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A1 GOLD MINE UPDATE

Highlights

Drill drive completed

Diamond drilling ongoing

Stock work style mineralisation confirmed at 9-10 Level target

Further broad zones of mineralisation returned from below the Level 14 stock work including 73m @ 1.44 g/t Gold and 72.55m @ 1.96 g/t Gold.

Underground development of the 7 Level drill drive was completed at the end of November and the mining contractor demobilised from site as planned. This drill drive and a drill position established in the decline provides drill access for the next 6 months planned testing of the key resource targets at the A1 gold mine. This drilling is designed to provide sufficient information on which to make a decision on continued exploration-development. Definition drilling during 2010 has confirmed the 14 level stock works; identified large but low grade stock works between the 15 and 23 levels and has now confirmed stock works in the Level 9 10 target area. The company needs to confirm at least three zones and preferably four of the extent and grade of that encountered in the 14 Level. Management believes this is a reasonable target and the forward program is mapped out to achieve this.

Since the end of the September Quarter a total of 3 diamond holes and 3 wedges for 1637.4 metres have been completed at the A1 Gold Mine in Victoria. Drilling defined the edges to the 14 level stock works with generally lower grade results along the margins of this zone.

A further stock work was intersected over 55 metres between the 15 and 18 levels in hole L7_0027W1, this returned 72.55 metres @ 1.96 g/t gold from 323.45m including 0.3m @ 45.7 g/t gold which corresponded to a zone of coarse visible gold. This stock work is interpreted to be part of the extensive zone intersected in L7_0046 reported in July.

Drilling is now testing the level 9-10 stock work where historic sampling of drives and rises within the zone returned grades greater than 10g/t gold. The first hole testing this zone intersected stock work veining over a vertical extent of 38m; follow up drilling is targeted to the south of the initial hole and is in progress. Results are pending.

Eleven holes for 3,200m are planned to test extensional targets to the north and to the south of the main A1 workings within the host dyke. Previous development and exploration were very much restricted to the area of the known dyke bulge. Heron's work will test for repetitions of the dyke bulge that has produced some 450,000 ounces historically. The drill targets and development are shown on figure 1.

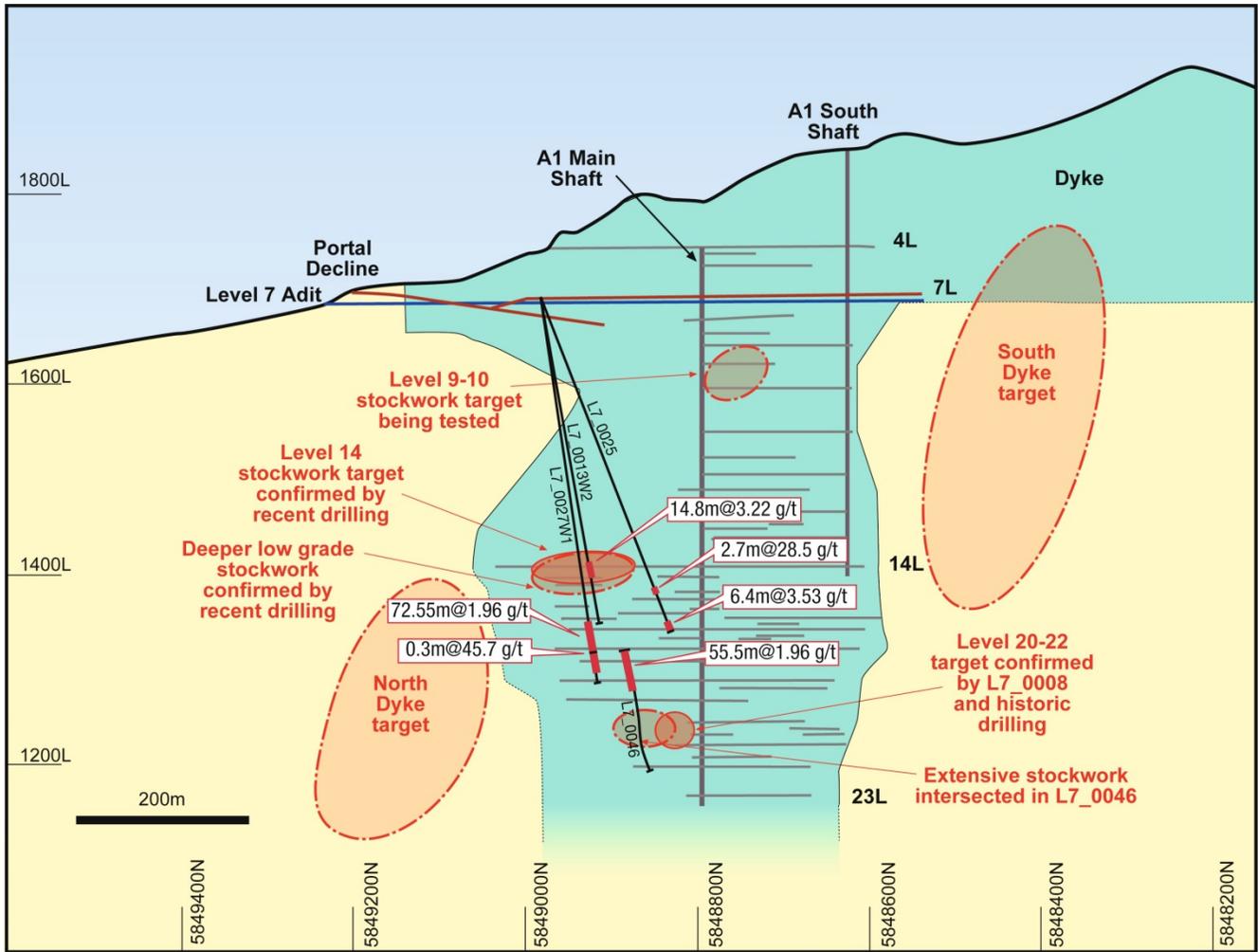


Figure 1 A1 Gold Mine targets and development

Table 1 Recent A1 drill intersections

Hole No	MGA East (m)	MGA North (m)	RL (m)	Hole Dip	Hole Azi	EOH Depth (m)	From	To	Intersections >1g/t Au
L7_0013W1	429482	5848879	1689	-85	145	366.1	286.2	301	14.8m @ 3.22g/t
						incl	292	293	1m @ 33.2g/t
L7_0013W2	429482	5848879	1688.68	-85	145	398.4	272	273	1m @ 2.21g/t
							276	277	1m @ 1.45g/t
							278	280.2	2.8m @ 1.13g/t
							283	356	73m @ 1.44g/t
							362	365.1	3.1m @ 2.09g/t
							369.1	375	5.9m @ 2.22g/t
L7_0025	429482	5848878	1688.7	-75	145	418.2	344.3	347	2.7m @ 28.5g/t
						incl	344.3	345	0.7m @ 83.2g/t
							370	379	9m @ 1.20g/t
							382.6	389	6.4m @ 3.53g/t
L7_0027W1	429481	5848878	1688.74	-85	185	405.4	323.45	397	72.55m @ 1.96g/t
						incl	376.85	377.15	0.3m @ 45.7g/t
						incl	386	387	1m @ 14g/t



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The information in this report that related to Exploration is based on information compiled by Owen Browne who is a member of Australian Institute of Geoscientists. Owen Browne is a full time employee of Woods Point Gold Mines a wholly owned subsidiary of Heron Resources Limited. Owen Browne 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. Mr Browne consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

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About the A1

Heron is evaluating the A1 Gold Mine through underground development and drilling supported by bulk sampling to determine the potential to establish an operation based on mining approximately 100,000 tonnes of ore per annum through mechanised methods to produce between 25,000 and 30,000 ounces of gold per year. The Heron target is a bulk tonnage gold stock works system, hosted by a Dyke (as opposed to the traditional Victorian "saddle reefs"). The current drill results demonstrate the presence of significant widths of mineralisation and are an important step to determining the viability of any proposed operation. The A1 Gold Mine is the second largest of the mines hosted by the Walhalla to Woods Point dyke swarm and produced over 450,000 ounces of gold over its history. The evaluation is being conducted by Heron's wholly owned subsidiary Woods Point Gold Mines under a two year option commenced in August 2009.

Screen Fire Assay and 50g Fire assay explained.

Core from the A1 is sawn in half with a consistent side of the core sent for assay to ensure the sample is not biased. Sample intervals are selected on the basis of the observed geology including veining and alteration. The samples are crushed in a jaw crusher prior to being pulverised in a ring mill to P80 at minus 75 microns or 0.075mm (fine powder). For 50g fire assay a 50g sub sample is taken from this powder to fire assay for gold. In a screen fire assay a 1 kg sample is taken and screened with a 105 micron screen all the powder that does not pass through the screen (screen oversize) is weighed and assayed as are two 50g subsamples of the fine powder that passes through the screen. Based on the three assays and the weight of the starting sample (1000g) and the weight of the screen oversize the grade of the original sample is calculated. Gold being soft and malleable is very difficult to pulverise and often reports to the screen oversize. By assaying all this screen oversize, variability in the assay results is greatly reduced and a superior estimate of the original gold grade is possible. Screen fire assays are very costly and time consuming, the A1 team use this style of analysis to evaluate samples where initial assays indicate there may be a "coarse gold issue".