



ASX Release – 16 April 2007

HERON ADVANCES TO PRE-FEASIBILITY - JUMP-UP DAM NICKEL PROJECT

HIGHLIGHTS

- **Scoping Study for Heron's 100% owned Jump-up Dam Nickel Heap Leach Project completed.**
 - **Pre-Feasibility Study (PFS) to proceed over next 6 months at expected cost of A\$12 million.**
 - **PFS to evaluate minimum production of 10,000 tonne per annum nickel in intermediate product over 15 year mine life.**
 - **Capex for a 10,000tpa Ni project estimated at US\$300 – 350 million and operating costs of US\$3.00 - 3.20/lb at full production targeted.**
 - **Appointment of study engineering consultants being finalised.**
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Heron Resources Limited (ASX: HRR) is pleased to announce the completion of the Jump-up Dam Project Scoping Study which was commissioned to evaluate production of 5,000tpa nickel in intermediate product by heap leaching and onsite processing. The Scoping Study commenced in September 2006.

Heron Managing Director Mat Longworth, said the completion of the Scoping Study is a milestone for the Jump-up Dam Project in the measured progression toward development. The next milestones will be the new resource estimate and completion of the PFS both scheduled for completion later this year.

"The results of the study give Heron confidence to undertake the PFS which is the next step toward production," Mr Longworth said.

In addition to completion of the Scoping Study, development work at Jump-up Dam has continued on a number of fronts:

- Resource drilling as required for the PFS resource estimate has been completed, including a program of 725 metres of core drilling to provide additional confidence in the RC drill results. The resource estimation will commence upon receipt of outstanding assay results;
- Heritage, archaeological, flora and fauna surveys have been completed with no adverse findings;
- Bulk metallurgical samples from wide diameter Calweld drilling and trenching have been completed in preparation for further large scale column leaching test work;
- Four metre high column leach testwork (replicating expected heap leach operating conditions) has commenced; and
- Heron has entered into an agreement to purchase Menangina Pastoral Property upon which Jump-up Dam is situated. This will provide for improved natural resource utilisation during the life of the project.

The Scoping Study has identified the following key parameters for investigation during PFS :

- An expanded production base of at least 10,000tpa of nickel in intermediate product with a 15 year mine life. Exploration and definition drilling will continue on Heron's highly prospective tenements within the district to delineate additional resources to support further expansion of mine life;
- Average feed grade is approximately 1% nickel. The opportunity to schedule enhanced grades early in the project will be investigated;
- The operation is envisaged to mine, stack and leach approximately 1.4 million tonnes of ore per annum and consume approximately 0.75 million tonnes of sulphuric acid;
- The project will source acid from an on-site acid plant potentially supplemented by purchased acid. Current lead time for an acid plant is in the order of 22 months. Strategies to reduce this lead time are being investigated;
- A low cost source of calccrete or limestone for neutralisation is required, with several localities on Heron leases adjacent to Jump-up Dam having been identified. Volume, quality and cost will be evaluated;
- Sufficient water supply of appropriate quality is required and the search for suitable ground water sources is being accelerated. Several prospective locations have been identified within the project area and initial geophysics and drilling has been undertaken;
- Heap leach design parameters will require demonstration of acceptable technical risk. Trial mining will mine, stack and leach in the order of 20,000 tonnes of run-of-mine ore to evaluate the performance of the proposed operation. Intermediate product will be produced in a pilot plant at SGS Oretest Perth from trial leach solutions;
- Heron estimates capex for the 10,000tpa project inclusive of acid plant at between US\$300 and US\$350 million and will target operating costs upon full ramp up of between US\$3.00 and US\$3.20 per pound of nickel production. Cobalt content is expected to be treated as a credit to the operating cost; and
- The Jump-up Dam operation is proposed to be a nil discharge site. The Scoping Study cost estimates are based on the leading industry practice Health, Safety and Environmental (HSE) standards. Specifically, all product shipments are envisaged to be containerised.

Based on the above Scoping Study outcomes and completion of funding arrangements pursuant to the recent RBC placement, the Board has agreed to commit to the full PFS.

The project approvals process is being managed by consultants Sinclair Knight Merz, with the first milestone being the approval for the trial mining and test heap leach during the second half of 2007.

Demonstration-scale nickel-cobalt intermediate product will be produced from this trial program in late 2007.

Evaluation of proposals from engineering consultants to undertake the PFS is nearing completion with the contract expected to be awarded before the end of April 2007. Completion of the PFS is scheduled for third quarter 2007 followed by a definitive study to be completed in the first half of 2008.

Commercial production is targeted to commence during 2009 with ramp up completed during 2010 upon completion of the acid plant construction and commissioning.

The Company has received several enquiries in respect of nickel offtake rights. At this stage, Heron controls 100% of the Jump-up Dam offtake and marketing.

Community liaison in respect of proposed operations and land access has commenced, involving full consultation with stakeholders.



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ABOUT HERON

MAJOR PROJECTS KEY FACTS

Jump-up Dam Heap Leach

- Heron 100% ownership and management.
- Minimum 10,000tpa of Ni in intermediate product over 15 year mine life.
- JORC Compliant Inferred Resource of 41.6 Mt at 0.82% Nickel and 0.05 % Cobalt.
- Pre-Feasibility Study to proceed over next 6 months.
- Trial mining and leaching scheduled for last quarter 2007.
- Production to commence during 2009 with ramp to full production by 2010.

Kalgoorlie Nickel Project

- CVRD-Inco earning 60% from Heron through partnership with Heron.
- Large scale long life nickel project.
- Currently at Pre-Feasibility Study stage, with Step 2 of study scheduled for completion by September 2007.
- Full Feasibility Study completion anticipated by July 2011.
- CVRD-Inco funds all feasibility studies subject to agreed milestones.
- CVRD-Inco to secure project debt funding at 70:30 debt to equity ratio.
- CVRD-Inco loans Heron all but 4.5% of equity component, repaid from 80% of Heron's share of free cash flow.