

**Attention ASX Company Announcements Platform  
Lodgement of Open Briefing®**



Heron Resources Limited  
21 Close Way  
Kalgoorlie, Western Australia 6430

---

**Date of lodgement:** 20-Feb-2007

**Title:** Open Briefing®. Heron Resources. Jump-up Dam Update

**Record of interview:**

**corporatefile.com.au**

Heron Resources Limited has updated its Inferred Resource at the Jump-up Dam nickel project in Western Australia to 41.4 Mt @ 0.82% Ni, including ~19.1 Mt @ 1.07% Ni. What do you anticipate the mineral bank will look like as you move toward a mineable reserve? What further drilling is planned this year?

**MD Mat Longworth**

Infill drilling is underway to increase confidence in the mineral resources estimate to facilitate reserve estimation. From this, we'll undertake mine planning and scheduling, we'll understand a lot more about mine life and resource to reserve conversion, which is an iterative process.

The conversion ratio of resources to reserves is dependent on several factors especially nickel price and operating costs. At current prices the conversion ratio would be very high, however the higher grade and shallow mineralisation we've encountered at Jump-up Dam, suggests a reasonable proportion of the 19.1 million tonnes to convert to reserves using longer term prices. On completion of infill drilling, we'll undertake further expansion drilling, in the area between the eastern and western zone of mineralisation. We've only got two lines of drilling across this area and it's fairly open, although we suspect at slightly lower grade than the two main zones.

The pre-feasibility study will continue to refine the reserve parameters and optimise the project. At this stage, we're targeting a reserve grade of around 1% nickel.

**corporatefile.com.au**

The scoping study for the Jump-up Dam Project is expected this quarter. What work has been completed to date? What are your key determinants for an economically viable project? What are your funding options? What happens after the scoping study is completed?

**MD Mat Longworth**

The scoping study includes results from the resource estimation, preliminary mining studies and environmental review including field surveys. In the metallurgical area, testing includes approximately 16, 1 metre column leach samples and the first 40 days leaching of a 4 metre tall column along with concept level design and process modelling.

Jump-up Dam has some higher grades close to surface which are important for an economic project. So far, our leaching studies have indicated rapid leaching of most samples, with the target of 70% nickel recovery reached in less than 100 days. Secure acid supply on economically favourable terms is one of the key drivers to a viable project. To this end an acid plant option is included in the study. Quality and availability of labour as well as low staff turnover are other key drivers to successful projects. We're working on these two aspects, both with our consultants, Aker Kvaerner Australia, and as part of our in-house studies.

After completion of the scoping study we will commence our pre-feasibility study and we've commenced pre-feasibility study data collection and test work activities to minimise downtime between studies. These activities include long-term leach tests, including heap management strategies. We also have 2 RC drill rigs currently working on site, along with a Calwell rig, which is a bucket rig undertaking bulk sampling for metallurgical test work as part of the pre-feasibility study.

During March, we'll commence our diamond drilling program to assess the geotechnical properties and derive a mineralisation density dataset for our next round of resource estimation. The project team is gearing up for the pre-feasibility study and our engineering and other consultants are submitting plans and costing along with schedules for this work, which will then flow into the definitive study.

In terms of funding options, during the study phase we anticipate we'll use equity to fund the studies. As we approach the definitive study, we will continue to talk with a range of financial institutions and will look at the optimum mix of project debt and equity funding for the project.

**corporatefile.com.au**

The Kalgoorlie Nickel Project is a joint venture between Heron and CVRD-Inco. What has been CVRD's receptivity toward the future of the KNP since taking over Inco in 2006? Can you update the progress made on the project over the last 12 months? What are the plans this year?

**MD Mat Longworth**

CVRD-Inco has completed a review of the project and looked at the proposed program. The program through to September 2007 targets metallurgical test work and flow sheet conceptual studies, along with geological programs to better understand the controls on mineralisation. Inco had commenced these studies prior to completion of the CVRD-Inco transaction.

CVRD-Inco appears to be supportive of these programs and it is looking to expand and include additional options which we are also in favour of doing. We look forward to working with CVRD-Inco on the KNP. Heron has recently strengthened our Board with Directors who bring complementary laterite experience that enable us to contribute in a positive and constructive way to the development of the KNP project.

**corporatefile.com.au**

Jump-up Dam is a significant project for Heron. What about your regional exploration program?

**MD Mat Longworth**

Despite the large amount of work going into Jump-up Dam, our regional exploration effort is continuing with the focus being on nickel. During December, we completed a drill program at the Aubils Prospect, approximately 70km north-east of Jump-up Dam. This drilling identified a number of areas of nickel laterite mineralisation with intercepts above 1% nickel. We'll be testing a further three laterite projects in the district over the coming months and these have the potential to possibly feed into the Jump-up Dam Project, or be projects in their own right.

Sulphide exploration has included looking at opportunities within our own tenements and sulphide acquisitions. This will continue and likely increase in this pace after we've completed the indicated resource estimate at Jump-up Dam (scheduled for March). We will redeploy part of our exploration team from the project and to refocus exploration on the next opportunity in the pipeline. We will leave a geological development team in place to work on Jump-up Dam as part of the Jump-up project team.

**corporatefile.com.au**

You were recently appointed Managing Director. There have also been several other notable changes to your executive team this year. Could you outline the new appointments and what their relevant experience and responsibilities will be in guiding Heron's future?

**MD Mat Longworth**

In December 2006, Heron appointed Stephen Dennis to the Board. He brings experience in financing and the operation of nickel laterite projects as well as an understanding of their cost drivers. More recently, Stephen held a senior role with logistics company, where he gained experience in relation to the transport of sulphuric acid, a key component of our process and one of the cost drivers to the overall Jump-up Dam project.

Later that month, Heron appointed Ken Hellsten as a Non Executive Director. Ken has experience in the study, construction and operation of nickel laterite projects in WA. I first worked with Ken at Billiton in the late 1980's and on a gold development project in the Northern Territory in the early 1990's; our paths have crossed several times over the last 15 years.

The new executive team has strengthened the Company for its transition from explorer to developer and on to producer. We've appointed Kevin Reynolds, a metallurgist with over 20 years experience, as Project Manager for Jump-up Dam. Kevin has experience with heap leach operations and nickel hydrometallurgy. His responsibility is to deliver the studies of the Jump-up Dam Project, leading to a decision to construct and then to oversee the actual construction, delivery, and commissioning through to handover to the project operational team.

In addition to Kevin, Rob Klug recently joined the executive team as Commercial Manager and General Counsel. Rob is a lawyer with strong resources legal experience and exposure to financial markets, bringing considerable strength in both the commercial and legal aspects of developing the mining business. Rob will play a key role as part of the team in delivering the Jump-up Dam Project along with other projects in our development pipeline over the coming years.

#### **corporatefile.com.au**

Heron vended its uranium and copper-gold assets into two new ASX-listed companies: Epsilon Energy and Rubicon Resources respectively, leaving the company as a nickel-only concern. Why did you choose to do this? Are you concerned about being leveraged to only one commodity? Will Heron have any ongoing involvement in either company?

#### **MD Mat Longworth**

The rationale for vending those assets was that as assets within Heron they were not recognised by the market. Management attention was focused on Jump-up Dam and the KNP rather than these projects.

To deliver our first projects, in particular Jump-up Dam, then the KNP, it is important for Heron to focus on one commodity. Nickel has been the focus for Heron since listing in 1996. We've developed our experience in nickel laterite in the last 10 years. It was natural to leverage off this experience and the portfolio projects we have.

The market appears to favour companies who focus on single commodity. Heron's strengths and capabilities are now directed into nickel in which we have experience. There are always concerns about being highly leveraged to one commodity; however the outlook for nickel over the coming years is positive. Nickel will provide Heron with the basis to develop our projects, and grow to develop other opportunities in the future.

After the recent listing of both companies, Heron received vendor shares which it will distribute in-specie to Heron shareholders during the first 12 months after listing of both companies.

Whilst we hold the vendor consideration, we have Directors on the Boards of both Rubicon and Epsilon. I sit on the Board of Epsilon Energy and Ian Buchhorn sits on the Board of Rubicon Resources.

**corporatefile.com.au**

Labour shortages and high costs continue to impact the Australian resources industry. How are Heron meeting these challenges as its project development pipeline matures? What are the main priorities for the company?

**MD Mat Longworth**

Labour shortages and high costs are fact of life in the Australian resources industry and we have to include them in our planning. We're managing labour impacts by identifying our project requirements early and commencing the recruitment process at a measured rate, so we have the labour on hand by the needed date, rather than having to rush the recruitment process and potentially get the wrong people. It's more about having the right team of skilled and dedicated people than the actual pay rate, as poor retention and high turnover cost the project significantly more.

We've been able to identify the key cost drivers to our project and commenced discussions with potential suppliers both domestically and overseas for parts of the process unit and key processing reagents such as acid, limestone and magnesia.

Heron's priority is to deliver the Jump-up Dam Project. We've announced key appointments to the executive team, and are now cascading down to the development team and putting in place the right people in the coming months which will stand us in good stead as we move through the studies, construction and into operation.

We believe our ability to attract and retain the calibre of people that make up the new leadership team in the current market reflects the growing industry recognition of the quality of our projects.

**corporatefile.com.au**

Thank-you Mat.

---

For further information on Heron Resources Limited visit [www.heronresources.com.au](http://www.heronresources.com.au) or call Mat Longworth on (08) 9215 4444.

To read other Open Briefings, or to receive future Open Briefings by email, please visit [www.corporatefile.com.au](http://www.corporatefile.com.au).

**DISCLAIMER:** Corporate File Pty Ltd has taken reasonable care in publishing the information contained in this Open Briefing®. It is information given in a summary form and does not purport to be complete. The information contained is not intended to be used as the basis for making any investment decision and you are solely responsible for any use you choose to make of the information. We strongly advise that you seek independent professional advice before making any investment decisions. Corporate File Pty Ltd is not responsible for any consequences of the use you make of the information, including any loss or damage you or a third party might suffer as a result of that use.