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MOUNT DENISON PROJECT
EL 24622

Napperby (SF5309) 1:250,000 Sheet
Denison (5353) 1:100,000 Sheet

ANNUAL REPORT

23rd December 2005 to 22nd December 2006

Submitted by: **Heron Resources Limited**

Date: **2007**

Author: **Margaret Newton**

Distribution: **1) Department of Industry and Resources**
2) Heron Resources Ltd

EXECUTIVE SUMMARY

EL 24622
Mount Denison Project

The Mount Denison Tenement EL 24622 consists of 422 km^2 situated approximately 335km south west of Tenant Creek and 247km northwest of Alice Springs. It can be found on the Denison 1:100,000 and the Napperby 1:250,000 map sheets.

Mount Denison is a pastoral property about 30 km north east of the remote Yuendumu community, 320 km northwest of Alice Springs in Central Australia.
Access to the tenement is by rough road travelling northeast off the main Tanami Road, or via tracks running southeast from Mount Denison.

This report outlines exploration on the tenement for the year ending 22nd December 2006 .Exploration consisted of data-reviews of previous exploration. The primary target in the area is uranium mineralization.

The tenement shows strong granitic outcrop and blanketed by alluvial and colluvial sediments. Minor metamorphic schists are exposed in the western quartile of the tenement.

At the time of writing it was deemed that this tenement was to be handed to another exploration company as part of a negotiated contractual agreement.

TABLE OF CONTENTS

LIST OF FIGURES

All Figures Listed Below Located at the End of the Report

LIST OF TABLES

1.0 INTRODUCTION

This report outlines the mineral exploration in the project for the year ending 22nd December 2006. The primary target in the project area is uranium mineralization.

1.1 LOCATION AND ACCESS

The Mount Denison Tenement EL 24622 consists of 422 km^2 situated approximately 335km south west of Tenant Creek, and 247km northwest of Alice Springs. It can be found on the Denison 1:100,000 and the Napperby 1:250,000 map sheets.
The Kurrupiri Aboriginal Corporation has charge of an aboriginal living community in the area (Lot 4747)

Access is via rough road travelling northeast from the Tanami Road (north of the Anmatjere Community). It is accessible through tracks running southeast from Mount Denison (Figure 1).

1.2 TENEMENT STATUS

Table 1 shows the current tenement status for EL 24622.

2Table 1 Tenement Status

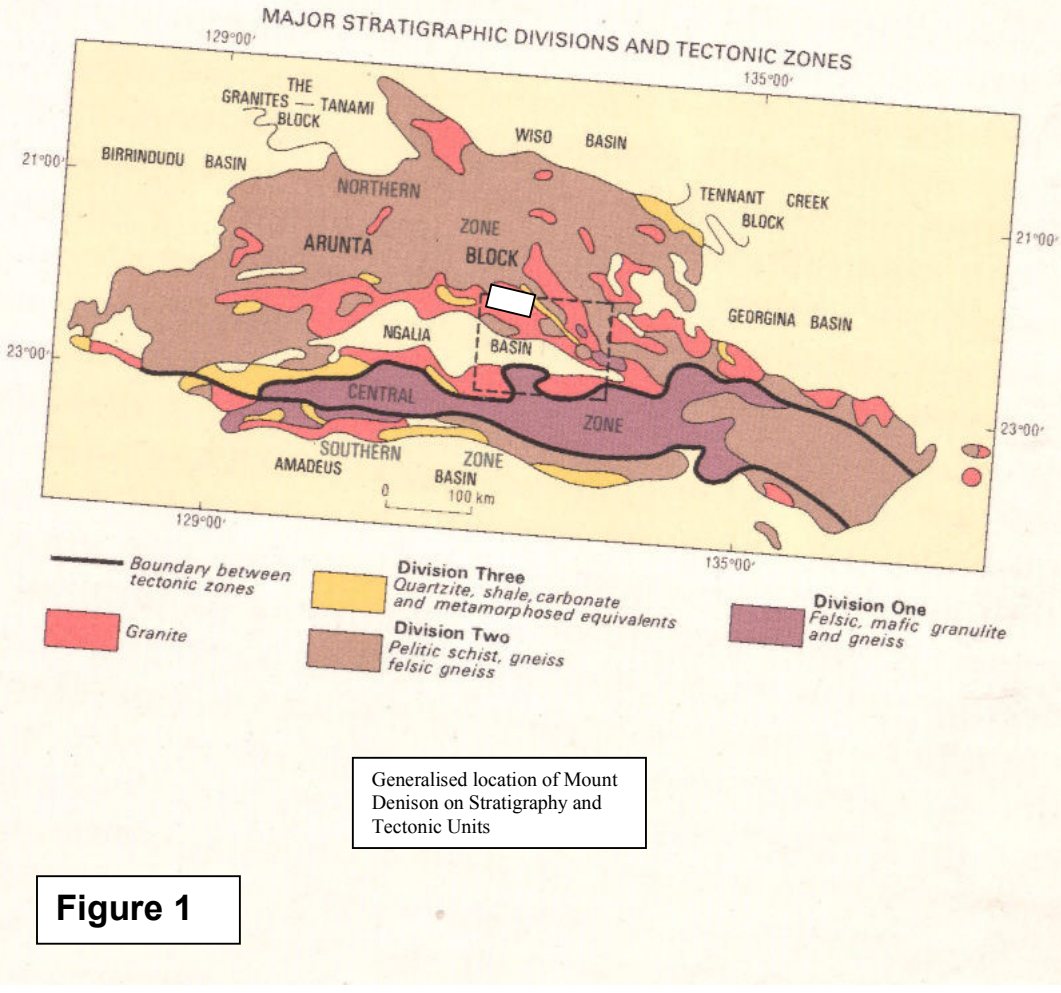
Tenement	Area (km^2)	Date Granted	Expiry Date	Registered Holder	Rent ($)	Required Annual Expenditure
EL 24622	422	23/12/2005	22/12/2011	Ochre Resources Ltd	$1380 (+GST)	$21,200 ($5000 plus $150 per sub block)

Ochre Resources is wholly owned by Heron Resources Ltd.
EL 24622 consists of 138 sub blocks (rent is $10 per block).

2.0 GEOLOGY

2.1 REGIONAL GEOLOGY

The Mount Denison Project is located in the Lower Proterozoic Arunta Block of the Northern territory, on the northern margin of the Ngalia Basin. The project has the potential for occurrences of metamorphic and intrusive related uranium deposits within igneous basement rocks, and sandstone uranium deposits in the overlying sedimentary units.



Generalised location of Mount Denison on Stratigraphy and Tectonic Units

Figure 1

As can be seen in Figure 5, Mount Denison straddles two described regolithological units of the Arunta Block; The Davidson Regolithe and the Napperby Regolithe. They are described as follows:

DAVIDSON REGOLITHE broadly this is described as moderately weathered bedrock consisting of block laterite at depth below the soil; ironstone gravels, shallow ironstone gravely sands,broad shallow drainage floors with calcrete,some rocky ridges & hills capped by laterite
The soils are red earthy sands, with some yellow earthy sands on gently sloping plains siliceous sands in flood-plain areas.The terrane comprises flat to gently undulating sand plains,poorly developed dune formations, and some stone-covered ridges.
The relief is moderate, major landforms being sand plains. minor landforms consisting of undulating ridge and slope terrain on lateritised sediments. There are some rock outcrops,minor dune fields andminor calcrete areas
To generalize the Davidson Regolithe can be seen as and eosional/depositional environment with moderate to high relief, variably weathered and stoney.

NAPPERBY REGOLITHE Characteristically mountainous with small valley plains, fans and occasional dunes; The Napperby Regolithe is broadly described as unweathered bedrock comprising bare rocks,quartz gravels and stone-covered ridges.
The soils are shallow stony sands,red earths mantled with stones and gravels.
The terrane presents as steep ranges and ridges. Narrow valleys with sandstone, quartzite and conglomerate . Bare rocks and rugged mountain ranges composed of gneiss and schists. There may be quartzite and sandstone hills with sandy plains and granite with occasional rocky hills and ridges.
It is a depositional environment comprising flood plains, coastal plains, salt lakes, alluvial plains, swamps, dune fields; or bare rock.

2.2 PROJECT GEOLOGY

Primary uranium mineralisation is associated with the metamorphic schists and the pegmatite and granite intrusions. Reconnaissance in the mid 1978 indicated several radioactive zones and uranium rich rocks at quartz hill and Crown anomaly.
In the Quartz Hill area, uranium mineralisation is associated with apatite bearing schists and with the granites at the crown anomaly, along with promising rock chip sample results ranging from 0.002% U3 O8 to 0.096% U3O8.
The overlying sedimentary units have characteristics favourable for the concentration of uranium by redox processes.

3.0 HISTORICAL EXPLORATION

During the reporting period, a search of the open file mineral exploration reports located a number of reports of interest to future work on this tenement. Collation of these reports is ongoing.

Table 2 Historical Exploration on EL 24622

Dates	Company	Commodity	Work Completed	Tenements	Comments
1979	Australia and New Zealand Exploration Company (ANZECO), Central Pacific Minerals NL, Yuendumu Mining Company NL	Uranium, Tungsten (reported separately)	Mapping Geochem sampling	EL 1317	Examination of uraniferous prospects and petrological evaluation of rocks. Uranium is mobile in the secondary environment, accumulated in small quantities in minor calcrete development.
1976	Bureau of Mineral Resources	General Geological Investigation	Reconnaissance radiometric survey	EL 1317	Several areas of anomalous radioactivity in the Th and Ur spectrometer channels.
1968	(on behalf of the) Bureau of Mineral Resources	General Geological Investigation	Geological Mapping	EL 1317	Geological reconnaissance only.

5.0 WORK COMPLETED - 2005

Exploration activities for the reporting year focussed primarily on project review. The project review consisted of viewing and assessing the following datasets:

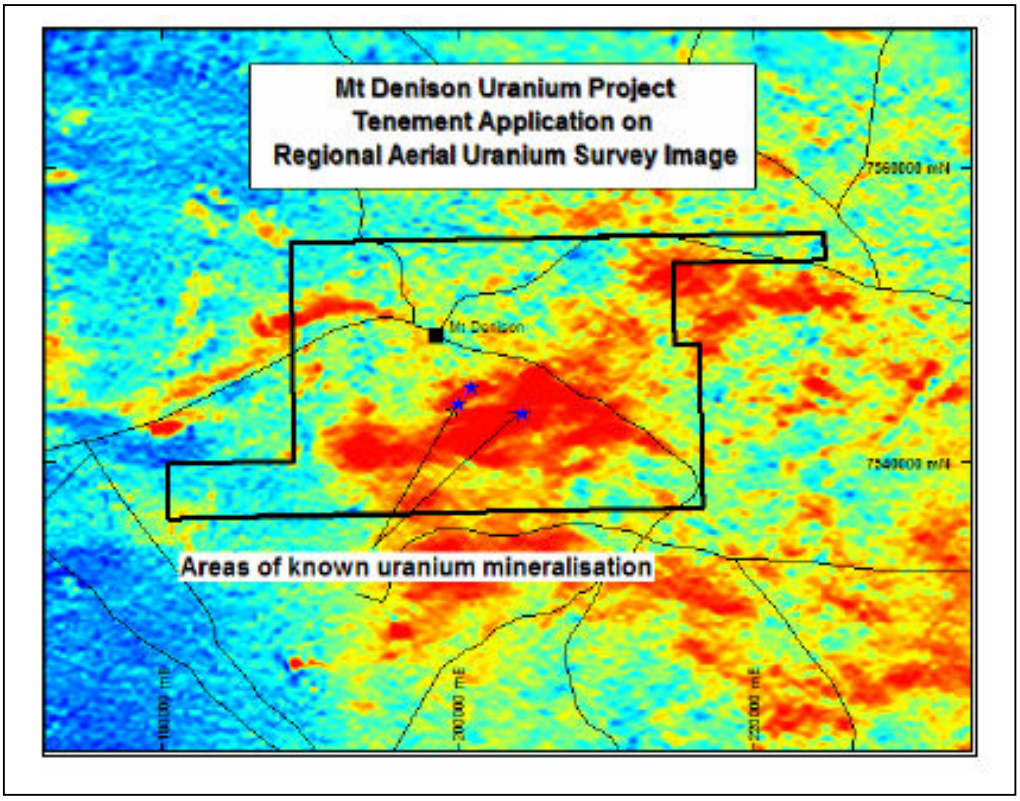
Regional digital terrain model (Figure 1.)
Regional multi-client aeromagnetic data (Figure 4.)

5.1 DIGITAL TERRANE MODEL

The terrain model indicates that this tenement lies within an area of relatively high relief. This reflects high quantities of near surface mafic and ultramafic rocks.

5.2 GEOPHYSICAL DATA

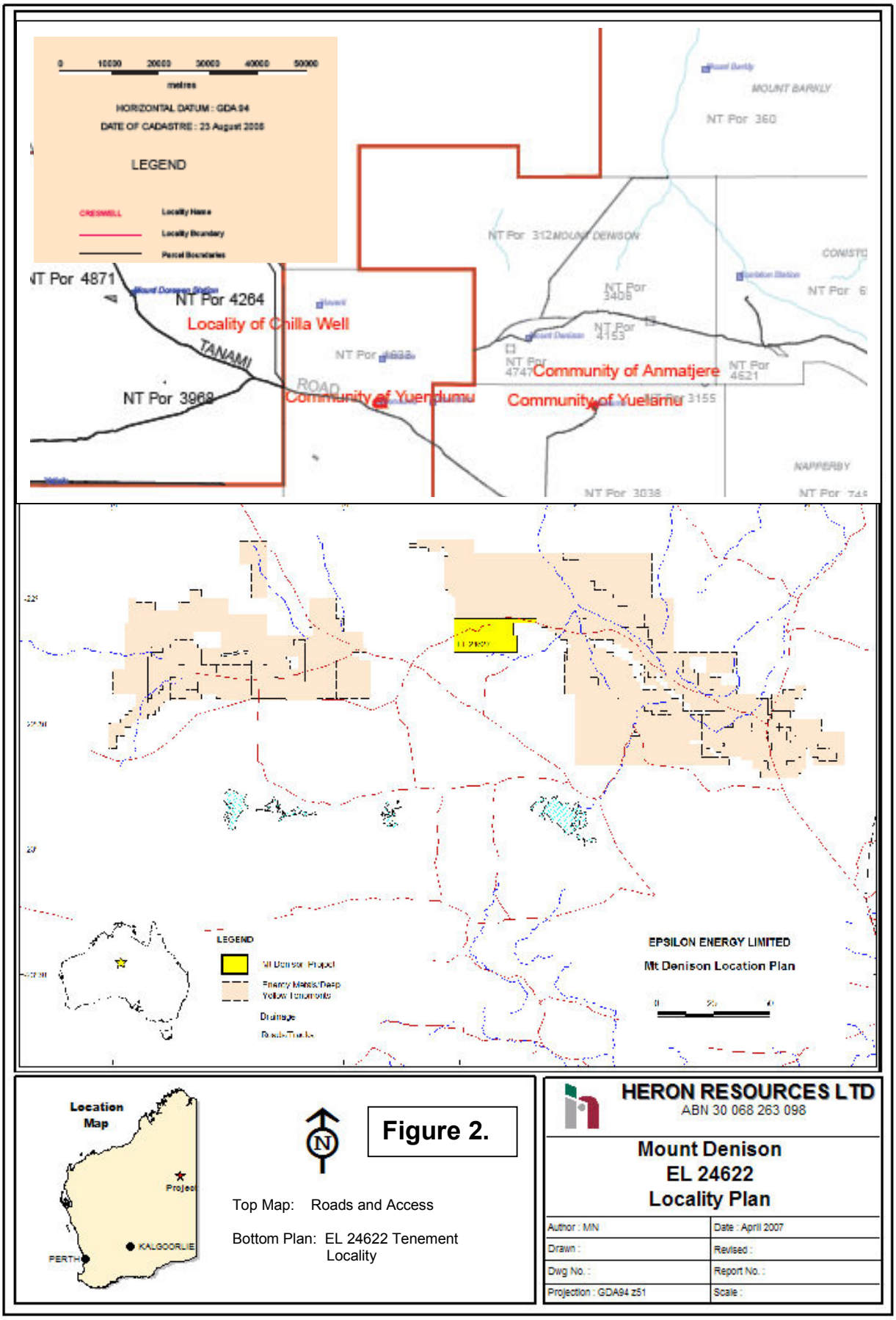
Existing multi-client geophysical data shows EL 24622 perched on a large area of strong magnetic anomaly. Clearly seen is the Wangala Granite from which is associated with uranium mineralisation.
Also featured as a high aeromagnetic response in the north west quartile of the block is the Coniston schist, a biotitic-seracitic-quartz orthoschist which is also of exploration interest.



5.4 FURTHER EXPLORATION

This tenement is to be handed to another exploration company as part of a negotiated contractual agreement.
It is recommended that further exploration should begin with a soils programme over this area. It is also necessary to further investigate previous activities in this area. Subject to satisfactory results from this survey reconnaissance RAB drilling may be undertaken.

Proposed minimum expenditure should exceed $5000 for the coming annual reporting Year.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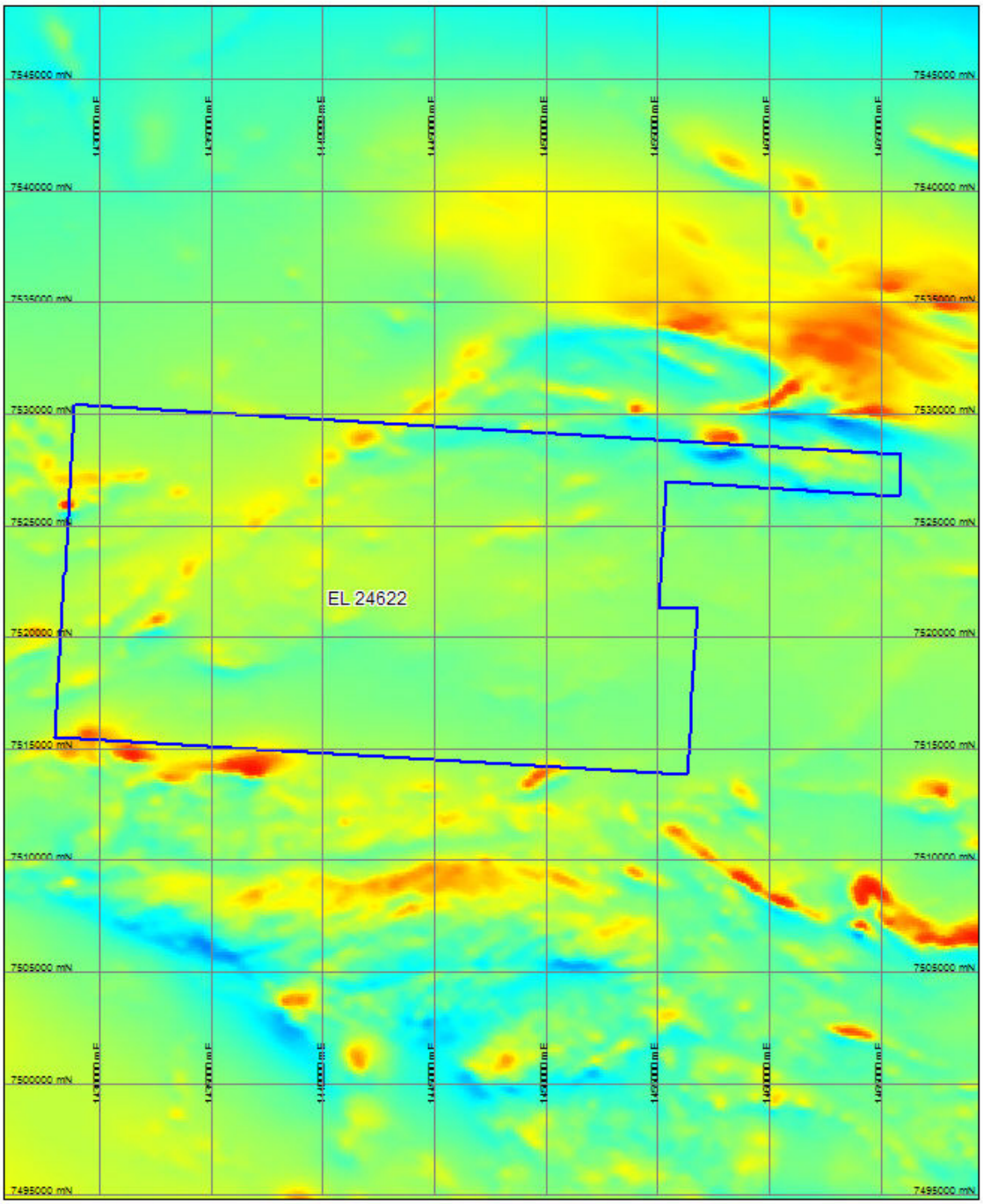
metres
HORIZONTAL DATUM : GDA 94
DATE OF CADASTRE : 23 August 2006
LEGEND
CRESWELL
Locality Name
Locality Boundary
Parcel Boundaries
NT Por 4871
NT Por 4264
Locality of Chilla Well
TANAMI
NT Por 3968
ROAD
Community of Yuendumu
Community of Anmatjere
Community of Yuelamu
MOUNT BARKLY
NT Por 360
NT Por 312
MOUNT DENISON
NT Por 3408
NT Por 4153
NT Por 4747
NT Por 4621
NT Por 3155
NT Por 3038
NAPPERBY
LEGEND
Mt Denison Project
Drainage
EPSILON ENERGY LIMITED
Mt Denison Location Plan
Location Map
Project
KALGOORLIE
PERTH
N
Figure 2.
Top Map: Roads and Access
Bottom Plan: EL 24622 Tenement Locality
HERON RESOURCES LTD
ABN 30 068 263 098
Mount Denison
EL 24622
Locality Plan
Author : MN
Date : April 2007
Drawn :
Revised :
Dwg No. :
Report No. :
Projection : GDA94 z51
Scale :



N

5 0 5 10

Kilometers

Scale: 1:250,000

Figure 3.

HERON RESOURCES LTD
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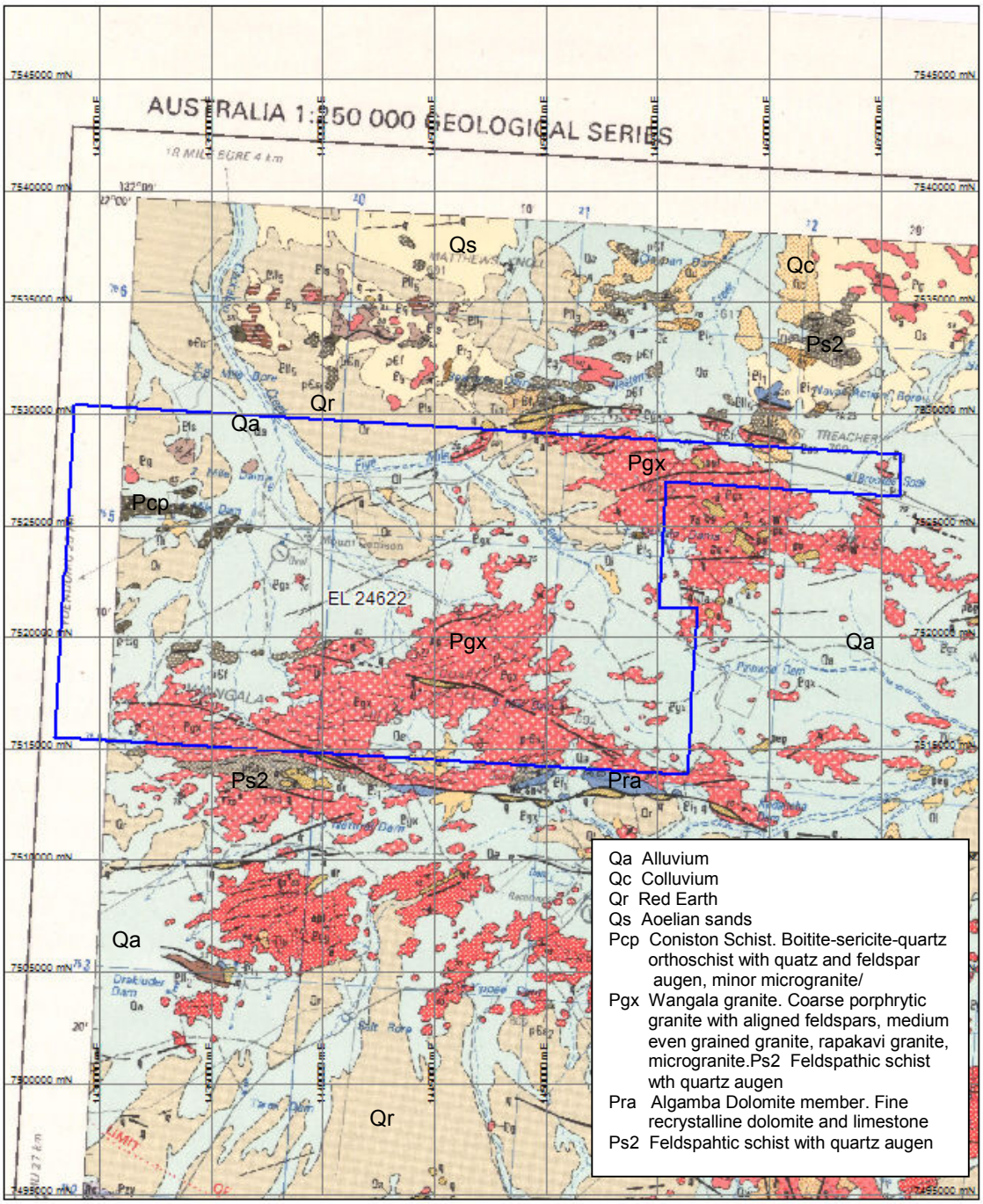
Mount Denison Project
EL 24622
Locality on TMI

Author : MN	Date : April 2007
Drawn :	Revised :
Dwg No. :	Report No. :
Projection : GDA94 z51	Scale :



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5 0 5 10

Kilometers

Scale: 1:250,000

Figure 4.

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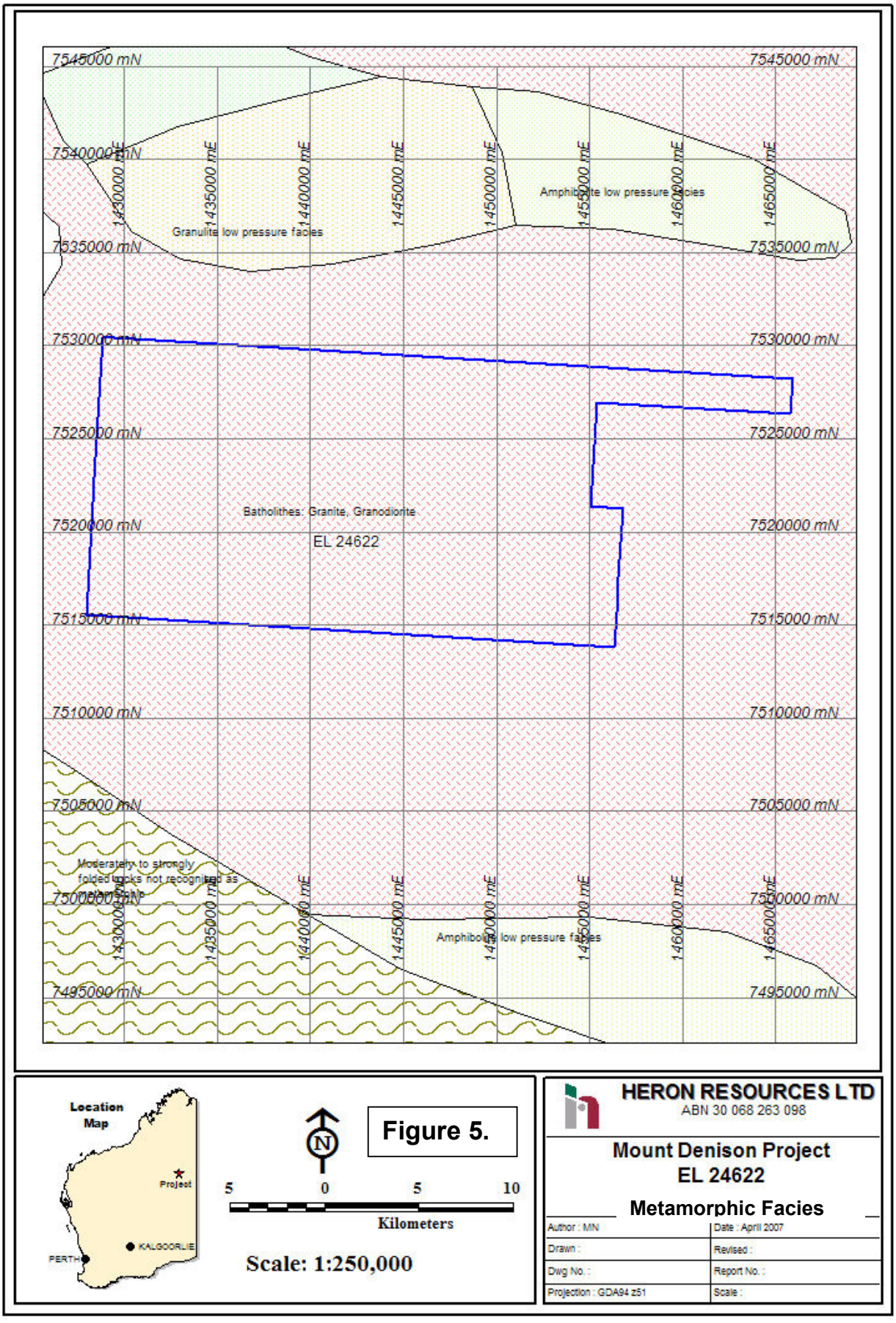
Mount Denison Project
EL 24622
Surface Geology

Author : MN	Date : April 2007
Drawn :	Revised :
Dwg No. :	Report No. :
Projection : GDA94 z51	Scale :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7495000 mN
1430000 mE
1435000 mE
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1445000 mE
1450000 mE
1455000 mE
1460000 mE
1465000 mE
Granulite low pressure facies
Amphibolite low pressure facies
Batholithes: Granite, Granodiorite
EL 24622
Moderately to strongly folded rocks not recognised as metamorphic
Amphibolite low pressure facies
Location Map
Project
KALGOORLIE
PERTH
N
5 0 5 10
Kilometers
Scale: 1:250,000
Figure 5.
HERON RESOURCES LTD
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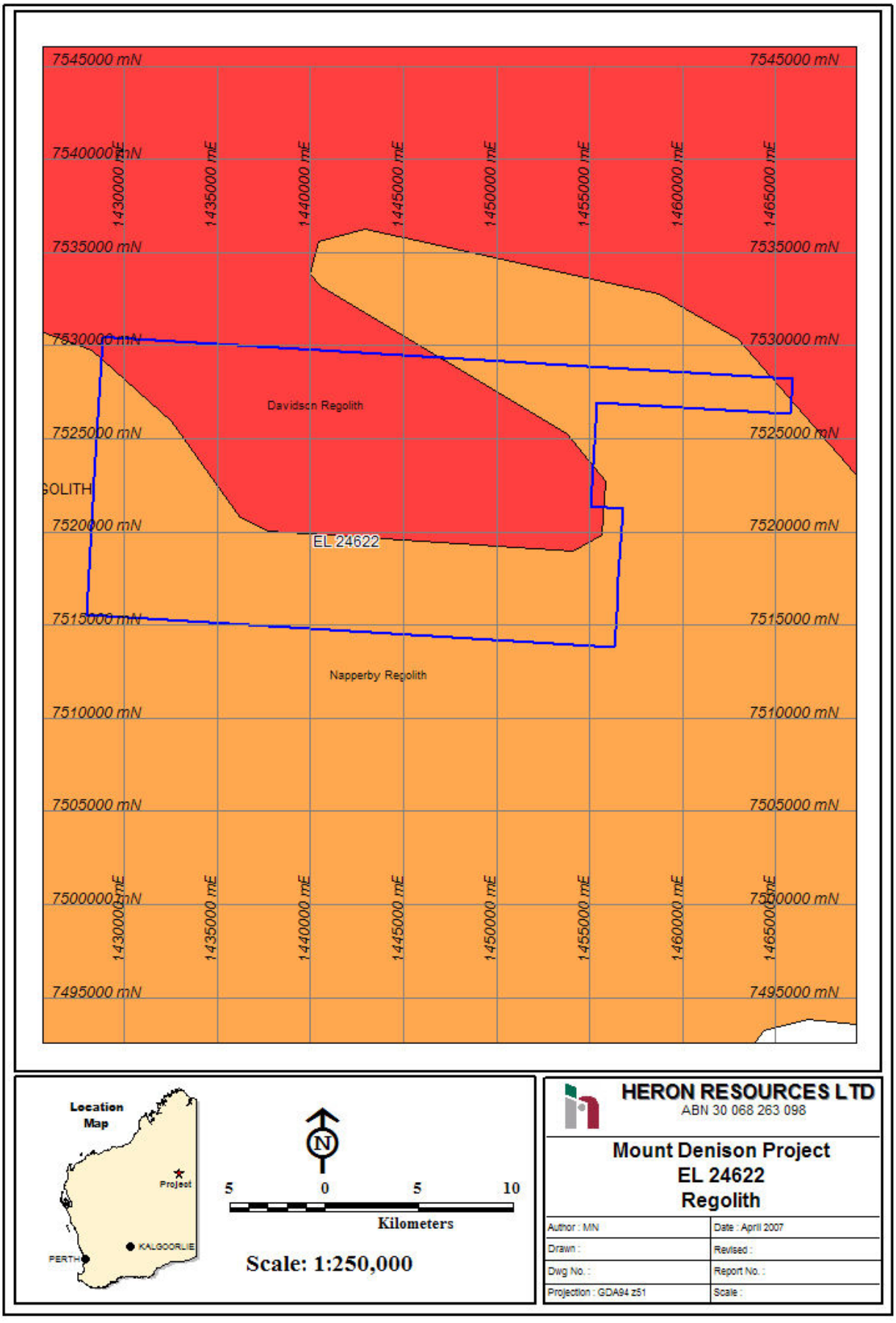
Mount Denison Project
EL 24622
Metamorphic Facies
Author : MN
Date : April 2007
Drawn :
Revised :
Dwg No. :
Report No. :
Projection : GDA94 z51
Scale :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1430000 mE
1435000 mE
1440000 mE
1445000 mE
1450000 mE
1455000 mE
1460000 mE
1465000 mE
Davidson Regolith
EL 24622
Napperby Regolith
Location Map
Project
KALGOORLIE
PERTH
N
5 0 5 10
Kilometers
Scale: 1:250,000
HERON RESOURCES LTD
ABN 30 068 263 098
Mount Denison Project
EL 24622
Regolith
Author : MN
Date : April 2007
Drawn :
Revised :
Dwg No. :
Report No. :
Projection : GDA94 z51
Scale :

APPENDIX 1 – GEOLOGY CODES

Regolith Code	
AG	Alluvial Gravels
AP	Alluvial Pedogenic Calcrete
AS	Alluvial/ Colluvial Soil
AC	Alluvial Clays (Lake)
ZG	Colluvial gravel
ZS	Colluvial soil
ZP	Colluvial with pedogenic calcrete
LT	Laterite Residiuum - insitu
LF	Laterite Ferruginous - insitu
LS	Laterite Siliceous - insitu
LM	Laterite Mottled Zone - insitu
PZ	Pallid Clay Zone
CZ	Clay Zone
CU	Clay Upper
CL	Clay Lower
SP	Saprolite
SU	Saprolite Upper
SL	Saprolite Lower
SR	Saprock
BR	Bedrock
NS	No Sample
MS	Mixed Sample

Ore_Style	
F	Ferruginous
E	Calcrete
P	Pyrolusitic (MnO2)
N	Nontronitic Smectite Clay
S	Siliceous
M	Magnesitic (MgCO3)
T	Talcose
C	Saprolite Clay Alteration
G	Serpentinitic - "Garnierite"
T	Saprolite Talc Alteration
L	Saprolite Chlorite Alteration
M	Saprolite Magnesitic
X	Asbestos - White Chrysotile

Lithology of Precursor Rock	
U	Ultramafic Precursor, Undifferentiated
UOC	Olivine Cumulate, Undifferentiated
UOOC	Olivine Orthocumulate
UOMC	Olivine Mesocumulate
UOAC	Olivine Adcumulate
UOPC	Olivine-Pyroxene Cumulate
USRP	Serpintinite
UP	Pyroxenite
UK	Komatiite
UH	Harrisite
USTCH	Schist - talc-chlorite
USTCB	Schist - talc-carbonate (magnesite)
USTRCH	Schist - tremolite-chlorite
UTCB	Talc-carbonate
Q	Quartz Vein (>75%)
P	Pegmatite
GR	Granite
GS	Syenite
GM	Monzogranite
GP	Porphyry
GN	Gneiss
S	Sediment
SH	Shale
SB	Black Shale (Graphitic)
SS	Siltstone
ST	Sandstone
SG	Conglomerate
SC	Chert
SI	Iron Formation
SV	Volcaniclastic Sediments
F	Felsic
FI	Felsic Intrusive
FS	Felsic Schist
FV	Felsic Volcanic
FP	Felsic Porphyry
I	Intermediate
IV	Intermediate Volcanic
II	Intermediate Intrusive
ID	Intermediate Diorite
PD	Proterozoic Dolerite
M	Mafic
MB	Basalt (mafic)
MD	Dolerite (mafic)
MG	Gabbro (mafic)
MH	High-Magnesium Basalt (mafic)
MA	Amphibolite (mafic)
MS	Mafic Schist
MI	Mafic Intrisive