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UPDATED MINERAL RESOURCE ESTIMATES FOR KALGOORLIE NICKEL PROJECT

SUMMARY

- The total combined resource base of the KNP is updated to an estimate of 959.0 Mt grading approximately 0.74% nickel and 0.045% cobalt (7.1 Mt of contained nickel metal, 0.43 Mt of contained cobalt metal)
- The estimation methodology is designed to better reflect the recoverable nickel grades based on selective mining units
- These resources form the basis of ongoing mining engineering studies

Heron Resources Limited (ASX:HRR) (Heron) is pleased to announce the completion of updated mineral resource estimates for five nickel laterite deposits that form part of Heron's Kalgoorlie Nickel Project (KNP) in Western Australia. The total combined resource base of the KNP is updated to an estimate of 959.0 Mt grading approximately 0.74% nickel and 0.045% cobalt (Table 2).

The estimates have been classified as Measured, Indicated and Inferred Mineral Resources in accordance with the JORC Code (JORC2004) and detailed in Table 1. These resource estimates supersede the previous resource estimates for the Goongarrie South and Siberia North prospects (2007), Highway and Goongarrie Hill prospects (2008), and the Big Four prospect (2004). The new resource estimates for the Highway, Goongarrie Hill, Goongarrie South and the Big Four prospects have been prepared in-house by Heron's Resource Specialist, while the estimate for the Siberia North prospect has been prepared by Snowden Mining Industry Consultants (Snowden) with technical input from Heron.

The impact of these improved estimates is a decrease in tonnes by 3% with a commensurate increase in grade of 3% and a resultant small increase in contained metal. Categorisation of the new resource estimates reclassified portions of the resources from Indicated to Inferred categories, reflecting industry standards in classification of laterite resources, primarily relating to drill-hole spacings in the relevant deposit.

The estimation methodology is designed to better reflect the recoverable nickel grades based on selective mining units. These resources form the basis of ongoing mining engineering studies which will optimise each deposit and the schedule for extraction of the ore, based on screen upgrade beneficiation of the resources.

The estimation methodology is identical to that used by Heron for the Yerilla Project, which methodology has been validated against trial mining.

The new estimates for the Goongarrie Hill, Goongarrie South, Siberia North and Highway prospects incorporate additional RC drilling undertaken in 2007 and 2008 for which assay results were unavailable prior to the Vale PFS resource estimation, and RC drilling at the Big Four prospect completed in 2006 for which no formal updated resource estimate has been generated until now.

Nickel and cobalt resources were initially estimated by ordinary kriging into parent blocks with dimensions selected based on the drill hole spacing and analysis of mineralisation continuity at each of the prospect areas (parent block dimensions noted in resource tabulations below). Kriged MgO, FeO, Al₂O₃, SiO₂, CaO, Mn, and Cr estimates were also completed and used to assign geochemical material type coding into the resource models and calculate ore processing parameters. This data will be used for input into an updated mine optimisation study of the KNP, which commenced in late October 2009.

A second resource estimate for nickel was generated by uniform conditioning using selective mining unit (SMU) dimensions of 10mE by 10mN by 4mRL in order to produce an estimate of the tonnage and grade recoverable by selective mining once close spaced drilling (grade control) is carried out during future mining. The uniform conditioning estimate for nickel and ordinary kriged estimates for the other elements form the basis of the updated mine optimisation study.

The updated Mineral Resources based on uniform conditioning for nickel and ordinary kriging for cobalt for each of the five deposits are reported below in Table 1 while the Mineral Resources for the entire KNP (including the updated estimates) are displayed in Table 2.

Table1 - Mineral Resource Estimates for Highway, Goongarrie and Siberia North areas (0.5% nickel cutoff grade)

Region	Resource Category	Million Tonnes	Ni%	Co%
Highway	Measured			
	Indicated	52.7	0.72	0.039
	Inferred	40.4	0.70	0.038
	Meas+Ind+Inf	93.1	0.71	0.038
Goongarrie Hill	Measured			
	Indicated			
	Inferred	66.6	0.67	0.031
	Meas+Ind+Inf	66.6	0.67	0.031
Goongarrie South	Measured	5.6	1.11	0.107
	Indicated	48.1	0.85	0.067
	Inferred	47.0	0.69	0.035
	Meas+Ind+Inf	100.7	0.79	0.054
Big Four	Measured			
	Indicated	40.4	0.77	0.049
	Inferred	13.4	0.71	0.045
	Meas+Ind+Inf	53.9	0.76	0.048
Siberia North	Measured			
	Indicated	15.6	0.71	0.040
	Inferred	75.9	0.73	0.033
	Meas+Ind+Inf	91.5	0.73	0.034

Notes: Tonnage (dry) and grade estimates have been rounded to reflect the estimation precision.

Table2 - Mineral Resource Estimates for total KNP Project Area (0.5% nickel cut-off grade)

Region	Prospect	Million Tonnes	Ni %	Co %	Resource Category	Estimation Method	Estimate Source	Study Period
Goongarrie	Goongarrie South	5.6	1.11	0.107	Measured	Recoverable	Heron	Post PFS
	Goongarrie South	48.0	0.85	0.067	Indicated	Recoverable	Heron	Post PFS
	Goongarrie South	47.0	0.69	0.035	Inferred	Recoverable	Heron	Post PFS
	Highway	52.7	0.72	0.039	Indicated	Recoverable	Heron	Post PFS
	Highway	40.4	0.70	0.038	Inferred	Recoverable	Heron	Post PFS
	Goongarrie Hill	66.6	0.67	0.031	Inferred	Recoverable	Heron	Post PFS
	Big Four	40.4	0.77	0.049	Indicated	Recoverable	Heron	Post PFS
	Big Four	13.5	0.71	0.045	Inferred	Recoverable	Heron	Post PFS
	Scotia	11.2	0.77	0.080	Inferred	Krige	Snowden	Pre PFS
	Sub-total	325.4	0.74	0.045				
Siberia	Siberia South	111.8	0.65	0.035	Inferred	Krige	Snowden	Pre PFS
	Siberia North	15.6	0.71	0.040	Indicated	Recoverable	Snowden	Post PFS
	Siberia North	75.9	0.73	0.033	Inferred	Recoverable	Snowden	Post PFS
	Black Range	20.4	0.75	0.102	Inferred	Krige	Snowden	Pre PFS
	Ghost Rocks	47.3	0.66	0.042	Inferred	Krige	Snowden	Pre PFS
	Sub-total	271.0	0.69	0.041				
KNP West	Total	596.4	0.71	0.043				
Bulong	Main	85.5	0.86	0.053	Indicated	Krige	Snowden	Pre PFS
	Main	141.7	0.75	0.045	Inferred	Krige	Snowden	Pre PFS
	East	14.0	0.89	0.046	Indicated	Krige	Snowden	Pre PFS
	East	28.8	0.79	0.053	Inferred	Krige	Snowden	Pre PFS
	Sub-total	270.0	0.80	0.048				
Hampton	Kalpini	76.4	0.73	0.0	Inferred	Krige	Snowden	Pre PFS
	Rebecca	16.2	0.94	0.1	Inferred	End Area	Heron	Pre PFS
	Sub-total	92.6	0.77	0.045				
KNP East	Total	362.6	0.79	0.048				
KNP	Grand Total	959.0	0.74	0.045				



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The information in this report that relates to Mineral Resources for the Highway, Goongarrie Hill, Goongarrie South and Big Four prospects is based on information compiled by James Ridley who is a Member of the Australasian Institute of Mining and Metallurgy. James Ridley is full time employee of Heron Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the resource estimation activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. James Ridley consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The information in this report that relates to Mineral Resources for the Siberia North prospect is based on information compiled by Shaun Hackett who is a Member of the Australasian Institute of Mining and Metallurgy. Shaun Hackett is full time employee of Snowden Mining Industry Consultant and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the resource estimation activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Shaun Hackett consents to the inclusion in this report of the matters based on his information in the form and context that it appears. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

The information in this report that relates to Exploration and data (including drilling data, database quality, geological interpretation and density modelling) is based on information compiled by James Ridley who is a member of Australasian Institute of Mining and Metallurgy. James Ridley is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activities undertaken to qualify as Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. James Ridley consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

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