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ASX Release – 8 September 2010

HERON SETTLES BULONG LITIGATION

Heron Resources Limited (**ASX: HRR**) (**Heron**) wishes to advise that it has reached agreement with Norilsk Nickel International Holdings Ltd, Norilsk Nickel Avalon Pty Ltd (together **Norilsk**), Bulong Operations Pty Ltd (Receivers and Managers Appointed)(In Liquidation) and Bulong Nickel Pty Ltd (Receivers and Managers Appointed)(In Liquidation) (together **Bulong Companies**) that all proceedings between the parties be dismissed with Heron and Norilsk to bear their own costs of all proceedings to date. Further terms of the settlement are confidential.

The main proceeding is Heron's Supreme Court action against Norilsk and the Bulong Companies claiming ownership of the mineral rights over mining leases M25/75, M25/76, M25/77, M25/78 and M27/189 (**Bulong Tenements**) pursuant to (amongst other matters) an agreement between Heron and the Bulong Companies dated 8th of April 2004. As part of the settlement, the Supreme Court action will now be dismissed meaning that Heron has no further claim over the mineral rights in the Bulong Tenements.

With recent studies showing the economics of the Kalgoorlie Nickel Project (**KNP**) are not necessarily improved by the inclusion of the resource from the Bulong Tenements and the withdrawal by Vale Inco from the KNP farm-in agreement Heron has been able to reassess whether continuing the litigation is cost effective. After completing that reassessment, Heron has formed the view that indeed it is not a cost effective use of company resources to proceed with the litigation.

A handwritten signature in black ink, appearing to read 'N. Mathew Longworth', is positioned above the typed name.

N. Mathew Longworth
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