



Heron Resources Limited

ASX Release

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Simulus Partnership Update

Heron Resources Limited (**Heron**) is pleased to report on the continued development of its partnership with Simulus Engineers (**Simulus**) in respect of the Kalgoorlie Nickel Project (**KNP**):

- Heron has approved Simulus to proceed with a cost study for a 1-3 tonne per hour KNP Demonstration Plant
- Simulus has an agreement in principle to receive nickel residues from a nickel facility, the addition of which has the potential to assist in reducing future running costs for the KNP Demonstration Plant

ASX:HRR

Issued Shares	253M
Share Price	\$0.125
Market Cap	\$31.6M
Cash (Dec 2013)	\$37.5M
Investments	\$ 3.5M
Total C+I	\$41.0M

Simulus Partnership Extended

On 10 December 2013 Heron announced that it had entered into a binding term-sheet for an exclusive strategic partnership with the Simulus Group (**Simulus**) to co-fund the development of the Carbon Friendly Nickel Production process (**CFNP**) through staged investments.

Successful testwork and Scoping Study results were announced to the market on 2 December 2013 and 8 April 2014 respectively. On the basis of an internal review of these results, Heron has resolved to proceed with the initial stage of work under the partnership, with Heron earning equity in the entity holding the CFNP intellectual property.

This initial stage will comprise a cost study for a 1-3 tonne per hour demonstration plant for the technology (**Demonstration Plant**). Heron's investment is expected to be up to \$170,000. Work on the engineering and cost study has already commenced.

In addition, as Heron has previously announced, linked studies will consider up-scaling of the current Scoping Study from 10Ktpa to 20Ktpa nickel in Mixed Hydroxide Product (**MHP**) to assess the impact of economies of scale on both operating costs and capital costs. The study will include a revised mining plan and estimates for capital and operating costs, as well as completing additional bench scale acid leach tests evaluating a fuller range of KNP geo-metallurgy.

Heron has also commenced the process of seeking a funding partner to commercialize the "KNP Optimized Flowsheet".

Nickel Residues Secured

CFNP has an agreement in principle with a nickel facility under which CFNP will receive nickel residues from the relevant facility and will store these within leased premises with a view to processing the residues through the KNP Demonstration Plant alongside KNP ore. Simulus believes that the relatively high concentrations of nickel within these residues has the potential to deliver MHP on economic terms even at the KNP Demonstration Plant scale of operation, and hence will assist with the ongoing funding of the Plant.

The KNP technology development program will continue alongside implementation of the proposed merger between Heron Resources Limited and TriAusMin Limited. The merged company will have the Woodlawn base metal project as its development focus, but monetizing the considerable option value of the KNP will remain an on-going priority.

Ian Buchhorn
Managing Director

The information in this report that relates to Feasibility Studies is based on information compiled by Ian Buchhorn who is a Member of the Australasian Institute of Mining and Metallurgy. Ian Buchhorn is a full time employee of Heron Resources Limited and has sufficient experience that is relevant to mineral economics and the style of mineralization and type of deposit under consideration, and to the activity that is being undertaken 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". Ian Buchhorn has consented to the inclusion in this report of the matters based on his information in the form and context that it appears.