



Heron Resources Limited

Kalgoorlie Nickel Project

An Emerging World Class Nickel Producer

Annual General Meeting 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 (“*KNP*”).

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.

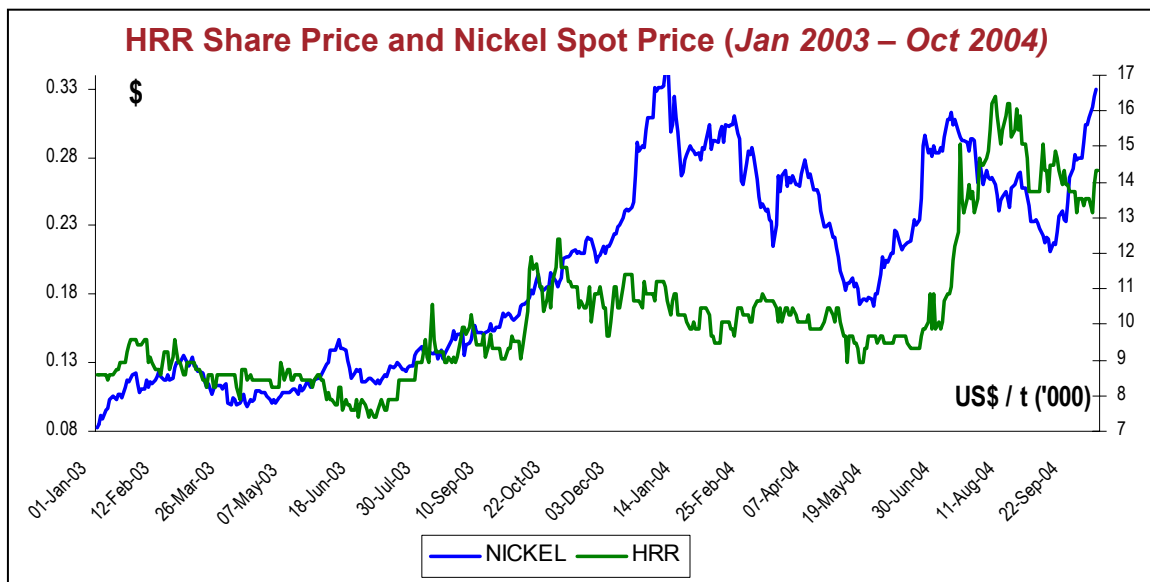


Australia's Next Major Nickel Producer

- **100% owner of the Kalgoorlie Nickel Project (“KNP”)**
 - Australia's premium nickel laterite project
- **Large strategic land holdings**
- **Recently completed its ultramafic and nickel resource acquisition strategy**
- **Inferred Mineral Resource of 891mt grading 0.74% and 0.05% Co at a 0.5% Ni cut-off**
 - Estimated 6.6mt of contained nickel
- **Positive screen upgrade results confirm Leach Feed Grade (“LFG”) >1.5% Ni is likely**
 - Oretest to complete independent testing
- **Now aggressively advancing towards production**



Company Snapshot



Source:
IRESS, Management estimates

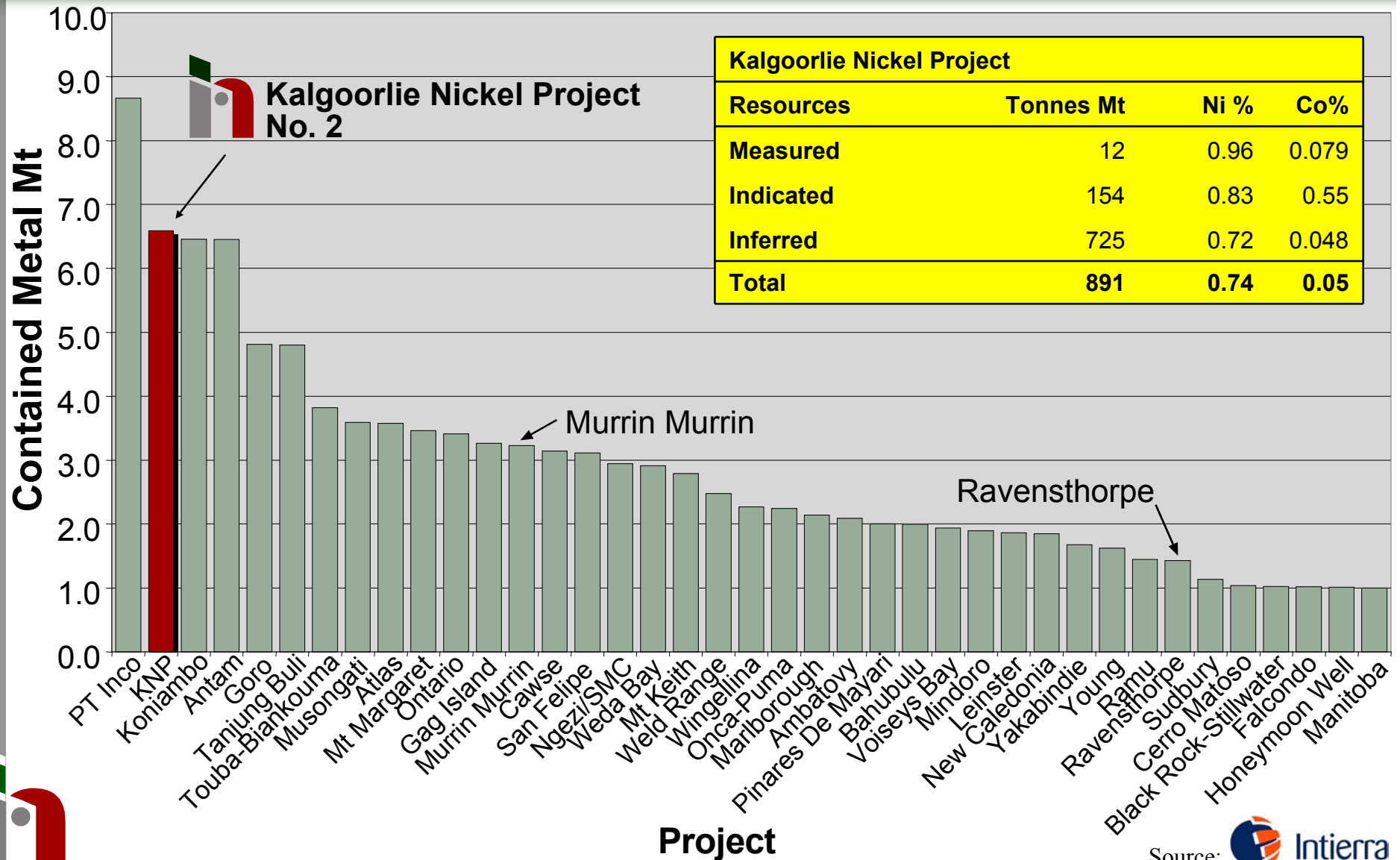
Directors

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

Share Price	(\$)	0.27
Shares on Issue	(m)	154.1 ¹
Market Capitalisation	(\$m)	42.5
Key Shareholders		
Ian Buchhorn	(%)	26.4%
OMG Cawse	(%)	11.3%
MBM Corporation	(%)	7.4%

¹ Subject to shareholder approval, fully diluted

World Class



Excellent Location

- **WA is independently assessed to have the world's best conditions for nickel projects**
- **HRR has the largest tenement holding in the Kalgoorlie region of the Eastern Goldfields mining province**
- **Predominantly within a 100km radius of Kalgoorlie**



Tenement Holdings

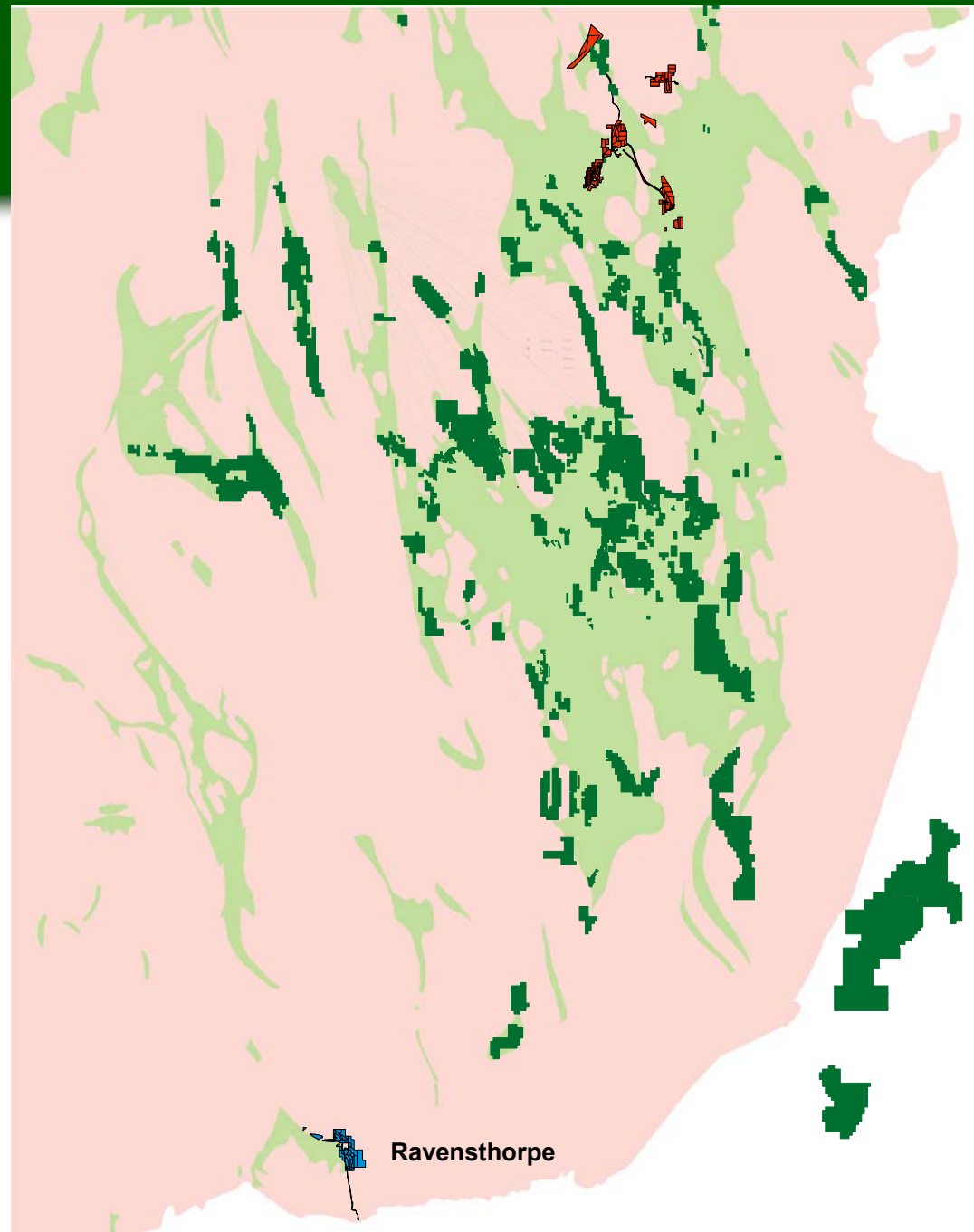
Heron's tenement holdings dwarf those of its Australian "peers"

- *100% owned*
- *Unencumbered*

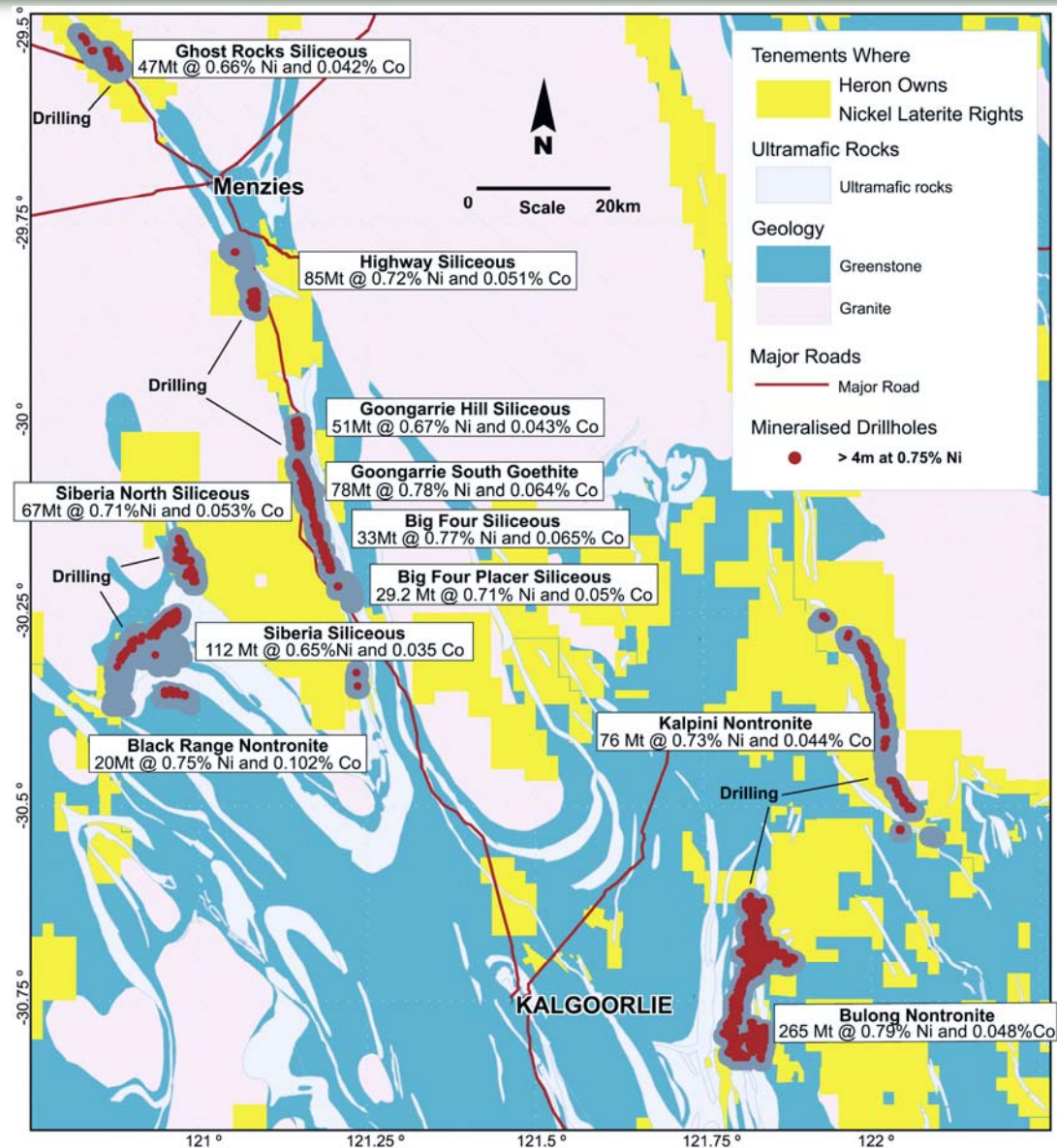
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MINARA

Heron



Resource Distribution



Premium Ore Types

Goethite and siliceous mineralisation - 80% of resource

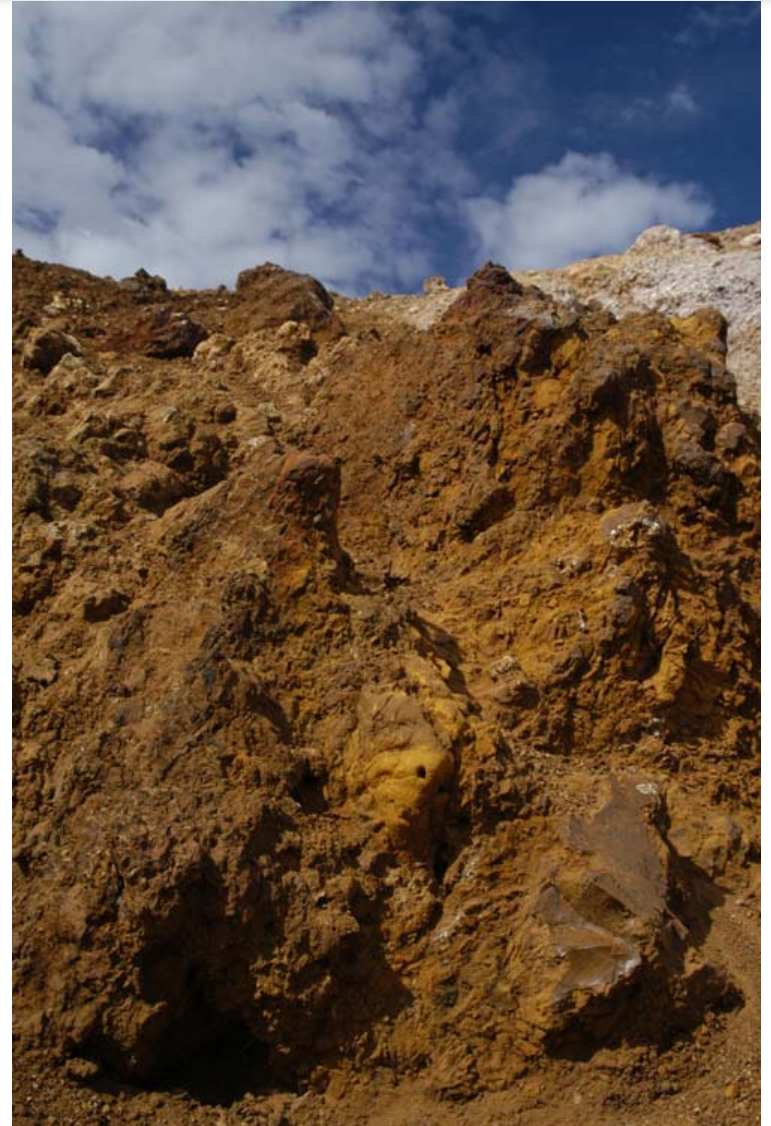
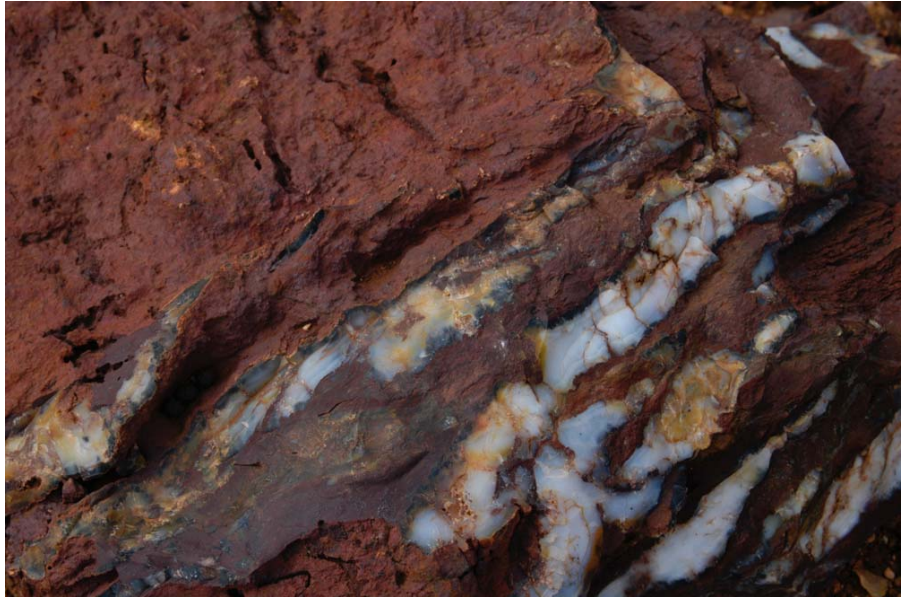
- Good rheology
- Good settling properties
- Low acid consumption above MgO discontinuity
- Dominantly suitable to screen upgrade LFG of >1.5% Ni

Nontronite mineralisation - 20% of resource

- Suitable to SAL process
- Poor rheology
- Poor settling properties
- Moderate to high acid consumption
- Variable suitability to screen upgrade



Ore types



Silica Plates



Amenable to Screen Upgrade

Silica fragments contain 0.3% Ni

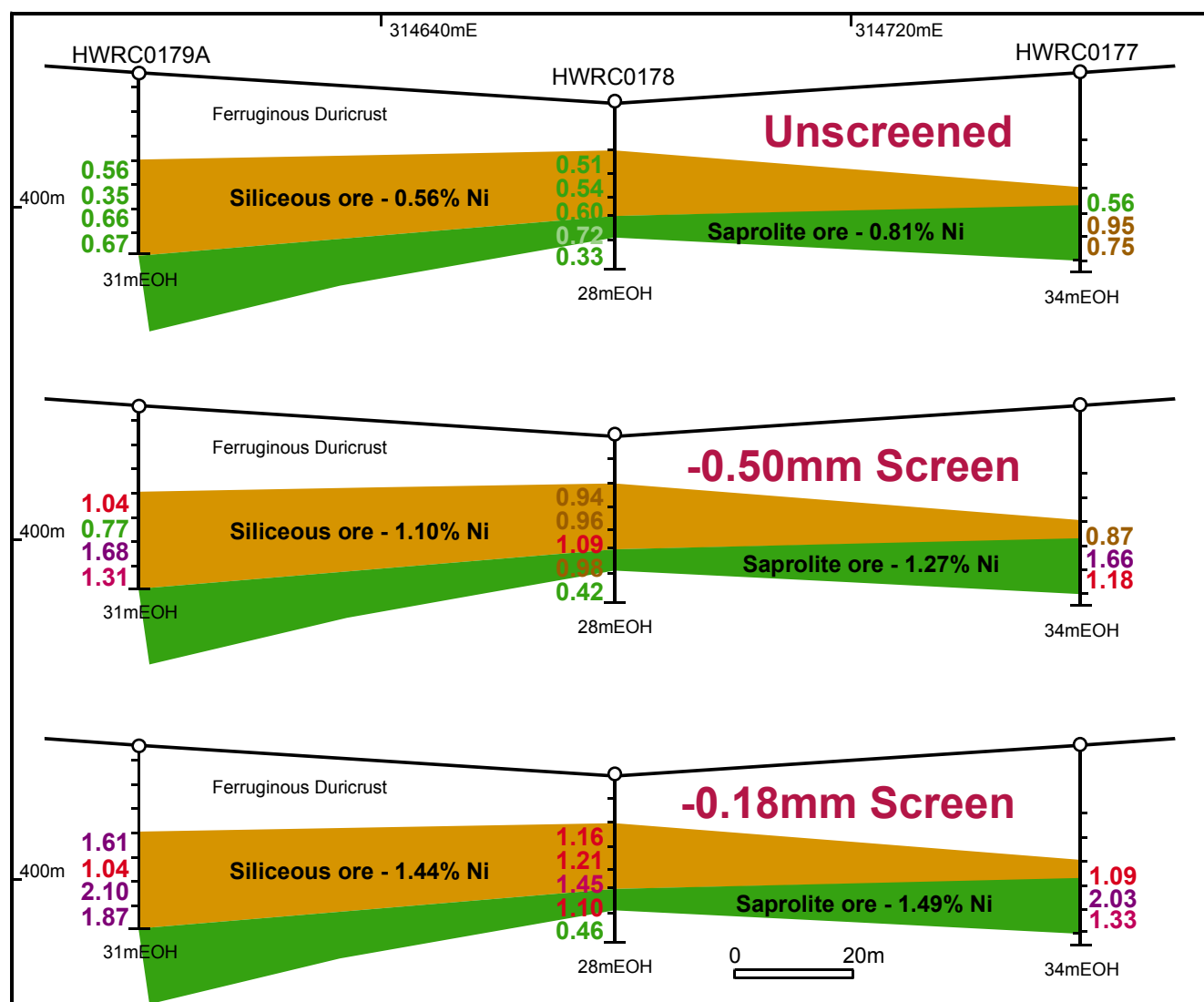
Nickel rich clays contain:

- **Goethite up to 1.7% Ni 0.2% Co**
- **Mn oxides up to 8% Ni 2% Co**
- **Nontronite up to 4% Ni**
- **Ni Serpentine up to 12% Ni**
- **Chlorite up to 15% Ni**

SCHEMATIC LATERITE PROFILE	COMMON NAME	APPROXIMATE (%)				EXTRACTION PROCESS
		Ni	Co	Fe	MgO	
	IRON CAP	<0.3	<0.1	>50	<0.5	
	Manganiferous Goethite					
	Goethite	0.3 to 1.5	0.1 to 0.2	40 to 50	0.5 to 5	
	Siliceous Goethite					
	Magnesite	1.5 to 4		25 to 40	5 to 15	
	Transition		0.02 to 0.1			
Saprolite Serpentine	1.8 to 3		10 to 25	15 to 35		
Fresh Rock	0.3	0.01	5	35 to 45		

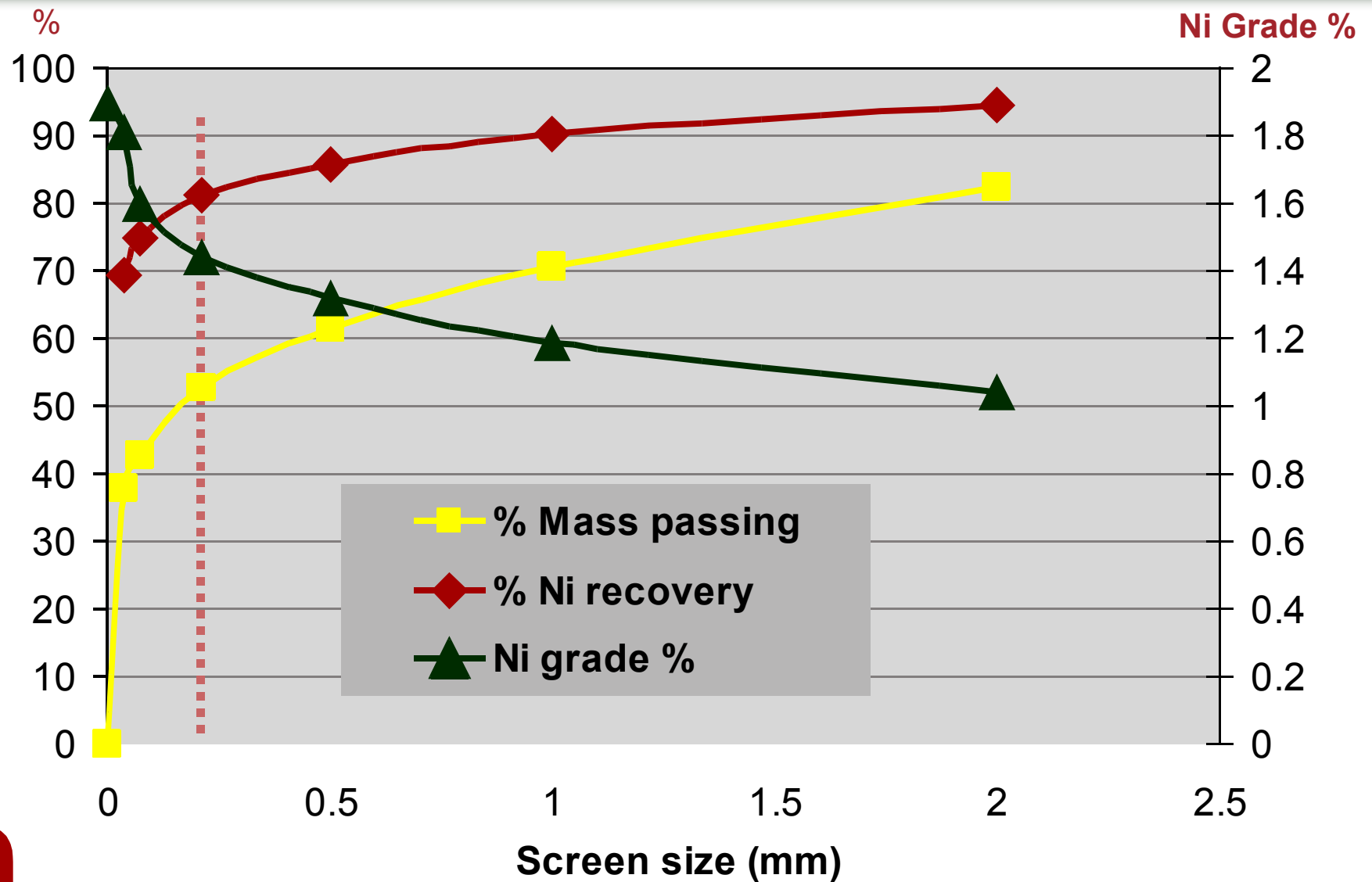
Initial Screening Results

- Ability to upgrade mineralisation is a key valuation driver
- 1.5% LFG targeted
- Positive laboratory screen upgrade testing now completed
- Mineralisation averaging 0.95% Ni screened to 1.64%
- The best upgrade results are yet to come...



Results from Heron's Highway Prospect

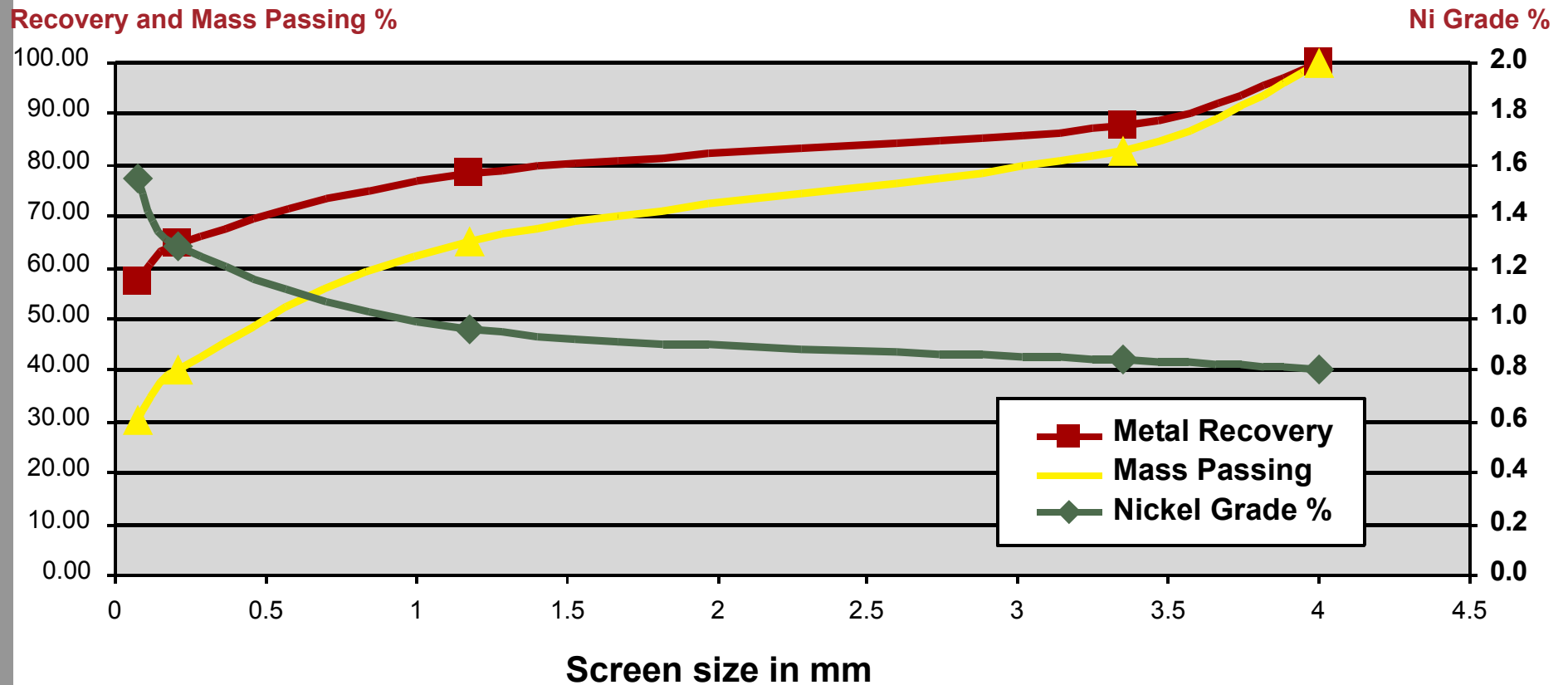
Textbook Screening of Siliceous Ore



After Elias 2001

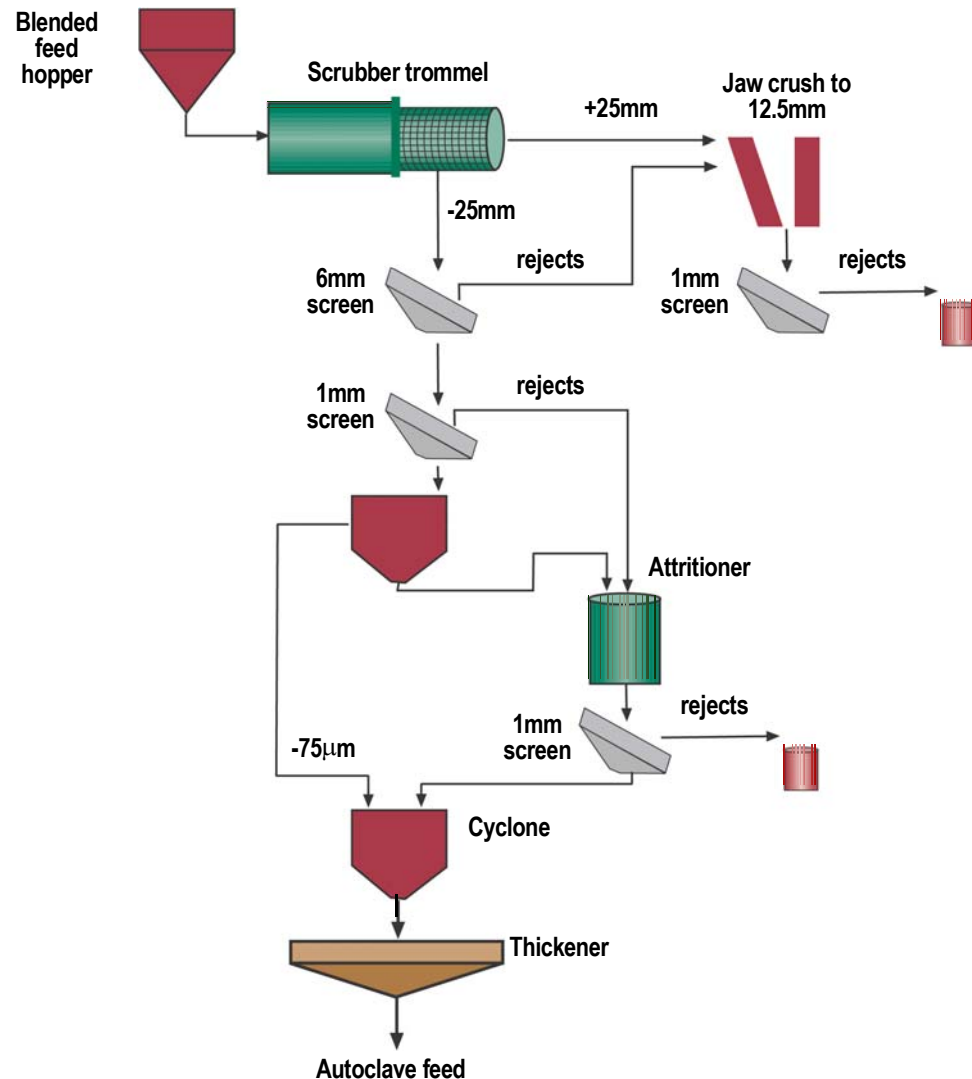
Typical Screen Behaviour

Typical Upgrade By Screening



Proposed Screening Flow Sheet

- **Simple flow sheet design**
- **Off the shelf technology**
- **Proven by publicly available data from Cawse and Ravensthorpe**
- **Minimal technical risk**
- **No magic required**



Proposed KNP Flow Sheet

Mining & Ore Preparation

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

Beneficiation

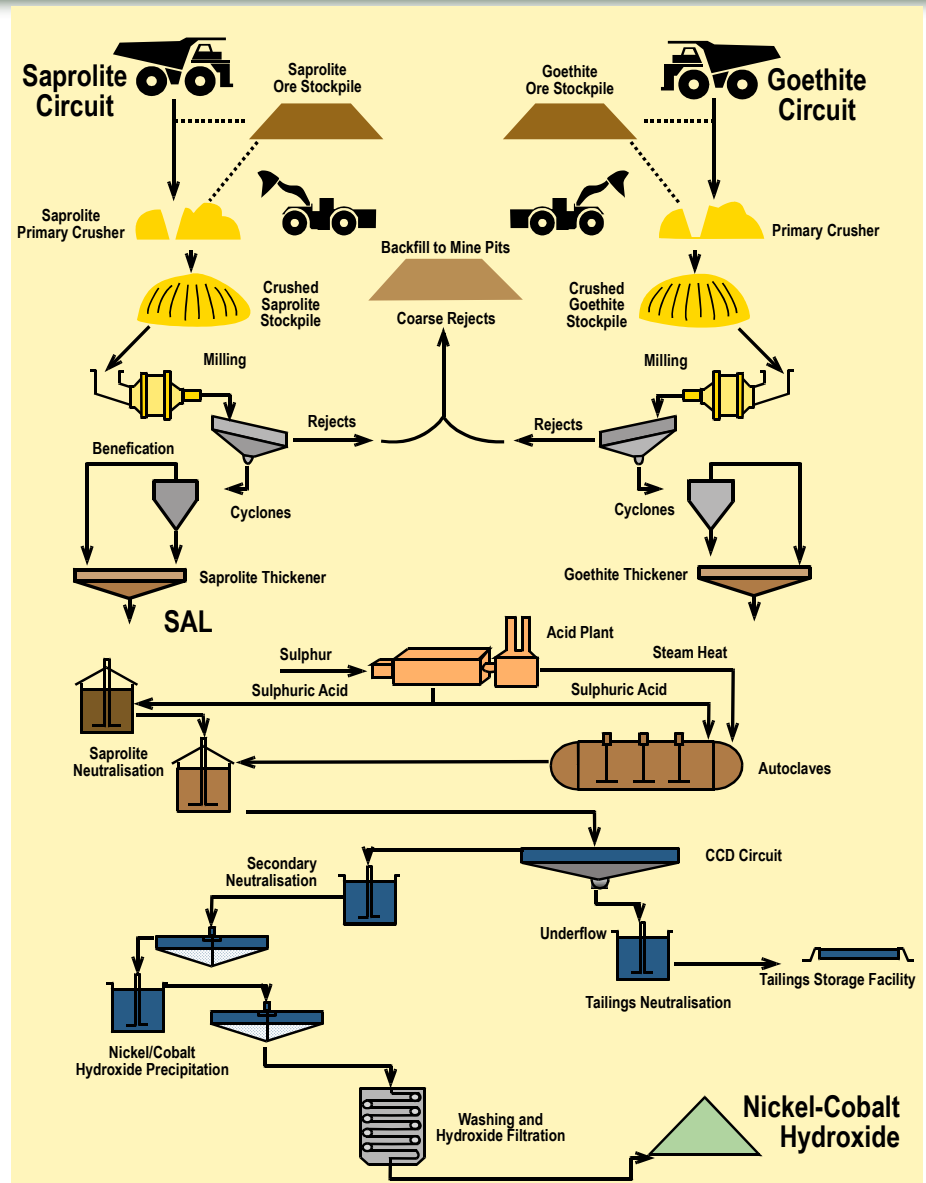
- Siliceous goethite & saprolite
- Standard Cawse screen circuit
- Coarse Silica reject pit backfill
- Finer Screen, higher LFG

Metal Extraction

- Acid plant: acid, steam, power
- Murrin PAL Autoclave- proven
- Saprolite neutralises PAL acid
- Saprolite 15,000 tpa Ni nil cost

Metal Precipitation

- Murrin CCD & Neutralisation
- Cawse Hydroxide Precipitation
- Nil Technology risk
- Ni-Co-OH premium refinery feed



Environment, Safety and Community

Environment

- Minimise foot print of operation
- Maximise resources utilisation
- Maximise water recycling
- Maximise energy efficiency

Safety

- Systematic planning
- Attention to system design and material selection
- Experienced workforce
- Simulation training

Community

- Education scholarships in place since 2001
- Funding of the NTP infant health clinic
- Residential workforce where possible



KNP Check List - Adding Value

Resource Base	✓	Second largest in the world ➤ 891 million tonnes grading 0.74% Ni, 0.05% Co
Independent Resource Estimates	✓	Completed by Snowden Mining Consultants
Order of magnitude Scoping Study	✓	Completed by Sinclair Knight Merz ➤ Robust financial model ➤ Flow-sheet identified - 4 th generation technology to be utilised
Pre-Feasibility Study	✓	Commenced drilling
	✓	Commenced independent bulk sample screen upgrade study ➤ SGS Lakefield Oretest engaged
	👉	Leach feed and recovery resource estimates
	👉	Upgrade resources categories
	👉	Detailed Pre-Feasibility financial model

Summary

The KNP has the following key attributes:

- **Scale**
 - Resource acquisition complete – is now the world’s second largest contained nickel resource
 - Able to support a 50,000tpa Ni-in-conc processing plant over 25 years+
- **High Grade**
 - Mineralogy well suited to screen up grade
 - LFG of >1.5% for Life of Project
- **Located in 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 Ravensthorpe’s proposed flow sheet
 - Overriding aim of minimising production risk / utilising off-the-shelf technologies
- **Robust financial profile**
- **Established community leadership**

The KNP will be developed into a world class producer of nickel



