



Heron Resources Limited



Moving Forward with Nickel Laterite

**Australian Nickel Conference
14 October 2009
Mathew Longworth
Heron Resources Limited**



ASX: HRR

Disclaimer Forward Looking Statement

The material used in this presentation is intended to be a summary of selected geological data, current and proposed activities, as well as resource estimates based on information available to Heron Resources at the time. It does not include all available information and should not be used in isolation as a basis to invest in Heron Resources. Any potential investor should refer to Heron Resources' ASX releases and statutory reports before considering investing in the company.

This presentation includes information relating to a completed independent scoping study, completed independent resource estimate and a feasibility study which is in progress and includes "*forward looking statements*" which include, without limitation, estimates of potential nickel in concentrate production based on mineral resources that are currently being evaluated. While the Company has a reasonable basis on which to express these estimates, any forward looking statement is subject to risk. Risks include, without limitation: nickel metal prices, foreign exchange rate movements, failure to meet joint venture milestones, project funding capacity, concentrate off-take contracts and estimates of future capital and operating costs.

The Company does not undertake to release publicly any revisions to forward looking statements included in this presentation to reflect events or results after the date of this presentation, except as may be required under applicable securities laws.

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 Norman Mathew Longworth who is a member of Australasian Institute of Mining and Metallurgy. Norman Mathew Longworth is a full time employee of Heron Resources Limited. Norman Mathew Longworth 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'. Norman Mathew Longworth consents to the inclusion in this report of the matters based on his information in the form and context that it appears.

THE MARKET ON THE MOVE

- ◆ **Mitsubishi purchases 33.4% Halmahera for US\$145M**
(Source: Reuters Feb 09)
- ◆ **Summitomo approves Coral Bay expansion** (Source: SMMC)
- ◆ **Summitomo enters JV to proceed with Taganito Project – Philippines US\$1.3B** (Source: SMMC)
- ◆ **Shanshan enters JV with Heron on Yerilla Nickel Cobalt Project** (Source: Heron)
- ◆ **Anglo says: Nickel demand recovery gathers momentum
Nickel market needs 500,000t/y new capacity
by 2020** (Source: Bloomberg)
- ◆ **Nickel demand may rise to 1.35mt in 2010** (Source: INSG)
- ◆ **Jinchuan appoints advisors for Ravensthorpe Bid Review**
(Source: Bloomberg)

NICKEL PRICE

1 Year Nickel Spot



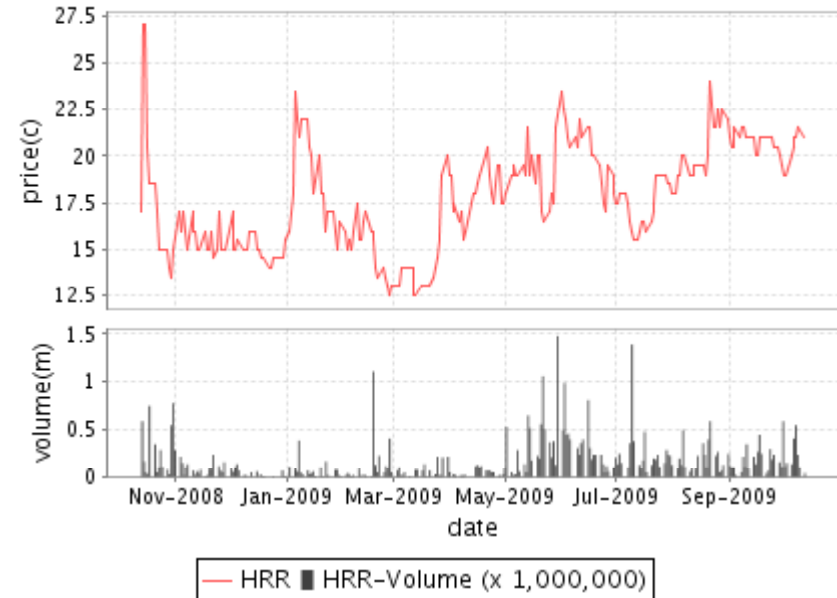
5 Year Nickel Spot



FINANCIAL SNAPSHOT

Listed on the ASX in 1996

Issued Shares	252.98M
Share Price	\$0.21-\$0.24
12-Month Range	\$0.12-\$0.28
Market Cap.	\$61M
Cash	\$29M
Equities*	<u>\$27M</u>
TOTAL	\$56M



Graphic from ASX website

Top Shareholders

- Directors and associates 19.7%
- BHP Billiton 15.6%
- Inco Australia Holdings Pty Ltd 13.46%

(*Current value of Polaris holding using Mineral Resources bid for simplicity)

THE PROJECTS

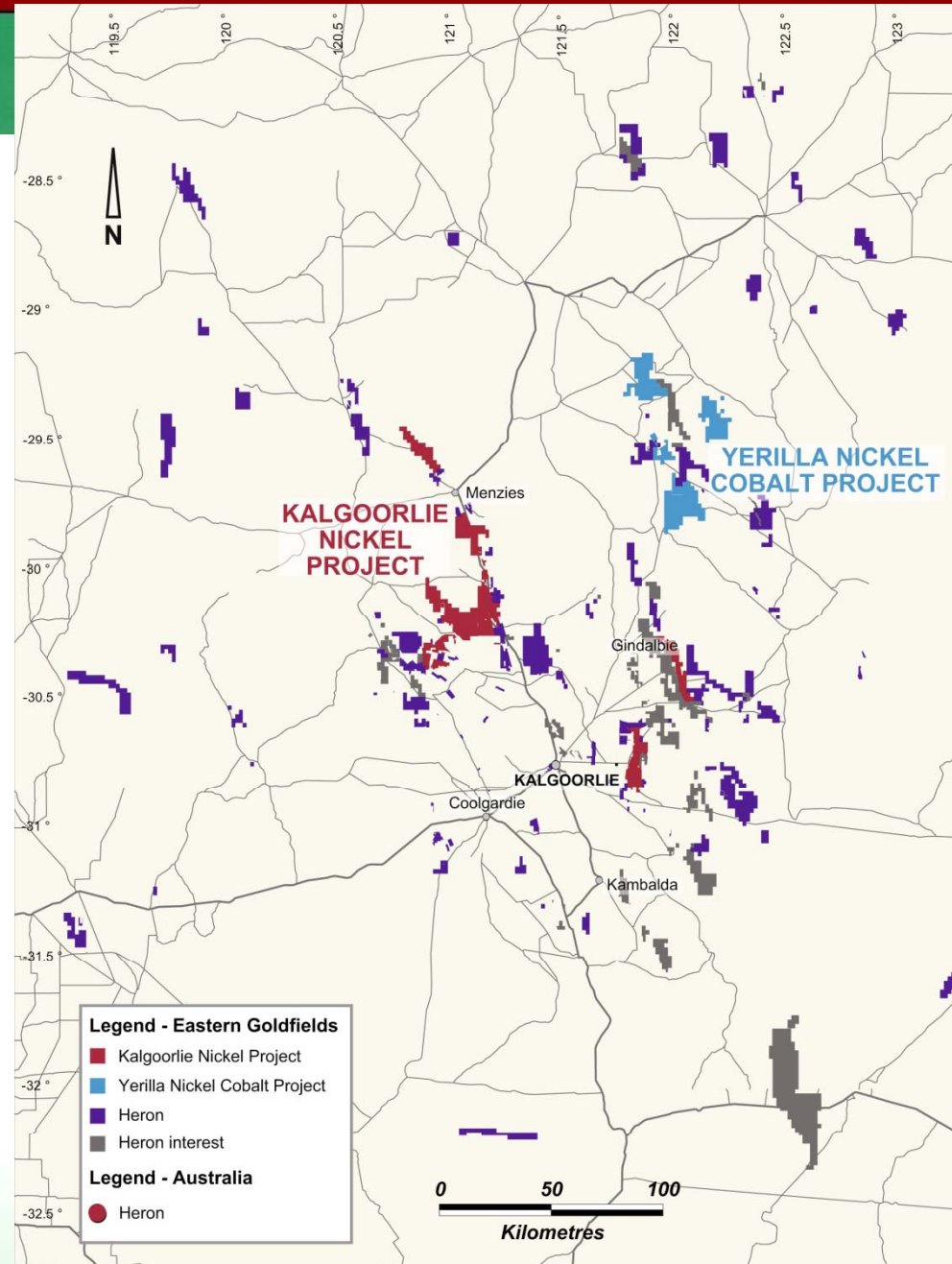
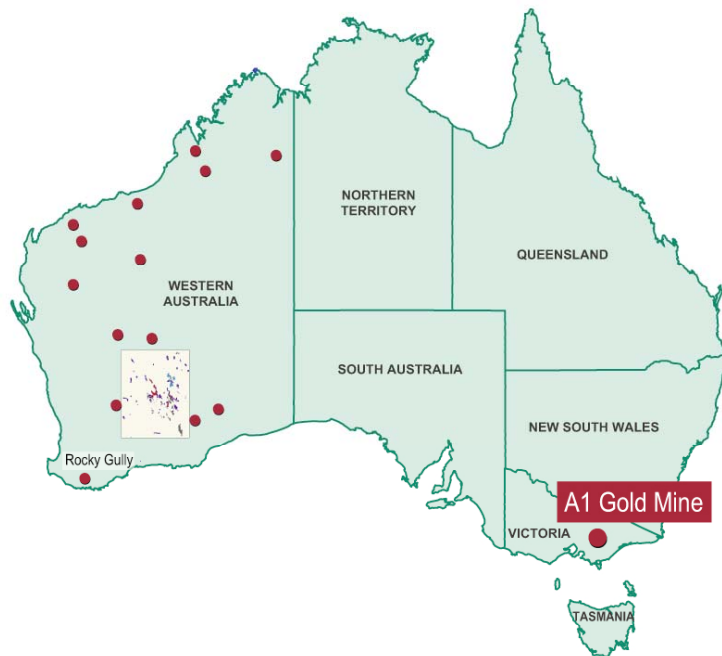
KNP

- Completion of PFS by Vale January 2009
- Heron secured 100% ownership from Vale July 2009
- Re-estimation of resources nearing completion
- Mining engineering work on revised resources optimising pits and schedule
- Commenced international partner search assisted by KPMG in Perth and Satori Investment in China as advisors

Yerilla Nickel Cobalt Project

- Agreement with Shanshan May 2009
- Shanshan constructing and commissioning Pilot Plant using segregation roast
- Piloting expected before year end
- Shanshan completed first tranche placement October 2009

THE PROJECTS

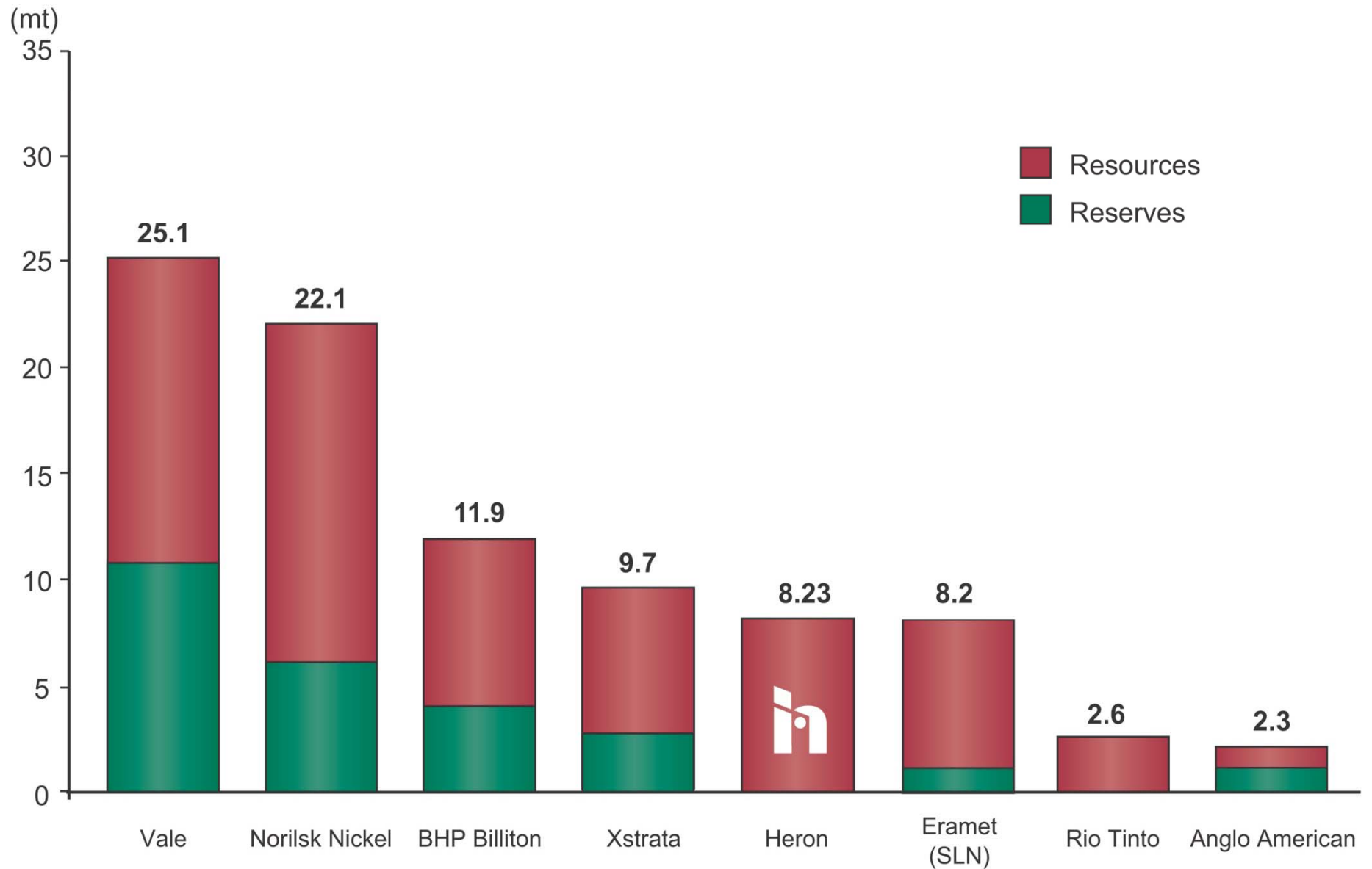


COMPANY WIDE RESOURCES

Mineral Resources Based on 0.5% Ni Cutoff				
Prospect Group	Resource Category	Tonnes (mt)	Ni (%)	Co (%)
KNP	Measured	0	n/a	n/a
	Indicated	352.6	0.75	0.050
	Inferred	636.5	0.71	0.045
	Total	989.1	0.73	0.047
Yerilla	Measured	3.9	0.94	0.048
	Indicated	67.5	0.79	0.049
	Inferred	63.9	0.73	0.056
	Total	135.3	0.77	0.052
Company total of 8.23mt of Ni and 0.53mt of Co		1124.4	0.73	0.047

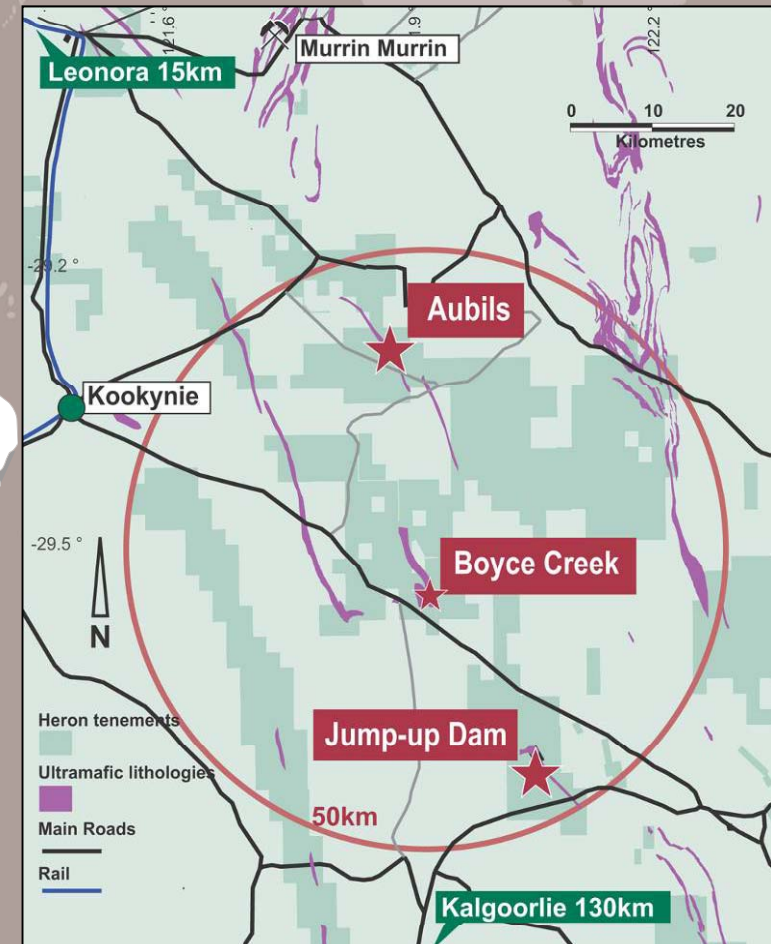
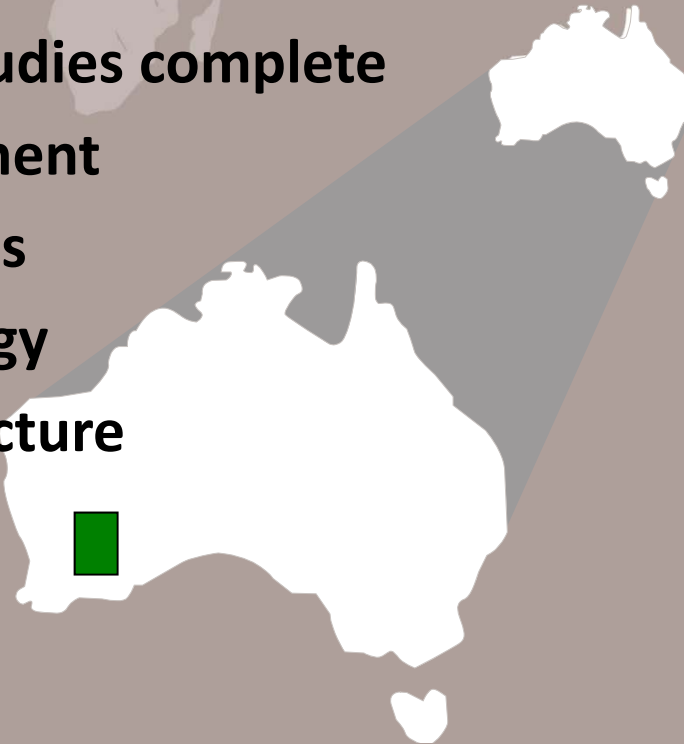
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WORLD NICKEL RESOURCES

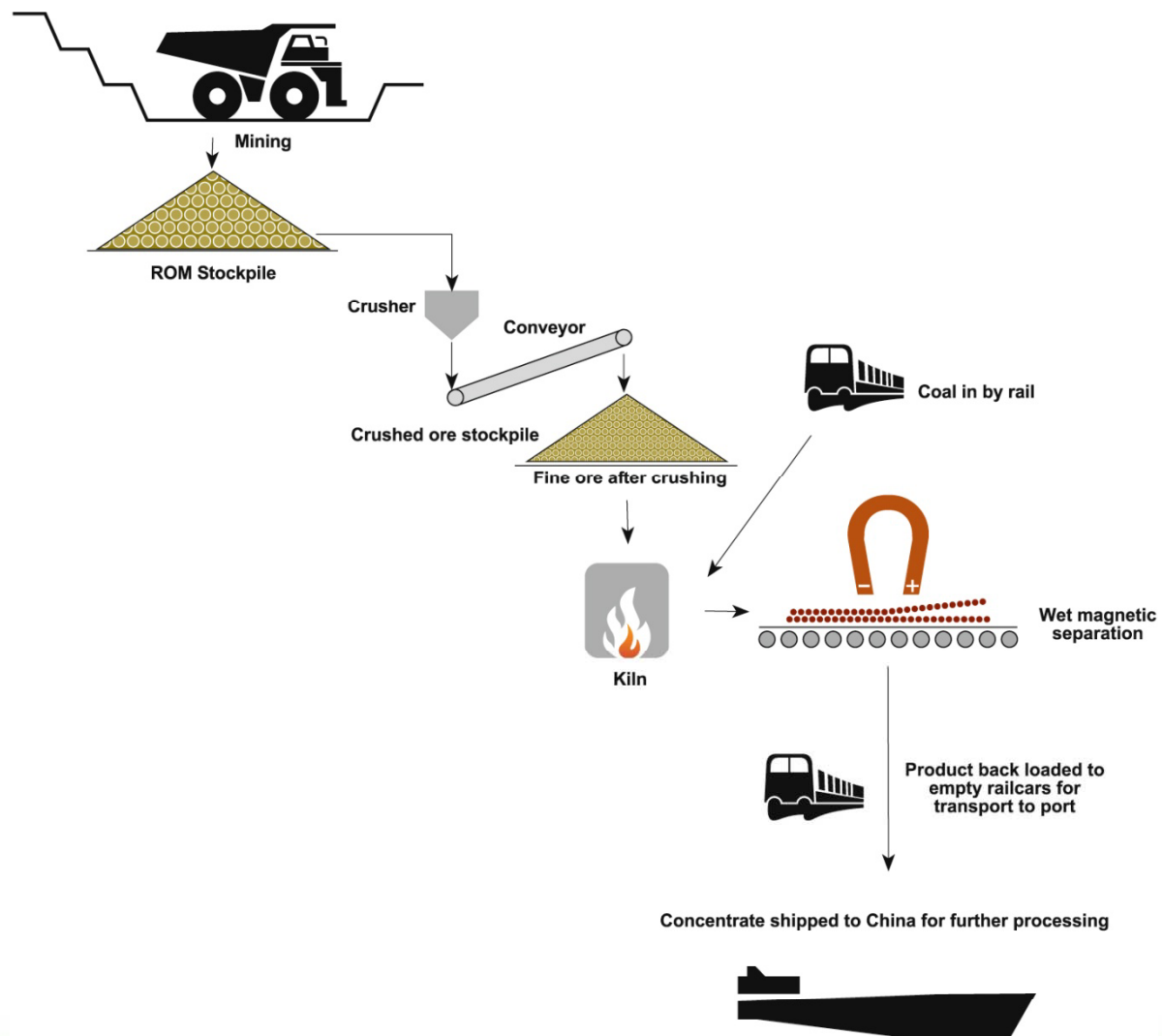


YERILLA NICKEL COBALT PROJECT

- ◆ Comprises of Jump-up Dam, Boyce Creek and Aubils resources 135mt at 0.77% Ni 0.05% Co
- ◆ JV with Shanshan Co Ltd May 2009
- ◆ Placement completed September 2009
- ◆ Extensive studies complete
 - ◆ Environment
 - ◆ Resources
 - ◆ Metallurgy
 - ◆ Infrastructure
 - ◆ Logistics



YERILLA NICKEL COBALT PROJECT



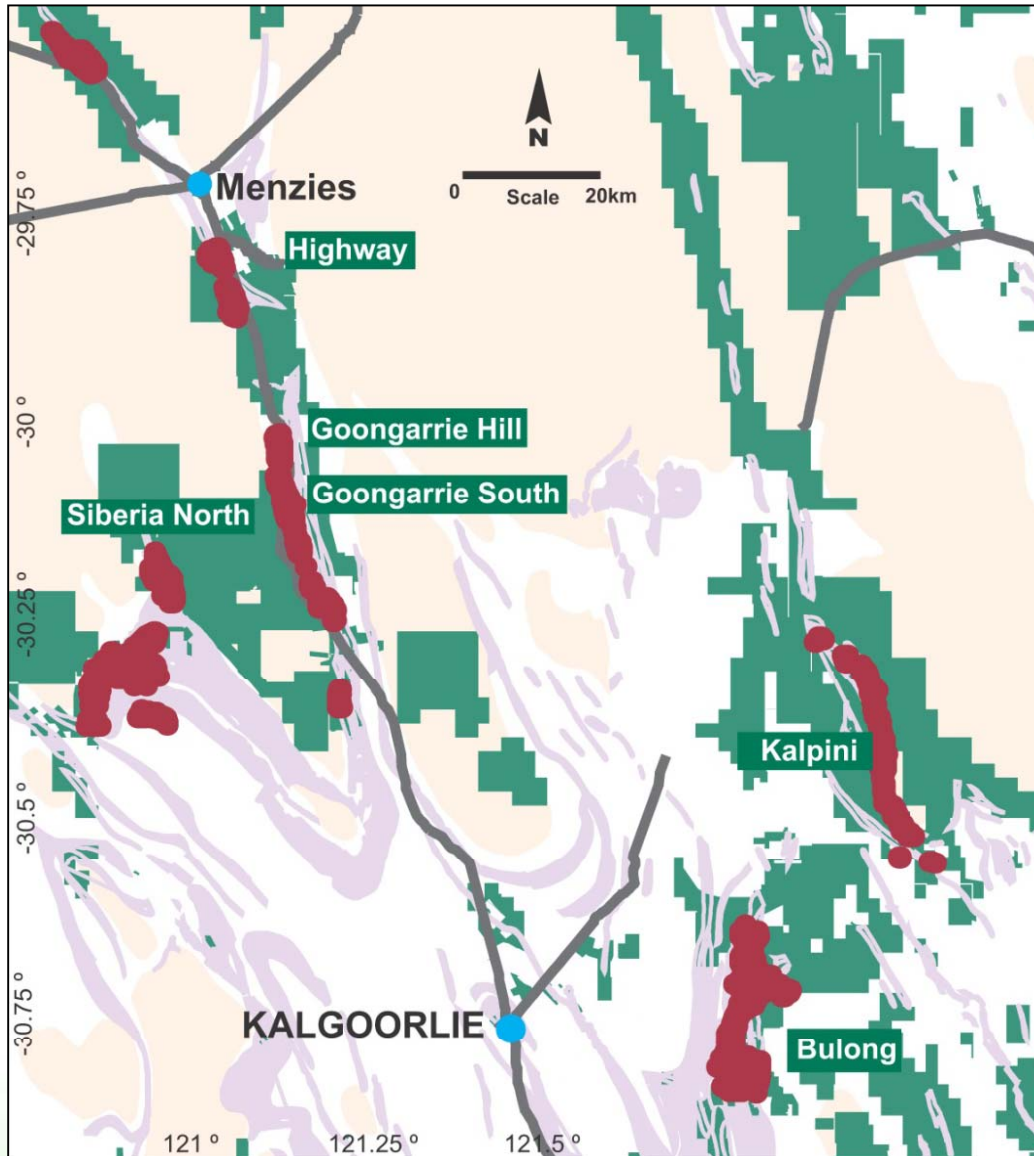
PILOTING AT SHANSHAN IN CHINA



Rotary Kiln

- ◆ **Front end of Pilot Plant commissioned**
- ◆ **Construction of back end of Plant
October – November 2009**
- ◆ **Piloting aims to determine:**
 - Grade of ferro nickel product
 - Recovery of nickel and cobalt
 - Reagent and energy consumption
 - Emissions composition and volumes
- ◆ **Feasibility Study**

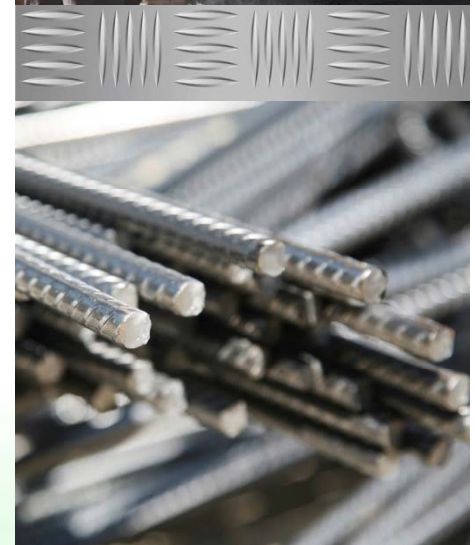
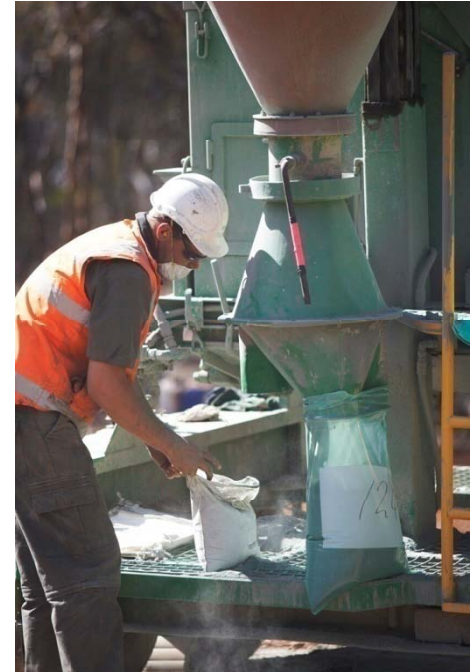
KALGOORLIE NICKEL PROJECT



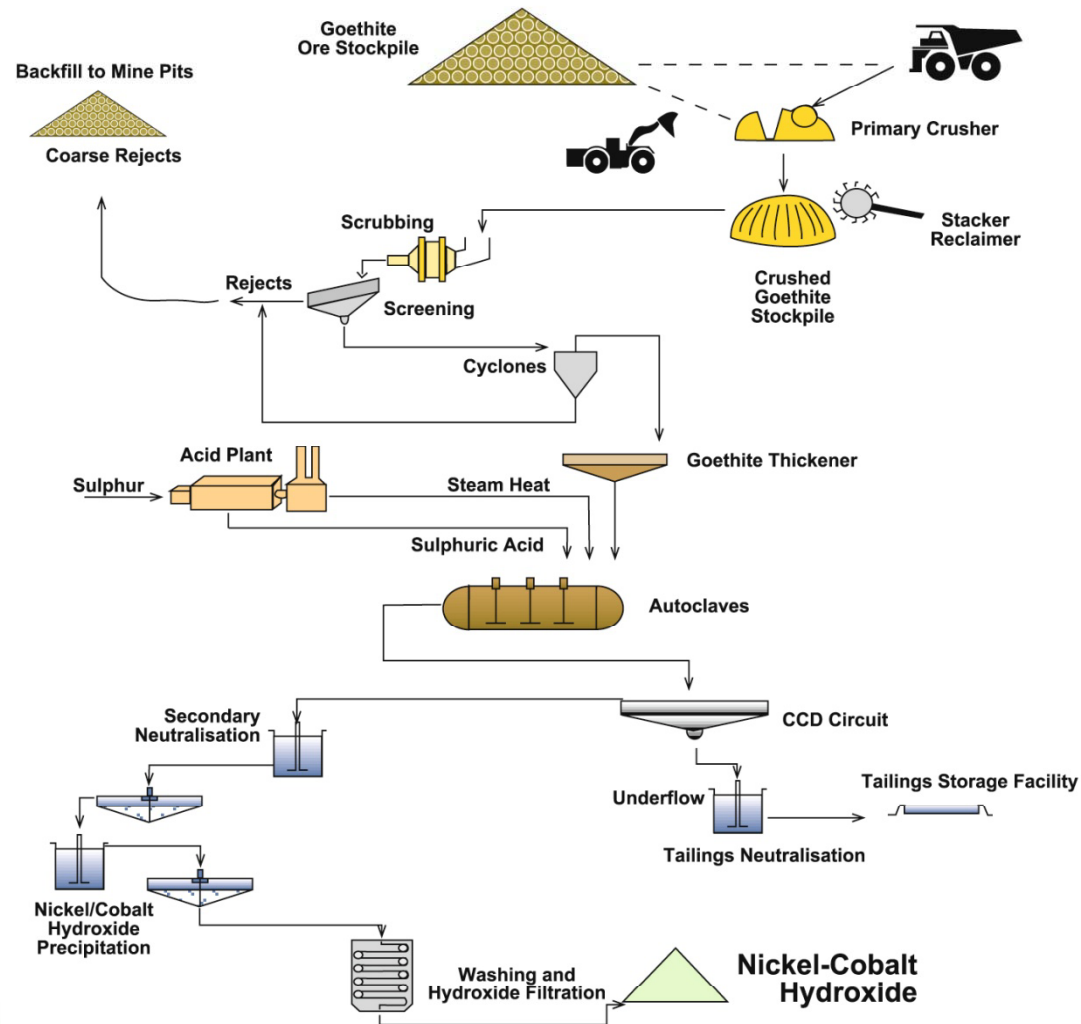
- ◆ PFS completed Jan 2009
- ◆ Heron optimising project
- ◆ Heron revising resources
- ◆ Heron engineering to commence on revised resources October 2009
- ◆ Partner search commenced with Australian and China based advisors

KALGOORLIE NICKEL PROJECT PFS KEY POINTS

- ◆ Beneficiation followed by High Pressure Acid Leach (HPAL) autoclave circuit selected
- ◆ Low acid consumption of 280kg/t of leach feed
- ◆ Only 4 of 14 deposits considered by Vale delivering 134mt at 1.04% Ni leach feed
- ◆ Scope to include further resources
- ◆ Optimise mining schedule



KALGOORLIE NICKEL PROJECT



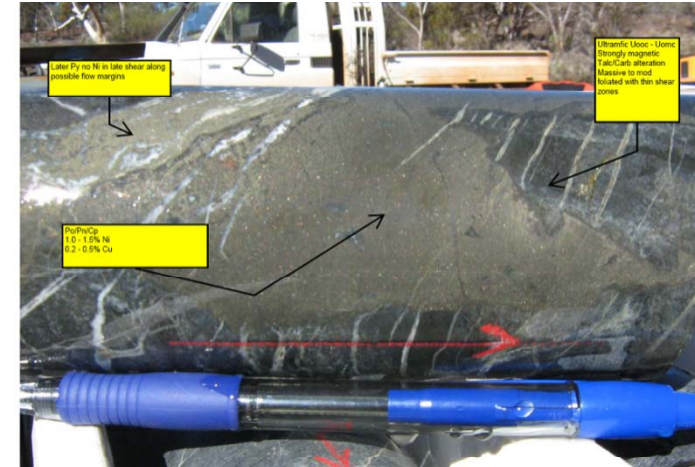
WHY THE KNP

- ◆ **Resource base**
- ◆ **Low up front entry cost to a major project**
 - Timing and rate of development
 - Manage construction and development cycle
 - Product selection
- ◆ **Chinese construction opportunity – manage capital costs**
- ◆ **Location**
 - Kalgoorlie district as infrastructure and population
 - Stable mining law and environment
 - Low sovereign risk
- ◆ **Learning from current generation projects**
- ◆ **Flexibility of operating and development options**

EXPLORATION

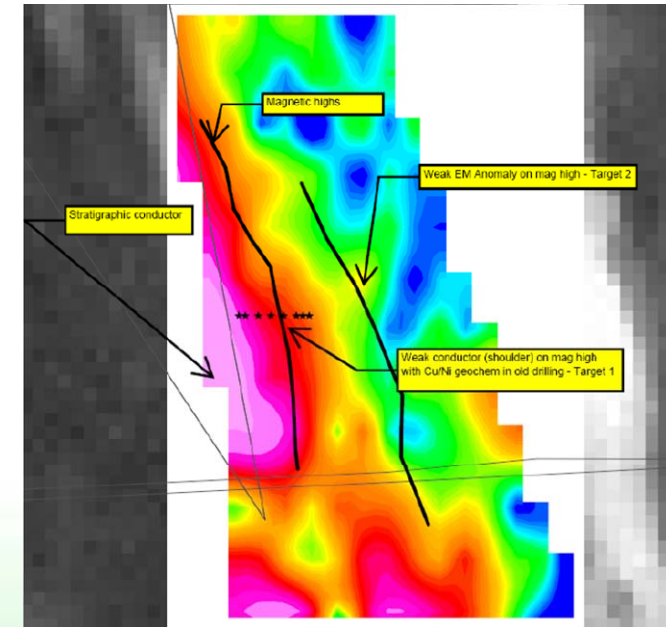
◆ Avoca Downs

- Located 80km east of Kalgoorlie
- Drill testing historic prospect
- Drilling to date has confirmed historic results intersecting nickel sulphides, second drill hole
- Third hole in progress to provide platform for downhole EM



◆ Kalpini

- Located 40km east of Kalgoorlie
- Drill testing of EM anomalies to commence in November 2009
- Located along strike from Emu Nickel/Xstrata JV



A1 GOLD MINE SUMMARY

- ◆ **Low entry cost:**
 - Secured 2 year Option to Purchase August 2009 \$760,000 cash Option. Exercise \$240,000 cash and 20 million Heron Shares
- ◆ **Near Term Production opportunity:**
 - Final approvals for re-accessing and decline development for evaluation. Evaluation decline become production decline
- ◆ **Large Historic Producer:**
 - 450,000 ounce producer from 1861 to 1992
- ◆ **Stockworks - bulk target:**
 - Stockwork and reefs hosted in altered and fractured Mafic Dyke; mechanised and hand held production
- ◆ **Funded from cash reserves:**
 - Low capital pre-production costs
- ◆ **Gravity recoverable gold**
- ◆ **Quality mining focus**





Nickel Development is in our Hands



Heron Resources Limited



ASX: HRR

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