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HERON RESOURCES LIMITED

ASX / Media Release

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INCO TO PROCEED TO STEP 2 KALGOORLIE NICKEL PROJECT FARM-IN AND JOINT VENTURE

Heron Resources Limited (**ASX: HRR**) (**Heron** or the **Company**) has received advice from Inco Limited (**NYSE: N, TSE: N**) (**Inco**) in respect of the Kalgoorlie Nickel Project (**KNP**) and its Farm-in and Joint Venture (**FIAJV**).

1. Inco has completed Step 1 of the KNP, and having assessed the results, has decided it will continue onto Step 2 pursuant to the KNP FIAJV Agreement; and
2. Inco and the Company will meet this week to finalise and adopt the Program and Budget for the first six months of Step 2. This will allow more flexibility for the Step 2 second six month Program and Budget.

The Step 2 program will include:

1. Determine whether, with the information available, there is an economically feasible process and flow-sheet for the KNP by performing batch test work and mini pilot plant scale tests using the samples collected from the Step 1 drilling and new drilling to be completed in the coming months;
2. Conduct metallurgical investigations in a mini-pilot facility, and evaluate ore blend responses and confirmation of product acceptance; and
3. Investigate drilling methods to yield the necessary information for mineral resource evaluation, and for mining and civil design.

Inco will continue to manage the FIAJV, and additionally will assume responsibility for the management and maintenance of all KNP tenements from the commencement of Step 2 through the following twelve months.

Heron Managing Director Ian Buchhorn said: "The completion of Step 1 is the first of four milestones required by the KNP FIAJV leading to the potential development of the KNP. We appreciate the technical efforts of Inco over the last fourteen months, during a period of high level corporate activity by Inco. We look forward to continuing to work with Inco to bring a successful conclusion to Step 2 by the 30 September 2007 deadline. The decision by Inco to proceed to Step 2 is a clear step forward for both Heron and the KNP."

Heron remains committed to its "Total Nickel Focus Strategy" as announced in July 2006, the KNP being one tier of this three tier strategy. The KNP provides the potential large scale long term nickel growth for Heron, with more immediate growth through the Company's current nickel laterite heap leach and nickel sulphide strategies.

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