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HERON RESOURCES LIMITED

Media Release

19 September 2005

HERON JOINS FORCES WITH ECHELON IN IRON ORE

Heron Resources Limited (Heron) and Echelon Resources Limited (Echelon) are pleased to announce that Heron has agreed to merge its iron ore interests into Echelon, creating a new iron ore explorer and emerging producer.

Heron MD Ian Buchhorn said "Heron has been assembling a package of iron ore assets for the past six years, initially as part of a stainless steel strategy. With Heron deciding on a nickel flow-sheet unsuited to stainless steel production, it concluded that the time was right to realise the value of these assets upon achieving critical mass. This decision has coincided with Heron concluding its partnership agreement with Inco Limited on its world class Kalgoorlie Nickel Project."

"Heron and its corporate adviser, Argonaut Capital, have since reviewed several alternatives with a view to best ensuring the iron ore vehicle is well funded and complemented by quality management."

"Heron is now delighted to be merging its iron ore assets with Echelon. Mr Matthew Rimes, Managing Director of Echelon, is a former director of Robe River Mining and most recently was Executive Manager – Resource Development of Robe River. He is the ideal person to be advancing the iron ore package, and we are very pleased with his involvement."

Mr Rimes said "Since I joined Echelon approximately three months ago I've been seeking assets of the quality that Heron has assembled. The asset package includes development projects at Bungalbin along with a number of large tenement packages in the Pilbara capable of hosting company-making Channel Iron Deposits."

Terms of the Transaction

Pursuant to the Heads of Agreement executed between Heron and Echelon, Heron will merge its iron ore interests into Echelon in return for 25m shares and 10m performance options. Echelon has also appointed Argonaut Securities Pty Ltd to undertake a placement of 11.2m shares at 27 cents to raise approximately \$3 million. Following completion of this capital raising Echelon will have cash reserves in excess of \$7 million which will be sufficient to meet its exploration and development programme for at least the next two years.

In addition, Heron has agreed to grant Echelon a first right over any future iron ore interest it acquires in Western Australia until 30th November 2008.

Heron has agreed to hold the shares in Echelon for a minimum period of nine months at which time it may consider an in-specie distribution of the shares back to its shareholders.

Heron Resources has the right to nominate a director to the Echelon board following completion of the transaction.

A comprehensive announcement by Echelon will follow in due course.

Yours faithfully

Managing Director

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