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## Yahoo! Australia & NZ Finance

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### Heron says to fast-track Australian nickel plans

SYDNEY, July 13 (Reuters) - Heron Resources NL (ASX: [HRR](#)) said on Tuesday it was fast-tracking plans to develop a new nickel processing plant in the Australian outback after a study showed the A\$1.4 billion (\$1 billion) project's profit potential.

The plant would number among a small handful of Australian operators gleaming nickel and cobalt from clay-like laterite ores, as opposed to sulphide ores mined by most nickel producers in the region.

The plant would target sales of 50,000 tonnes of nickel and 3,000 tonnes of cobalt annually, generating revenue of A\$710 million against operating costs of A\$312 million, Heron said.

This would leave pretax profit at A\$276 million after refining and capital replacement charges, Director Ian Buchhorn said.

Last week, Heron unveiled plans for the project after reassessing the richness of 862 million tonnes of ore in the Kalgoorlie region of Western Australia.

The financial performance projections were based on a scoping study by independent engineers Sinclair Knight Merz. The overall cost of the project was estimated at A\$1.4 billion, Buchhorn said.

"We have commenced planning for a prefeasibility study, with an intention for project construction in 2007/2008," Buchhorn said.

Buchhorn said the plant's design would draw on experiences in processing laterite ores at the Murrin Murrin nickel plant, the BHP Billiton Ltd (ASX: [BHP](#))BLT.L Ravensthorpe project under development and other plants in the area.

The largest of the projects to date, Murrin Murrin, owned by Minara Resources Ltd MRE.AX, ran years behind schedule, only now reaching its peak production target of 40,000 tonnes a year.

Another high-profile project, the Bulong nickel mine and processing plant, yielded between 500 and 600 tonnes of nickel a month in its heyday, but never reached its design capacity of around 10,000 tonnes a year before being closed.

The nearby Cawse project was rejigged to yield intermediate ore material after being acquired by U.S.-based OM Group OMG.N. from Centaur Mining.

BHP Billiton is spending \$1.4 billion to develop its Ravensthorpe nickel mine to feed its east coast refinery.

Heron last traded 15.5 percent firmer at 26 cents. (\$1=A\$1.37)

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