



Heron Resources Limited

Kalgoorlie Nickel Project

An Emerging World Class Nickel Producer

Mining Journal - World Congress

Mines and Money

London, December 2004

Forward Looking Statements

This presentation contains “*forward-looking statements*”. Such forward-looking statements include, without limitation, (i) estimates of future earnings, the sensitivity of earnings to nickel and other metal prices and foreign exchange rate movements; (ii) estimates of future nickel and other metal production and sales; (iii) estimates of future cash costs; (iv) estimates of future cash flows, the sensitivity of those cash flows to the nickel and other metal prices and foreign exchange rate movements; (v) statements regarding future debt assumptions; (vi) estimates of future capital expenditures and (vii) estimates of resources and statements regarding future drilling programs.

Where the Company expresses or implies an expectation or belief as to future events or results, such an expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, nickel and other metal price volatility, currency fluctuations, increased projected production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks, government regulation and judicial outcomes.

For a more detailed discussion of such risks and other factors, see the Company’s Annual Report for the year ended 30 June 2004 and Half Year Report for the six months to 31 December 2003 as well as the Company’s other filings. The Company does not undertake any obligation to release publicly any revision to any “*forward-looking statement*” to reflect events or circumstances after the date of this presentation, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

The Company has recently released the results of an Independent Resources Estimates and Scoping Study. The Company wishes to make it clear that at this stage (i) none of the Company’s Resources have been converted into Reserves and (ii) a bankable feasibility study been yet to be completed on the Kalgoorlie Nickel Project.

JORC Code 1999 Compliance

The information in this report that relates to Mineral Resources is based on information compiled by Norman Mathew Longworth, who is a Member of the Australasian Institute of Mining and Metallurgy. Norman Mathew Longworth has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 1999 Edition of the “Australasian Code for Reporting of Mineral Resources and Ore Reserves”. Mr. Longworth is a fulltime employee of Heron Resources Limited, employed as Exploration Director.

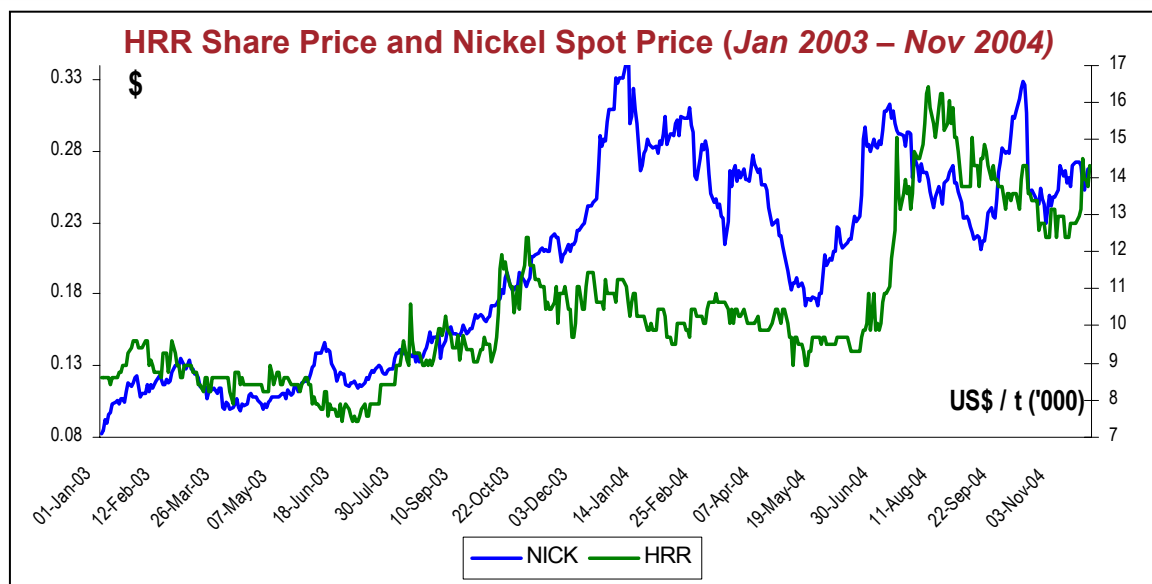


Heron is Australia's Next World Class Nickel Producer

- **Heron 100% owns Kalgoorlie Nickel Project (“KNP”)**
 - Australia's premium nickel laterite for tonnes, grade, ore style
 - World's 2nd largest contained nickel resource
 - Unencumbered project, no off-take commitments
- **Strategic nickel laterite acquisition completed**
- **Resource 903mt at 0.74% Ni and 0.05% Co**
 - Estimated 6.6mt of contained nickel metal
 - Substantially exceeds established Australian nickel operations
- **Project maker is ability to screen upgrade from low bulk grade to Leach Feed Grade (“LFG”) >1.5% Ni**
 - Oretest completing independent testing and reporting
- **KNP is aggressively advancing towards production**



Company Snapshot



Source:
IRESS, Management estimates

Directors

Craig Readhead	Non Executive Chairman
Ian Buchhorn	Managing Director
Mathew Longworth	Exploration Director
Allan Trench	Non Executive Director

Share Price (as at 25/11/04)	(A\$)	0.27
Shares on Issue (fully diluted)	(m)	156.9 ¹
Market Capitalisation	(A\$m)	42.3
Key Shareholders		
Ian Buchhorn	(%)	22.2%
OMG Cawse	(%)	10.1%
MBM Corporation	(%)	8.1%

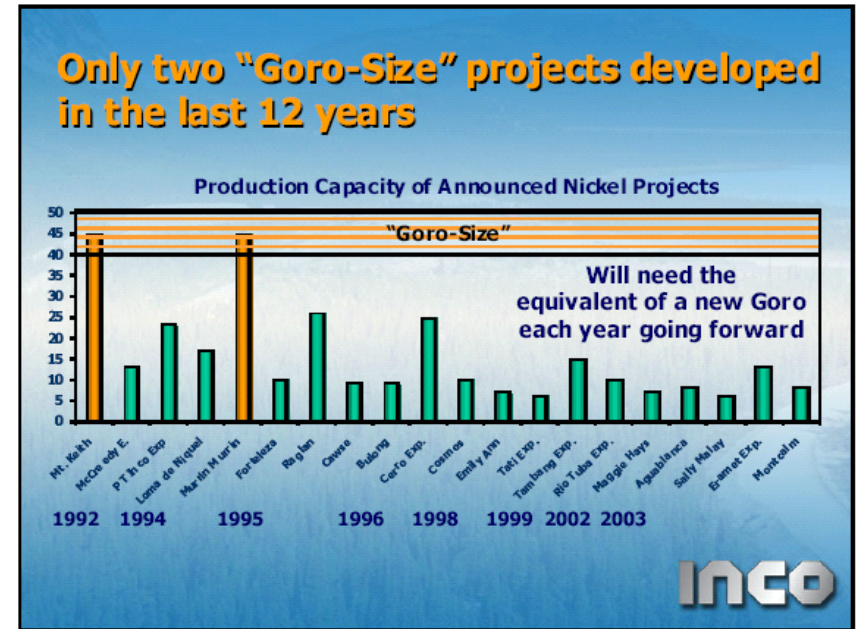
¹ Includes 700,000 vendor shares subject to conditions precedent

Why Nickel Laterites?

- **The nickel world has changed – laterites have been validated**
 - Minara Resources' maiden profit (31/12/04)
 - 60% of Murrin Murrin commands a market cap of >A\$1b
 - BHP Billiton developing A\$1.4b Ravensthorpe
 - Inco go-ahead for Goro
 - HRR will be 4th generation

- **Laterites are the future**

- 70% world's quantified nickel resources are laterites but currently contribute only 40% of world production



Source: Inco Presentation February 2004

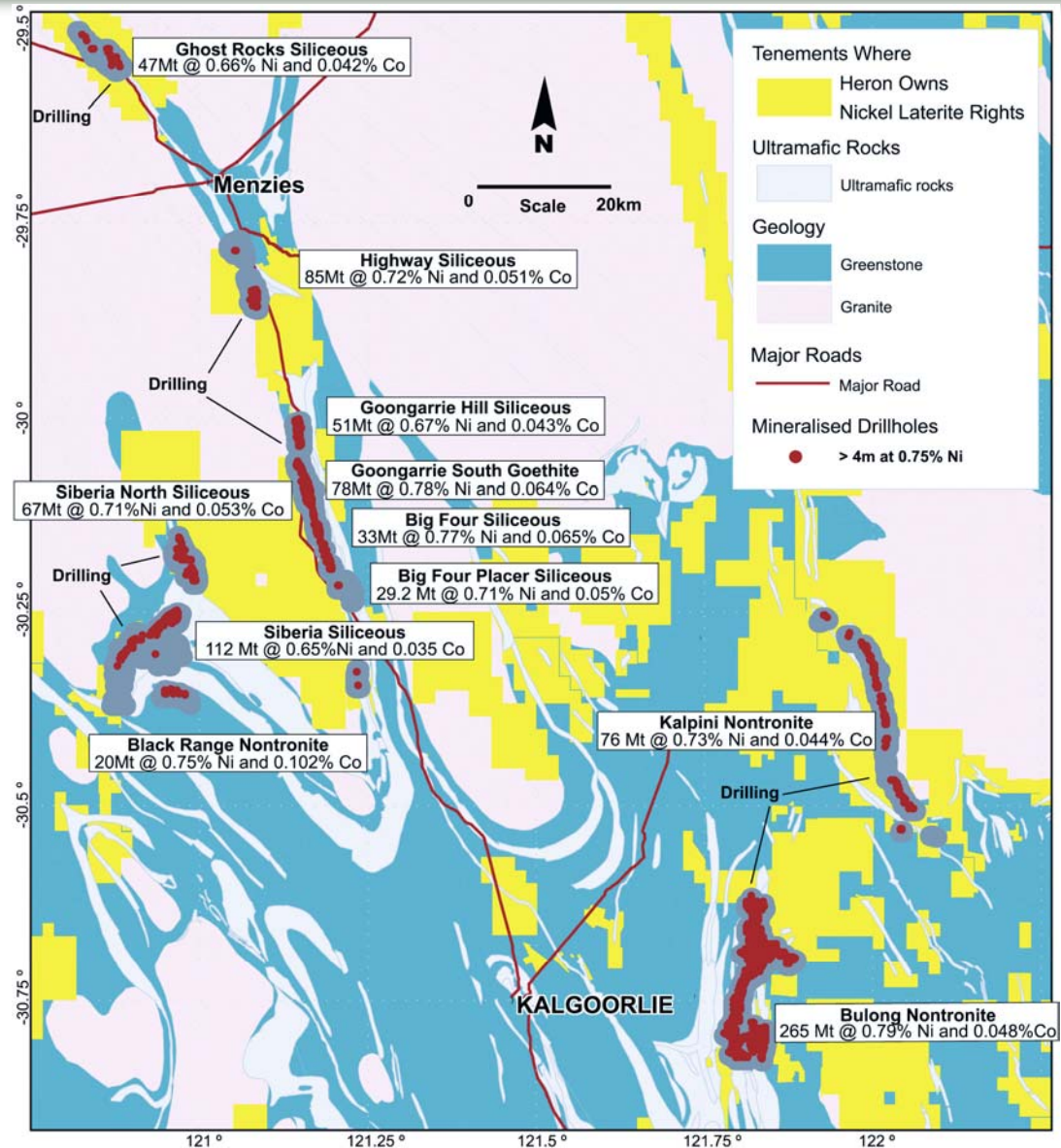
- Sulphide and laterite projects have similar operating costs
- Shortage of "world class" nickel projects (sulphide or laterite)



Resource Inventory Northern Siliceous, Eastern Saprolite

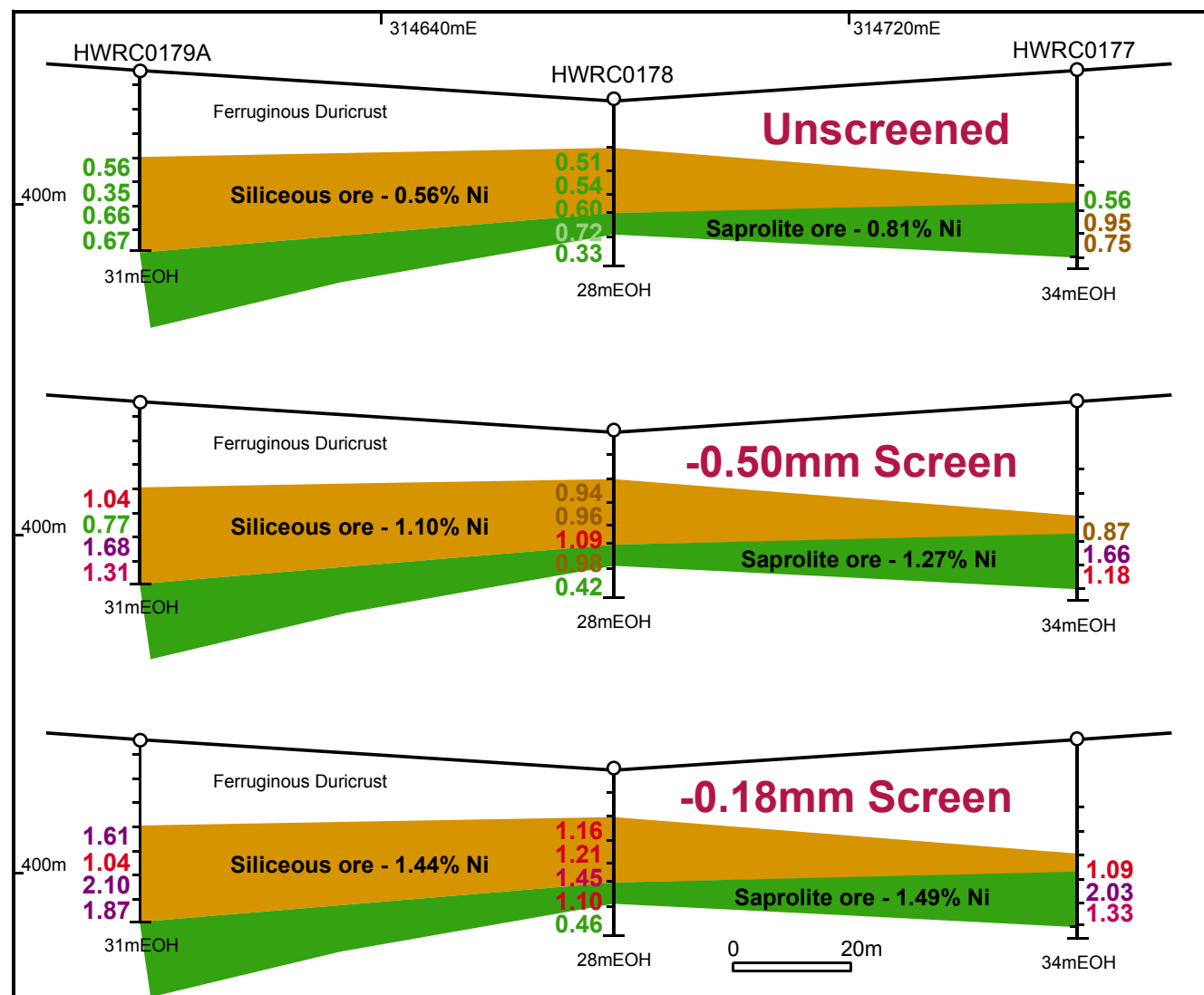
Northern Siliceous
Goongarrie-Siberia
 546mt siliceous ore,
 PAL plant located at
 Goongarrie
 Focus of KNP

Eastern Saprolite
Bulong-Kalpini
 357mt saprolite ore,
 neutralisation and
 atmospheric
 leaching



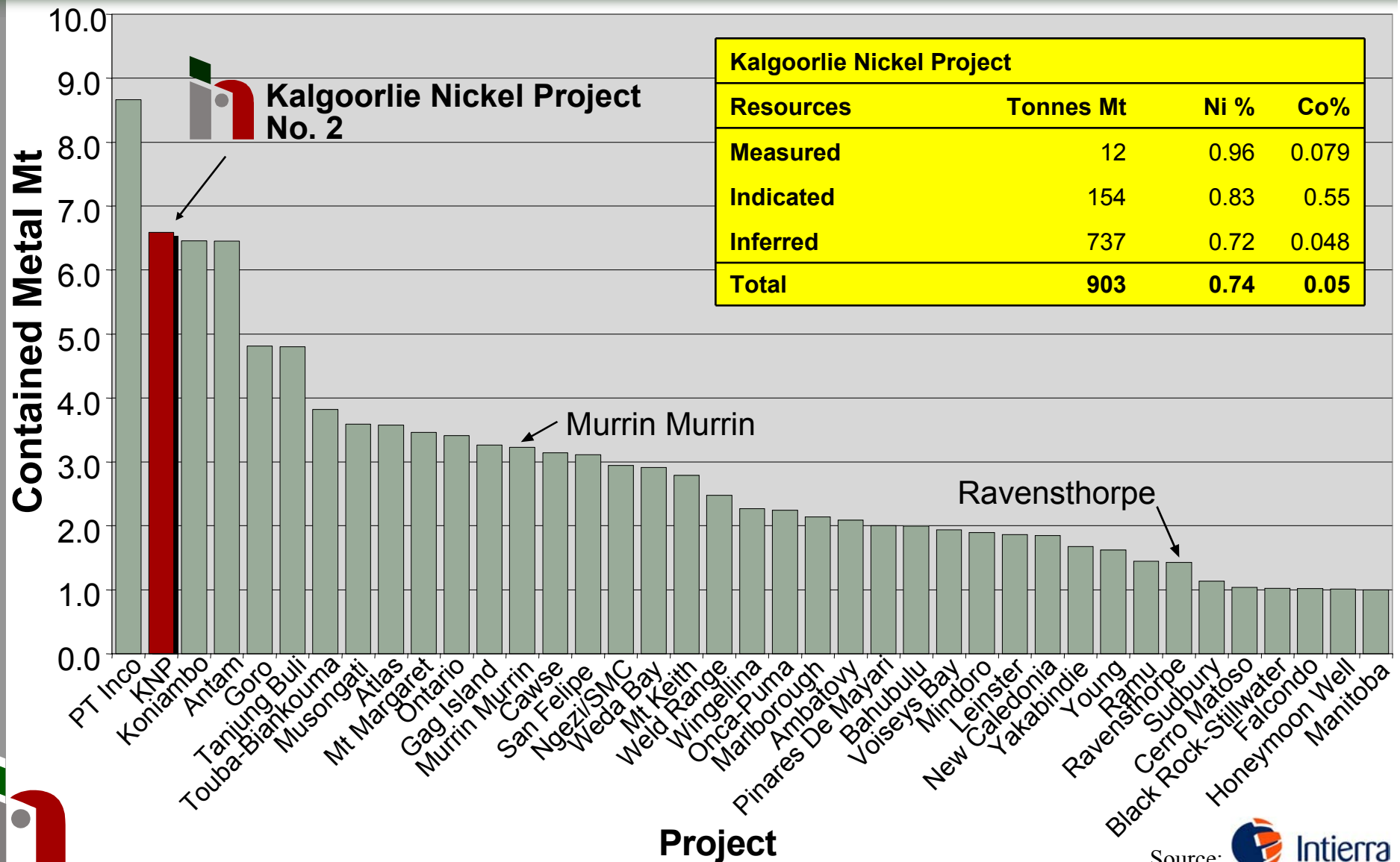
Siliceous Ore Initial KNP Screening Results

- Ability to upgrade ore is valuation driver
- Siliceous Ore:
 - Head 0.8% Ni
 - Silica 0.3% Ni
 - Goethite 1.6% Ni
- >1.5% Ni LFG is target
- Laboratory screen upgrade completed, 0.95% Ni ore screened to 1.64% Ni LFG
- Pilot scale tests now current



Results from Heron's Highway Prospect

Resource Standing KNP is World Class



Resource Valuation Under-Valued Compared to Peers

Heron trades at significant discount to its Australian and international “peers” (both sulphide and laterite)

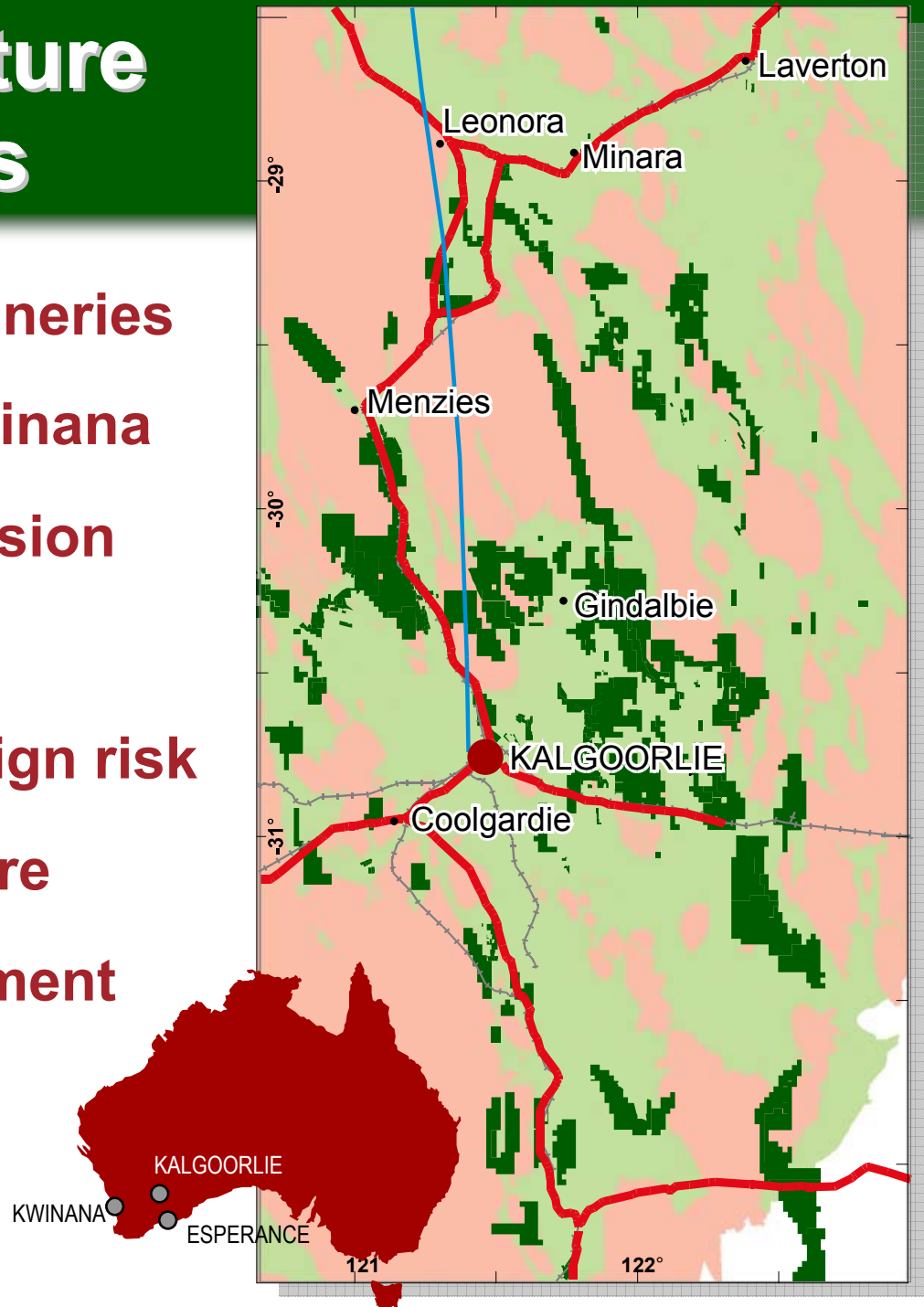
October 2004	Exchange	Code	Share Price (\$A)	Shares (m)	Mkt Cap (\$Am)	Ni Resource (kt)	Mkt Cap / Resource (\$A/tonne)	NPV (A\$)	NPV / Share (A\$)	Premium / Discount to NPV (%)
Sulphide Companies - Australia										
Jubilee Mines NL	ASX	JBM	4.52	125	566	183	3,091	523	4.18	8%
Reliance Mining Limited	ASX	REM	0.40	125	49	21	2,373	32	0.26	53%
Western Areas NL	ASX	WSA	1.50	111	166	71	2,345	77	0.69	116%
Australian Mines Limited	ASX	AUZ	0.14	145	20	9	2,100		Na	
Independence Group NL	ASX	IGO	1.23	110	136	83	1,641	136	1.23	-0%
Mincor Resources NL	ASX	MCR	0.69	194	134	85	1,584	120	0.62	12%
Sally Malay Mining Limited	ASX	SMY	0.86	153	132	99	1,332	131	0.86	1%
Titan Resources NL	ASX	TIR	0.30	181	54	85	644	76	0.42	-28%
MPI Mines Limited	ASX	MPM	1.89	129	244	1,078	227	215	1.66	14%
Laterite Companies - International										
Oriel Resources Limited	AIM	ORI	1.55	164	253	242	1,049		Na	
Minara Resources Limited	ASX	MRE	2.55	464	1,182	2,434	486	1,007	2.17	17%
European Nickel Plc	AIM	ENK	0.69	110	76	405	188	141	1.28	-46%
Canico Resource Corp.	TSX	CNI	14.38	41	591	3,388	174	1,041	25.31	-43%
Jaguar Nickel Inc	TSX	JNI	0.71	102	73	2,516	29		Na	
Heron Resources Limited	ASX	HRR	0.25	154	39	6,593	6	608	3.95	-94%

Source: Company Reports, IRESS, Argonaut Capital Limited, Independent Mining Research



Project Infrastructure WA is World Class

- Rail link with 2 nickel refineries
- Ports at Esperance & Kwinana
- Goldfields Gas Transmission
- Bitumen highway
- Secure tenure no sovereign risk
- Very strong mining culture
- Flat terrain, arid environment



Tenement Holdings

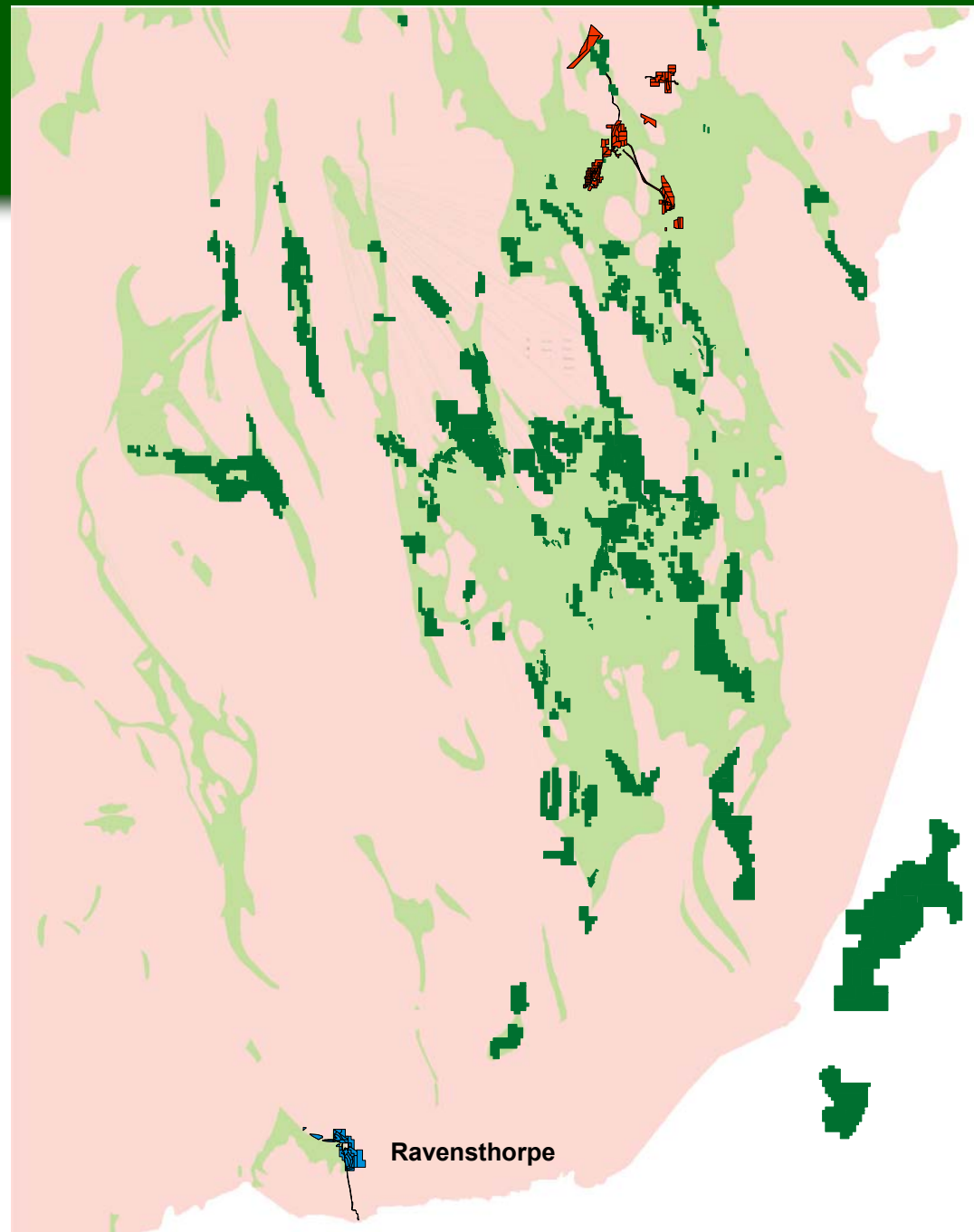
Heron's tenement holdings exceed those of its Australian "peers"

- *100% owned*
- *Unencumbered*

BHP

MINARA

Heron



Flow Sheet

Proven Components, Minimised Risk

Mining & Ore Preparation

- Low cost bulk mining
- Progressive waste backfill
- Ore from pit to ROM Pad
- Blended ROM ore fingers

Beneficiation

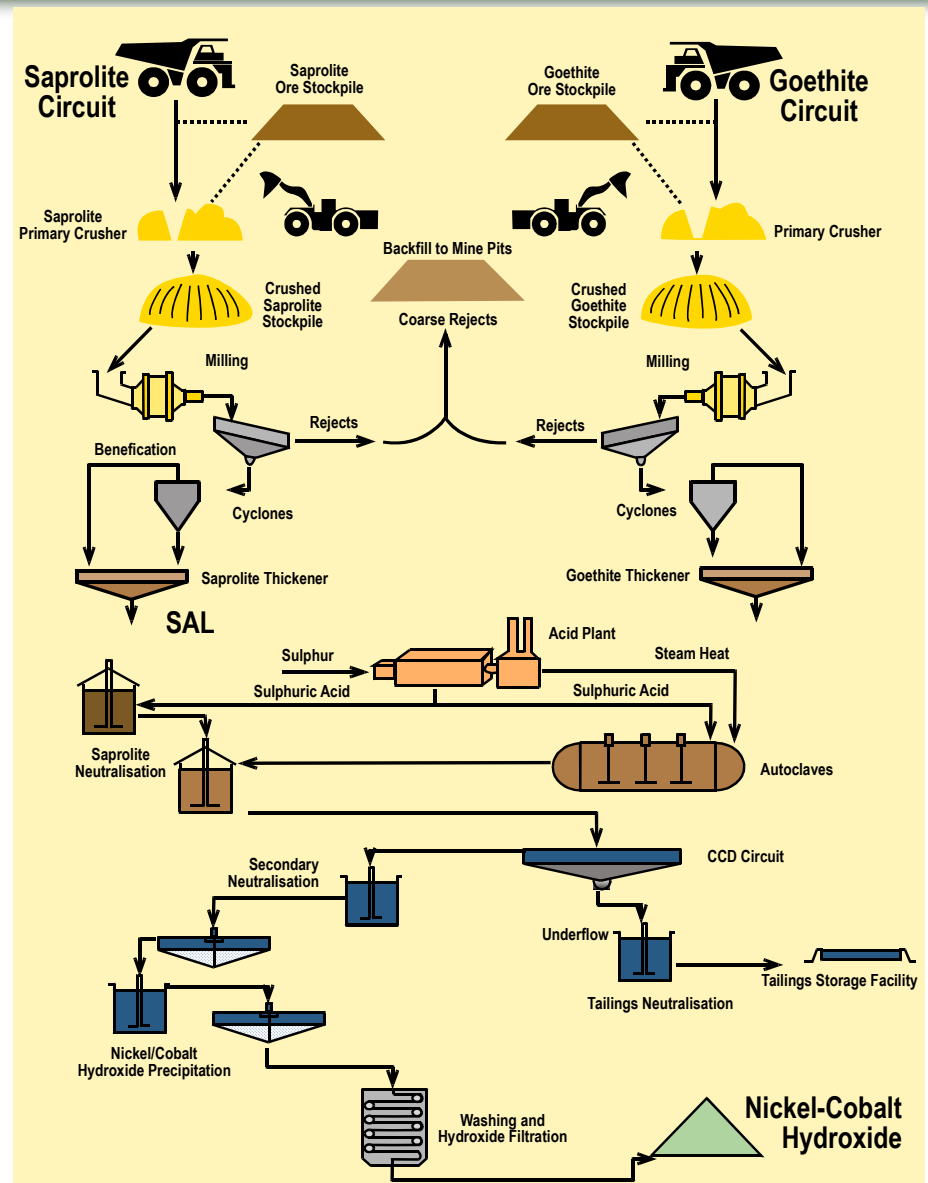
- Siliceous goethite & saprolite
- Standard Cause screen circuit
- Finer Screen, higher LFG

Metal Extraction

- Acid plant: acid, steam, power
- Murrin PAL Autoclave- proven
- Saprolite neutralises PAL acid

Metal Precipitation

- Murrin CCD & Neutralisation
- Cause Hydroxide Precipitation
- Ni-Co-OH premium refinery feed



Financial Model

Independent Scoping Study Robust

Sinclair Knight Merz (“SKM”) Scoping Study highlights KNP robustness

Base Case - Real, Leveraged Project Returns	NPV	IRR
	A\$m	%
Pre Tax	891	28
Post Tax	607	25

Key Assumptions:

- *Financial estimates based on Mineral Resource 122mt at 1.5% Ni as leach feed*
- *10% discount rate*
- *Project debt / equity mix of 70:30*
- *Assumes a AUD/USD exchange rate of 0.65*
- *Ni price of US\$3.50 / lb (US\$7714 / t)*
- *Capex - A\$1.4b*
- *Annual production of 50,000 tpa of Ni in hydroxide product*

The KNP’s base case expected annual financial results are:

- **Revenue of approximately A\$710m**
- **Operating costs of A\$312m**
- **Pre tax profit of A\$276m (post refining and capital charges)**



KNP Check List

Reaching Milestones, Adding Value

Resource Base	✓	Second largest in the world <ul style="list-style-type: none"> ➤ 903mt grading 0.74% Ni and 0.05% Co ➤ Substantially exceeds operating WA peers ➤ Independent estimates completed by Snowden Mining Industry Consultants
Infrastructure	✓	WA has well established nickel infrastructure <ul style="list-style-type: none"> ➤ Safe tailings management, nil discharge site ➤ Minimal sovereign risk
Processing	✓	Flowsheet developed by Sinclair Knight Merz <ul style="list-style-type: none"> ➤ Robust financial model ➤ 4th generation technology to be utilised
Feasibility Study - Drilling	✓	Commenced infill drilling all proposed pit areas <ul style="list-style-type: none"> ➤ Metallurgical bulk sample, ore characterisation
Feasibility Study - Metallurgy	✓	Commenced independent screen upgrade study <ul style="list-style-type: none"> ➤ SGS Lakefield Oretest engaged
	👉	Screened leach feed-based resource estimates
	👉	Resources categories upgrade to Indicated
	👉	<u>Nickel Industry partner for BFS</u>

Summary

KNP key attributes:

- **Scale**
 - Resource acquisition complete – is now the world's 2nd largest contained nickel resource
 - Able to support a 50,000tpa Ni-in-concentrate processing plant over 25 years+
- **High Grade**
 - Mineralogy well suited to screen upgrade, through screen reject of barren silica
 - LFG >1.5% Ni for Life of Project
- **Located in WA, the world's best region for a major nickel project**
 - Low sovereign risk
 - Well developed infrastructure and mining culture
 - Able to “piggyback” off the Ravensthorpe experience
 - Proximity to key emerging markets (China and India)
- **Proven Flow Sheet**
 - Similar to Cawse and Ravensthorpe flow sheets, very similar ore types
 - Overriding Heron aim of minimising production risk, utilising “off-the-shelf” technologies
- **Robust financial profile**
- **Project of State significance, established community leadership**

KNP will be developed into a world class producer of nickel



