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TEST-WORK CONFIRMS BENEFICIATION FOR YERILLA PROJECT

- Key Atmospheric Leach milestone achieved with test-work confirming positive nickel beneficiation on a range of material types
- Beneficiation upgrades for nickel range up to 63%
- Over half the resource being siliceous mineralisation responds positively to beneficiation
- Attritioning improves beneficiated nickel recoveries by up to 15%
- Results expand the potential resource utilisation and improve the overall project economics.

Heron Resources Limited (ASX: HRR) (Heron) is pleased to announce beneficiation test-work results of 33 bulk samples from the Jump-up Dam and Boyce Creek nickel laterite resources has indicated that over 50% of the resource responds positively to beneficiation, resulting in average upgrade values in the order of 40%.

The test-work was carried out by Amdel in Perth, an independent metallurgical testing laboratory.

The test-work results confirm that good beneficiation performance can be achieved from a number of important ore types in the resource. The best beneficiation performance is achieved by the Ferruginous-Nontronite/quartz (FerruginousType 3), Transitional (T) and a portion of the Saprolite-Serpentinite/Quartz (Saprolite Type 2) ore types. The averages of the key ore type results are presented in the table below. The generally positive response of cobalt is pleasing as is the reduction in MgO grades in some beneficiated samples suggesting a potential reduction in acid consuming carbonates through the screening process.

Ore Type	Coarse Beneficiation (3.35mm)					Fine Beneficiation (75um)				
	Recovery (%)			Upgrade Percentage		Recovery (%)			Upgrade Percentage	
	Mass	Ni	Co	Ni	Co	Mass	Ni	Co	Ni	Co
Ferruginous Type 1	92.2	93.3	89.3	1	-3	74.2	77.7	56.0	5	-26
Ferruginous Type 2	59.8	66.3	67.7	11	13	30.6	40.2	32.5	32	6
Ferruginous Type 3	76.2	88.4	87.8	17	16	47.2	67.3	52.0	48	11
Transitional Ore	56.1	72.3	85.3	30	59	34.3	56.9	51.1	63	69
Saprolite Type 1	75.6	83.5	91.3	10	21	44.2	48.7	40.3	10	-9
Saprolite Type 2	60.3	72.4	76.3	20	27	35.3	52.8	44.2	46	30
Saprolite Type 3	88.8	94.7	98.0	7	11	64.6	72.0	64.1	12	-1

Heron Managing Director Mathew Longworth said the results were very pleasing and should improve Yerilla's economics by leaching higher grade feed, subsequently reducing the volume required for leaching and lowering the volume of reagents for a given production level. He added that cost savings could also be expected.

Mr Longworth said the upgrade percentage was the factor by which the grade of mined ore was increased to determine the grade of the beneficiated ore available for leaching. For example the Yerilla run-of-mine ore grades around 1% nickel so with an upgrade of 40% would result in a laterite slurry grading 1.4% nickel for leaching.

"These beneficiation results prove to us the merits of the beneficiation process and the benefits it may deliver Yerilla and nickel laterites. We are fortunate to have an ore body which has responded positively to the test-work," Mr Longworth said.

Beneficiation is a simple low cost concentration step that removes non nickel bearing minerals such as silica from the ore stream, resulting in a lower volume of higher grade mineralisation available for leaching.

"Beneficiation is most profitable on low grade ores and will target over 40 Mt of the resources at Jump-up Dam which are currently sub-grade falling into the 0.5 to 0.75% nickel range. There is now the potential to convert this from resource to reserve," Mr Longworth said.

The current study is developing a mine schedule to take into account beneficiation and feed this into the process flow sheet design. This study will determine the most profitable beneficiation parameters in terms of grade and recovery.

Nickel leaching test-work for the Atmospheric Leach is progressing well and will be report once results come to hand.

In keeping with Heron's experience in other projects, some ores do not upgrade as well and maybe more suitable for leaching without beneficiation. Moderate beneficiation is seen from the Saprolite Type 1 and Saprolite Type 2 ore types, while poor beneficiation is seen from the Ferruginous Type 1 ore type.

Test-work used drum scrubbing attritioning and screening via the batch testing method. Attritioning is a high energy scrubbing process that improves nickel recoveries on some beneficiated ore types while maintaining the increased grade available to the leaching circuit. Heron's test-work indicates attritioning improves nickel recoveries by between 10 and 15% for all ore types.

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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.

The information in this report that related to Exploration is based on information compiled by David von Perger who is a member of Australasian Institute of Mining and Metallurgy. David von Perger is a full time employee of Heron Resources Limited. David von Perger has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration, and to the exploration activity that he is undertaking 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. David von Perger consents to the inclusion in this report of the matters based on his information in the form and context that it appears.