



ASX Release – 30 April 2010

KALGOORLIE NICKEL PROJECT UPDATE

Heron Resources Limited (ASX:HRR) advises that in response to a partner search aimed at introducing a development partner to the Kalgoorlie Nickel Project (KNP), no proposals acceptable to Heron have been received. As a result, the Board has resolved to maintain its 100% unencumbered ownership of the project, and intends to keep the project under constant review as the nickel price continues to improve and technical developments for nickel laterite projects continue to evolve.

The KNP has the advantage of being a large, high quality resource and the Project has many other favourable characteristics including good local Infrastructure, low sovereign risk, access to a skilled labour pool, low environmental risk for tailings disposal, and supportive government, environment agencies and community. The previous farm-in partner noted that the KNP is one of the most prospective nickel laterite tenement packages in the world, containing a significant resource of contained nickel metal.

Heron has since late 2009 restructured the KNP tenement holding to retain key resource tenements, with tenements considered highly prospective for mineralisation other than nickel, such as gold, now divested. Heron retains the nickel rights on a number of these tenements. Incurred expenditure of AU\$34.5M (fully funded by the previous partner) during the Pre-feasibility Study completed in mid 2009 has ensured that the Project tenements' minimum expenditure commitments have been met and maintained in good standing for a considerable time.

Since mid 2009, Heron's KNP work has focused upon mineral resource estimation, and optimising the metallurgical flow-sheet for the project. These have largely been desk studies which further optimised the extensive physical testing programs completed during the 2005-2009 Pre-feasibility Study.

In the 2009 PFS completed by the former farm-in partner the cash cost for KNP nickel production was estimated at US\$4.42 per pound, which compares favourably to current nickel prices which are in excess of US\$11.50 per pound (US\$25,000+ per tonne). The KNP retains a significant option value for Heron and the Company will seek to crystallise this option value as the outlook for nickel laterite developments continues to improve.

A handwritten signature in blue ink that reads 'N. Mathew Longworth'.

N Mathew Longworth
Managing Director

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