



Heron Resources Limited

ASX/TSX Release

4 October 2017

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Heron's Development Activities Ramped-Up at Woodlawn Zn/Cu Project

Highlights

- Ertech fully mobilised and progressing plant site earthworks – mobile plant fleet of 23 units
- Preliminary construction activities under way with EPC Contractor, Sedgman, setup on site
- Equipment orders – A\$25 million in orders placed out of a project total of A\$30 million
- Project on track for commissioning late 2018
- Zinc market outlook remains positive for producers with forecasts extending the supply shortage

Heron Resources Limited (ASX:HRR TSX:HER, “Heron” or the “Company”) is pleased to provide an update on the successful start to site construction activities at the high grade Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, Australia.

Following the recent completion of project financing, site construction activities have ramped-up to the full scheduled activities with Ertech having mobilised 45 personnel and a fleet of 4 scrapers, 2 bull dozers, 5 excavators, 9 dump trucks and a variety of other support machines after the establishment of temporary construction offices and facilities. Work is well underway on the site access road, plant and office site, sediment dam and ROM pad. Top soil has been stripped and stockpiled with foundation levelling and compaction progressing on track.

The next few weeks will see earthworks for the underground box cut commence along with the haul road, tailings storage facility and the relocation of a section of the existing high voltage electrical network.

The project EPC Contractor, Sedgman, have undertaken their initial mobilisation with 3 personnel on site overseeing the earthworks and preparation for the start of concrete works in Q1 2018. Engineering design work has advanced and is over 20% complete. Equipment procurement is well underway with the placement of A\$25.1 million of orders out of a total for the project of A\$30.3 million. This includes long lead items (Heron announcement 14th August 2017): M10000 IsaMill, Outotec flotation cells and thickeners, and also additional equipment including ball mill and samplers (Outotec), regrind mills (Metso), high voltage electrical (PHE), flocculant plant (SNF), filters (Tecnicas Hydraulicas), lime silo (Batchcrete), concentrate building and workshop (Container Domes), conveyor drives (SEW) and slurry, sump and froth pumps (Weir).

Other current site works includes:

- Upgrades to piping and electrics to the bore field that will result in the third bore being recommissioned in the next few weeks. This will complete the full external water supply infrastructure for the project.
- Staged mine dewatering continues with the water being pumped to the existing evaporation dams.

Zinc Market

The reduction in global zinc metal stocks along with a critical shortage of concentrates is well publicised with the progressive tightening of the physical metal market providing the basis for increased zinc metal prices with recent levels hitting 10 year highs.

In support of the market dynamics, the world's largest net zinc miner, Teck Resources, recently released their observations about the global zinc market with a number of significant conclusions including:

- Mine production growth for zinc is insufficient to meet the consumption demand (projection to 2020);



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- Spot treatment charges for zinc concentrates continue to be at historical lows;
- A projection of at least 4.3Mtpa of additional zinc production is required to satisfy demand to 2025 and the most likely, but still uncommitted projects, are insufficient to meet this;
- The speculated price induced reaction of increased Chinese mine zinc production has not occurred with production down 6% year to date;
- Zinc metal inventories approaching historical lows; and
- Zinc used in Giga Steel, zinc thermal spray, continuous galvanised rebar and zinc micro-nutrient fertiliser are providing an expanded consumption base.

Heron's Woodlawn Project remains one of the few new zinc projects that is fully funded to production and, with construction now underway, this places the Company on track to participate in the pricing environment that is supported by the strong zinc physical market.



Figure 1: Heron's COO, Mr Andrew Lawry, and Chairman, Mr Stephen Dennis, discuss earthworks progress at the plant site.



Figure 2: Pad levelling over the plant site.



Figure 3: ROM pad top soil removal.



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About Heron Resources Limited

Heron is engaged in the development of base and precious metal deposits in Australia. Heron's primary development project is the high-grade Woodlawn Zinc-Copper Project located 250km southwest of Sydney, New South Wales, Australia.

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

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