



Heron Resources Limited
ACN: 068 263 098
Level 1, 37 Ord Street
West Perth WA 6005

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COMPLETION OF KALGOORLIE NICKEL PROJECT PRE-FEASIBILITY STUDY REVISION

Heron Resources Limited is pleased to announce the conclusion of its review and revision of the pre-feasibility study (PFS) for the Kalgoorlie Nickel Project (KNP), completed by Vale Inco (Vale) in January 2009.

The revision has resulted in a larger project with lower operating costs and lower capital intensity per pound of nickel production, better resource utilisation and a more even production profile.

Heron completed new resource estimates, further metallurgical studies and a detailed mining study. The mining study looked at optimising individual pits and the overall mining sequence. This study evaluated the project performance over three production rate scenarios of 2.5Mt (Vale Base Case), 3.75Mt and 5Mt per annum of leach feed. The 3.75Mtpa leach feed scale is preferred as it provides the best project performance.

The updated resource estimates for the Highway, Goongarrie Hill, Goongarrie South, Siberia North and Big Four deposits were generated using an approach that accounts for mining parameters (recoverable resources) which was not considered in the previous resource estimates (in-situ geological resources). Additional drilling would be undertaken in a future feasibility study to further assess the short range variability of grades and material types to be allowed for in updated resource estimates. It should be noted that only five of the 14 defined resource areas have been considered in the current PFS revision, to allow direct comparison with the previous Vale study.

Metallurgical studies looked at better definition of the material types based on geochemical criteria developed by Heron, but still applying the Vale test work to these new material type classifications. Test work was used to estimate key operating parameters including beneficiation up-grade, mass of ore reporting to leach feed and acid consumption. Small incremental improvements in confidence levels of the estimation of these parameters were observed, resulting in more robust overall estimates. Further extensive metallurgical test work would be required during a feasibility study to provide further confidence in the estimates of these important parameters.

The mining study produced optimised pits for each of the five resource areas based on estimates of metallurgical performance and operating costs for each resource block. Dynamic lower cut off grades were evaluated and used for this optimisation and cut over grades from beneficiation to direct feed ore were developed to optimise project value. The study value ranked pit shells and then developed a mining sequence to maximise cash flow and return from the operation. This results in cycling between the five pits to maximise return (commonly used by other miners in multi-pit operations, sometimes known as pit phasing). This study resulted in superior resource utilisation and stable nickel production resulting in superior utilisation of process plant.

Capital estimates for the three production rates were scaled from the Vale estimate using industry standard factors. It should be noted that the base data for capital and operating cost estimation are now 18 months old. A closer estimate of capital costs would be provided by a future feasibility study. As the scale of the operation increases the operating cost reduces and the capital intensity decreases. Construction is estimated to take approximately 3 years and project ramp up to full production is assumed to be 3 years.

The project is a substantial long term source of nickel in a stable jurisdiction near established infrastructure. The company believes this project should be developed in partnership and is currently undertaking a process to identify potential partners. Future steps for the project will be mapped out once the partner search process is complete.

Product physical parameters are set out in the table below.

Table 1 - Project Physical Data			
Parameter	Vale PFS	Revised 1	Revised 2
Capacity Mtpa Leach Feed	2.5	3.75	5.0
Mine Life	34	35	26
Average Ni Production tpa	22,200	36,700	49,400
Overall Opex US\$/lb Ni ¹	4.54	4.17	4.01
Pre-production Capex A\$M	2,102	2834	3467
Overall Capex US\$/annual lb Ni ¹	40.45	36.1	31.2



N Mathew Longworth
Managing Director

For media inquiries, please contact: Paul Downie, FD Third Person, 0414 947 129, (08) 9386 1233

The information in this report that relates to Mineral Resources is based on information compiled by James Ridley who is a Member of the 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 resource estimation 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. Note that Mineral Resources that are not Ore Reserves do not have demonstrated viability.

About Heron

Heron is a mineral resources development company with interests in nickel and gold located in the Eastern Goldfields of Western Australia and eastern Victoria.

Heron's gold interests include the A1 Gold Mine in Victoria where it is evaluating the reopening of this large historic mine. Heron holds a two year option to purchase the A1 Gold Mine. This project offers Heron the opportunity for near term cash flow developed through the Company's cash reserves and it has several potential advantages including low capital and operating costs and a competitive entry cost.

The Kalgoorlie Nickel Project (KNP) is one of the largest undeveloped nickel laterite projects in the world. Heron is currently seeking a partner to assist developing this project. The KNP has several advantages including a large resource base, access to supporting infrastructure and low sovereign risk.

The Yerrilla Nickel Cobalt Project is located 140 kilometres north east of Kalgoorlie, where Heron's partner Shanshan Ningbo is undertaking piloting of Shanshan's technology as part of a feasibility study into developing this project.

Heron has a well credentialed project team leading its advanced stage evaluations.

Heron is debt free and holds \$63 million in cash, ensuring the Company is well placed to pursue other development opportunities in the resources sector both domestically and abroad.