



Heron Resources Limited

ASX Release

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Independent Review Supports the Technical and Operational Fundamentals at the Woodlawn Mine

- A review by independent industry specialists has confirmed Woodlawn's technical and operational basis
- Following the delay in completing the process plant construction, plant ramp-up is now proceeding to a revised schedule with Woodlawn now routinely producing marketable base metal concentrates
- Details of a financing package required to address working capital and debt serviceability continues to progress with major shareholders
- Interim debt waiver letter has been provided to the Company to facilitate finance negotiations

Heron Resources Limited (ASX:HRR "Heron" or the "Company") today confirms that the Woodlawn technical review conducted by independent industry specialists has found the project is not facing any significant ongoing technical or operational flaws, and that the plant is now progressing to a revised ramp-up schedule following delays during construction. The Company is satisfied with current ramp-up progress, which is resulting in the routine production of marketable zinc, lead and copper concentrates.

Further work with external advisors is continuing to quantify additional working capital needs, and to structure a financing package that addresses a potential short term working capital deficiency which has been identified. The requirement for additional capital is largely the result of an effective delay of 7 months in project construction completion. Heron and its major shareholders remain confident in the future of Woodlawn, and that once the current working capital deficiency has been addressed, the project will continue to ramp-up to its nameplate capacity.

Heron is engaged in discussions with its major shareholders and senior debt provider with the objective of finalising a finance package which addresses the Company's working capital requirements.

To facilitate these discussions, the senior debt provider has agreed to a standstill arrangement until 27 September 2019 to waive any potential non-compliance with provisions contained in the senior loan facility and stream agreement that relate to maintaining liquidity levels as well as other technical matters.

The voluntary suspension of Heron from trading on ASX will remain in place while the Company works to finalise discussions with its major shareholders and debt providers. The Company will provide further updates to the market as these items progress.

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