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ASX Release
Heron Resources Limited

28 March 2014

Exploration and Project Update

Heron Resources Limited (Heron) is pleased to provide an update on its Emu Lake nickel sulphide, Bedonia nickel-gold and Lachlan Fold Belt copper-gold-iron exploration, and KNP Scoping Study progress.

Emu Lake Nickel Project (Heron 100%)

The Emu Lake Nickel Project is located 70km northeast of Kalgoorlie, WA and is prospective for nickel sulphide.

A program of Reverse Circulation (RC) drilling (2 holes for 318 metres) was completed by Heron confirming disseminated sulphides immediately beneath the strong surface anomalism previously identified in Heron RAB drilling. RC assays were up to 4 metres at 0.26% nickel and 318ppm copper, consistent with the visual logging of sulphides. A down-hole EM survey was completed, with no significant conductor identified within the target ultramafic unit.

Bedonia Nickel-Gold Project (Heron 100%)

The Bedonia Nickel-Gold Project is located 100km northeast of Norseman, Western Australia and is prospective for Albany Fraser Province-style high-grade nickel sulphide deposits west of the Nova nickel discovery, and is south along the structures hosting the Tropicana gold mine.

The main Bedonia target is a Spectrem airborne EM bedrock conductor termed the Mordicus Prospect associated with anomalous nickel-copper-PGE assays. Heron has completed detailed soil auger geochemical follow up, confirming a highly anomalous geochemical suite with up to 3,280ppm nickel, 87ppm copper and 195ppb platinum. Ground-based EM surveying is planned, and if warranted, RC drilling.

Kamandra Iron-Copper Project (Heron 100%)

Kamandra is located on farm-land some 10km south-east of Parkes, central NSW. The area contains a partially outcropping ironstone unit over some 1km of strike.

A program of RC drilling (6 holes for 741 metres) was completed by Heron confirming magnetite-pyrite-pyrrhotite-chalcopyrite units immediately beneath the surface ironstone. Assay results confirm up to 4 metres at 47% iron and in a separate interval, 947ppm copper. Gold was not anomalous. No immediate follow up is currently planned.

Kalgoorlie Nickel Project (Heron 100%) – Simulus Scoping Study

Heron is completing a Scoping Study with Simulus Engineers (**Simulus**) and its related company Carbon Friendly Nickel Production (**CFNP**) to undertake sulphuric acid-based hydrometallurgical testwork on various KNP ore-types.

The Simulus technology seeks to change the Kalgoorlie Nickel Project (**KNP**) economics through regenerating a large part of the sulphuric acid, thereby vastly reducing the amount of neutralising agents required. The Scoping Study has considered the flowsheet characteristics for a 10,000 tonne per annum commercial-scale nickel production plant, utilising atmospheric leach and acid recovery technology.

Heron received a draft Scoping Study report on 6 March 2014 comprising process design criteria, process flow diagrams, a mass balance, a capital and operating cost assessment (for the processing plant only), and considerations for future optimization work. A peer review was completed on 18 March 2014 which essentially confirmed the favourable capex and opex estimates of the draft report, and highlighted several further optimization options which are now being incorporated into the final Scoping Study report. This report is still awaited.

In view of these encouraging metallurgical results, Heron is now undertaking some internal modelling applying the new Simulus flowsheet cost scenarios to Heron's February 2010 Pre-Feasibility Study Optimization (which was based on High Pressure Acid Leach technology). Heron will release the results once the modelling is completed.

Ian Buchhorn
Managing Director

The information in this report that relates to Exploration is based on information compiled by David von Perger who is a Member of the Australasian Institute of Mining and Metallurgy. David von Perger 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 exploration activity that is being undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". David von Perger has consented to the inclusion in this report of the matters based on his information in the form and context that it appears.

Table 1 Emu Lake Project RC Drilling Collars

Hole ID	Easting	Northing	Grid	RL	Dip	Azimuth (magnetic)	Total depth metres
KPRC001	403120	6643340	MGA51	414.99	-60	090	253
KPRC002	403410	6642920	MGA51	410.40	-60	270	60

Table 2 Kamandra Project RC Drilling Collars

Hole ID	Easting	Northing	Grid	RL	Dip	Azimuth (magnetic)	Total depth metres
KMRC001	618880	6326500	MGA55	344	-60	270	80
KMRC002	618920	6326500	MGA55	341	-60	270	116
KMRC003	618960	6326900	MGA55	346	-60	270	140
KMRC004	618960	6327060	MGA55	355	-60	270	130
KMRC005	618980	6327220	MGA55	363	-60	270	150
KMRC006	618920	6326340	MGA55	332	-60	270	118

Emu Lake Nickel Sulphide Project, Bedonia Nickel-Gold Project, Kamandra Iron-Copper Project

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.*	• Samples for analysis were taken from reverse circulation (RC) drill cuttings. All drill cuttings were collected via a rig mounted cyclone using manual choke to separate intervals of 1m lengths and placed on the ground in separate 1m piles. Samples were taken as 1m scoop composite samples. Samples were collected from the 1m spoils piles on an equal volume basis to approximately 3kg of total sample size per numbered calico bag. • One quality control sample (alternating between assay standards, blank assay material and field duplicates) was inserted on a nominal 20 sample basis.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details.*	• The drilling was undertaken by a reverse circulation system with cyclone sample recovery. • A 4-3/8 inch (Kamandra) or 51/2 inch (Emu Lake) hammer bit was used for the drilling and holes were drilled to target depth. • All holes were drilled under geological supervision.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.*	• A geologist supervised the drilling and sampling of the holes and recorded the lithologies intersected. • There were no issues with either sample recovery or sample condition in the drilling program and ground conditions were generally good for the drilling method employed. A small proportion of damp to wet samples were generated due to water ingress at rod change intervals.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• All drill holes were geologically logged at the time they were drilled by the supervising geologist using the Heron Percussion Drilling Geological Legend. 1m drill chips were collected for each hole and stored in chip trays for future reference.
Sub-sampling techniques and sample preparation	• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*	• All samples weighed, dried and reconciled against company submission. • Rock chip samples jaw crusher to nominal 70% passing -6mm. • All samples pulverised in a ring pulveriser (LM5) to a nominal 85% passing 75 micron.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Sample preparation and assaying was conducted through Bureau Veritas Laboratories, Canningvale, WA, or ALS Laboratories in Orange NSW • Gold determined by 30g fire assay fusion with ICP-AES analysis to 1ppb LLD. • Other elements by mixed acid digestion followed by ICP-AES analysis. • Laboratory quality control standards (blanks, standards and duplicates) are inserted at a rate

Criteria	JORC Code explanation	Commentary
		of 5 per 35 samples for ICP work.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• An internal review of results was undertaken by company personnel. No independent verification was undertaken at this stage. • All field and laboratory data is in the process of being entered into an industry standard database using a contract database administrator (DBA) in the Company's Perth office. In-house validation of both the field and laboratory data is undertaken prior to final acceptance and reporting of the data. • Quality control samples from both the Company and the Laboratory are assessed by the DBA and reported to the Company geologists for verification. All assay data must pass this data verification and quality control process before being reported.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	• All sample points located with handheld GPS, with accuracy of about 5m. This is considered appropriate at this early stage of exploration.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling at Kamandra was performed on a nominal 160m spaced east-west lines. All holes were angled at 60 degrees and composite sampled on 4m intervals. • Sampling and compositing was appropriate for the early stage of exploration
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	• Sampling orientation was appropriate for the early stage of exploration
Sample security	• *The measures taken to ensure sample security.*	• Samples were secured in green plastic bags and transported to the laboratory by company personnel. Beyond this there were no specific security measures.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews were undertaken due to the early stage of exploration.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• All work was undertaken on granted exploration licences E28/1224 (Emu Lake), EL8192 (Kamandra) and E63/1355 (Bedonia) which are100% owned by Heron Resources Ltd and are in good standing • The Emu Lake project area land is part of the Gindalbie pastoral station, whose owners were notified of the activities. The station owner assisted with clearing of the drill lines. • The Kamandra Project area is on privately owned farm land and the Company has entered into compensation agreements with the landowners to access their properties. • There are no known specific environmental or heritage impediments for the current phase of

Criteria	JORC Code explanation	Commentary
		exploration.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Emu Lake belt was first systematically explored for nickel by CRA in the late 1960s and early 1970s, who mapped the various nickel gossans at Binti. Other significant explorers in the belt include Normandy (1996), MPI-Outokumpu (1996-2001), Skryne Hill Pty Ltd and Image Resources Ltd (2002), Jubilee Mines NL (from 2004) and then Xstrata Nickel (from 2008 to 2012). • Previous exploration at Kamandra appears to have been very limited with no previous drilling of the ironstone unit being undertaken.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration model for Emu Lake project is Komatiite channel massive nickel sulphides, similar to that being mined in the Kambalda area. • The Emu Lake project contains a 15km long belt of komatiitic rocks with known nickel sulphide occurrences. • The Kamandra exploration model is skarn type iron-copper mineralisation associated with an intrusive heat source at depth.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drilling location information is provided in Table 1 and 2 • The drilling was designed to provide information as to the source of the strong surface geochemical anomaly and provide guidance for deeper drilling. These objectives were achieved by the drilling program. • All Emu Lake holes were drilled at 60 degrees to the east.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• Assays results for the various programs are reported in summary form only, which is considered appropriate for this early stage of exploration. The actual level of the elements is not considered as important as the coincident nature of the nickel, copper and PGEs which are typical path-finder elements for nickel sulphide exploration. • Only relevant elements are reported here, however, a larger suite of elements were assayed for.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*	• See comments above – at this stage, actual mineralised intercepts are not considered relevant to the report.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These*	• Maps relevant for current phase of exploration are included in the release.

Criteria	JORC Code explanation	Commentary
	should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The reporting is considered to be balanced and all relevant/material results have been disclosed for this current phase of exploration.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Processed, open-file, aeromagnetic data has been used to delimit the extents of the ultramafic and ironstone units as described in the release.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	• An in-house review of the results will be undertaken to determine the best course of future work in eth 3 prospect areas. No immediate future work is currently planned.