



Heron Resources Limited

ASX Release

12 March 2019

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Woodlawn Zinc-Copper Project Update

- First underground development ore delivered to ROM pad (shallow G2HW lens resource)
- Underground development advance exceeding plan
- Hydraulic mining commissioning well advanced
- Overall process plant completion at 98% end February
- Process plant commissioning at 63% end February
- First concentrate production now scheduled for early Quarter 2

Heron Resources Limited (“Heron” or “the Company”) is pleased to provide the market with an update on its Woodlawn Zinc-Copper Project as it continues towards its production milestone.

Underground Mine

The underground operation has made steady progress with 913m of development completed to date (Figure 1). On 10 March 2019 development reached the shallow G2HW lens with the ore being delivered to the process plant ROM pad in readiness for processing. This represents the first underground production from the mine (see Figure 2).

Monthly development meterage has steadily ramped up since the start of underground operations in September 2018 and is now exceeding budget levels (Figure 3). Ground conditions remain as expected with no significant adverse areas. A specialist contractor is now established on site to construct a 5m diameter raise to setup the primary ventilation for the underground.

Hydraulic Mining

The hydraulic mining circuit commissioning is well advanced and ready for full production once the process plant is available. Final hand-over of the plant is in progress and expected to be complete in the coming months after a final performance test. Operator training, production readiness and ramp-up continues under the guidance of Paragon Tailings. Initial tailing mining to the base of the dam has demonstrated an extremely good level of control that provides high confidence in achieving (and possibly bettering) planned material recovery (tonnage) and dilution assumptions which underpin Ore Reserve calculations. Good progress is being made in removing a thin low-grade cap on Tailing Dam South. This cap removal project was identified by Heron’s process team and is expected to improve processing performance and recoveries.



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Figure 1 Underground Mining Operations

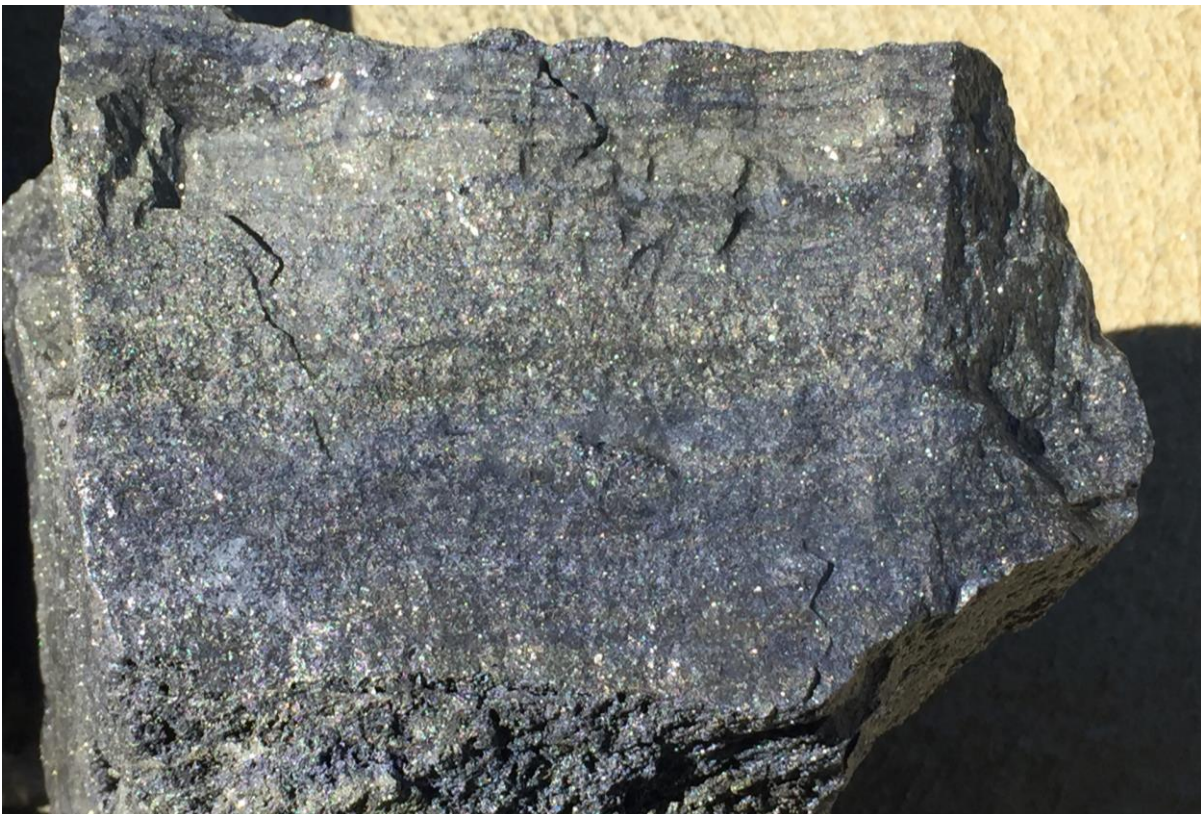


Figure 2 First underground production - G2 HW accessed 10 March 2019. (Rock fragment is 15cm across, and is made up of high-grade banded zinc and lead sulphides with minor copper sulphides present).

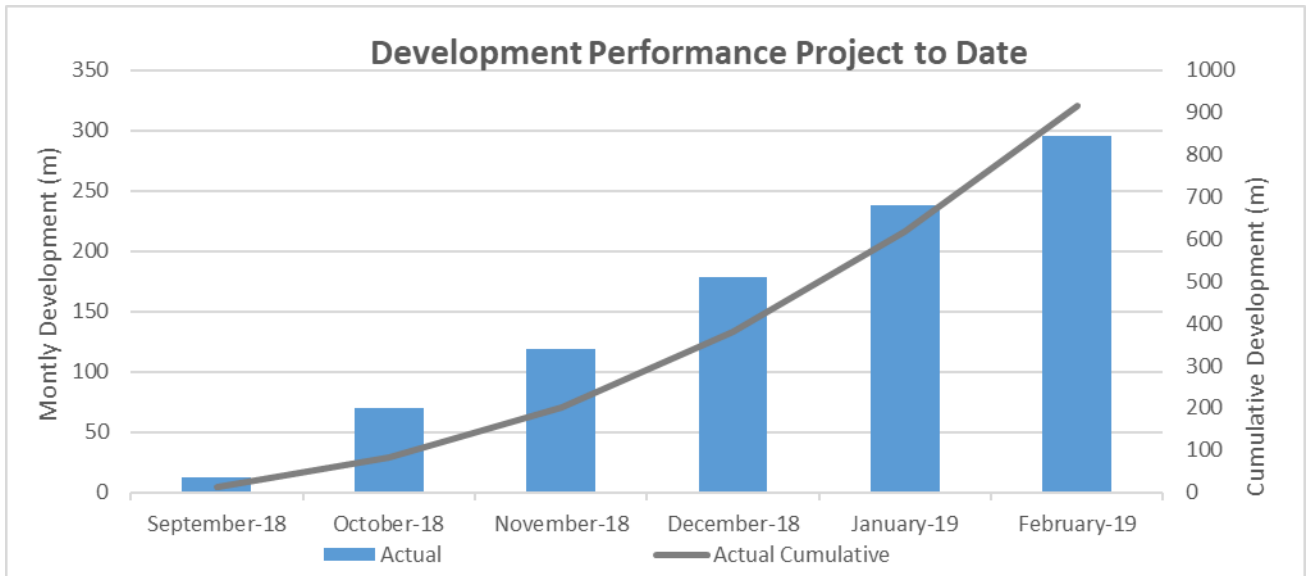


Figure 3 Underground Monthly Development Advance



Figure 4 Initial slot development on Tailing Dam South.



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Project EPC Works: As previously announced (*Process Plant Wet Commissioning Commences at Woodlawn, March 4, 2019*) the Company is fast approaching the end of the project development process. Heron's EPC contractor, Sedgman Pty Ltd, a wholly owned CIMIC Group Limited company report the Project as being 98% complete at the end of February and commissioning at 63%. Site construction activity has reduced and workforce numbers have followed accordingly. The EPC Contractor personnel are progressing Woodlawn through the wet commissioning stage to be followed by ore commissioning, ramp-up and performance testing.



Figure 5 Tailings thickener undergoing wet commissioning.

Operational readiness: The Company has essentially completed recruitment of operational and commissioning staff with a handful of specialist roles being covered by contractors. Supply activities are nearing completion with the store fit-out and receipt of reagents, consumables and maintenance spares to support the operations. Mobile plant (Figure 6) is operational and concentrate logistics are ready. The newly constructed site assay laboratory (Figure 7) is operational and the water treatment plant is complete with commissioning being in its final stages.



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Figure 6 Concentrate container handler.



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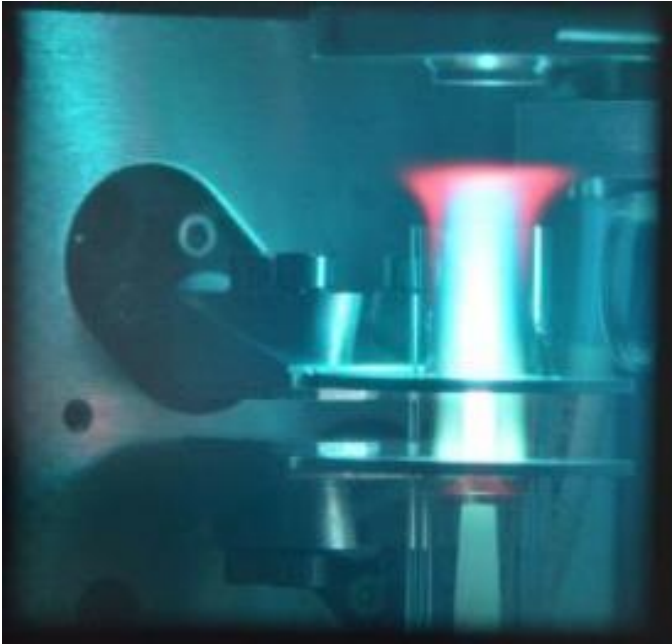


Figure 7 ICP installed on-site assay laboratory (self-contained assay capability).

Project Development Schedule: At the start of March, Heron was advised by Sedgman that the anticipated date for first ore to be fed to the process plant will be delayed. After seeking clarification on the extent of the delay, the Company now expects the start to ore processing to commence early in the second quarter with first concentrates ready for shipment in May.

Managing Director Wayne Taylor said, *“Heron has been very committed to delivering on dates at every milestone of the Woodlawn Project development. As announced on March 4 2019, feeding ore through the plant is the only remaining step in commissioning the project and once completed Heron will transition to becoming Australia’s newest producer of base metal concentrates. We are naturally disappointed by this delay to our development timeline and remain committed to reaching our production milestone with our on-site team continuing to prepare for this.”*

About Heron Resources Limited (ASX:HRR)

Heron Resources Limited (ASX:HRR) is engaged in the exploration and development of base and precious metal deposits in Australia. The Company’s primary focus is on its 100% owned, high grade Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, Australia with production due in early 2019. In addition, the Company has a number of significant high quality, base and precious metal tenements regional to the Woodlawn Project.

For further information, please visit www.heronresources.com.au or contact:

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