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## **SITE WORKS COMMENCE AT A1 GOLD MINE, EASTERN VICTORIA**

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Heron Resources Limited (ASX:HRR, Heron) is pleased to announce commencement of site works at the A1 Gold Mine in eastern Victoria.

Department of Primary Industry Victoria and Mansfield Shire approvals have been received to commence site works required as part of the evaluation program for the A1 Gold Mine. Initial works will involve the setting up of a site office, workshops and ancillary buildings to support mining activities. Community consultation meetings were commenced in September, these are an ongoing part of the evaluation and will continue through the life of the operation.

Establishment of the decline portal is expected during November, while dewatering and underground drilling are expected to commence in the New Year when final approvals are received.

The A1 Mine has historically produced in excess of 450,000 ounces of gold and was one of Australia's longest operating mines having been worked from 1861 through to 1992.

The A1 Gold Mine is a low cost entry for Heron to a near production asset that can be evaluated and quickly brought to production within the Company's existing cash and cash equivalent reserves. It has low capital costs with high potential margins and low operating costs due to the presence of gravity recoverable gold, existing development access and the high grade nature of the ore.

The A1 Gold Mine is very different to most other Victorian gold mines, being hosted in the mafic dyke rather than structurally controlled in sediments. As such the mineralisation is less complex and more continuous. There are real opportunities for small scale mechanised mining. Development will focus on mining quality, keeping production expectations in line with the natural capabilities of the ore body. Historical mining extended to 521m (23 Level) below the surface adit entry (7 Level). Heron's initial exploration and production targets are mainly stockworks systems between the 7 and 14 Levels.

A handwritten signature in blue ink that reads 'N. Mathew Longworth'.

**N Mathew Longworth**  
Managing Director

For media inquiries, please contact: Paul Downie, FD Third Person, 0414 947 129, (08) 9386 1233

The exploration and Mineral Resource information in this report is based on information compiled by Mathew Longworth who is a member of Australian Institute of Mining and Metallurgy. Mathew Longworth is a full time employee of Heron Resources Limited. Mathew Longworth has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mathew Longworth consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

## About Heron

Heron is a mining development Company with primary interests in the Eastern Goldfields of Western Australia and Eastern Victoria.

The Kalgoorlie Nickel Project (KNP) is one of the largest undeveloped nickel laterite projects in the world. The KNP has a large resource, good infrastructure, low sovereign risk and extensive studies.

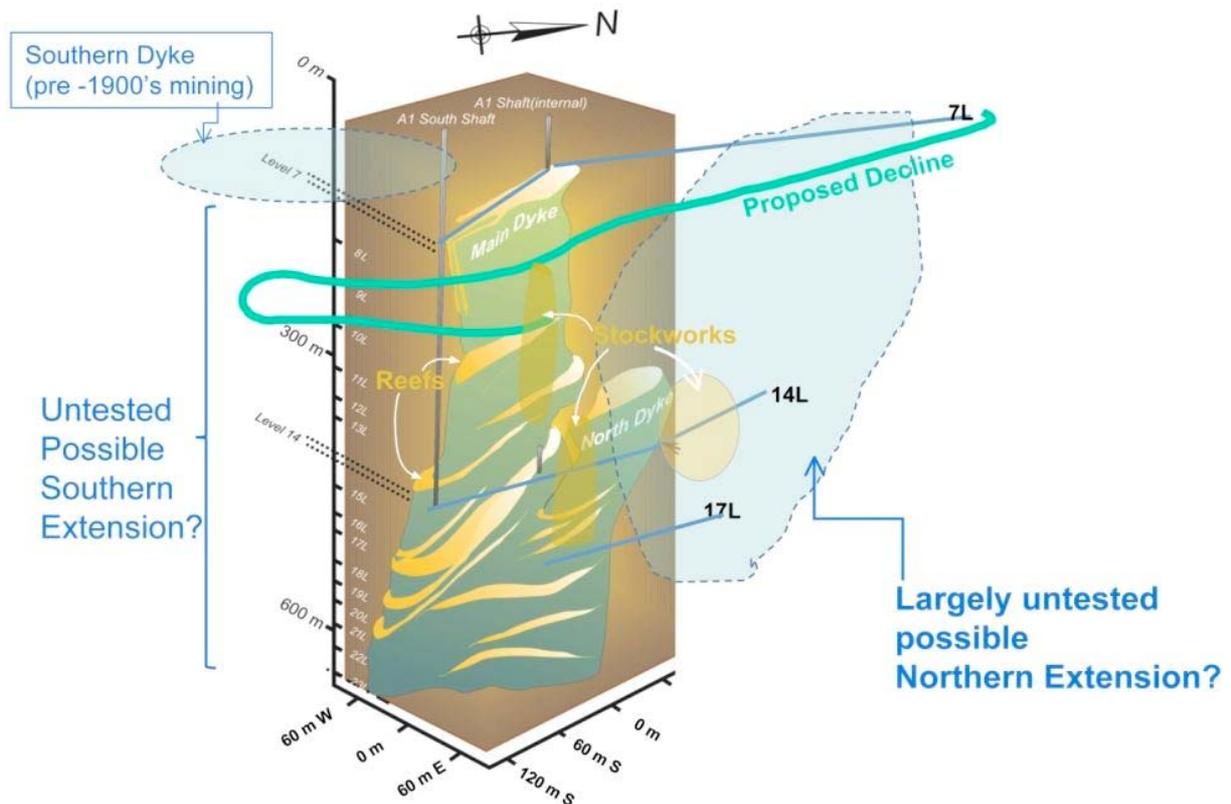
The Yerrilla Nickel Cobalt Project is located 140km north east of Kalgoorlie, where Heron's partner Shanshan Ningbo is undertaking piloting of Shanshan's technology as part of a feasibility study into developing the Project.

Heron has a two year option to purchase the A1 Gold Mine in eastern Victoria, where the Company is developing a decline to evaluate this large historic gold mine. The A1 Gold Mine offers the opportunity for near term cash flow through the project's low capital and operating costs and low entry cost.

## About the A1 Gold Mine

The A1 Gold Mine was discovered in 1861 when alluvial gold was found in the adjacent Raspberry Creek 11 km north of Woods Point in Victoria. Alluvial gold was quickly followed to its source, quartz veins within mafic dykes on the south side of the creek. Mining quickly changed from alluvial to hard rock; exploiting the high grade veins and continued until 1992 when low gold price and the antiquated infrastructure led to shut down of the operations.

The Mine produced approximately 450,000 ounces of gold from 530,436 tonnes of ore during this period. A lower cut off of 22 g/t Au for minable blocks is reported for the last years of the mine, significant areas of ladder veins and stockworks are reported to have grades between 5 and 15 grams per tonne and were not mined by the historic operation. These previously identified stockworks, new areas of stockworks and reefs identified in historic mine drilling but not previously developed are the primary target of the evaluation program to be undertaken by Heron. Lower grade gold mineralisation is also reported from the sulphide rich alteration halos to the vein and stockwork mineralisation. The A1 Mine is hosted in a differentiated mafic igneous intrusion with more in common with the style of gold mineralisation found in the Eastern Goldfields of Western Australia than the sediment hosted lodes of Ballarat and Bendigo. The iron rich nature of the mafic host rocks and the brittle fracturing of the intrusion give rise to the development of gold bearing reefs and the areas of stockworks.



Historical records indicate a very high proportion of gravity recoverable gold present in the mineralisation and this will be the focus of the processing studies. The advantage of gravity processing is the relatively low capital and operating costs, the smaller foot print and the environmentally benign nature of the process. Mapping and extensive face and bulk sampling will support a diamond drill program of up to 18,000m in addition to the decline development.

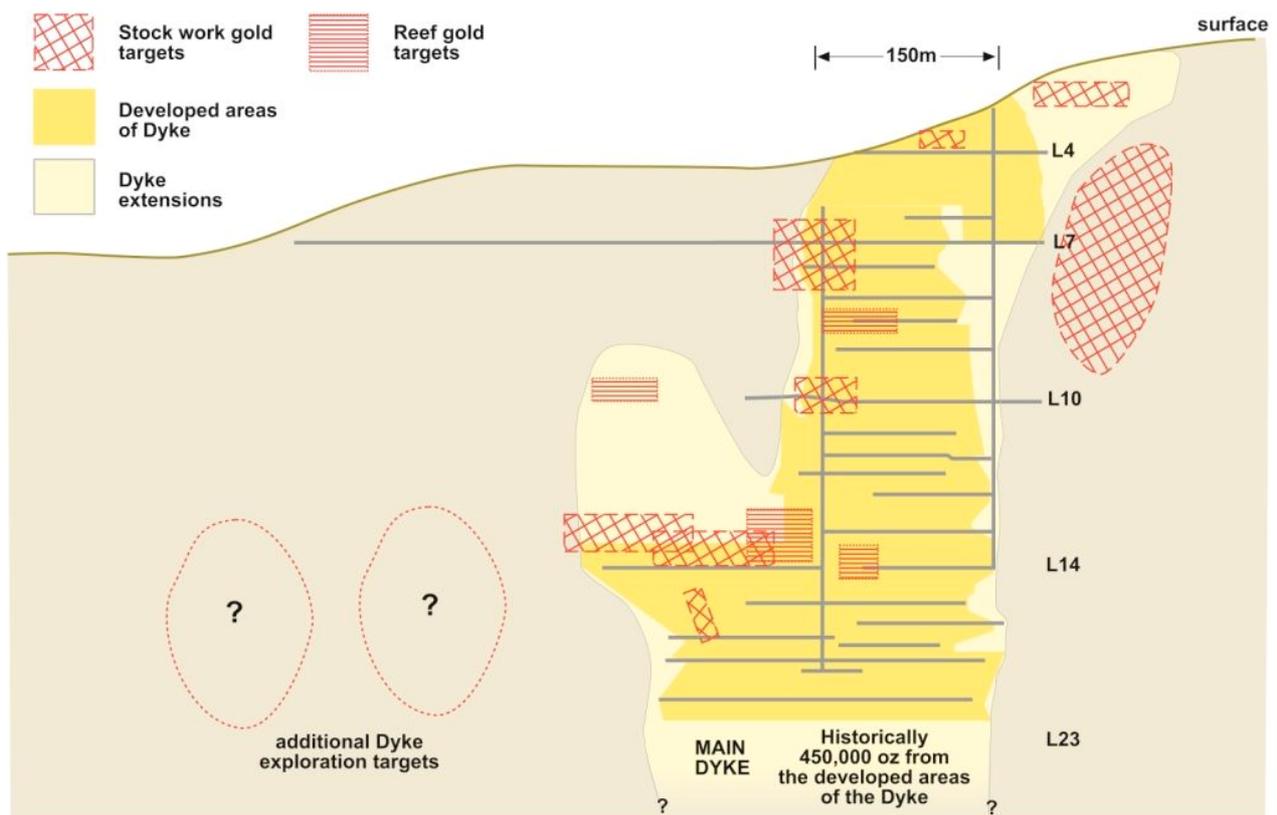
The initial targets will be assessed from the 7 Level adit and the rehabilitated workings between the 4 and 8 Levels. Decline development will provide access below the 8 Level and drill positions to test deeper extensions of mineralisation between the 10 and 14 Level. The decline will be developed as far as the 14 Level if results warrant. Of particular interest is the mineralisation identified in the A1 north or A2 dyke where the dyke increases in width from the 12 Level down increasing the strike of the mineralised dyke to nearly 400m and widths approaching 50 metres.

The exploration decline will be developed from a portal adjacent to the current 7 Level adit and will initially be developed to the 10 Level some 136m below. The decline will be sized at 3.5 x 3.5m and 1 in 7 gradient sufficient to be used for production haulage in the future.

Concurrent to the decline development, existing workings will be rehabilitated to allow geological mapping, sampling and additional drill sites. Drilling will involve both decline and existing working drill sites. This will be followed up with face and bulk sampling.

The total exploration program, including decline development to the 14 Level, exploration, resource estimation and studies is expected to take 24 months at a cost of approximately \$18 million.

### Schematic Long section of A1 Gold Mine showing targets



## Location of the A1 Gold Mine, Gaffneys Creek, Victoria



## Stockworks and ladder veins exposed in upper level of A1 mine



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