



**Heron Resources Limited**

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Company Announcements Office  
Australian Stock Exchange Limited  
4<sup>th</sup> Floor, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**IN SPECIE DISTRIBUTION OF HERON RESOURCES LIMITED'S SHAREHOLDING IN  
EPSILON ENERGY LIMITED**

The Directors of Heron Resources Limited ("Heron") and Epsilon Energy Limited ("Epsilon") wish to advise that Heron's shareholding in Epsilon will be distributed to Heron shareholders with effect on 15 June 2007.

On 1 December 2006, Heron shareholders approved the de-merger of Epsilon from Heron and the transfer of Heron's Uranium assets to Epsilon. The consideration for transferring these assets comprised the issue by Epsilon of 10 million ordinary shares and 15 million options at an exercise price of \$0.25. Epsilon was subsequently admitted to the Official List of the Australian Stock Exchange ("ASX") on 13 December 2007 after a successful \$4 million initial public offer (ASX Code EPS).

The 15,000,010 ordinary shares, vendor consideration plus seed capital, have been held in trust on behalf of Heron shareholders and will be distributed to Heron shareholders for no cost as a distribution in specie on a pro rata basis of approximately one Epsilon share for every 11.96 Heron shares held. As previously advised by Heron the record date for Heron shareholders entitlement to the Epsilon in specie shares was 11 December 2006. Heron will not retain any shareholdings in Epsilon following the distribution. Heron has been granted a waiver from vendor restriction requirements imposed on the shareholding from the ASX which will allow the shares to trade freely, although approximately 23% of the shares will be distributed to Heron Directors and will therefore still be vendor restricted for a period of two years from Epsilon listing date.

Following completion of the in specie share distribution, it is intended that Epsilon will be offering shareholders with uneconomic parcels of shares the opportunity to sell their Epsilon shareholding without any brokerage deducted. Such shareholders will be notified in writing shortly by Epsilon.

Epsilon is presently at an exciting stage of its development in line with its stated intentions and work programmes. Since listing, Epsilon has traded at an average of approximately \$0.40 being 100% premium to listing price with a diluted market capitalization of \$25,300,004 at \$0.40 per share. The Company's uranium exploration program now covers more than 10,000km<sup>2</sup> in proven uranium provinces with the company focused on exploring and developing economic deposits, supported by a uranium experienced and multi-disciplined board and management team.

Yours sincerely

N Mathew Longworth  
MANAGING DIRECTOR  
HERON RESOURCES LIMITED

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