

MEDIA RELEASE
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HERON MOVES ON LATERITE PRODUCTION OPPORTUNITIES FOR GOONGARRIE

***DISCUSSIONS UNDERWAY WITH WMC FOR POSSIBLE SUPPLY TO
KWINANA***

Kalgoorlie-based lateritic nickel group, Heron Resources Limited, has moved closer to securing some exciting production opportunities to monetise its nickel laterite deposits, including preliminary discussions to supply a nickel hydroxide product to WMC Limited's Kwinana Nickel Refinery.

The WMC discussions highlight a significant new opportunity for Heron to supply an intermediate laterite product with a refinery such as Kwinana acting as the 'back-end' to the process.

The Kwinana refinery currently produces 60,000 tonnes a year of nickel, but could boost its capacity in future as high as 100,000 tonnes, with some of its additional feed potentially sourced from alternative sources, such as the laterite deposits.

Another similar opportunity exists through a previously negotiated arrangement for Heron to contribute ore to a jointly-owned processing plant based on Keith Kilkenny Province ore outside of Heron's strategic alliance with the Cawse Nickel Project.

Heron's Managing Director, Mr Ian Buchhorn, said the Company's Goongarrie resource was attracting wide industry interest as a premium nickel laterite resource, with further drilling during the December Quarter upgrading 74% of the resource to Indicated category. Total Inferred and Indicated resources for the project stand at **180 million tonnes at 1.05% nickel and 0.08% cobalt**.

"We have continued to generate some outstanding, high-grade drilling results during the Quarter to upgrade the Goongarrie resources while also carrying out metallurgical testing and other work as part of our contribution under the Cawse Stage II Bankable Feasibility Study," Mr Buchhorn said.

"This remains our key focus in terms of production opportunities, and has a potential production credit for Heron of 12,000 tonnes per annum of nickel metal," he added.

Heron continued to turn in high-grade drilling results from the Goongarrie deposit during the December Quarter, with some 1,073 RC drill holes now completed on the deposit – an outstanding achievement for a junior explorer.

Best results included **42 metres at 1.25% nickel and 0.22% cobalt from 49 metres, 46 metres at 1.48% nickel and 0.11% cobalt from 12 metres, 42 metres at 1.17% nickel and 0.09% cobalt from 3 metres, 44 metres at 1.19% nickel and 0.09% cobalt from 6 metres and 40 metres at 1.51% nickel and 0.11% cobalt from 17 metres**.

Mr Buchhorn said Heron had been presented with several new and innovative commercial opportunities for its nickel laterite projects, most of which had arisen as a result of the technical feasibility of the Pressure Acid Leach (PAL) treatment process.

“Our strategy is to continue to upgrade the Goongarrie resources from Inferred to Indicated status, to continue the discussions with WMC as well as other parties interested in investing in the nickel laterite business, while continuing to farm out our non-nickel projects,” he added.

Heron has been highly successful in negotiating joint ventures on its non-nickel assets, with joint venture partners committed to spend some \$1.5 million annually on its projects while Heron is free-carried. These projects include gold, base metals, iron ore and oil shale.

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