



Heron Resources Limited

ASX/TSX Release

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Woodlawn Zinc Copper Project – Successful Metallurgical Test Work

HIGHLIGHTS

- New test work improves on past Woodlawn Mine mill performance
- Zinc-Copper Mineralisation (Zn-Cu-Pb-Ag-Au) produces readily saleable zinc, and high precious metals copper and lead concentrates
- Copper Mineralisation produces good quality concentrate
- Co-processed combined tailings and zinc-copper samples produce readily saleable zinc and high precious metals copper and lead concentrates
- Flowsheet established for PEA process engineering

ASX:HRR/TSX:HER

Issued Shares	361M
Share Price	\$0.145
Market Cap	\$52M
Cash (31 Dec 2014)	\$27.9M
Investments	\$ 2.9M
Total C+I	\$30.8M

Heron Resources Limited (“Heron” or the “Company”) is pleased to report the results from the metallurgical test work program focused on the underground massive sulphides at the Woodlawn Zinc-Copper Project. This work represents the first full suite of metallurgical tests undertaken on the underground mineralisation since the mine closure in 1998 and also the first tests on a combination of the tailings and zinc-copper mineralisation.

The overall results show a better than historical operational performance and reflects the advancements made in the field of sulphide flotation and in particular with fine grinding technology. These results form key input parameters for the Preliminary Economic Assessment (PEA) for the Woodlawn Underground Project.

Woodlawn is a high-grade volcanogenic massive sulphide (VMS) deposit, located some 50km north-east of Canberra and 250km south-west of Sydney in New South Wales, Australia.

Test Work Approach

Metallurgical testing from 2005 to 2012 on the 11.6 million tonnes¹ of tailings located in the three dams at Woodlawn demonstrated that this resource could be successfully reprocessed. This involved the fine grinding and sequential flotation of copper into a copper concentrate, the lead into a lead concentrate with high silver content and the zinc into a zinc concentrate.

With recent drilling targeting the expansion of the underground resource at Woodlawn, test work on newly acquired samples of underground mineralisation began in 2014. This test work has been carried out by Australian Mineral Metallurgical Laboratories Pty Ltd (“AMML”) in their Gosford testing facility and with input from GR Engineering Services Ltd (“GRES”). Through the application of the knowledge gained from the test work targeting the retreatment of the Woodlawn tailings and adapting this to the underground samples, good results were obtained.

Zinc-Copper Mineralisation

Table 1 presents zinc-copper (lead-silver-gold) massive sulphide mineralisation flotation concentrates generated from the test work grade/recovery curves.

¹ Woodlawn Tailings Mineral Resource – refer to section 8, “Statement of Mineral Resources” of the 2014 Heron Annual Report



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The zinc-copper mineralisation is likely to represent the majority of the new mine production and the test work indicates the ability to produce these three readily saleable concentrates. Of particular note is the higher recovery of the copper to a higher grade silver bearing copper concentrate. This result has been achieved through the identification of 'fast' floating copper allowing the recovery circuit to accommodate for this characteristic. In addition, higher recovery of lead to a significantly higher grade lead and silver concentrate was also achieved.

Table 1: Flotation results for the Zinc-Copper Mineralisation sample (bracketed numbers represent typical recoveries achieved during previous operations at Woodlawn, c. 1992).

	% Weight	Assays				% Recoveries			
		% Cu	% Pb	% Zn	g/t Ag	Cu	Pb	Zn	Ag
Copper Concentrate	4.4 (5.4)	25.4 (22.0)	5.5 (4.1)	2.1 (4.9)	227 (260)	70.8 (68.0)	5.0 (5.5)	0.9 (2.6)	9.9 (16.3)
Lead Concentrate	6.5 (5.9)	2.3 (1.0)	53.2 (36.9)	6.0 (19.7)	813 (387)	9.2 (3.4)	71.1 (53.5)	3.9 (11.7)	51.8 (26.8)
Zinc Concentrate	14.2 (14.3)	0.5 (0.5)	2.8 (1.9)	45.0 (50.8)	99 (80)	4.4 (4.2)	8.1 (6.6)	79.5 (73.0)	13.9 (13.4)
Head Grade	100	1.6 (1.8)	4.8 (4.1)	9.9 (9.0)	101 (86)				

Copper Mineralisation

Table 2 presents the flotation results for the copper only massive sulphide mineralisation showing the initial copper rougher concentrate grade along with the planned operating grade of 24% Cu concentrate taken from the test work grade/recovery curve. The copper mineralisation is likely to represent a relatively minor component of the mine production and the ability to separately treat this feed source will be investigated in more detail as part of the feasibility study, however, the conclusions drawn from the test work indicate the ability to produce a good quality copper concentrate.

Table 2: Flotation results for Cu only mineralisation

	% Weight	Assays				% Recoveries			
		% Cu	% Pb	% Zn	g/t Ag	Cu	Pb	Zn	Ag
Rougher Concentrate	12.4	19.8	0.7	1.2	71	81.7	43.5	12.1	26.5
Cu Concentrate	9.8	24.0	0.7	1.1	69	71.8	34.1	8.5	28.2
Head Grade	100	3.00	0.19	1.26	24				



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Blended Zinc-Copper and Tailings Samples

A significant additional step to the test work program was to assess the performance of a blended feed of zinc-copper and tailings material, in line with the likely feed mix for the combined development of the underground and tailings projects at Woodlawn.

The test work was undertaken on a 50:50 blend of tailings and fresh massive sulphides with the test work providing results (Table 3) that strongly support this combined approach to the project development. The 49% Pb concentrate grade and 45% Zn concentrate grade were taken from the grade recovery curves developed from the test work.

Table 3: Flotation result for combined zinc-copper and tailings blend

	% Weight	Assays				% Recoveries			
		% Cu	% Pb	% Zn	g/t Ag	Cu	Pb	Zn	Ag
Cu Concentrate	2.9	23.6	3.7	1.6	180	66.1	3.6	0.7	7.6
Pb Concentrate	4.3	3.9	49.0	7.1	878	16.0	69.0	4.4	54.1
Zn Concentrate	10.4	0.5	1.5	45.0	99	5.4	5.3	73.9	15.2
Head Grade	100	1.0	3.0	6.9	68				

Heron's Managing Director, Wayne Taylor, provided the following comments following the receipt of the metallurgical test work results:

"With the benefit of 20 years of operational experience at Woodlawn, with the significant advancements made through the testing on the tailings and now with recent test work on the underground samples, we have established a step change in the metallurgical performance for this project. The optimal recoveries of the valuable metals into the base metal concentrates is critical in building a robust project that extracts maximum benefit from such a high grade deposit. These results represent another important step in the path to early production for Heron which is well timed to meet the projected global shortfall in zinc production."

The results of this test work are being incorporated into the process flowsheet being developed by GRES as part of the PEA on the Woodlawn Project. The expected plant configuration is similar to the tailings retreatment plant design from 2012 with the obvious additions to accept mill feed sourced from underground.

About Heron Resources Limited:

Heron is engaged in the exploration and development of base and precious metal deposits in Australia. Heron's projects include the high grade Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, and the Kalgoorlie Nickel Project located north of Kalgoorlie, Western Australia. In addition the Company holds a number of other high quality exploration properties located in the Lachlan Fold Belt, New South Wales.



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Compliance Statement (JORC 2012 and NI43-101)

The technical information in this news release relating to the metallurgical test results at the Woodlawn Project is based on information compiled by Peter Allen, MAusIMM(CP), who is a Member of the Australian Institute of Mining and Metallurgy and is a full time employee of G R Engineering Services Ltd and has sufficient experience, which is relevant to the style of mineralization 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"). Peter Allen has reviewed this press release and consents to the inclusion in this news release of the information in the form and context in which it appears.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This news release contains forward-looking statements and forward-looking information within the meaning of applicable Canadian securities laws, which are based on expectations, estimates and projections as of the date of this news release. This forward-looking information includes, or may be based upon, without limitation, estimates, forecasts and statements as to management's expectations with respect to, among other things, the timing and amount of funding required to execute the Company's exploration, development and business plans, capital and exploration expenditures, the effect on the Company of any changes to existing legislation or policy, government regulation of mining operations, the length of time required to obtain permits, certifications and approvals, the success of exploration, development and mining activities, the geology of the Company's properties, environmental risks, the availability of labour, the focus of the Company in the future, demand and market outlook for precious metals and the prices thereof, progress in development of mineral properties, the Company's ability to raise funding privately or on a public market in the future, the Company's future growth, results of operations, performance, and business prospects and opportunities. Wherever possible, words such as "anticipate", "believe", "expect", "intend", "may" and similar expressions have been used to identify such forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the information is given, and on information available to management at such time. Forward-looking information involves significant risks, uncertainties, assumptions and other factors that could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking information. These factors, including, but not limited to, fluctuations in currency markets, fluctuations in commodity prices, the ability of the Company to access sufficient capital on favourable terms or at all, changes in national and local government legislation, taxation, controls, regulations, political or economic developments in Canada, Australia or other countries in which the Company does business or may carry on business in the future, operational or technical difficulties in connection with exploration or development activities, employee relations, the speculative nature of mineral exploration and development, obtaining necessary licenses and permits, diminishing quantities and grades of mineral reserves, contests over title to properties, especially title to undeveloped properties, the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drill results and other geological data, environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding, limitations of insurance coverage and the possibility of project cost overruns or unanticipated costs and expenses, and should be considered carefully. Many of these uncertainties and contingencies can affect the Company's actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company. Prospective investors should not place undue reliance on any forward-looking information. Although the forward-looking information contained in this news release is based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with such forward-looking information, as there may be other factors that cause results not to be as anticipated, estimated or intended, and neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking information. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

No stock exchange, regulation services provider, securities commission or other regulatory authority has approved or disapproved the information contained in this news release.