



Heron's Woodlawn Project on Track for Year-end Commissioning

- Project development remains on track for year-end commissioning – overall completion at 35%
- Critical path earthworks delivered on time and handed over to the concrete contractor
- Process plant concrete foundation works commenced in February with 777m³ poured to date
- First processing plant equipment deliveries received
- Appointment of senior mining, processing and support operational personnel
- Key operational contracts awarded and additional tenders for services advanced
- International Lead Zinc Study Group report a 495,000 zinc metal deficit for full year 2017

Heron Resources Limited (ASX:HRR TSX:HER, “Heron” or the “Company”) is pleased to provide the following construction update on the Company's Woodlawn Zinc-Copper Project in New South Wales, Australia. Significant progress has been made on site, most recently with the commencement of process plant foundations and first deliveries of process plant equipment. The project is progressing on track and within budget.

Commenting on the progress, Heron's Managing Director, Mr Wayne Taylor said:

“The Woodlawn Zinc-Copper Project remains on track for start of commissioning by the year's end. Since the first soil was turned in August last year, our operational staff and contractor teams have been focused on progressing critical path earthworks, concrete works, detailed design and procurement of equipment for the processing facility. The development is now 35% complete, consistent with the project delivery schedule and importantly within budget. In parallel with the Woodlawn development activities, the zinc market supply deficit has continued and is expected to remain in place well beyond first zinc production from Woodlawn, supporting favourable future project economics.”

Engineering Procurement & Construction (EPC)

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

- Overall Project (35% complete)
- Earthworks (70% complete)
- Detailed Design (75% complete)
- Equipment Purchase (65% complete)
- Concrete (23% complete)
- Offsite Fabrication (20% complete)

Of the critical path activities, completion of the process plant pad earthworks was achieved on-time allowing for the handover of these areas to the concrete works contractor in early February. Since this time, 777m³ of concrete has been poured on various plant foundations. This concrete work is also on track to meet critical path schedule dates.

The first equipment arrivals have occurred with the delivery of the lime silo, and various conveyor components, pumps and flotation blowers.



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Figure 1: Primary crusher and ROM retaining wall foundations.



Figure 2: IsaMill foundations – reinforcing steel work.



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Figure 3: Reclamation area (left), flotation area (right) and concrete pour at the primary crusher (rear).



Figure 4: First process plant equipment deliveries.



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Earthworks

Critical path work areas have been completed and handed over to the concrete contractor. Other significant works continue on the tails storage facility construction (Figure 5) and the box cut to access the underground (Figure 6). The earthworks are 70% complete overall with the tails storage facility at 40% and box cut at 84%.



Figure 5: Tailings storage facility 4 construction.



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Figure 6: Box cut excavation – second bench.

Production Readiness

Recruitment – The Mining Superintendent, Processing Superintendent, Maintenance Superintendent and Site Services Manager roles have all been filled. The Company continues to recruit personnel in line with the timetable for the start of operations and continues to receive strong interest in employment opportunities at Woodlawn.

Operational Contracts – The underground mining, water treatment and port services contracts have all been awarded. The underground contractor, Pybar Mining Services, is scheduled to commence on site in August. The water treatment contractor, Ixom, is completing final detailed design for the provision of a 1 megalitre per day water treatment plant, with the site work scheduled for commencement in mid-May. The supply of tailings mining equipment and specialist design, commissioning and training services is expected to be awarded in the next month. The provision of domestic concentrate transport services to the export port is currently being tendered.



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Zinc Market Outlook

The International Lead Zinc Study Group released final annual production numbers for 2017 on 2 March 2018. The reported metal supply deficit was 495,000t with the last 4 months of supply for the year consistently below demand.

Zinc Mine Production 2017	13,230 kt
Zinc Metal Production 2017	13,724 kt
Zinc Metal Usage 2017	14,219 kt

Other significant metrics reported included a flat year-on-year metal production, 2016: 13,739 kt v's 2017: 13,724 kt and consumption growth of 2.6%: 2016: 13,861 kt v's 2017: 14,219 kt.

One of the largest global zinc market producers, Teck Resources Ltd, provided their insights to future global zinc production and consumption late in February 2018. They conclude that the current producers and committed projects will not meet metal demand requirements, and the list of major uncommitted (yet to be funded) projects will still leave a supply deficit out to 2025. Estimates of the global zinc metal stocks inclusive of LME, SHFE, bonded warehouse and hidden stocks show a steady and consistent draw, the rate of which since 2013 is unsustainable. These market factors are expected to provide continued support to strong zinc prices.

About Heron Resources Limited:

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

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