground had included final ground support to the box cut and the initial few metres of decline development advance that signified the commencement of the Woodlawn Underground Mine. The completion of the G2 drilling in the year has provided the opportunity to access earlier production for the first ore with mine planning work being revised to include this into the mine schedule. Mine planning work continues on the establishment of the primary ventilation infrastructure, second means of mine egress, and power and pumping installations.
- **Tailings Mining:** The hydraulic mining equipment supply, installation and commissioning contract has been awarded to National Pump & Energy, and the specialist hydraulic mining services contract has been awarded to Paragon Tailings Australia. This combination of project partners brings the complementary skill sets of proven equipment supply and operational expertise to the tailings hydraulic mining operations. In addition, these two groups are being employed under a similar arrangement with another Australian operation, also recovering zinc rich tailings for reprocessing, and this provides a local experience base to call upon. Work is advancing on the hydraulic mining plant and pumping systems including overland pipelines which are progressing to schedule.



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- **Electricity Supply:** Under a competitive bid process, the Company entered into an electricity supply contract with a major electricity provider. Stage 1 power was delivered to site by the end of September and upgrade works to the site substation for the delivery of Stage 2 power is almost complete.
- **Concentrate Transportation:** The domestic transportation of the base metal concentrates to Port Botany and Port Kembla has been awarded to a Goulburn-based road and rail services provider, Crawford's Freightliners Pty Ltd. The construction of 140 dedicated concentrate containers has commenced and will be ready for the first shipment of concentrates from the operation.
- **Community:** The Company continues to hold quarterly Woodlawn Community Consultation Committee meetings. The Company also continues to receive very supportive local feedback for the project development and the wider benefits it will provide the local community through employment opportunities, use of local suppliers and as an active participant in further community advancement.
- **Personnel:** The Company has made steady progress in the recruitment of project personnel with applicants being attracted to a new project and the unique residential options that Woodlawn offers. Senior management, technical and support staff are largely in place and over the December quarter it is expected that the employee numbers will expand significantly as operational personnel are brought on board in preparation for the start of commissioning.
- **Supply:** The Company has entered into a number of contracts for the supply of reagents and consumables with the delivery of first fills scheduled to coincide with the commencement of commissioning.



Figure 2: Box cut and mine portal



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Figure 3: Crushing plant



Figure 4: Arrival of the ball mill shell - 26 September



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Figure 5: IsaMill™ installed in 4-days in August

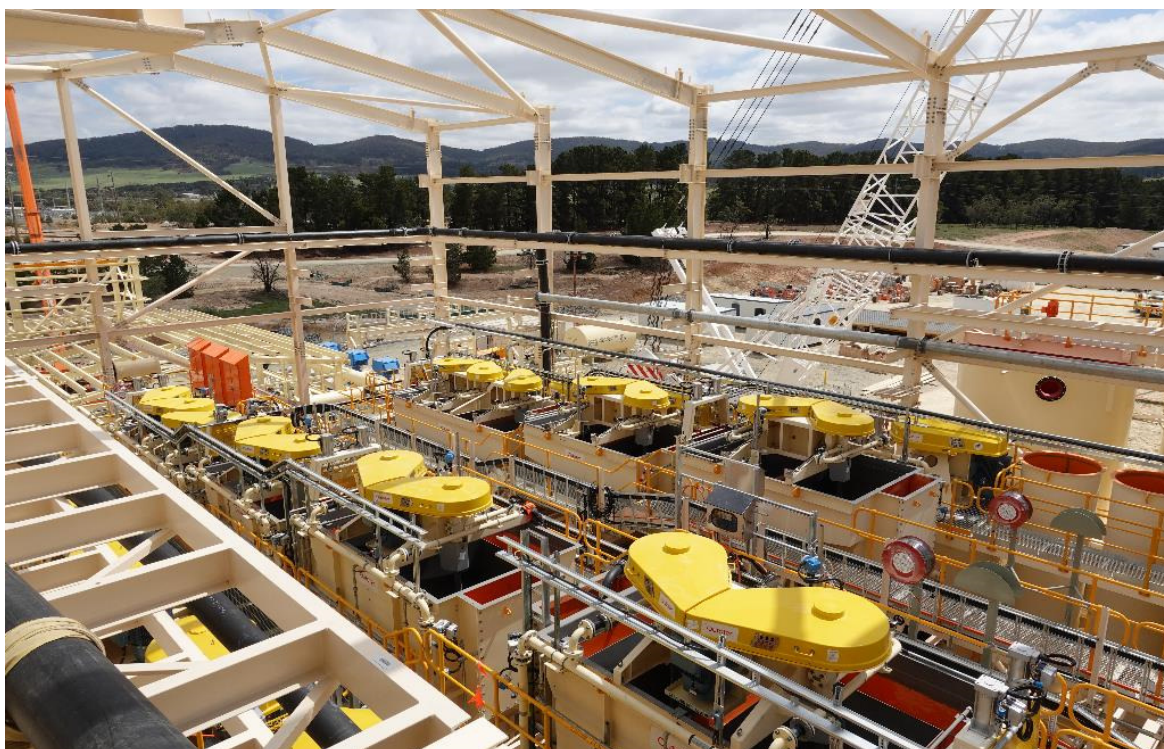


Figure 6: Flotation building – all Outotec flotation cells installed



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Figure 7: Flotation reagents and blower area



Figure 8: Concentrate handling area – filters installed above concentrate storage bunkers



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Figure 9: Ixom water treatment plant



Figure 10: Newly completed half-height containers in storage in China



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Woodlawn Project – G2 Resource Drilling

Last quarter, Heron reported the completion of the latest G2 resource drilling (a total of 14 holes for 2,411m) with final assays received in the September quarter. The recent assays from intercepts in both the G2 Main and G2 Hanging Wall Lenses are provided in summary form in Figures 11 and 12.

The G2 lens is complex with the Hanging Wall zone mineralised by high-grade gold and silver within the massive and stringer sulphide zones and include results of up to 14.2g/t Au and 1,035g/t Ag over 2.0m (DDH WNDD0150), which are some of the highest precious metal intercepts ever recorded at Woodlawn. Significant new higher-grade intercepts include:

Thickness (m)	ZnEq ¹ (%)	Downhole start (m)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)	Drill hole
4.0	26.4	116	1.4	0.1	1.9	7.7	550	WNDD0144
3.4	15.6	124.7	6.5	0.3	3.1	4.0	68	WNDD0145
3.2	20.9	140	11.2	0.5	6.9	0.5	69	WNDD0146
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2.0	88.8	102.1	28.8	1.0	16.8	14.2	1,035	WNDD0150
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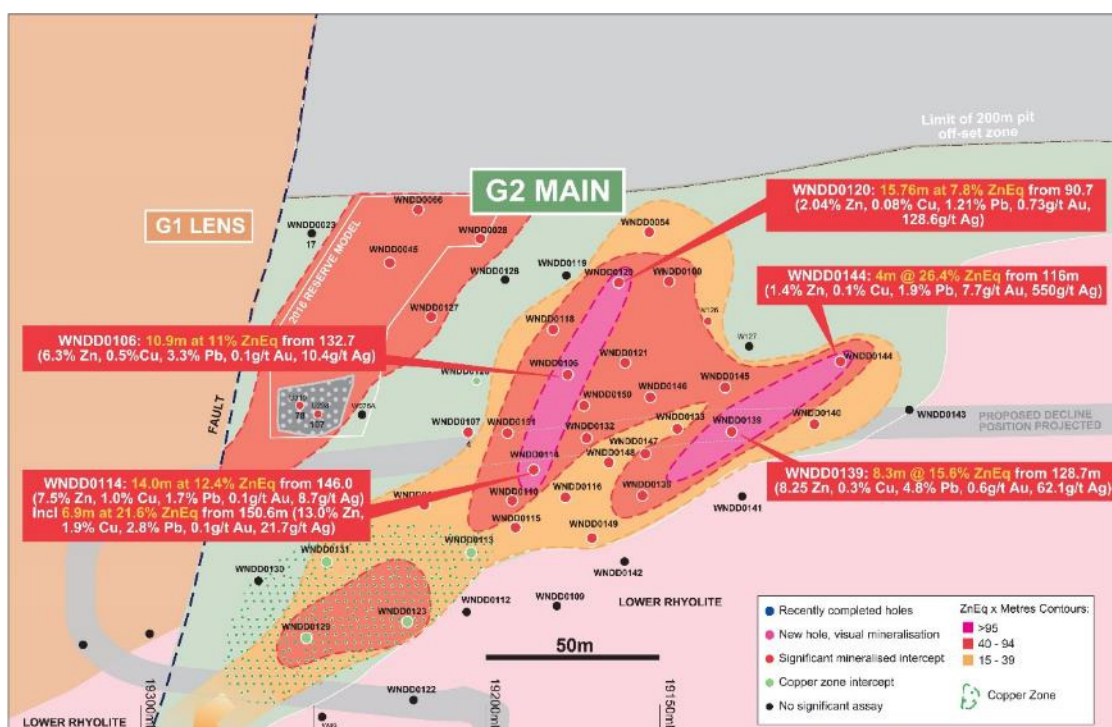


Figure 11: Long-section of the G2 Main Lens (view to Northeast), showing interpreted lens shape, and drill pierce points.



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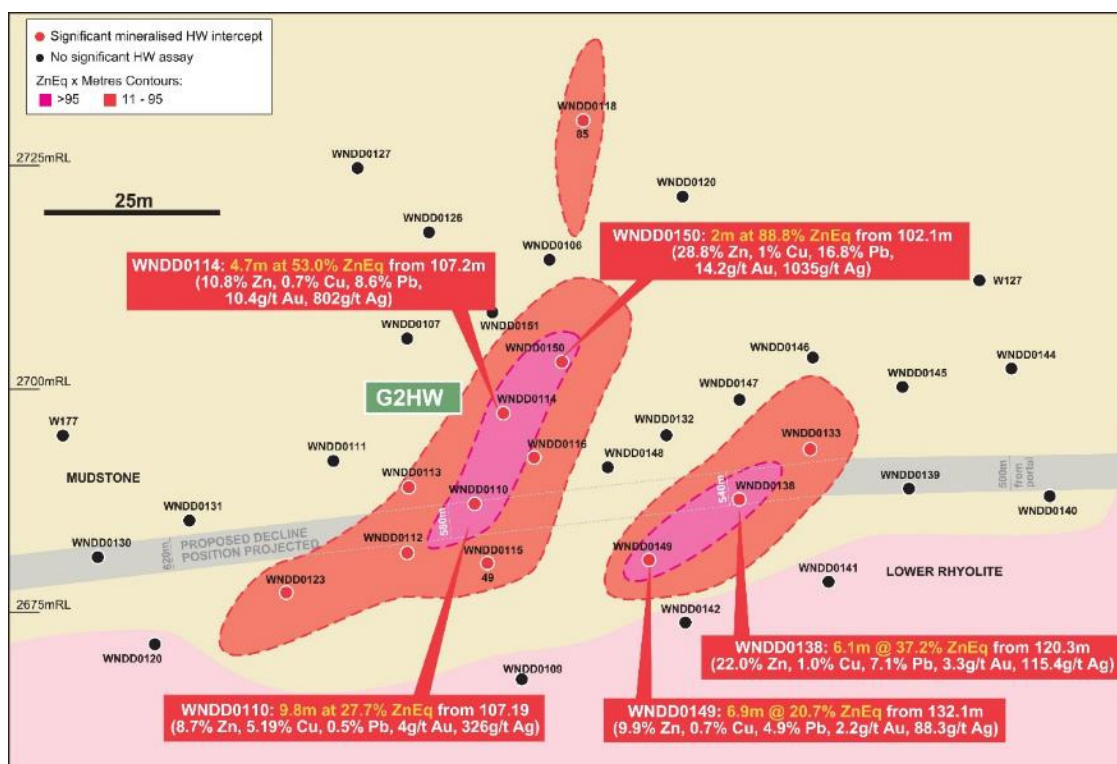


Figure 12: Long-section of the G2 Hanging Wall Lens (view to Northeast), showing interpreted lens shape, and drill pierce points.

Additional In Mine Exploration Targets

A number of in-mine exploration targets are being reviewed for their potential to contribute significant additions to the mining inventory. 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 estimated Exploration Target of 0.6 to 1.1Mt at grades between 7.0 and 14% ZnEq¹ was identified. 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

A review of the Electro-Magnetic (EM) 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 is being made of whether surface or underground drilling is best suited (or a combination of both) to further evaluate this area.

¹ 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.



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CORPORATE

Cash: Heron held A\$67.6 million in cash (including bonds of A\$8.77 million) and A\$3.9 million in investments as at 30 September 2018.

Debt: During the September quarter the Company drew down the second tranche of A\$20 million from Orion Mine Finance. The remaining US\$20 million available under facility is undrawn as at 30 September 2018.

After the end of the quarter, the Company received a Notice of Claim from Sedgman for additional costs (A\$11M) over and above those agreed under the Guaranteed Maximum Price contract that forms the basis for the construction of the Woodlawn Project. The Company is currently assessing the claim however initial advice it has received is that it is without merit.



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APPENDIX A – REGIONAL EXPLORATION PROJECTS

WOODLAWN REGIONAL PROSPECTS

Heron continues to maintain and explore a strategic 1206km² 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 13 shows the location of these projects.

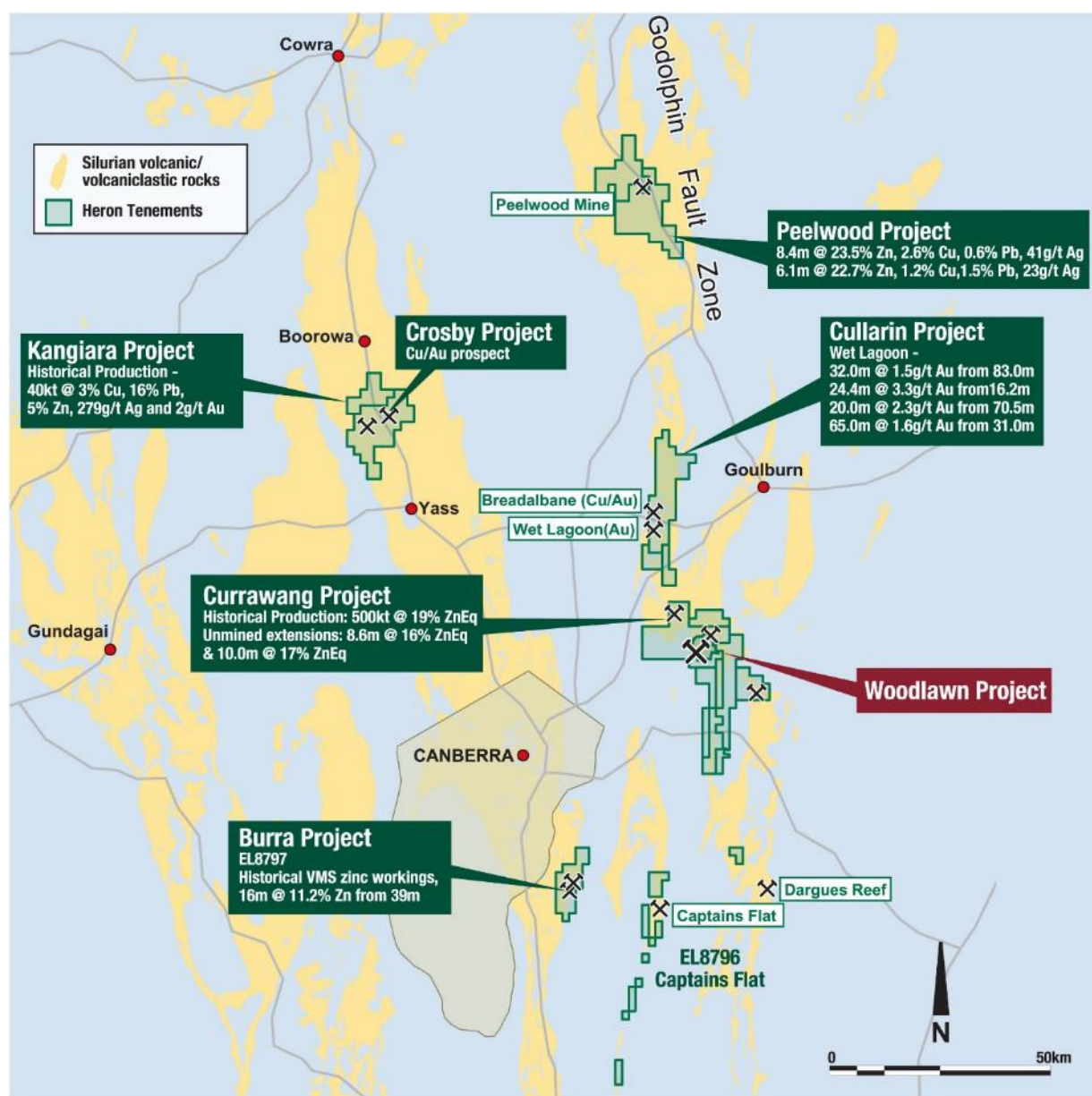


Figure 13: Heron's Woodlawn Regional Projects



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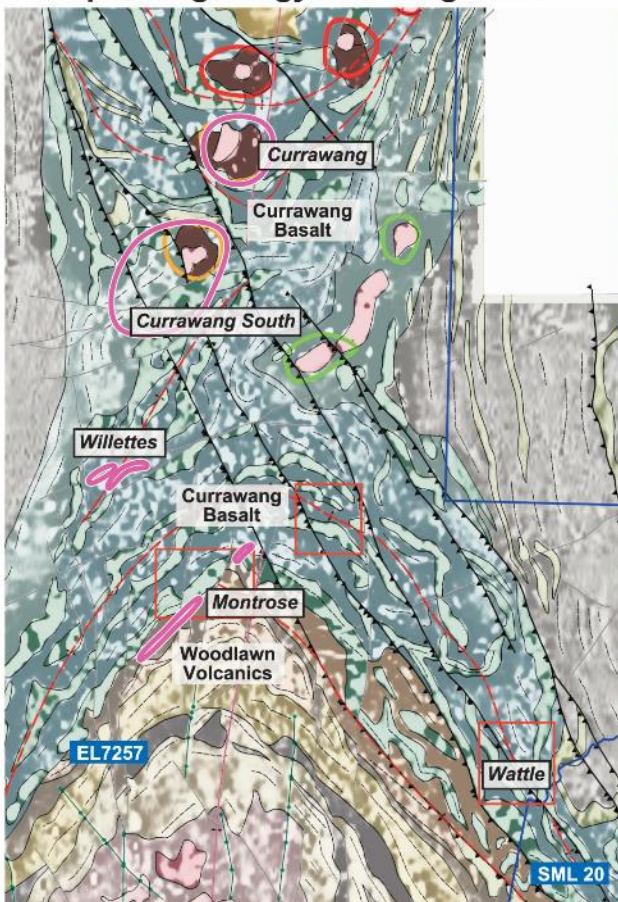
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WOODLAWN REGIONAL GRAVITY SURVEY

A detailed, infill gravity survey over the prospective 'north-west corridor' from Woodlawn to Currawang was recently completed. The survey covered an area of approximately 62km² over private land adjacent to the Woodlawn site. A regional scale gravity high has been noted in the Currawang area since the 1970's but has not been followed-up since then. The gravity survey has highlighted the main lithological contacts between the Currawang Basalt and Woodlawn Volcanics within the north-west corridor and this data combined with the aeromagnetic data acquired in 2015 has aided the geological interpretation of the regional Woodlawn area. Specific gravity features will be modelled in greater detail to determine if direct drilling targets are present.

The gravity data has highlighted the Wattle and Montrose Electro-Magnetic (EM) anomalies that were identified from historic surface EM surveys undertaken in the late 1990's and early 2000's. Both these prospects lie over a gravity gradient which indicates the favourable stratigraphic location between the mafic and felsic volcanic units (Figure 14). These two prospects are located to the north-west of the Woodlawn Mine and are targeted for drilling in the next quarter. Land access agreements and drilling approvals are currently being finalised.

Interpreted geology over magnetics



Modelled gravity data 1VD

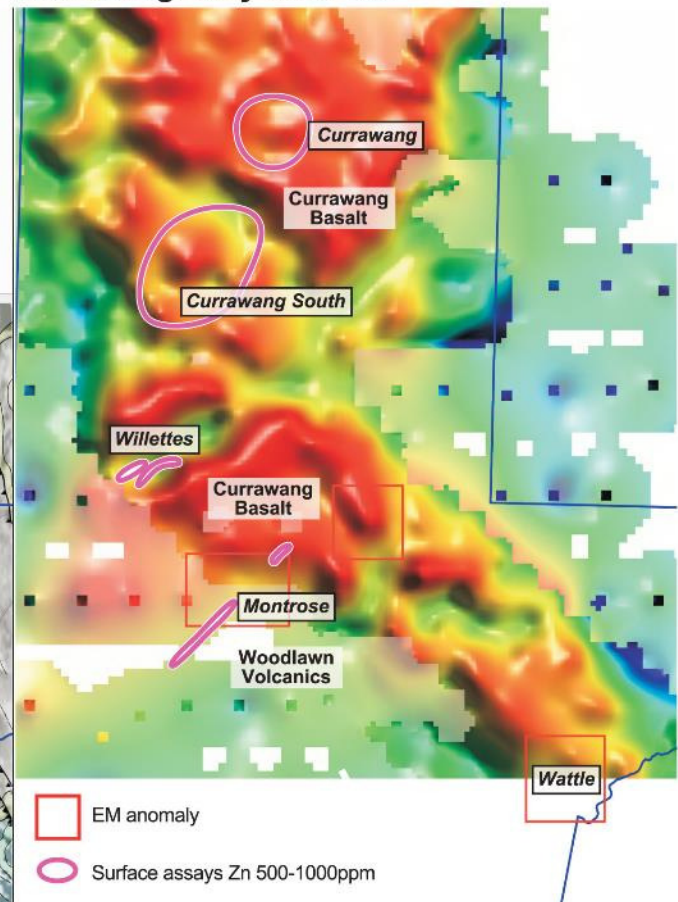


Figure 14: Map of the Woodlawn Regional exploration area showing the location of the key prospects over modelled magnetic and gravity responses.



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Peelwood Project (EL8712, EL8623, 100% Heron)

The Peelwood Project is located 165km west of Sydney and 105 km north of the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia (Figure 15). 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 Cuddying 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 15). Each of these historical deposits include a number of massive sulphide lenses located at, or adjacent to, the sheared contact between the Cuddying Formation and the Kangaloolah Volcanics. A 3D model at Peelwood is currently being worked up which will aid drill targeting.

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, a number of these electro-magnetic (EM) conductors (Figure 15) occur along the line of the historically mined mineralisation and have not been tested. Modelled EM anomalies at the John Fardy and Cordillera prospects are being assessed and provide targets for a drill program. Subject to suitable drill rig availability, the Company is aiming to drill these targets before the end of the year and is working through land owner access arrangements and statutory approvals.

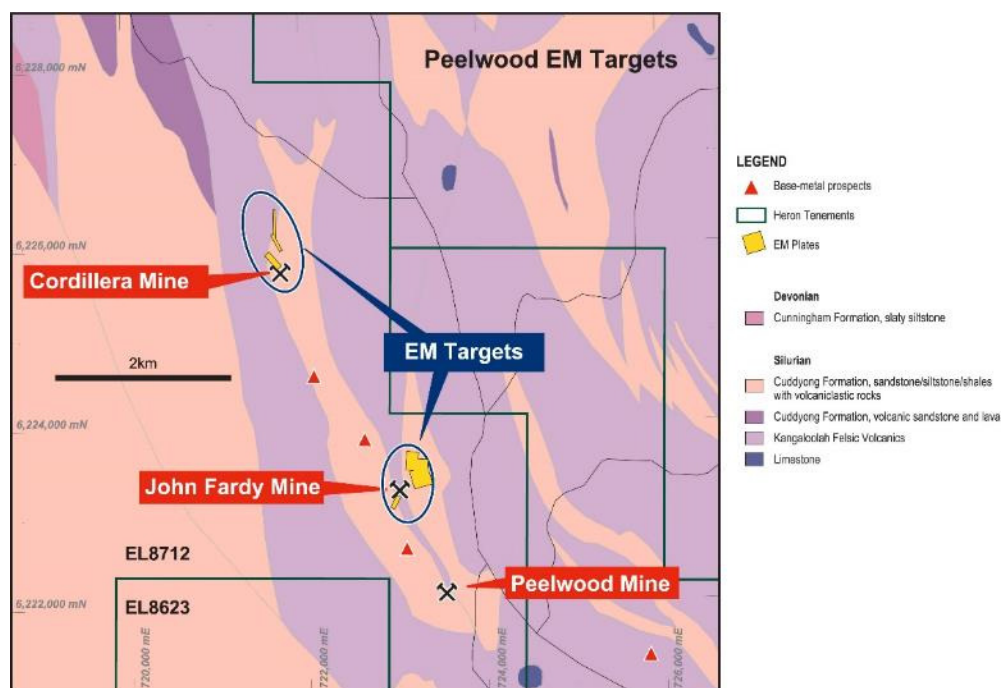


Figure 15: Geological Map of the Peelwood area showing the location of the key EM anomalies.

Burra Project (EL8797, 100% Heron)

EL8797 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.



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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 18) in May 2016. The Farm-In Agreement covers 674 km² 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, EL 8631 Nyngan (Ni-Co) and EL 8711 Barraba (Mn-Ni-Co).

A program of resource drilling commenced in early July on the Nyngan project at the West Lynn and Summervale prospects. Phases 1 and 2 have been completed (ASX: ALY 19 September and 22 October 2018). The drilling has confirmed broad, high-grade nickel (Ni) - cobalt (Co) mineralisation within the laterite and saprolite profiles at both West Lynn and Summervale, and confirm and extend broad zones of alumina (Al₂O₃) immediately above the Ni-Co mineralised zone. Phase 3 drilling is underway, comprising infill and extension aircore drilling and 3 PQ triple tube diamond holes to allow for density measurements on the mineralised host rocks. Results from the Phase 3 drilling program are expected to facilitate the conversion of the existing West Lynn Nickel-Cobalt Exploration Target to a JORC Code 2012 compliant resource estimate.

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



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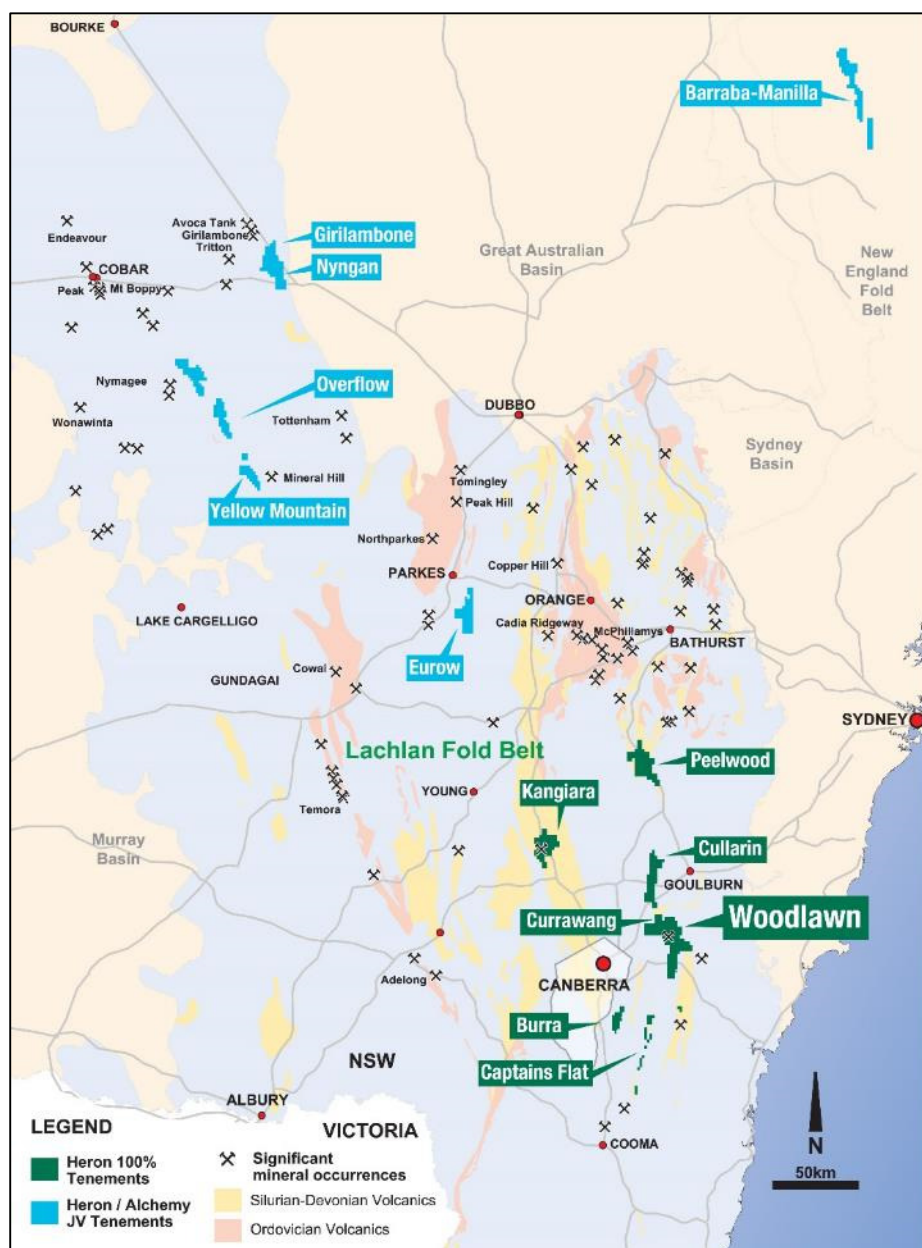


Figure 18: Heron NSW Projects (including Alchemy JV tenure).

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



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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. $ZnEq = Zn\% + Cu\% \times 3.12 + Pb\% \times 0.81 + Au \text{ g/t} \times 0.86 + Ag \text{ g/t} \times 0.03$. 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 test work 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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Corporate Directory

Directors Stephen Dennis**+ <i>Chairman</i> Borden Putnam III**+ Fiona Robertson **+ Wayne Taylor Ian Pattison **+ Mark Sawyer**+ Peter Rozenauers**+ Ricardo De Armas**+ * Denotes Non-executive + Denotes Independent	Issued Share Capital 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. 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. The Performance rights are \$nil exercise price options and expire on 1 July 2020 and 1 July 2021. Heron trades on the ASX as HRR.	Registered Office and Address for Correspondence Sydney Suite 702, 191 Clarence Street Sydney NSW 2000 Telephone +61 2 9119 8111 Perth Level 1, 12 Prowse Street West Perth, WA 6005 Telephone +61 8 6500 9200 Email heron@heronresources.com.au Website www.heronresources.com.au																																																																
Executive Management Wayne Taylor <i>Managing Director & Chief Executive Officer</i> Simon Smith <i>General Manager – Finance & Administration & Company Secretary.</i> David von Perger <i>General Manager - Exploration</i> Charlie Kempson <i>General Manager - Strategy & Business Development</i> Andrew Lawry <i>Chief Operating Officer</i> Brian Hearne <i>General Manager - Woodlawn</i>	Monthly Share Price Activity (A\$ per share - ASX) <table><tr><th>Month</th><th>High</th><th>Low</th><th>Close</th></tr><tr><td>Jul 17</td><td>0.074</td><td>0.070</td><td>0.074</td></tr><tr><td>Aug 17</td><td>0.086</td><td>0.066</td><td>0.072</td></tr><tr><td>Sept 17</td><td>0.076</td><td>0.065</td><td>0.065</td></tr><tr><td>Oct 17</td><td>0.081</td><td>0.065</td><td>0.075</td></tr><tr><td>Nov 17</td><td>0.079</td><td>0.068</td><td>0.068</td></tr><tr><td>Dec 17*</td><td>0.70</td><td>0.64</td><td>0.65</td></tr><tr><td>Jan 18</td><td>0.775</td><td>0.76</td><td>0.77</td></tr><tr><td>Feb 18</td><td>0.77</td><td>0.76</td><td>0.76</td></tr><tr><td>Mar 18</td><td>0.70</td><td>0.68</td><td>0.70</td></tr><tr><td>Apr 18</td><td>0.73</td><td>0.61</td><td>0.63</td></tr><tr><td>May 18</td><td>0.64</td><td>0.53</td><td>0.60</td></tr><tr><td>Jun 18</td><td>0.68</td><td>0.60</td><td>0.63</td></tr><tr><td>Jul 18</td><td>0.65</td><td>0.54</td><td>0.61</td></tr><tr><td>Aug 18</td><td>0.62</td><td>0.56</td><td>0.58</td></tr><tr><td>Sept 18</td><td>0.67</td><td>0.53</td><td>0.66</td></tr></table> * Share price reflects 1 for 10 consolidation	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	Jul 18	0.65	0.54	0.61	Aug 18	0.62	0.56	0.58	Sept 18	0.67	0.53	0.66	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.
Month	High	Low	Close																																																															
Jul 17	0.074	0.070	0.074																																																															
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Appendix 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Name of entity

HERON RESOURCES LIMITED

ABN

30 068 263 098

Quarter ended

30 September 2018

Consolidated statement of cash flows

	Current Qtr. \$A'000	Year to Date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for: (a) production		
(b) development		
(c) administration	(3,761)	(3,761)
1.3 Dividends received	73	73
1.4 Interest and other items of similar nature received		
1.5 Interest and other costs of finance paid	2,740	2,740
1.6 Taxes (paid)/refunded (R&D/GST)	-	-
1.7 Other –GST		
Net Operating Cash Flows	(948)	(948)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) plant and equipment	(113)	(113)
(b) equity investment	-	-
(c) mine under construction	(32,122)	(32,122)
(d) exploration activities	(260)	(260)
(e) prospects	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investment	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities		
1.11 Loans repaid by other entities	-	-
Net Investing Cash Flows	(32,495)	(32,495)
1.12 Total operating and investing cash flows (carried forward)	(33,443)	(33,443)



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1.12 Total operating and investing cash flows (brought forward)	(33,443)	(33,443)
Cash flows related to financing activities		
1.13 Proceeds from the issue of shares, options, etc.	-	-
1.14 Realised foreign exchange loss – equity raise	-	-
1.15 Payment for FX Hedges	-	-
1.16 Proceeds/(repayment) of borrowings	26,707	26,707
1.17 Dividends paid	-	-
1.18 Payment of Share issue costs	-	-
Net financing cash flows	26,707	26,707
Net increase (decrease) in cash held	(6,736)	(6,736)
1.19 Cash at beginning of quarter/year	74,309	74,309
1.20 Other (Fx translation)	44	44
1.21 Cash at end of quarter	67,617	67,617

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	270,891
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\$270,891).

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



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Financing facilities available

Add notes as necessary for an understanding of the position

	Amount available \$A'000 (US\$76M at exchange rate of AUD:USD\$0.726)	Amount used \$A'000
3.1 Loan facilities	\$104,683	\$77,135
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	15,000
4.3 Production	-
4.4 Administration	1,600
Total	17,000

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	33,840	25,532
5.2 Deposits at call	25,000	40,000
5.3 Bank Overdraft		
5.4 Other (provide details)		
Environmental bonds	3,577	3,577
Bank Guarantee	5,200	5,200
Total: cash at end of quarter (Item 1.21)	67,617	74,309



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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 ^a

Interests in Mining Tenements acquired or increased

Tenement	Location	Nature of Interest	% Beginning of Quarter	% At end of Quarter
EL8796	65km south-south west of Woodlawn	100		Live
EL8797	65km south-south west of Woodlawn	100		Live

Heron Resources Ltd Tenement Schedule for March 2018 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	
Alchemy Farm in & JV Tenements				
Barraba-Manilla				
EL8711	90km W of Armidale	100	Live	Alchemy
Nyngan/Girilambone				
EL8631	10km NW of Nyngan	100	Live	Alchemy
EL8318	27km NW of Nyngan	100	Live	Alchemy
Overflow/Eurow/Parkes				
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
Western Australia Projects – Joint Ventures				
Southern Gold Farm In Project – Southern Gold Ltd 80%, HRR 20%				
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
M25/00209	40km E of Kalgoorlie	20	Live	1



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Tenement	Location	Heron Interest (%)	Status	Note
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.
- Alchemy. 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) (\$)
7.1 Preference securities (description)				
7.2 Changes during Quarter				
(a) Increases through share issues				
(b) Decreases through returns of capital, buybacks, redemptions				
Ordinary securities	241,666,912	241,666,912		
7.3 Changes during Quarter *				-
(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				
7.4 Convertible debt securities (description)				
7.5 Changes during Quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.6 Options/Performance Rights (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
7.7 Issued during Quarter				
7.8 Exercised during Quarter				



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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 October 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.